

Datanote: US NAHB Survey, April

In one line: Limited inventory of existing homes continues to help homebuilders

- The NAHB Index held steady at 51 in April, in line with the consensus.

The flattening in homebuilders' confidence in April comes after four straight increases between December and March. Marginal increases in the

subindexes measuring current sales and buyer traffic were almost offset by a small drop in expected future sales. The resilience in the NAHB index is notable given the ongoing weakness in mortgage demand and the rebound in rates since the end of last year. This almost certainly reflects the lack of existing homes for sale, as the gap between the very low rates that most homeowners locked in from 2020-to-21 has made it prohibitively expensive for many people to move home. This has allowed homebuilders to grab

market share, and the current level of the NAHB Index is consistent with a further uptick in new home sales over the next couple of months.

We think the outlook for new home sales further ahead is also relatively bright. We expect long-term interest rates to drop back again later this year, by enough to meaningfully boost demand from new buyers, but probably not by enough to have much more than an incremental impact on the supply of existing homes coming

onto the market. The market share of new homes in the overall market will mean-revert eventually, but the process likely will take years.

— MBA purchase apps, re-adjusted by PM, adv. one month (Left)
— NAHB survey, headline index (Right)



