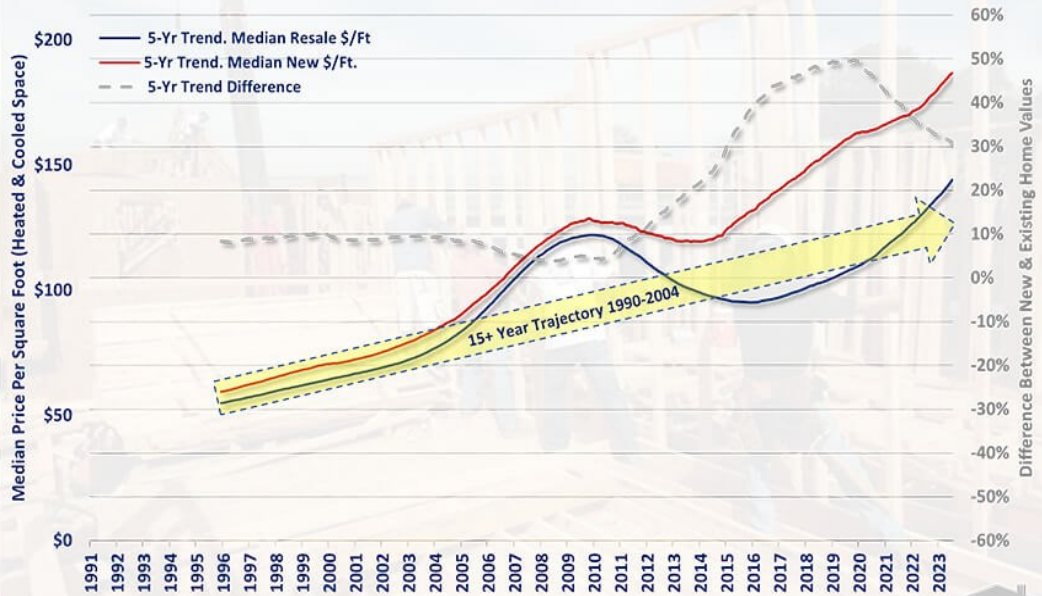




Inflation + Government = Housing Crisis

New Construction "Premium"



Source: Tallahassee Board of Realtors MLS + Metro Market Trends
As seen on the Tallahassee Real Estate Website: www.manausa.com

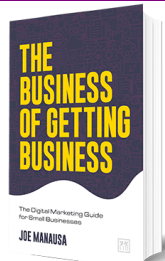


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Joe Manausa, MBA
info@manausa.com
(850) 888-0888

Rising costs of new home construction are paradoxically reducing the amount of homes that builders are producing, even amidst high demand. Builders can't meet the needs of our expanding population as the price gap between new and used homes widens.

Two plotted lines, red for the five-year median price per square foot of new homes, and blue for existing homes, illustrate this. The gray line shows the 'premium' new home buyers pay, underlining why construction has slowed.

For 22 years till 2012, the price difference between new and used homes was under 10%. A new home priced at \$100 per square foot in 1995

would match a \$90 existing home in size. Builders risked little, building high-quality homes, as 'new' was only marginally pricier than 'used.'

However, when the federal government intervened to slow the housing market, new home costs continued higher while existing homes fell for more than six years.

The modest 10% price differential peaked at 81% in 2015. Consequently, builders are now cautiously building far below historical rates.

A sustainable solution is needed to close the price gap between new and used homes, encourage risk-taking among builders, and ensure affordable housing for the ever-growing American populace.

