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## BUILDER CONFIDENCE IN CONDO MARKET DECLINES AGAIN

WASHINGTON, March 11--The Multifamily Condo Market Index (MCMI) ended 2007 on a low note, with the component of the index tracking builder confidence in current conditions standing at 18.8, down nearly 11 points from the same time a year ago, according to the National Association of Home Builders (NAHB).

"Given that the condo market became so overheated during the peak of the housing boom, it is not surprising that the market now continues to struggle, considering the difficulties in the mortgage sector and the fears about the economy in general," said David Seiders, NAHB's Chief Economist. "It is going to take time for the extra inventory to be absorbed."

The index is derived from a quarterly survey of multifamily builders and developers, in which responses are rated on a scale of 0 to 100, with a rating of 50 generally indicating that the number of positive responses is about the same as the number of negative responses.

The component of the index that gauges current conditions in the condo market has not risen above 25 during any quarter of 2007.

Builder expectations for the next six months are only slightly more optimistic: The component tracking expectations stood at 29.2 in the fourth quarter of 2007. In the fourth quarter of 2006, this component of the index stood at 49.1.

Responding to a series of special questions that accompanied the MCMI survey for the fourth quarter, 28 percent of survey respondents reported higher or somewhat higher sale cancellation rates in the fourth quarter of 2007 compared to a year earlier. The average sales cancellation rate in the fourth quarter of 2007 was 19 percent; the median was 12 percent.

About two-thirds of builders reported lowering prices to bolster sales. The average price reduction was 11 percent. When asked about other marketing strategies being used to shore up sales, more than 70 percent of the respondents reported including optional items at no costs, paying closing costs or fees, or absorbing financial points for their buyers.

Editor's Note: NAHB created the MMI, a quarterly nationwide survey of multifamily builders and property owners who are asked a series of questions about current market conditions as well as their expectations for the next six months, tracking builder confidence in both the for-sale condo market and the rental apartment market. To more accurately gauge both segments of the market, NAHB separated the indexes into two versions in 2006: The Multifamily Rental Market Index (MRMI) tracks multifamily rental conditions while the Multifamily Condo Market Index (MCMI) tracks market conditions for condos.

The current state of the multifamily industry will be discussed in-depth at NAHB's upcoming Multifamily Pillars of the Industry Conference, April 1-3, 2008, at the Broadmoor Resort in Colorado Springs, Colo. For more information, visit [www.nahb.org/pillarsconference](http://www.nahb.org/pillarsconference).

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**ABOUT NAHB:** The National Association of Home Builders is a Washington-based trade association representing more than 235,000 members involved in residential building, remodeling, multifamily construction, property management, subcontracting, design, housing finance, building product manufacturing and other aspects of residential and light commercial construction. Known as "the voice of the housing industry," NAHB is affiliated with more than 800 state and local home builders associations around the country. NAHB's builder members will construct 80 percent of the more than 1.08 million new housing units projected for 2008.