



NAHB > Builder Confidence Falls on Cost Uncertainty

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Economics

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Economic uncertainty, the threat of tariffs and elevated construction costs pushed builder sentiment down in March even as builders express hope that a better regulatory environment will lead to an improving business climate.

Builder confidence in the market for newly built single-family homes was 39 in March, down three points from February and the lowest level in seven months.

according to the National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI) released today.

“Builders continue to face elevated building material costs that are exacerbated by tariff issues, as well as other supply-side challenges that include labor and lot shortages,” said NAHB Chairman Buddy Hughes, a home builder and developer from Lexington, N.C. “At the same time, builders are starting to see relief on the regulatory front to bend the rising cost curve, as demonstrated by the Trump administration's pause of the 2021 IECC building code requirement and move to implement the regulatory definition of ‘waters of the United States’ under the Clean Water Act consistent with the U.S. Supreme Court’s Sackett decision.”

“Construction firms are facing added cost pressures from tariffs,” said NAHB Chief Economist Robert Dietz. “Data from the HMI March survey reveals that builders estimate a typical cost effect from recent tariff actions at \$9,200 per home. Uncertainty on policy is also having a negative impact on home buyers and development decisions.”

The latest HMI survey also revealed that 29% of builders cut home prices in March, up from 26% in February. Meanwhile, the average price reduction was 5% in March, the same rate as the previous month. The use of sales incentives was 59% in March, unchanged from February.

Derived from a monthly survey that NAHB has been conducting for more than 35 years, the NAHB/Wells Fargo HMI gauges builder perceptions of current single-family home sales and sales expectations for the next six months as “good,” “fair” or “poor.” The survey also asks builders to rate traffic of prospective buyers as “high to very high,” “average” or “low to very low.” Scores for each component are then used to calculate a seasonally adjusted index where any number over 50 indicates that more builders view conditions as good than poor.

The HMI index gauging current sales conditions fell three points to 43 in March its lowest point since December 2023. The gauge charting traffic of prospective buyers

dropped five points to 24 while the component measuring sales expectations in the next six months held steady at 47.

Looking at the three-month moving averages for regional HMI scores, the Northeast fell three points in March to 54, the Midwest moved three points lower to 42, the South dropped four points to 42 and the West posted a two-point decline to 37.

HMI tables can be found at **[nahb.org/hmi](https://www.nahb.org/news-and-economics/housing-economics/indices/housing-market-index)** (<https://www.nahb.org/news-and-economics/housing-economics/indices/housing-market-index>). More information on housing statistics is also available at **[Housing Economics PLUS](https://www.nahb.org/news-and-economics/housing-economics-plus)** (<https://www.nahb.org/news-and-economics/housing-economics-plus>).