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Home Builders' Confidence Remains Low

Confidence among U.S. home builders barely picked up in August as high mortgage rates, rising construction costs and economic uncertainty continue to hang over the housing market.

The NAHB/Wells Fargo Housing Market Index, a gauge of builder confidence in the market for newly built single family housing, inched up to 35 in August from 34 in July. Economists polled by The Wall Street Journal expected the reading to drop by a point to 33. The latest report was released Monday by the National Association of Home Builders.

A reading below 50 means builder perceptions of current sales and sales expectations are net negative. Sentiment has remained below a reading of 40 for 16 consecutive month, the NAHB said.

August also is the 16th straight month in which at least 30% of builders reported cutting prices to support demand, said NAHB Chief Economist Robert Dietz.

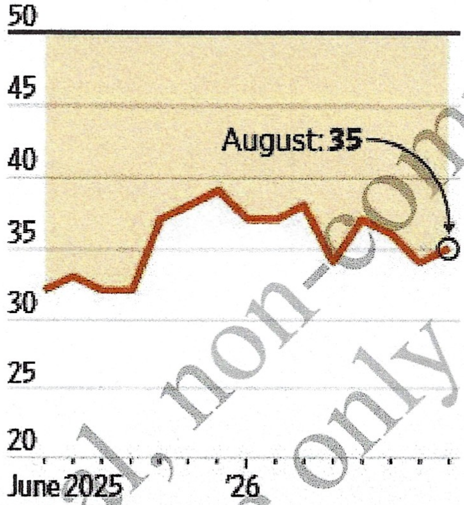
Custom home builders are reporting stronger market conditions than spec builders, reflecting better conditions in the market's higher end. Smaller markets are outperforming larger metropolitan ones.

The HMI survey revealed that 35% of builders cut prices in August, down slightly from July and flat with June.

Meanwhile, the HMI index gauging sales conditions rose slightly and the indexes for future sales and prospective buyer traffic held steady.

—Dean Seal

NAHB/Wells Fargo National Housing Market Index



Note: Seasonally adjusted. August 2026 is preliminary. Readings below 50 signify less optimism among builders about the current/near-term outlook for housing.
Source: National Association of Home Builders