Commentary Week of October 18

The NAHB/Wells Fargo Housing Market Index gauges the pulse of the housing market. The reading is based on a monthly survey of single-family builders revealing their confidence in the market for newly built single-family housing. The index fell three points to 29 in October, marking the lowest reading since June 2012. Economists expected the reading to edge just slightly lower to 31. During the past 20 years, the low score was 8 in 2009, and the highest score was 90 in 2020.

Confidence among U.S. home builders has slumped to its lowest level in 14 years due to high mortgage rates, inflated costs and worsening labor conditions. The survey also showed that 43% of builders cut prices in October, the highest share since 2020. Pessimism amongst buyers is tied to mortgage rates well above 7%, higher gas prices, and inflation. Buyer traffic has slumped to its lowest level since April 2012.

