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Builder Confidence Declines on Labor/Lot Shortages

Builder confidence in the new home market appeared to take a tumble in June, per the latest survey conducted by the National Association of Home Builders (NAHB). The NAHB/Wells Fargo **Housing Market Index (HMI) dropped 2 points from the May level to 67**. In addition, May reading was revised down from 70 to 69.

Analysts surveyed by Econoday had not expected a change in the June HMI, forecasting another 70 reading.

NAHB Housing Market Index



The HMI is constructed from responses to a survey NAHB has conducted for more than 30 years among its new-home builder members. They 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." The survey also asks builders 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.

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%

All three HMI components were **down from the previous month**. The component gauging current sales conditions was down 2 points to 73 while expectations for the next six months also lost 2 points, falling to 76. Perceptions of buyer traffic dropped below the benchmark, scoring 49, also a loss of 2 points.

Builder Confidence	51	+6.25%
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NAHB Chairman Granger MacDonald said, "Builder confidence levels have remained consistently sound this year, reflecting the ongoing gradual recovery of the housing market." Chief Economist Robert Dietz added, "As the housing market strengthens and more buyers enter the market, builders continue to express their frustration over an ongoing **shortage of skilled labor and buildable lots** that is impeding stronger growth in the single-family sector."

Builder confidence lost ground in all four regions. The HMI in the Midwest and South edged one 1 lower to 67 and 70 respectively. The Northeast had a score of 46 and the West 76, each down 2 points from May.

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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