

Originally published Monday, April 18, 2011 at 7:02 AM

Builder outlook falls ahead of spring season

Homebuilders are more pessimistic about the housing market this month, a dismal sign at the start of the spring-buying season.

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WASHINGTON —

Homebuilders are more pessimistic about the housing market this month, a dismal sign at the start of the spring-buying season.

The National Association of Home Builders says its index of industry sentiment for April fell back down to 16. It had risen modestly in March to 17, after four straight months at 16. Any reading below 50 indicates negative sentiment about the market. The index hasn't been above that level since April 2006.

Last year was the worst in more than a decade for sales of previously owned homes and the worst for new-home sales in nearly a half-century.

Fewer homes mean fewer jobs. Each new home built creates, on average, the equivalent of three jobs for a year and generates about \$90,000 in taxes, according to the builders' trade group.

High unemployment, tighter lending standards and bigger requirements for down-payments are keeping many people from buying homes. A record number of foreclosures are forcing down home prices, leaving would-be buyers worried that the market has yet to bottom out.

Economists expect home prices will hit bottom later this year before a modest recovery takes hold. Large swaths of the hardest-hit states, including Arizona, California, Florida and Nevada, continue to struggle with foreclosures and short sales, when a lender allows a borrower to sell their property for less than what is owed.

Builders have been hopeful that a strong spring season, traditionally the best time for home construction, could help power a turnaround.

Regionally, the Northeast and Midwest saw two-point gains in their index of construction activity, to 20 and 14, respectively. The West held steady at 17 and the South, the largest regional housing market, plunged from 19 to 15.

The index gauging current conditions fell one point, to 16, while the recorded foot traffic of prospective buyers rose by a point, to 13. The estimate of single-family home sales over the next six months dropped three points, to 23, falling to its lowest level since October.