



Home Builders, Where Are You?



Comprehensive Home Sales Report

BOOM OR BUST FOR HOUSING?

#March2021



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New vs. Existing Homes (Closed Or Pending Status)



All homes sold and under contract on 3/23/2021 by date of contract

Source: Tallahassee Board of Realtors MLS

As seen on www.manausa.com



Through all of our inventory reports over the past few years, I have pointed out that we need more homes. We need existing sellers to put their homes on the market, but more importantly, we need builders to deliver additional homes to compensate for the lack of new construction over the past 6 years.

While we did see builders increase production in 2020, we have seen this trend reverse and March appears to be the worst of the previous 15 months for builder activity.

The red triangles report the percentage of contracts written each month that was new construction, and right now March is below 6%. We need to see new construction push closer to 20% for at least a year or two. The red line shows the one-year trend of the new construction share of the market, and I am greatly concerned about its decline.

In 2020, just over 12% of the contracts written were for new construction homes, but the trend for new home share has been dropping for three months in a row.

In the 1990s, it was not uncommon for 20% of all home sales each year to be new construction, and back then we did not have an inventory shortage like we do today.

Builders today could double production without the risk of creating an oversupply in the market, so long as they pay attention to the areas and price ranges in which they build.

Consider this my continuing plea to all local homebuilders, we need more houses! If you want to know why that I believe builders are not building enough homes today, you should check out my in-depth video on the US housing market, [you can see it here](#).