



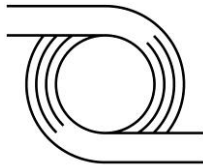
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## Real Estates Bullets #24

Hello to our **7,768 familiar faces** from last week, and a **warm welcome** to all our **new readers!**

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## Bullets #24:

# Homebuilder Sentiment Drops to Lowest Point in a Year, but Falling Rates Spur Some Optimism

According to a recent **CNBC article**, homebuilder sentiment dropped to its lowest point in a year. Here is a summary of the article with a link to the **full article** below:

- **High mortgage rates** continue to impact homebuilders, leading to increased price cuts to attract buyers.
- Homebuilder sentiment declined by **six points** to 34 in November on the National Association of Home Builders/Wells Fargo Housing Market Index (HMI), with any score below 50 considered negative.
- The **rise in interest rates** since August has negatively affected builder views, pricing out prospective buyers and **increasing financing costs** for builders and land developers.
- This marks the **fourth consecutive month** of declining sentiment, down **22 points** since July and at its lowest level since the end of the previous year.
- Nearly all November data was collected **before the release** of the monthly consumer price index, which showed moderating inflation.
- **Despite the decline** in sentiment, recent macroeconomic data suggests improving conditions for home construction in the coming months.
- **The 10-year Treasury rate** returning to the 4.5% range is expected to help bring mortgage rates close to or below 7.5%, potentially boosting builder views of market conditions in December.
- Of the **three index components**, current sales conditions, sales expectations in the next six months, and buyer traffic all experienced declines.

- More builders reported **cutting prices** in November, with 36% doing so, up from 32% in the previous two months. This is the highest share in this cycle, tying the previous high two years ago, and the average price cut was 6%.
- NAHB forecasts a **roughly 5% increase** in single-family starts in 2024 as financial conditions ease with improving inflation data in the months ahead.

[Full Article](#)



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