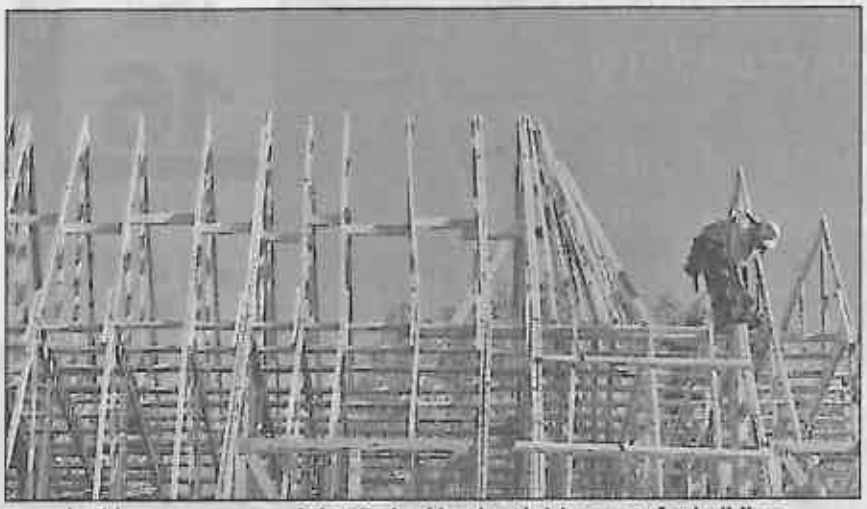


Homebuilders are concerned that limited land and rising costs for building materials and labor will slow sales in the short term. AP

Homebuilder confidence declines

By Ray Goldbacher
USA Today

Increasing costs for building materials and rising concern about the supply of developed lots and labor pushed down home builder confidence in April.

The National Association of Home Builders/Wells Fargo Housing Market Index showed a two-point drop to 42, the association said Monday.

"Many builders are expressing frustration over being unable to respond to the rising demand for new homes due to difficulties in obtaining construction credit, overly restrictive mortgage lending rules and construction costs that are increasing at a faster pace than appraised values," said Rick Judson, National Association of Home Builders chairman. "While sales conditions are generally improving, these challenges are holding back new building and job creation."

"Supply chains for building materials, developed lots and skilled workers will take some time to re-establish themselves following the recession," said NAHB Chief Economist David Crowe.

The NAHB/Wells Fargo Housing Market Index gauges builder perceptions of current single-family home sales and sales expectations for the next six months.

The survey also asks builders to rate traffic of prospective buyers. Scores are then used to calculate a seasonally adjusted index where a number above 50 indicates more builders view conditions as good.

While the component of current sales conditions declined 2 points to 45 and the component of buyer traffic declined 4 points to 30 in April, the component for sales expectations in the next six months posted a 3-point gain to 53 — the highest level since February 2007, the NAHB said.