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Builder Confidence Remains Subdued

Builder confidence fell for the second straight month in February according to the National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI). Affordability pressures and elevated construction costs continued to hamper already gloomy sentiment.

While the move was modest in outright terms (just one point lower than before), it reinforces the broader malaise seen over the past several years.



The underlying components were mixed but leaned negative. The index measuring current sales conditions held steady at **41**, while the gauge tracking prospective buyer traffic declined two points to **22**, remaining firmly in "low to very low" territory. Most notably, future sales expectations dropped three points to **46**, extending their move below the breakeven level of 50.

National Average Mortgage Rates



Mortgage News Daily	Rate	Change	Points
30YR Fixed	7.50%	+0.08	0.00
15YR Fixed	7.03%	+0.03	0.00
30YR FHA	7.05%	+0.05	0.00
30YR Jumbo	7.50%	+0.04	0.00
7/6 SOFR	7.13%	+0.08	0.00
30YR VA	7.07%	+0.06	0.00

Rates as of: 11/13

MBS and Treasury

	Price / Yield	Change
MBS UMBS 6.0	98.69	-0.07
10 YR Treasury	5.1413	+0.0117
30 YR Treasury	5.4682	+0.0134

Pricing as of: 11/13 5:59PM EST

Recent Housing Data

		Value	Change
Mortgage Apps	Nov 4	204.6	+6.23%
Building Permits	Sep	1.4M	+0.43%
Housing Starts	Sep	1.22M	-4.24%
New Home Sales	Sep	676K	-1.17%
Pending Home Sales	Aug	71.2	0%
Existing Home Sales	Oct	3.99M	+0.25%
Builder Confidence	Oct	29	-9.38%

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“Builders reduced their expectations for future sales as buyers report affordability challenges, which is contributing to declining consumer confidence for the overall economy,” said NAHB Chairman Buddy Hughes. He added that while most builders continue to offer buyer incentives — including price reductions — many prospective buyers remain on the sidelines. At the same time, remodeling activity has remained comparatively resilient due to limited household mobility.

NAHB Chief Economist Robert Dietz noted that affordability remains a central obstacle early in 2026, arguing that meaningful improvement will require policies aimed at bending the construction cost curve and expanding attainable housing supply. On a more constructive note, he pointed to easing inflation as a potential pathway to lower interest rates for both mortgages and builder financing.

Pricing data showed a slight pullback in discounting activity. In February, **36%** of builders reported cutting prices, down from 40% in January and the lowest share since last May. However, the average price reduction remained steady at **6%**. The use of sales incentives held at **65%**, marking the 11th consecutive month in which more than 60% of builders reported offering concessions.

Regional three-month moving averages continue to reflect uneven conditions. The Northeast slipped one point to 43, the Midwest held steady at 43, the South edged down to 35, and the West declined two points to 33. Overall, builder sentiment remains constrained as affordability challenges continue to temper demand in the single-family market.

About Red Realty, LLC

Red Realty, where trust and exceptional service intersect. Choose a Red Realty REALTOR® you can rely on for all your Middle Tennessee real estate needs. As a full-service real estate firm, we prioritize honesty, hard work, and care for our clients, brokers, REALTORS®, and employees. At Red Realty, we foster a professional team culture that rewards teamwork and efficient service. Our agents are known for their knowledge and expertise. Whether you need help with commercial buying or selling, residential buying or selling, land buying or selling, or property/building management services, Red Realty has you covered.

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