



Mike Baker

Head Interest Rate Shopper, The Rate Shop
 Individual NMLS: 259076 Company NMLS: 2554765 State
 23211 W 45th St Shawnee, KS 66226

Office: 913-213-3335
 Mobile: 913-213-3335
mike@rateshopkc.com
[View My Website](#)

Builder Confidence Leveling-Off as Buyer Traffic Wanes

Builder confidence in the market for single family homes **slid 2 points** again in February to a score of 65 on the National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI). The index had backed off two points in January as well, after reaching a **decades-long high** of 69 in December.

Analysts had been **expected an increase** in the HMI this month. Those surveyed by *Econoday* had an average expectation of 68 for the index.

NAHB Chairman Granger MacDonald said, "While **builders remain optimistic**, we are seeing the numbers settling back into a normal range. Regulatory burdens remain a major challenge to our industry, and NAHB looks forward to working with the new Congress and administration to help alleviate some of the pressures that are holding small businesses back and making homes less affordable."

The HMI is derived from a monthly survey NAHB conducts among its new home builder members. Builders are asked to provide their perceptions of current single-family home sales and sales expectations for the next six months as "good," "fair" or "poor." They are also asked 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.

The decline in confidence was noted in **all three components**. Perceptions of current sales conditions dipped 1 point to 71 and the measure of expectations for sales over the next six months was down 3 points to 73. The measure of buyer traffic, which has significantly lagged the other two for many years and only recently crossed the 50 level for the first time since before the housing bubble, fell five points to 46.

"With much of the decline this month resulting from a **decrease in buyer traffic**, builders continue to struggle to minimize costs while dealing with supply side challenges such as a lack of developed lots and labor shortages," said NAHB Chief Economist Robert Dietz. "Despite these constraints, the overall housing market fundamentals remain strong and we expect to see continued growth this year as some of these concerns are addressed."

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%

Looking at the three-month moving averages for regional HMI scores, the Northeast fell 2 points to 50 and the Midwest rose 1 point to 65. The South also dipped 1 point to 67 while the West held steady at 79 for the third month in a row.

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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