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Builder Confidence Soars Post-Election

The National Association of Home Builders/Wells Fargo Housing Market Index (HMI) **soared by 7 points** in December, reaching a level of 70, the highest reading since July 2005. An NAHB spokesman credited the increase to a "post-election bounce."

The Index is based on a monthly survey NAHB conducts among its new homebuilder members in which they are asked to provide three measures of their confidence in the homebuilding market; a gauge their perceptions of current single-family home sales and their expectations for sales over the next six months as "good," "fair" or "poor" and to rate traffic of prospective buyers as "high to very high," "average" or "low to very low." Scores for each component are then used to calculate a seasonally adjusted index where any number over 50 indicates that more builders view conditions as good than poor.

It is the responses to the current traffic question that was most notable this month. That component has **substantially lagged** the other two, most recently by 20 points, since well before the housing crisis. The December reading was 53, a 6-point increase from November, and the first time the index has crossed the 50 mark since October 2005. The component gauging current sales conditions increased 7 points to 76 while the index charting sales expectations, for the next six months jumped 9 points to 78.

"This notable rise in builder sentiment is **largely attributable to a post-election bounce**, as builders are hopeful that President-elect Trump will follow through on his pledge to cut burdensome regulations that are harming small businesses and housing affordability," said NAHB Chairman Ed Brady, a home builder and developer from Bloomington, Ill. "This is particularly important, given that a recent NAHB study shows that regulatory costs for home building have increased 29 percent in the past five years."

"Though this significant increase in builder confidence could be considered an outlier, the fact remains that the economic fundamentals **continue to look good** for housing," said NAHB Chief Economist Robert Dietz. "The rise in the HMI is consistent with recent gains for the stock market and consumer confidence. At the same time, builders remain sensitive to rising mortgage rates and continue to deal with shortages of lots and labor."

Regional results are reported as three-month moving averages. All four regions rose in December, the Northeast by 6 points to 51 and the Midwest gained 3 points to 61. The HMI for the South was 67, up 1 point, and the West

National Average Mortgage Rates

	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.07%	+0.02	0.00
15 Yr. Fixed	6.45%	0.00	0.00
30 Yr. FHA	6.51%	+0.02	0.00
30 Yr. Jumbo	7.26%	0.00	0.00
5/1 ARM	7.02%	-0.01	0.00
Freddie Mac			
30 Yr. Fixed	6.86%	-0.01	0.00
15 Yr. Fixed	6.16%	+0.03	0.00
Mortgage Bankers Assoc.			
30 Yr. Fixed	7.02%	-0.05	0.65
15 Yr. Fixed	6.60%	-0.15	0.55
30 Yr. FHA	6.87%	0.00	0.92
30 Yr. Jumbo	7.18%	-0.03	0.54
5/1 ARM	6.45%	+0.08	0.81

Rates as of: 6/28

Recent Housing Data

		Value	Change
Mortgage Apps	Jun 12	208.5	+15.58%
Building Permits	Mar	1.46M	-3.95%
Housing Starts	Mar	1.32M	-13.15%
New Home Sales	Mar	693K	+4.68%
Pending Home Sales	Feb	75.6	+1.75%
Existing Home Sales	Feb	3.97M	-0.75%

registered a 2-point gain to 79.

		Value	Change
Builder Confidence	Mar	51	+6.25%

Real Talk

At The Rate Shop, we're not your average mortgage banker. We specialize in bringing you ridiculously low interest rates that will make you wonder what the other guys are doing. In fact the ONLY objection we ever hear is “your rates sound too good to be true”. Well they’re not, and here is why…

After 15 years in the retail banking world I was frustrated with the high interest rates that came from that business model. As I looked around at all the bloated layers of management and their expensive salaries and the overhead of running a larger company (think rent costs, employee health and benefit costs, payroll taxes, and on and on) it dawned on me that I was a part of the problem, and the solution, for me at least, was so easy to see.

Start my own mortgage brokerage shop. No expensive executive salaries, no expensive building to pay rent at, no unnecessary employees and all the costs that are associated with that. What happens when you cut out all the fat? You can provide lower rates and lower closing costs. It’s simple. Now here is the best part, you still get great service from a local Kansas City Lender. My mission is to let everyone know that low rates and great customer service are NOT mutually exclusive.

Thanks for coming along on this journey where Low Rates meet Great Service. The two do NOT have to be mutually exclusive. It’s just a lie that the big box mortgage companies have been telling you for years. Don’t believe me? Give me a call or shoot me a text on my personal cell phone today and compare my rates and costs up against any other lender in the country, and be prepared to be blown away.

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