



Appreciation Tops 11% In 2021



My Forecast 2022

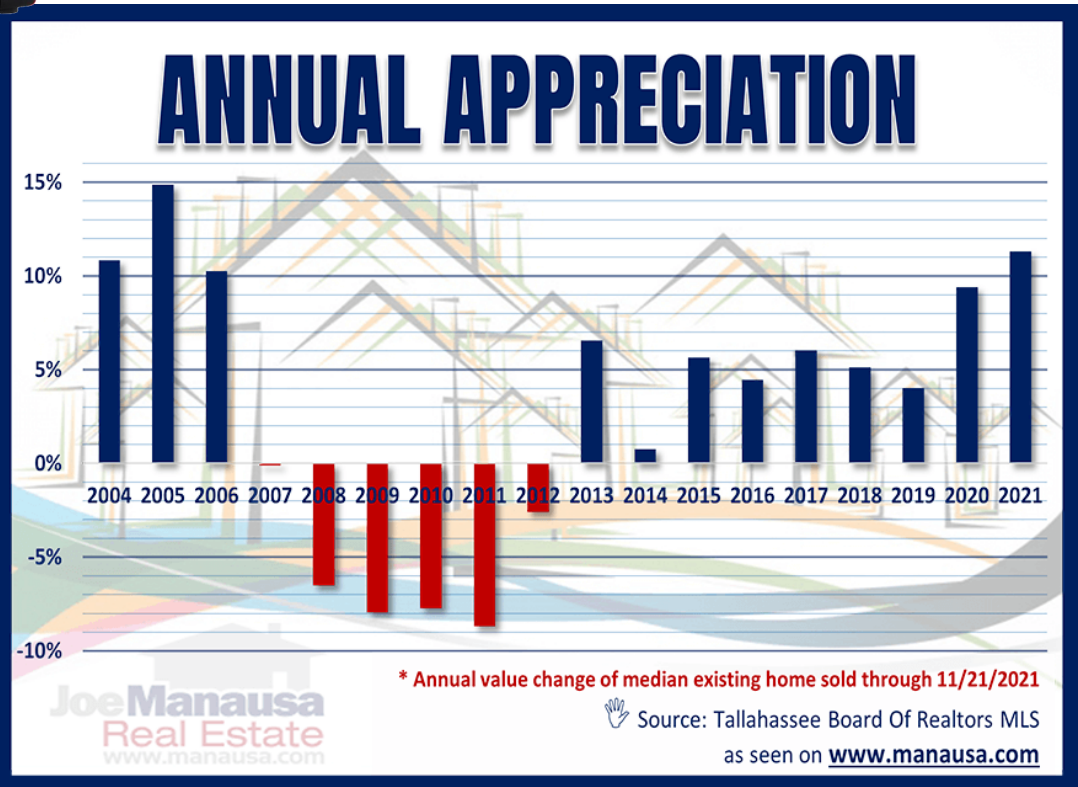


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One great method for measuring appreciation in the housing market is to evaluate the change in the median existing home value (price per square foot of the median existing home over time).

The graph above plots the median existing home value each year and reveals the impact that the diminished inventory of homes for sale is having on home values. The market has been undersupplied since the end of 2016, so existing home values continue to move higher at an accelerating rate.

Before the year began, I forecast double-digit appreciation because I knew that demand would run much faster than the supply. I had hopes that builders would be able to bring a few thousand homes to the market, but

instead new construction declined in 2021. Thus the median existing home value rose 11.3% last year. One could then say that existing homes rose 11.3% in value in 2021.

As we begin the new year, conditions have not changed very much. The lack of inventory is only going to increase the pressure on home values. Yes, it's nice to see home values rise, but double-digit appreciation is toxic and will soon destroy home affordability and convert our market to one of haves and have nots.

If you want to know more about home values in Tallahassee, I released my [2022 Housing Market Forecast](#) recently and it goes into great detail about US housing market conditions and what we are likely to see in 2022 and beyond.

