



Builders Cautious About Future Sales

The National Association of Home Builders (NAHB) Housing Market Index, which is a near real-time read on builder confidence, fell 12 points to 55 in July, coming in much worse than expectations of 65. Looking at the components of the index, current sales conditions fell 12 points to 64, future sales expectations were down 11 points to 50 and buyer traffic declined 11 points to 37.

What's the bottom line? Any reading above 50 on this index, which runs from 0 to 100, signals expansion while readings below 50 signal contraction. While current sales conditions and future sales expectations remain above or at 50, the real concern is the weak buyer traffic reading.

NAHB's chairman, Jerry Konter, said, "Production bottlenecks, rising home building costs and high inflation are causing many builders to halt construction because the cost of land, construction and financing exceeds the market value of the home."



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