



Home Sales Continue To Slow



Are Homebuilders Out Of Control?

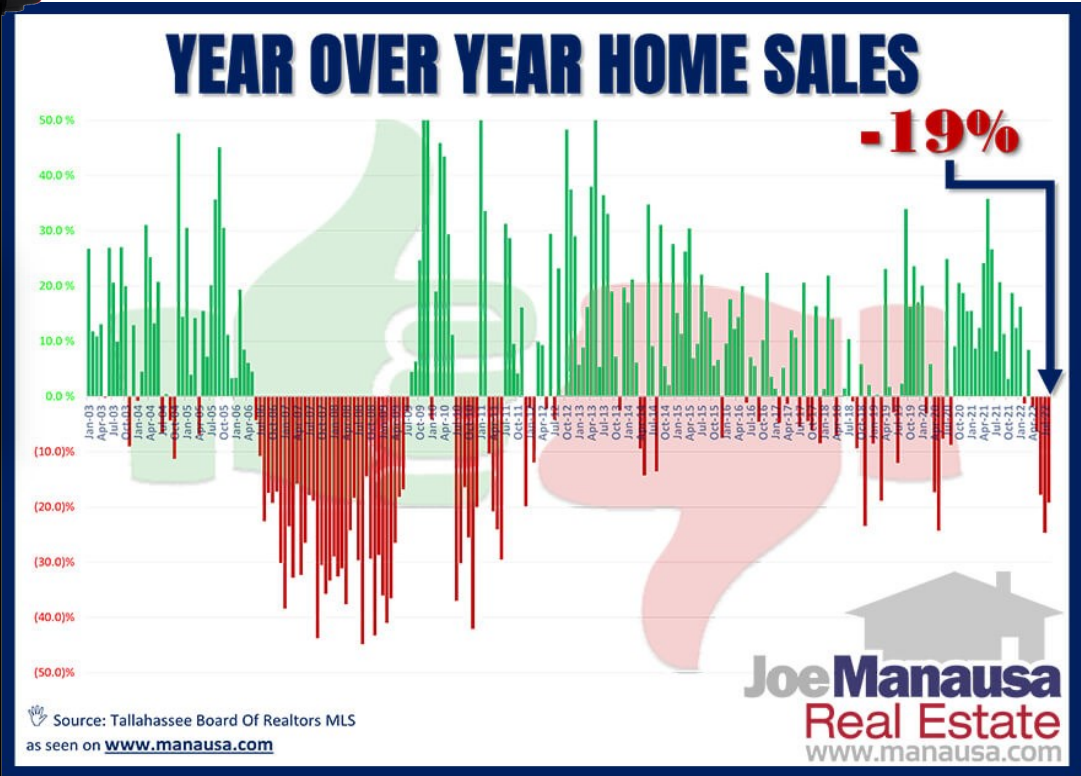


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For the fifth straight month and in six of the past seven months, the number of home sales has declined. (year-over-year)

The graph above plots the change in year-over-year home sales. Each vertical bar reflects the percentage difference in the number of homes sold each month when compared to the same month the year prior. Green bars register growth while red bars report declines.

It had been nothing but green (growth) since the 9% decline in August of 2020, but a combination of limited inventories and higher mortgage interest rates has the demand side of the housing market plummeting.

Overall, the market is down for 2022 by more than 8%, but based upon current mortgage interest rates and a gross lack

of supply of homes, we expect to see declines dominate the remaining months of 2022.

Appreciation Slows

Many people assume that declining demand will cause home values to drop, but that has not been the case thus far. The median price per square foot of existing homes is up 11.2% through August.

Demand is still far greater than supply, and recent reports show that builders will NOT be overbuilding the market any time soon. The median new home construction price is up nearly 23% over a year ago, and there still are not enough homes for sale at homes priced below \$750K. Expect pressure on values as more mortgage rate hikes slow the housing market.

