

Homebuilder sentiment hits its highest mark since 1999

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WASHINGTON — U.S. homebuilders are feeling more optimistic than they have in nearly two decades.

The National Association of Home Builders/Wells Fargo builder sentiment index released Monday rose 5 points to 74 this month. That's the highest reading since July 1999, more than 18 years ago.

Readings above 50 indicate more builders see sales conditions as good rather than poor. The index has remained above 60 since September 2016.

The index exceeded the expecta-

tions of analysts surveyed by FactSet, who expected a reading of 70.

All three components of the index rose in December. The reading gauging builders' view of single-family home sales rose 4 points to 81, while the outlook for sales over the next six months ticked up 3 points to 79. The measure of traffic by prospective buyers jumped 8 points to 58.

The Commerce Department reported late last month that Americans bought new homes in October at the fastest pace in a decade — a 6.2 percent monthly increase — reflecting a strong economy but also a worsening shortage of existing homes for sale.

New home sales last month rose to a seasonally adjusted annual rate of 685,000, the third straight monthly gain and the best sales clip since October 2007.

Many buyers are turning to new construction due to an ongoing dearth of existing homes for sale. However, new construction has been unable to keep up with demand.

Potential buyers are searching for homes amid a healthy job market with a 4.1 percent unemployment rate and attractive 30-year mortgage rates that are averaging less than 4 percent.