



# Housing Market Index (HMI)

Special Questions on Builders Challenges/  
Problems faced in 2025 and expect to face in  
2026

January 2026



Economics & Housing Policy Group

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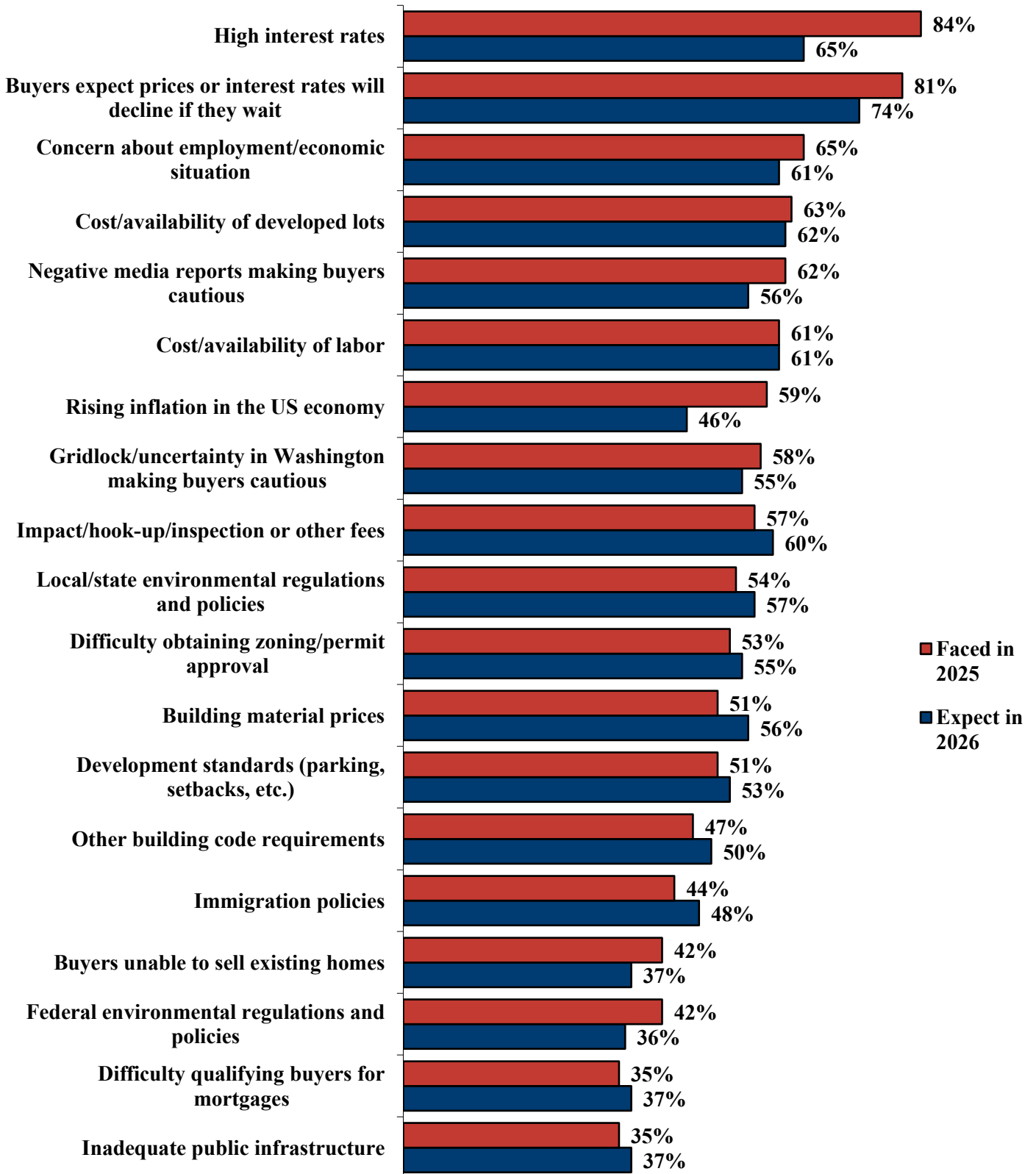
## **Introduction:**

For more than 30 years, the National Association of Home Builders (NAHB) has conducted a monthly survey of single-family builder members in order to generate the NAHB/Wells Fargo Housing Market Index (HMI). The HMI survey asks builders to rate market conditions for the sale of new homes at the present time and expected over the next 6 months, as well as the traffic of prospective buyers. The results are combined into a single composite index that measures the overall strength of the market for new single-family housing. Throughout its history, the HMI has become a leading indicator of single-family housing starts and is widely reported in business media and used by the Federal Reserve Bank, government agencies, and Wall Street analysts.

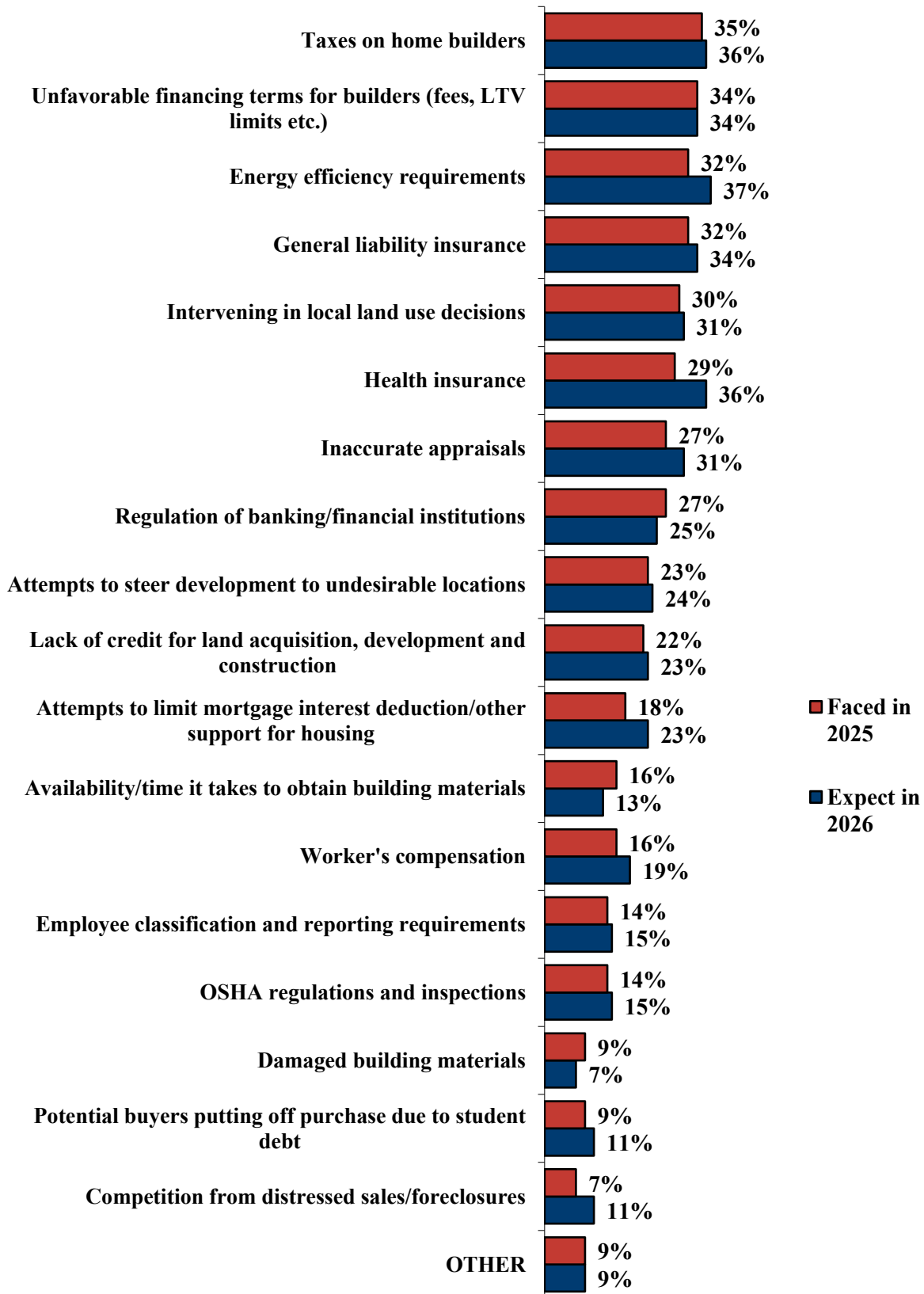
The survey questionnaire (Appendix I) was sent electronically to a panel of 2,867 builder members. A total of 428 builders responded to the survey, for a response rate of 15 percent. This report analyses responses by the four census regions and by the number of for-sale single family units started by the builder in 2025.

In addition to the questions that provide the data needed to compute the HMI, the survey often also includes a set of “special” questions on a topic of current interest to the housing industry. The January 2026 special questions asks builders about the most significant challenges they faced in 2025 and those they expect to face in 2026.

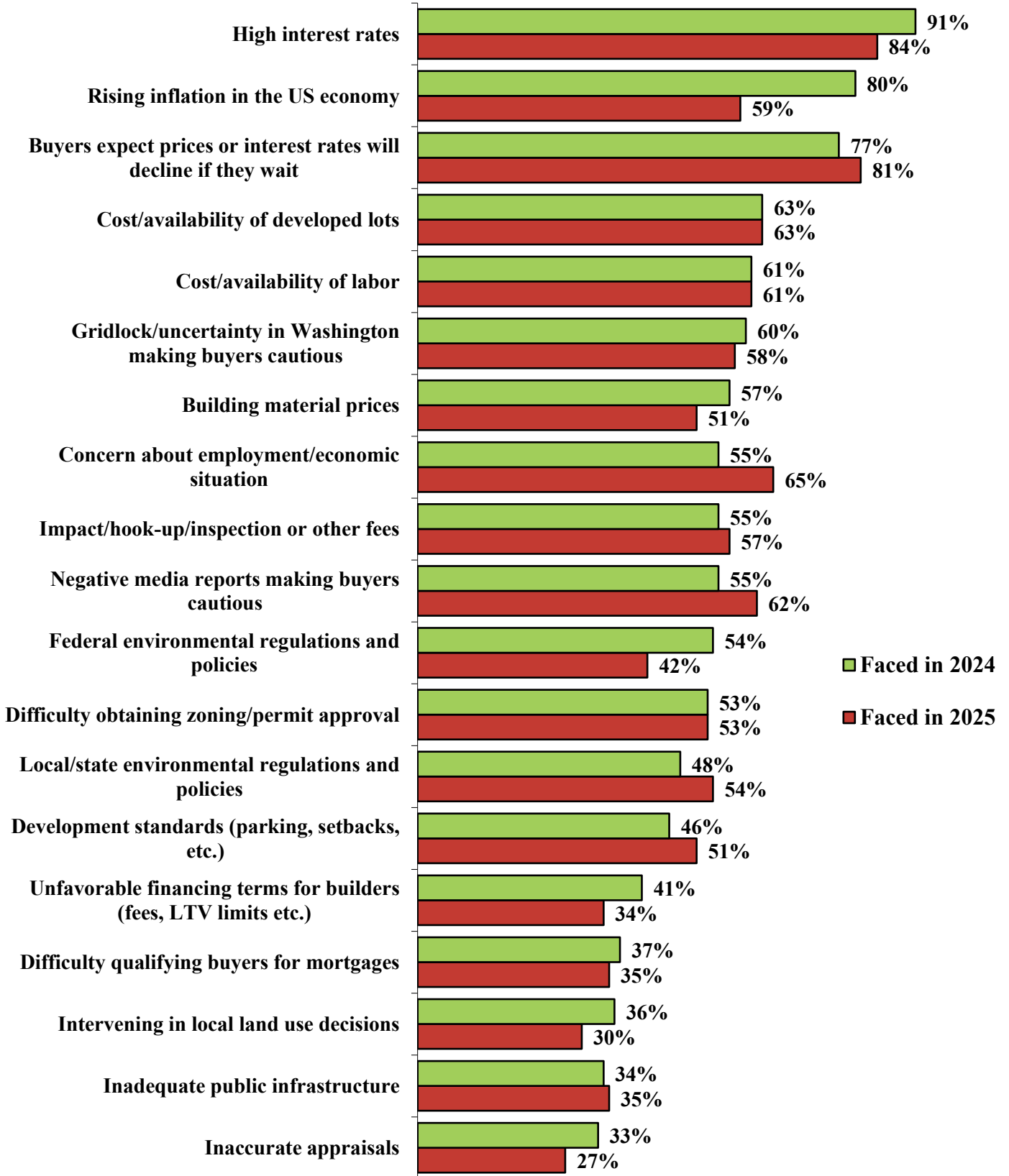
**What, in your opinion, were the most significant problems Faced by builders during 2025, and which do you Expect to be most significant during 2026?**  
**(Percent of Respondents)**



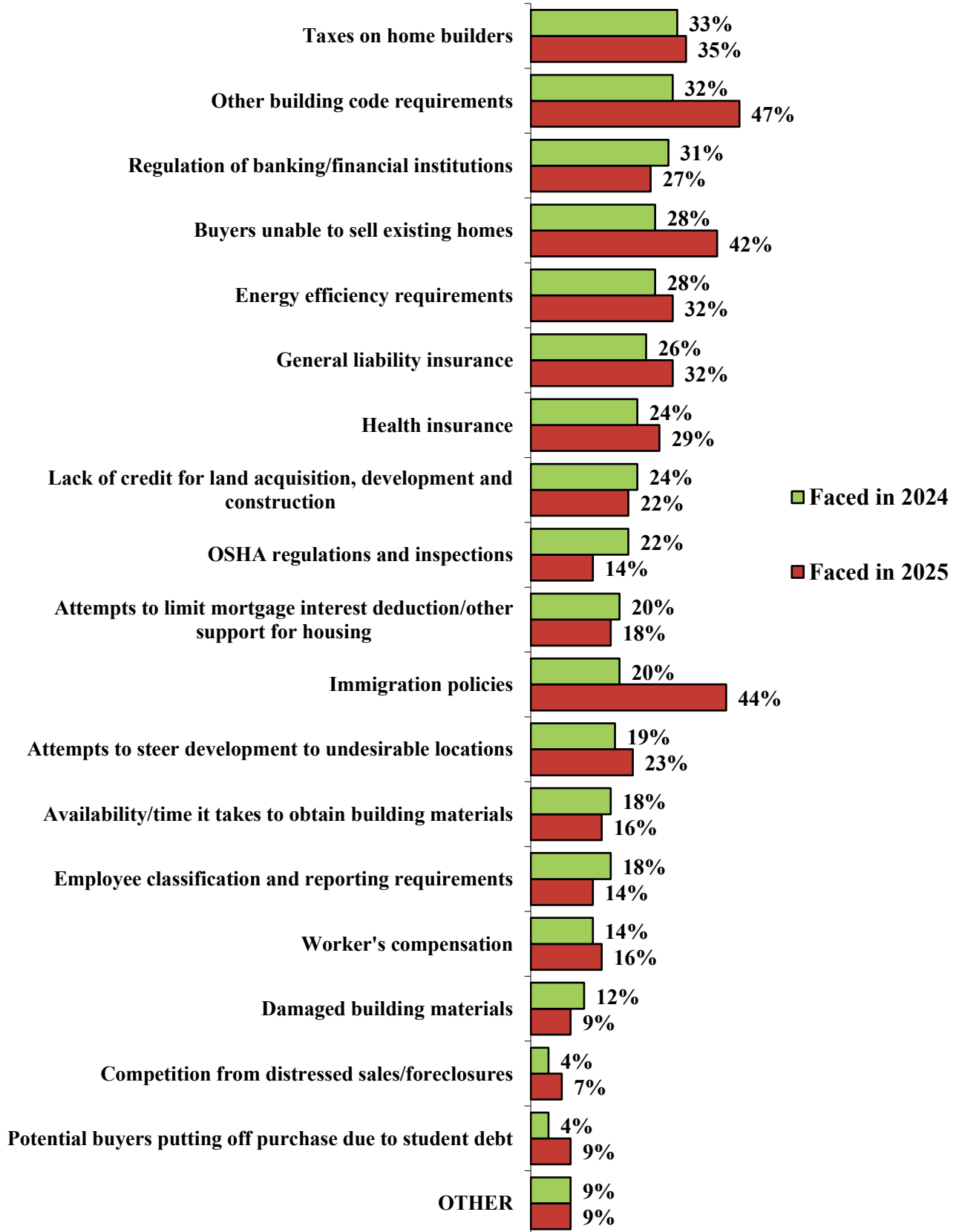
**What, in your opinion, were the most significant problems Faced by builders during 2025, and which do you Expect to be most significant during 2026? - *continued***  
**(Percent of Respondents)**



**Most significant problems FACED by builders during 2024 vs. 2025  
(Percent of Respondents)**



**Most significant problems FACED by builders during 2023 vs. 2024 - *continued***  
**(Percent of Respondents)**



**Most significant problems Builders Faced and Expect to Face - HISTORY**  
**(Percent of Respondents)**

	<i>Jan-26</i>		<i>25-Jan</i>		<i>24-Jan</i>		<i>23-Jan</i>		<i>21-Dec</i>		<i>20-Dec</i>		<i>19-Dec</i>		<i>19-Jan</i>	
	<i>Faced in 2025</i>	<i>Expect in 2026</i>	<i>Faced in 2024</i>	<i>Expect in 2025</i>	<i>Faced in 2023</i>	<i>Expect in 2024</i>	<i>Faced in 2022</i>	<i>Expect in 2023</i>	<i>Faced in 2021</i>	<i>Expect in 2022</i>	<i>Faced in 2020</i>	<i>Expect in 2021</i>	<i>Faced in 2019</i>	<i>Expect in 2020</i>	<i>Faced in 2018</i>	<i>Expect in 2019</i>
<b>BUILDER COSTS</b>																
<b>Building material prices</b>	<b>51</b>	<b>56</b>	57	64	63	58	96	62	96	91	96	89	66	66	87	69
<b>Availability/time it takes to obtain building materials</b>	<b>16</b>	<b>13</b>	18	16	37	24	86	50	91	90	78	80	na	na	na	na
<b>Damaged building materials</b>	<b>9</b>	<b>7</b>	12	9	14	11	na	na	na	na	na	na	na	na	na	na
<b>Cost/availability of labor</b>	<b>61</b>	<b>61</b>	61	64	73	71	85	73	82	85	65	71	87	85	82	82
<b>Cost/availability of developed lots</b>	<b>63</b>	<b>62</b>	63	65	57	64	51	51	49	61	48	57	63	66	58	63
<b>Energy efficiency requirements</b>	<b>32</b>	<b>37</b>	28	39	22	34	21	40	13	27	13	23	20	25	13	17
<b>Other building code requirements</b>	<b>47</b>	<b>50</b>	32	42	31	43	27	41	21	30	17	26	24	32	21	25
<b>Workers compensation</b>	<b>16</b>	<b>19</b>	14	16	13	15	12	15	12	13	10	12	14	14	12	12
<b>General liability insurance</b>	<b>32</b>	<b>34</b>	26	29	19	23	17	20	12	15	12	15	15	15	13	14
<b>Health insurance</b>	<b>29</b>	<b>36</b>	24	29	21	25	21	25	22	25	18	23	34	36	28	28

**Most significant problems Builders Faced and Expect to Face – HISTORY**  
**(Percent of Respondents) – *continued***

	<i>17-Dec</i>		<i>16-Dec</i>		<i>16-Jan</i>		<i>15-Jan</i>		<i>14-Jan</i>		<i>13-Jan</i>		<i>12-Jan</i>	
	<i>Faced in 2017</i>	<i>Expect in 2018</i>	<i>Faced in 2016</i>	<i>Expect in 2017</i>	<i>Faced in 2015</i>	<i>Expect in 2016</i>	<i>Faced in 2014</i>	<i>Expect in 2015</i>	<i>Faced in 2013</i>	<i>Expect in 2014</i>	<i>Faced in 2012</i>	<i>Expect in 2013</i>	<i>Faced in 2011</i>	<i>Expect in 2012</i>
<b>BUILDER COSTS - <i>continued</i></b>														
<b>Building material prices</b>	77	84	48	60	42	56	58	66	68	81	46	76	33	62
<b>Availability/time it takes to obtain building materials</b>	na	na	na	na	na	na	na	na	na	na	na	na	na	na
<b>Damaged building materials</b>	na	na	na	na	na	na	na	na	na	na	na	na	na	na
<b>Cost/availability of labor</b>	82	84	78	82	71	76	61	68	53	65	30	51	13	21
<b>Cost/availability of developed lots</b>	58	62	60	67	58	59	55	57	46	55	34	48	21	30
<b>Energy efficiency requirements</b>	17	21	24	33	20	26	25	28	26	34	25	33	29	38
<b>Other building code requirements</b>	23	29	32	35	28	32	30	37	31	36	27	33	33	39
<b>Workers compensation</b>	12	13	18	20	17	18	18	18	19	22	18	20	22	23
<b>General liability insurance</b>	14	15	23	25	18	19	21	22	19	21	20	24	25	26
<b>Health insurance</b>	37	40	42	40	34	39	34	39	33	48	30	42	37	43

**Most significant problems Builders Faced and Expect to Face – HISTORY**  
**(Percent of Respondents) – *continued***

	<i>Jan-26</i>		<i>25-Jan</i>		<i>24-Jan</i>		<i>23-Jan</i>		<i>21-Dec</i>		<i>20-Dec</i>		<i>19-Dec</i>		<i>19-Jan</i>	
	<i>Faced in 2025</i>	<i>Expect in 2026</i>	<i>Faced in 2024</i>	<i>Expect in 2025</i>	<i>Faced in 2023</i>	<i>Expect in 2024</i>	<i>Faced in 2022</i>	<i>Expect in 2023</i>	<i>Faced in 2021</i>	<i>Expect in 2022</i>	<i>Faced in 2020</i>	<i>Expect in 2021</i>	<i>Faced in 2019</i>	<i>Expect in 2020</i>	<i>Faced in 2018</i>	<i>Expect in 2019</i>
<b>FINANCING PROBLEMS</b>																
<b>High interest rates</b>	<b>84</b>	<b>65</b>	91	78	90	77	66	93	2	31	1	7	3	6	27	56
<b>Unfavorable financing terms (fees, LTV limits etc.)</b>	<b>34</b>	<b>34</b>	41	40	38	41	24	45	9	17	14	18	21	20	20	24
<b>Difficulty qualifying buyers for mortgages</b>	<b>35</b>	<b>37</b>	36	36	39	40	34	61	9	23	7	14	13	16	17	26
<b>Lack of credit for land acquisition, development and construction</b>	<b>22</b>	<b>23</b>	24	27	24	29	16	29	12	20	20	21	19	20	21	21
<b>Inaccurate appraisals</b>	<b>27</b>	<b>31</b>	33	30	29	34	27	38	45	51	46	49	41	40	40	37

**Most significant problems Builders Faced and Expect to Face – HISTORY**  
**(Percent of Respondents) – *continued***

	<i>17-Dec</i>		<i>16-Dec</i>		<i>16-Jan</i>		<i>15-Jan</i>		<i>14-Jan</i>		<i>13-Jan</i>		<i>12-Jan</i>	
	<i>Faced in 2017</i>	<i>Expect in 2018</i>	<i>Faced in 2016</i>	<i>Expect in 2017</i>	<i>Faced in 2015</i>	<i>Expect in 2016</i>	<i>Faced in 2014</i>	<i>Expect in 2015</i>	<i>Faced in 2013</i>	<i>Expect in 2014</i>	<i>Faced in 2012</i>	<i>Expect in 2013</i>	<i>Faced in 2011</i>	<i>Expect in 2012</i>
<b>FINANCING PROBLEMS - <i>continued</i></b>														
<b>High interest rates</b>	4	18	3	28	4	15	3	10	5	26	3	5	5	6
<b>Unfavorable financing terms (fees, LTV limits etc.)</b>	23	25	28	28	25	26	28	30	33	38	33	37	43	50
<b>Difficulty qualifying buyers for mortgages</b>	17	21	26	29	33	35	46	43	46	48	57	58	69	69
<b>Lack of credit for land acquisition, development and construction</b>	23	26	27	28	26	26	37	36	36	36	42	47	42	48
<b>Inaccurate appraisals</b>	47	42	49	46	52	48	58	50	58	50	68	59	69	66

**Most significant problems Builders Faced and Expect to Face – HISTORY**  
(Percent of Respondents) – *continued*

	<i>Jan-26</i>		<i>25-Jan</i>		<i>24-Jan</i>		<i>23-Jan</i>		<i>21-Dec</i>		<i>20-Dec</i>		<i>19-Dec</i>		<i>19-Jan</i>	
	<i>Faced in 2025</i>	<i>Expect in 2026</i>	<i>Faced in 2024</i>	<i>Expect in 2025</i>	<i>Faced in 2023</i>	<i>Expect in 2024</i>	<i>Faced in 2022</i>	<i>Expect in 2023</i>	<i>Faced in 2021</i>	<i>Expect in 2022</i>	<i>Faced in 2020</i>	<i>Expect in 2021</i>	<i>Faced in 2019</i>	<i>Expect in 2020</i>	<i>Faced in 2018</i>	<i>Expect in 2019</i>
<b>PROBLEMS ATTRACTING BUYERS</b>																
<b>Buyers unable to sell existing homes</b>	<b>42</b>	<b>37</b>	28	25	26	25	13	52	1	4	2	5	13	18	19	24
<b>Concern about employment/ economic situation</b>	<b>65</b>	<b>61</b>	55	39	48	55	41	73	24	46	48	57	25	32	28	46
<b>Competition from distressed sales/foreclosures</b>	<b>7</b>	<b>11</b>	4	6	5	10	2	20	3	6	4	12	6	6	6	7
<b>Buyers expect prices or interest rates will decline if they wait</b>	<b>81</b>	<b>74</b>	77	74	71	77	49	80	23	26	15	15	21	19	23	31
<b>Negative media reports making buyers cautious</b>	<b>62</b>	<b>56</b>	55	43	56	54	55	79	26	38	30	34	39	44	48	62
<b>Gridlock/uncertainty in Washington making buyers cautious</b>	<b>58</b>	<b>55</b>	60	32	42	54	38	54	32	50	42	44	45	56	45	53
<b>Potential buyers putting off purchase due to student debt</b>	<b>9</b>	<b>11</b>	4	4	8	11	6	8	5	6	8	9	18	19	12	12
<b>COVID-19 making buyers reluctant to shop for a home</b>	<b>na</b>	<b>na</b>	na	na	na	na	na	na	16	10	43	32	na	na	na	na

**Most significant problems Builders Faced and Expect to Face - HISTORY**  
**(Percent of Respondents) – *continued***

	<i>17-Dec</i>		<i>16-Dec</i>		<i>16-Jan</i>		<i>15-Jan</i>		<i>14-Jan</i>		<i>13-Jan</i>		<i>12-Jan</i>	
	<i>Faced in 2017</i>	<i>Expect in 2018</i>	<i>Faced in 2016</i>	<i>Expect in 2017</i>	<i>Faced in 2015</i>	<i>Expect in 2016</i>	<i>Faced in 2014</i>	<i>Expect in 2015</i>	<i>Faced in 2013</i>	<i>Expect in 2014</i>	<i>Faced in 2012</i>	<i>Expect in 2013</i>	<i>Faced in 2011</i>	<i>Expect in 2012</i>
<b>PROBLEMS ATTRACTING BUYERS - <i>continued</i></b>														
<b>Buyers unable to sell existing homes</b>	15	17	20	19	27	26	42	40	42	32	60	44	83	77
<b>Concern about employment/economic situation</b>	25	27	44	39	47	55	51	54	60	60	71	69	79	73
<b>Competition from distressed sales/foreclosures</b>	11	8	15	10	21	14	32	19	40	23	54	39	72	70
<b>Buyers expect prices or interest rates will decline if they wait</b>	13	11	12	12	13	11	16	15	16	14	20	13	35	27
<b>Negative media reports making buyers cautious</b>	22	28	25	30	28	35	26	30	31	29	47	37	63	56
<b>Gridlock/uncertainty in Washington making buyers cautious</b>	39	42	50	26	46	53	48	45	65	62	67	70	68	72
<b>Potential buyers putting off purchase due to student debt</b>	17	19	19	18	na	na	na	na	na	na	na	na	na	na
<b>COVID-19 making buyers reluctant to shop for a home</b>	na	Na	na	na	na	na	na	na	na	na	na	na	na	na

**Most significant problems Builders Faced and Expect to Face - HISTORY**  
**(Percent of Respondents) – continued**

	<i>Jan-26</i>		<i>25-Jan</i>		<i>24-Jan</i>		<i>23-Jan</i>		<i>21-Dec</i>		<i>20-Dec</i>		<i>19-Dec</i>		<i>19-Jan</i>	
	<i>Faced in 2025</i>	<i>Expect in 2026</i>	<i>Faced in 2024</i>	<i>Expect in 2025</i>	<i>Faced in 2023</i>	<i>Expect in 2024</i>	<i>Faced in 2022</i>	<i>Expect in 2023</i>	<i>Faced in 2021</i>	<i>Expect in 2022</i>	<i>Faced in 2020</i>	<i>Expect in 2021</i>	<i>Faced in 2019</i>	<i>Expect in 2020</i>	<i>Faced in 2018</i>	<i>Expect in 2019</i>
<b>FEDERAL GOVERNMENT POLICIES</b>																
<b>Federal environmental regulations and policies</b>	<b>42</b>	<b>36</b>	54	41	41	47	38	53	37	52	28	48	34	36	35	38
<b>Rising inflation in the US economy</b>	<b>59</b>	<b>46</b>	80	52	83	52	85	83	63	90	na	na	na	na	na	na
<b>OSHA regulations and inspections</b>	<b>14</b>	<b>15</b>	22	18	12	16	14	19	20	32	18	31	24	26	23	23
<b>Regulation of banking/ financial institutions</b>	<b>27</b>	<b>25</b>	31	26	29	34	19	30	14	28	18	33	23	24	31	33
<b>Attempts to limit mortgage interest deduction/other support for housing</b>	<b>18</b>	<b>23</b>	20	21	16	23	17	31	12	30	23	36	33	36	31	38
<b>Taxes on home builders</b>	<b>35</b>	<b>36</b>	33	29	27	29	26	35	23	43	21	41	27	32	23	26
<b>Employee classification and reporting requirements</b>	<b>14</b>	<b>15</b>	18	16	13	15	13	22	11	20	12	20	12	15	12	15
<b>Immigration policies</b>	<b>44</b>	<b>48</b>	20	36	25	30	29	35	31	36	27	27	37	39	40	46
<b>Intervening in local land use decisions</b>	<b>30</b>	<b>31</b>	36	34	32	37	27	34	25	33	21	30	25	28	21	20

**Most significant problems Builders Faced and Expect to Face - HISTORY**  
**(Percent of Respondents) – continued**

	<i>17-Dec</i>		<i>16-Dec</i>		<i>16-Jan</i>		<i>15-Jan</i>		<i>14-Jan</i>		<i>13-Jan</i>		<i>12-Jan</i>	
	<i>Faced in 2017</i>	<i>Expect in 2018</i>	<i>Faced in 2016</i>	<i>Expect in 2017</i>	<i>Faced in 2015</i>	<i>Expect in 2016</i>	<i>Faced in 2014</i>	<i>Expect in 2015</i>	<i>Faced in 2013</i>	<i>Expect in 2014</i>	<i>Faced in 2012</i>	<i>Expect in 2013</i>	<i>Faced in 2011</i>	<i>Expect in 2012</i>
<b>FEDERAL GOVERNMENT POLICIES - continued</b>														
<b>Federal environmental regulations and policies</b>	44	42	58	52	55	57	53	57	46	54	43	49	47	53
<b>Rising inflation in the US economy</b>	na	na	na	na	na	na	na	na	na	na	na	na	na	na
<b>OSHA regulations and inspections</b>	31	33	39	39	36	41	34	38	39	43	34	42	40	47
<b>Regulation of banking/financial institutions</b>	38	36	55	48	53	53	62	61	63	67	70	69	77	78
<b>Attempts to limit mortgage interest deduction/other support for housing</b>	31	49	21	30	23	32	31	40	37	50	35	55	42	60
<b>Taxes on home builders</b>	29	29	32	30	22	26	29	33	26	31	22	36	27	33
<b>Employee classification and reporting requirements</b>	12	14	24	24	19	23	13	15	16	21	12	18	17	21
<b>Immigration policies</b>	34	41	22	33	25	30	24	30	17	22	12	16	15	19
<b>Intervening in local land use decisions</b>	20	21	28	26	25	28	27	30	26	29	19	24	18	24

**Most significant problems Builders Faced and Expect to Face - HISTORY**  
**(Percent of Respondents) – continued**

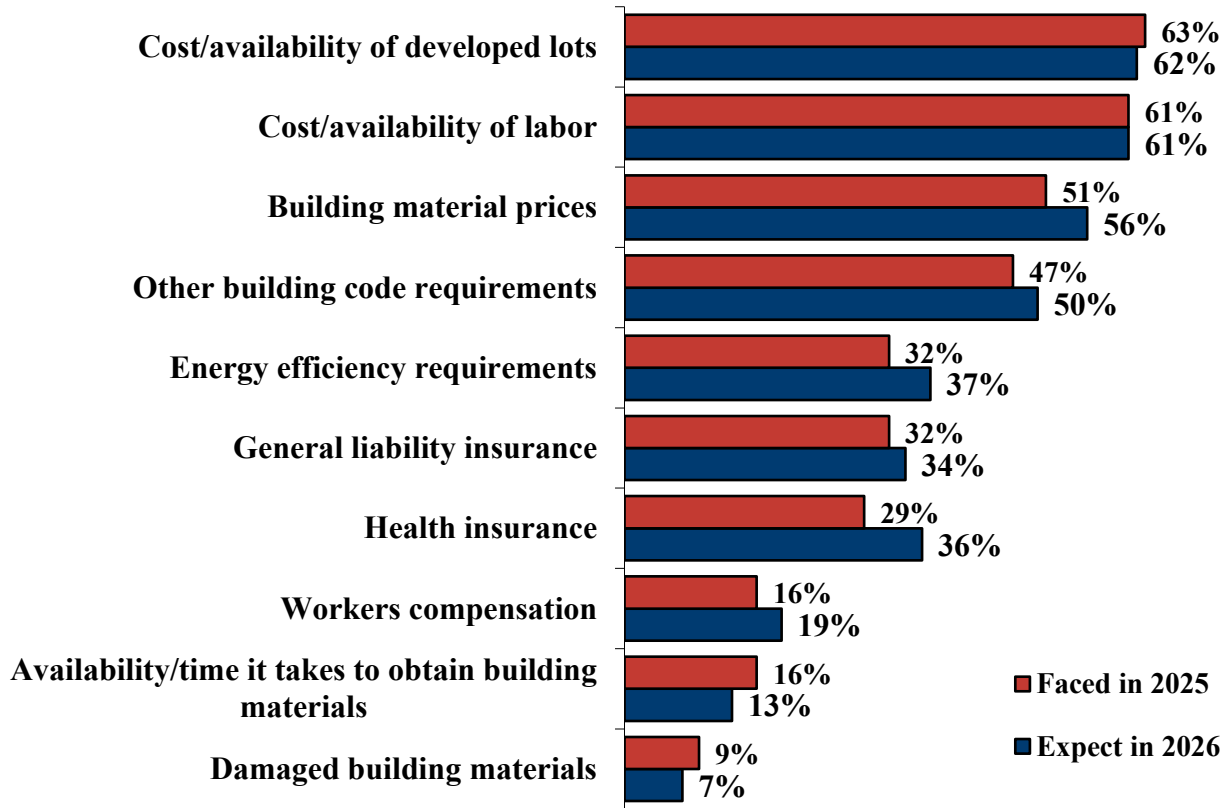
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	<i>Faced in 2025</i>	<i>Expect in 2026</i>	<i>Faced in 2024</i>	<i>Expect in 2025</i>	<i>Faced in 2023</i>	<i>Expect in 2024</i>	<i>Faced in 2022</i>	<i>Expect in 2023</i>	<i>Faced in 2021</i>	<i>Expect in 2022</i>	<i>Faced in 2020</i>	<i>Expect in 2021</i>	<i>Faced in 2019</i>	<i>Expect in 2020</i>	<i>Faced in 2018</i>	<i>Expect in 2019</i>
<b>LOCAL LAND USE POLICIES</b>																
<b>Impact/hook-up/inspection or other fees</b>	57	60	55	58	50	55	38	53	37	52	28	48	34	36	35	38
<b>Inadequate public infrastructure</b>	35	37	34	36	31	34	85	83	63	90	na	na	na	na	na	na
<b>Difficulty obtaining zoning/permit approval</b>	53	55	53	53	49	51	14	19	20	32	18	31	24	26	23	23
<b>Local/state environmental regulations and policies</b>	54	57	48	49	48	52	19	30	14	28	18	33	23	24	31	33
<b>Attempts to steer development to undesirable locations</b>	23	24	19	23	15	20	17	31	12	30	23	36	33	36	31	38
<b>Development standards (parking, setbacks, etc.)</b>	51	53	46	46	43	47	26	35	23	43	21	41	27	32	23	26
<b>OTHER problems</b>	9	9	9	8	9	8	13	22	11	20	12	20	12	15	12	15

**Most significant problems Builders Faced and Expect to Face - HISTORY**  
**(Percent of Respondents) – *continued***

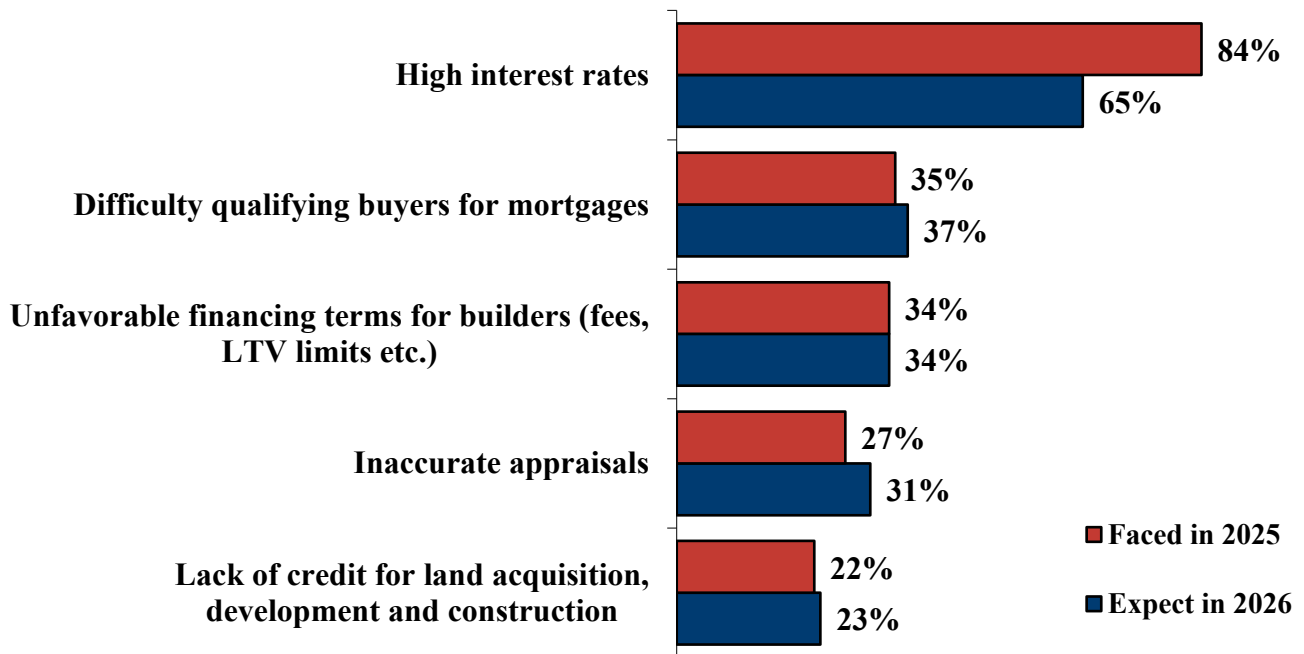
	<i>17-Dec</i>		<i>16-Dec</i>		<i>16-Jan</i>		<i>15-Jan</i>		<i>14-Jan</i>		<i>13-Jan</i>		<i>12-Jan</i>	
	<i>Faced in 2017</i>	<i>Expect in 2018</i>	<i>Faced in 2016</i>	<i>Expect in 2017</i>	<i>Faced in 2015</i>	<i>Expect in 2016</i>	<i>Faced in 2014</i>	<i>Expect in 2015</i>	<i>Faced in 2013</i>	<i>Expect in 2014</i>	<i>Faced in 2012</i>	<i>Expect in 2013</i>	<i>Faced in 2011</i>	<i>Expect in 2012</i>
<b>LOCAL LAND USE POLICIES - <i>continued</i></b>														
<b>Impact/hook-up/inspection or other fees</b>	44	42	58	52	55	57	53	57	46	54	43	49	47	53
<b>Inadequate public infrastructure</b>	na	na	na	na	na	na	na	na	na	na	na	na	na	na
<b>Difficulty obtaining zoning/permit approval</b>	31	33	39	39	36	41	34	38	39	43	34	42	40	47
<b>Local/state environmental regulations and policies</b>	38	36	55	48	53	53	62	61	63	67	70	69	77	78
<b>Attempts to steer development to undesirable locations</b>	31	49	21	30	23	32	31	40	37	50	35	55	42	60
<b>Development standards (parking, setbacks, etc.)</b>	29	29	32	30	22	26	29	33	26	31	22	36	27	33
<b>OTHER problems</b>	12	14	24	24	19	23	13	15	16	21	12	18	17	21

What, in your opinion, were the most significant problems faced by builders during 2025, and which do you expect to be most significant during 2026? – BY CATEGORY  
(Percent of Respondents)

**BUILDER COSTS**

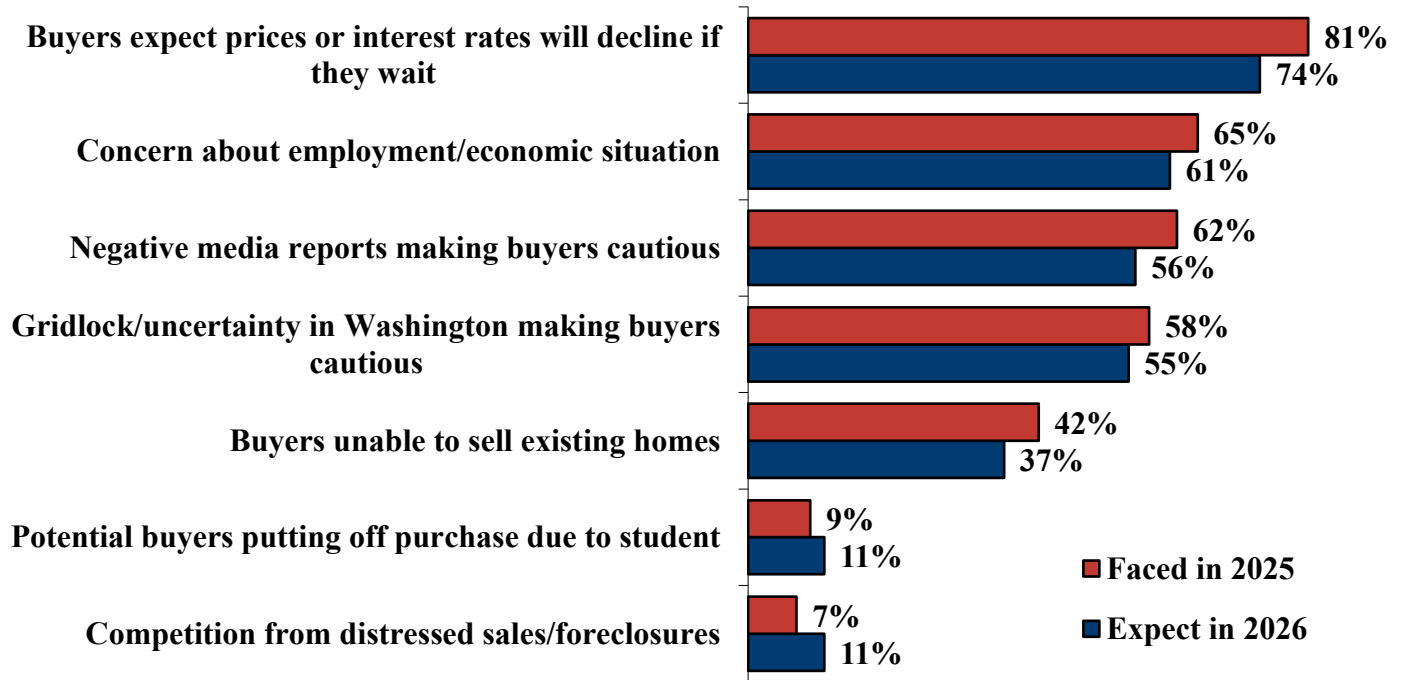


**FINANCING PROBLEMS**

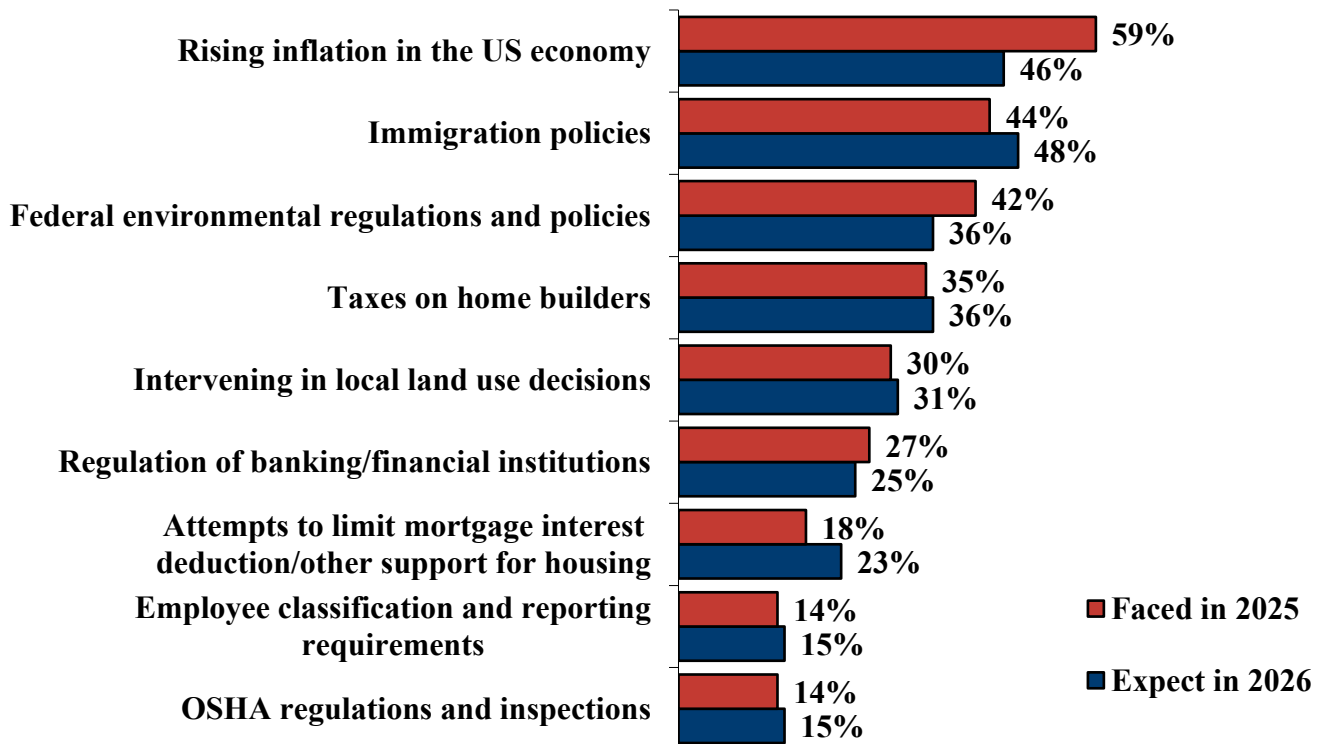


What, in your opinion, were the most significant problems faced by builders during 2025, and which do you expect to be most significant during 2026? – By Category (*continued*)  
(Percent of Respondents)

**PROBLEMS ATTRACTING BUYERS**

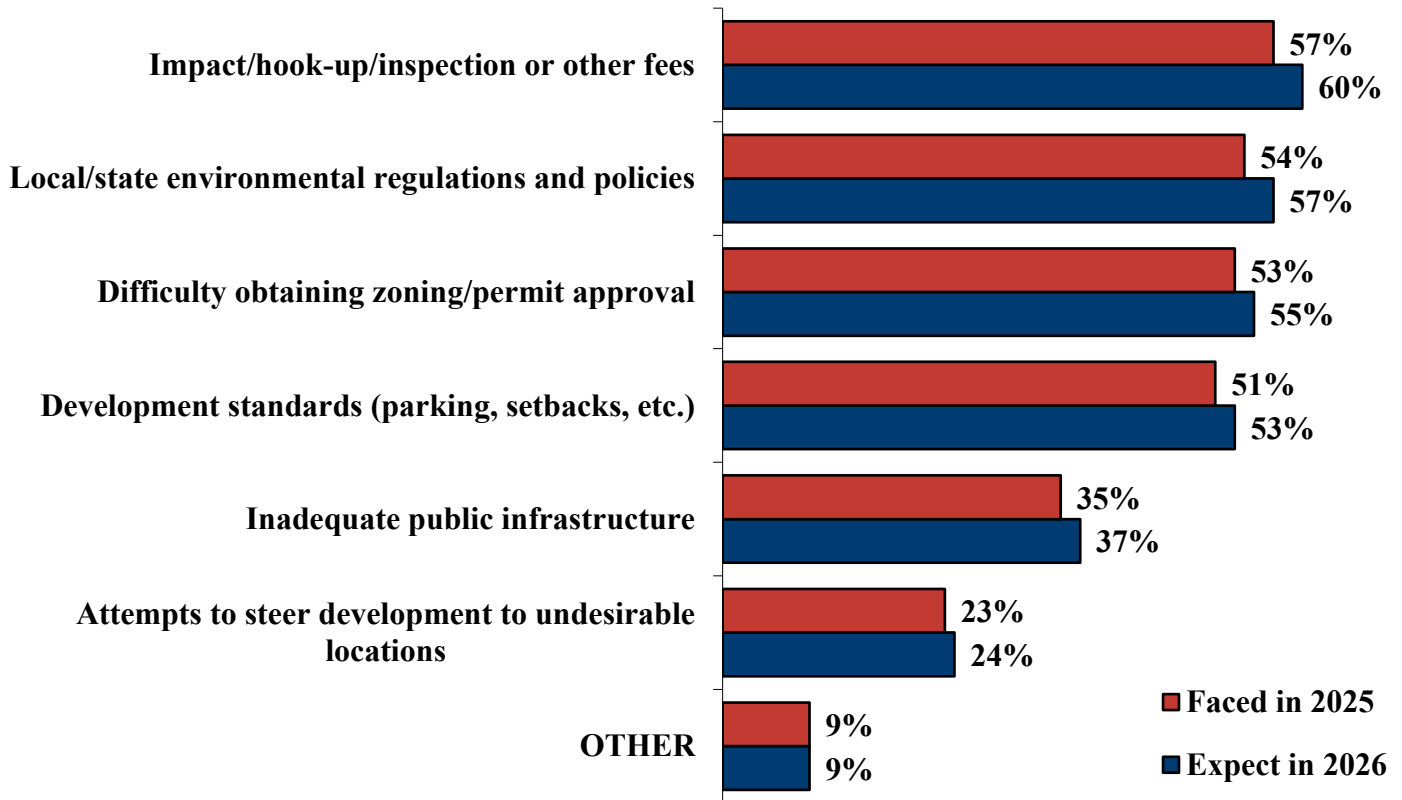


**FEDERAL GOVERNMENT POLICIES**



What, in your opinion, were the most significant problems faced by builders during 2025 and which do you expect to be most significant during 2026? – By Category (*continued*)  
 (Percent of Respondents)

**LOCAL LAND USE POLICIES**



## **Detailed Tables**

**What, in your opinion, were the most significant problems FACED by builders during 2025?  
(Percent of Respondents)**

	Total	Region				Total Number of Units Started during 2025			
		NE	MW	S	W	5 or Fewer	6 to 24	25 to 99	100+
<b>BUILDER COSTS</b>									
Building material prices	51	65	59	50	36	62	49	41	25
Availability/time it takes to obtain building materials	16	32	19	15	11	16	16	13	9
Damaged building materials	9	10	14	9	5	13	4	4	3
Cost/availability of labor	61	61	71	59	53	70	62	54	31
Cost/availability of developed lots	63	87	54	63	64	52	59	72	75
Energy efficiency requirements	32	52	33	21	51	28	27	39	34
Other building code requirements	47	52	51	39	59	41	44	61	44
Worker's compensation	16	13	18	15	18	20	15	11	3
General liability insurance	32	19	28	29	47	28	30	24	25
Health insurance	29	39	32	25	32	24	29	24	19
<b>FINANCING PROBLEMS</b>									
High interest rates	84	61	84	86	88	88	88	83	91
Unfavorable financing terms for builders (fees, LTV limits etc.)	34	39	29	34	41	37	30	39	34
Difficulty qualifying buyers for mortgages	35	16	28	37	46	32	23	43	69
Lack of credit for land acquisition, development and construction	22	19	19	24	22	20	22	13	19
Inaccurate appraisals	27	13	27	31	20	34	23	22	34
<b>PROBLEMS ATTRACTING BUYERS</b>									
Buyers unable to sell existing homes	42	19	25	50	51	37	30	48	69
Concern about employment/economic situation	65	52	63	68	62	68	57	65	75
Competition from distressed sales/foreclosures	7	3	4	10	1	5	6	7	6
Buyers expect prices or interest rates will decline if they wait	81	68	74	86	80	72	82	80	78
Negative media reports making buyers cautious	62	48	59	64	64	59	67	63	59
Gridlock/uncertainty in Washington making buyers cautious	58	58	52	62	54	56	57	59	53
Potential buyers putting off purchase due to student debt	9	6	8	9	9	9	9	4	13

**What, in your opinion, were the most significant problems FACED by builders during 2025?  
(Percent of Respondents) - *continued***

	Total	Region				Total Number of Units Started during 2025			
		NE	MW	S	W	5 or Fewer	6 to 24	25 to 99	100+
<b>FEDERAL GOVERNMENT POLICIES</b>									
Federal environmental regulations and policies	42	55	45	38	45	43	43	50	44
Rising inflation in the US economy	59	48	58	63	57	67	56	48	41
OSHA regulations and inspections	14	19	18	11	15	12	12	22	6
Regulation of banking/financial institutions	27	29	27	26	26	33	28	22	28
Attempts to limit mortgage interest deduction/other support for housing	18	19	18	18	19	18	20	20	16
Taxes on home builders	35	32	35	35	38	37	35	37	41
Employee classification and reporting requirements	14	16	14	11	19	13	15	4	16
Immigration policies	44	32	37	52	38	35	35	41	47
Intervening in local land use decisions	30	42	29	26	36	24	30	39	25
<b>LOCAL LAND USE POLICIES</b>									
Impact/hook-up/inspection or other fees	57	61	53	54	70	52	57	61	63
Inadequate public infrastructure	35	52	27	36	32	29	28	41	38
Difficulty obtaining zoning/permit approval	53	61	48	50	65	48	56	57	66
Local/state environmental regulations and policies	54	77	46	49	70	41	55	54	66
Attempts to steer development to undesirable locations	23	35	22	22	22	17	26	30	16
Development standards (parking, setbacks, etc.)	51	61	49	44	68	40	49	63	59
<b>OTHER problems Faced in 2025</b>	9	16	7	7	14	6	11	4	9
<b>Responses</b>	400	31	95	200	74	82	82	46	32

**What, in your opinion, are problems you EXPECT to be most significant during 2026?  
(Percent of Respondents)**

	Total	Region				Total Number of Units Started during 2025			
		NE	MW	S	W	5 or Fewer	6 to 24	25 to 99	100+
<b>BUILDER COSTS</b>									
Building material prices	56	71	63	54	45	61	53	48	27
Availability/time it takes to obtain building materials	13	19	10	11	17	14	13	4	12
Damaged building materials	7	3	11	6	5	10	3	2	3
Cost/availability of labor	61	65	74	55	56	64	63	63	33
Cost/availability of developed lots	62	77	58	63	60	55	56	80	61
Energy efficiency requirements	37	58	37	26	55	29	38	46	39
Other building code requirements	50	61	53	44	57	45	48	57	52
Workers compensation	19	13	23	17	19	23	16	15	6
General liability insurance	34	32	33	29	48	34	30	30	27
Health insurance	36	52	38	32	39	33	35	35	30
<b>FINANCING PROBLEMS</b>									
High interest rates	65	32	60	69	77	61	61	70	67
Unfavorable financing terms for builders (fees, LTV limits etc.)	34	39	29	32	45	33	33	35	36
Difficulty qualifying buyers for mortgages	37	23	32	41	43	33	23	48	58
Lack of credit for land acquisition, development and construction	23	26	23	23	25	18	21	17	21
Inaccurate appraisals	31	16	32	34	25	37	23	28	39
<b>PROBLEMS ATTRACTING BUYERS</b>									
Buyers unable to sell existing homes	37	16	24	47	40	33	31	39	55
Concern about employment/economic situation	61	61	62	61	61	54	55	59	76
Competition from distressed sales/foreclosures	11	6	8	14	7	6	10	13	9
Buyers expect prices or interest rates will decline if they wait	74	68	73	75	76	78	65	74	76
Negative media reports making buyers cautious	56	42	52	58	61	51	61	57	55
Gridlock/uncertainty in Washington making buyers cautious	55	68	51	54	57	52	58	46	52
Potential buyers putting off purchase due to student	11	10	9	11	15	11	6	9	18

**What, in your opinion, are problems you EXPECT to be most significant during 2026?  
(Percent of Respondents) - *continued***

	Total	Region				Total Number of Units Started during 2025			
		NE	MW	S	W	5 or Fewer	6 to 24	25 to 99	100+
<b>FEDERAL GOVERNMENT POLICIES</b>									
Federal environmental regulations and policies	36	52	40	29	41	37	34	48	24
Rising inflation in the US economy	46	55	45	48	40	52	46	37	21
OSHA regulations and inspections	15	16	19	12	16	18	10	22	0
Regulation of banking/financial institutions	25	26	29	24	24	36	21	22	30
Attempts to limit mortgage interest deduction/other support for housing	23	19	20	23	27	20	18	30	21
Taxes on home builders	36	39	33	34	41	41	33	39	33
Employee classification and reporting requirements	15	16	16	13	20	16	15	7	15
Immigration policies	48	35	42	55	40	42	40	43	55
Intervening in local land use decisions	31	42	31	27	39	28	31	41	30
<b>LOCAL LAND USE POLICIES</b>									
Impact/hook-up/inspection or other fees	60	61	56	58	71	55	58	63	73
Inadequate public infrastructure	37	55	27	41	35	34	28	48	42
Difficulty obtaining zoning/permit approval	55	58	47	53	68	47	56	61	67
Local/state environmental regulations and policies	57	81	53	50	71	49	53	57	73
Attempts to steer development to undesirable locations	24	29	23	22	28	16	26	30	18
Development standards (parking, setbacks, etc.)	53	61	54	46	65	42	49	67	64
<b>OTHER problems Expect to face in 2026</b>	9	16	9	7	12	7	11	4	12
<b>Responses</b>	398	31	97	195	75	83	80	46	33

**Appendix: Survey Questionnaire: HMI Special Questions for January 2026**

**What, in your opinion, were the most significant problems faced by builders during 2025, and which do you expect to be most significant during 2026? Check all that apply.**

<b>Faced in 2025</b>	<b><i>Expect in 2026</i></b>	<b>PROBLEMS</b>
		<b><i>BUILDER COSTS</i></b>
<input type="checkbox"/>	<input type="checkbox"/>	Building material prices
<input type="checkbox"/>	<input type="checkbox"/>	Availability/time it takes to obtain building materials
<input type="checkbox"/>	<input type="checkbox"/>	Damaged building materials
<input type="checkbox"/>	<input type="checkbox"/>	Cost/availability of labor
<input type="checkbox"/>	<input type="checkbox"/>	Cost/availability of developed lots
<input type="checkbox"/>	<input type="checkbox"/>	Energy efficiency requirements
<input type="checkbox"/>	<input type="checkbox"/>	Other building code requirements
<input type="checkbox"/>	<input type="checkbox"/>	Worker's compensation
<input type="checkbox"/>	<input type="checkbox"/>	General liability insurance
<input type="checkbox"/>	<input type="checkbox"/>	Health insurance
		<b><i>FINANCING PROBLEMS</i></b>
<input type="checkbox"/>	<input type="checkbox"/>	High interest rates
<input type="checkbox"/>	<input type="checkbox"/>	Unfavorable financing terms for builders (fees, LTV limits etc.)
<input type="checkbox"/>	<input type="checkbox"/>	Difficulty qualifying buyers for mortgages
<input type="checkbox"/>	<input type="checkbox"/>	Lack of credit for land acquisition, development and construction
<input type="checkbox"/>	<input type="checkbox"/>	Inaccurate appraisals
		<b><i>PROBLEMS ATTRACTING BUYERS</i></b>
<input type="checkbox"/>	<input type="checkbox"/>	Buyers unable to sell existing homes
<input type="checkbox"/>	<input type="checkbox"/>	Concern about employment/economic situation
<input type="checkbox"/>	<input type="checkbox"/>	Competition from distressed sales/foreclosures
<input type="checkbox"/>	<input type="checkbox"/>	Buyers expect prices or interest rates will decline if they wait
<input type="checkbox"/>	<input type="checkbox"/>	Negative media reports making buyers cautious
<input type="checkbox"/>	<input type="checkbox"/>	Gridlock/uncertainty in Washington making buyers cautious
<input type="checkbox"/>	<input type="checkbox"/>	Potential buyers putting off purchase due to student debt
		<b><i>FEDERAL GOVERNMENT POLICIES</i></b>
<input type="checkbox"/>	<input type="checkbox"/>	Federal environmental regulations and policies
<input type="checkbox"/>	<input type="checkbox"/>	Rising inflation in the US economy
<input type="checkbox"/>	<input type="checkbox"/>	OSHA regulations and inspections
<input type="checkbox"/>	<input type="checkbox"/>	Regulation of banking/financial institutions
<input type="checkbox"/>	<input type="checkbox"/>	Attempts to limit mortgage interest deduction/other support for housing
<input type="checkbox"/>	<input type="checkbox"/>	Taxes on home builders
<input type="checkbox"/>	<input type="checkbox"/>	Employee classification and reporting requirements
<input type="checkbox"/>	<input type="checkbox"/>	Immigration policies
<input type="checkbox"/>	<input type="checkbox"/>	Intervening in local land use decisions
		<b><i>LOCAL LAND USE POLICIES</i></b>
<input type="checkbox"/>	<input type="checkbox"/>	Impact/hook-up/inspection or other fees
<input type="checkbox"/>	<input type="checkbox"/>	Inadequate public infrastructure
<input type="checkbox"/>	<input type="checkbox"/>	Difficulty obtaining zoning/permit approval
<input type="checkbox"/>	<input type="checkbox"/>	Local/state environmental regulations and policies
<input type="checkbox"/>	<input type="checkbox"/>	Attempts to steer development to undesirable locations
<input type="checkbox"/>	<input type="checkbox"/>	Development standards (parking, setbacks, etc.)
<input type="checkbox"/>	<input type="checkbox"/>	<b><i>OTHER Faced in 2025)</i></b>
	<input type="checkbox"/>	<b><i>OTHER Expect in 2026)</i></b>