



Economics Group

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Homebuilder Confidence Plunges As Buyers Stay At Home

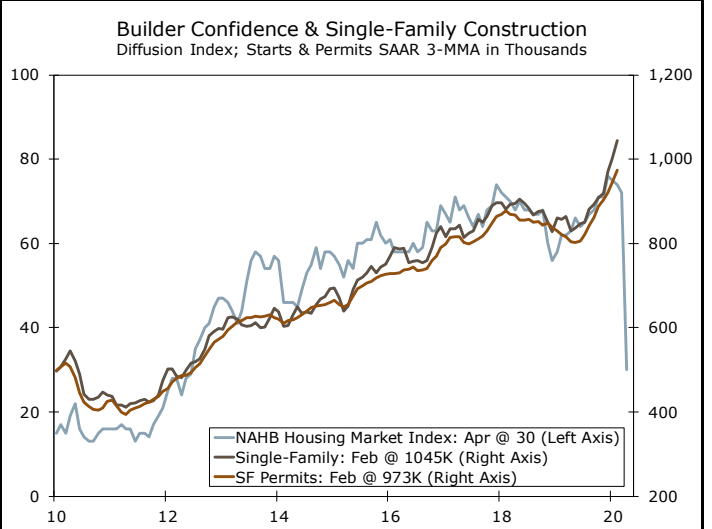
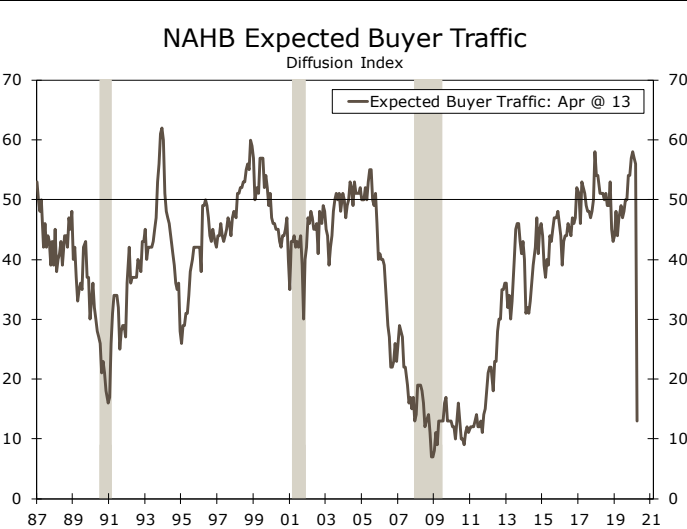
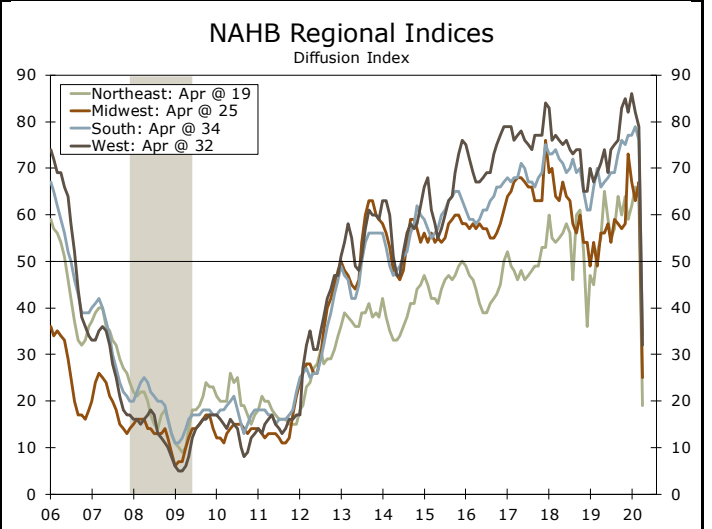
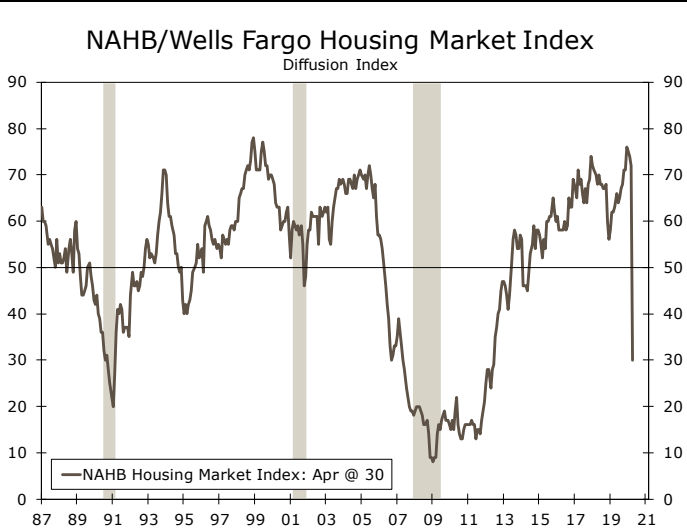
The NAHB/Wells Fargo Housing Market Index plummeted a record 42 points in April to 30, reaching its lowest level since June 2012—when tax breaks for first-time homebuyers ended. Buyer traffic fell substantially.

Homebuilders Face A Sudden Stop in New Sales

- After a strong start to 2020, homebuilders are dealing with a sudden stop in demand. Buyer traffic has been eviscerated by stay-at-home orders and recession fears.
- Every component fell sharply, with present sales falling 43 points to 36, future sales declining 39 points to 36 and prospective buyer traffic falling 43 points to 13. Despite the drop, the index remains above the lows hit during the housing slump.

The Northeast & Midwest Appear to be Hit Hardest

- All regions saw activity decline in April. The Northeast, where restrictions on builders are more severe, was particularly hard hit. The regional Housing Market Index (HMI) for the Northeast fell 45 points to 19, while the West fell 47 points, but only to 32. The HMI fell 42 points in the South and Midwest, to 34 and 25, respectively. Even with the hit to demand, single-family homes remain generally undersupplied in both the South and West.



Source: NAHB, U.S. Department of Commerce and Wells Fargo Securities

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