



Builder Confidence Ticks Lower But Remains Strong

The National Association of Home Builders Housing Market Index, which is a real-time read on builder confidence, fell 1 point to 83 in January but remains at a strong level.

Any reading over 50 on this index, which runs from 0 to 100, signals expansion. For perspective, this index was at 80 last October, 83 in November and reached an all-time high of 90 in November 2020.

Looking at the components of the index, current sales conditions held steady at 90, sales expectations for the next six months fell 2 points to 83, and buyer traffic also dropped 2 points to 69.

NAHB Chairman, Chuck Fowke, noted that, "Higher material costs and lack of availability are adding weeks to typical single-family construction times. NAHB analysis indicates the aggregate cost of residential construction materials has increased almost 19% since December 2020."

The bottom line is that the high demand for homes has kept builders confident even in the face of higher building material costs and the lack of skilled labor.



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