

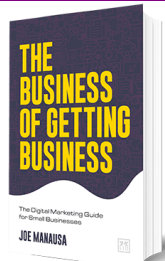


7 New Graphs From  
Zillow Data



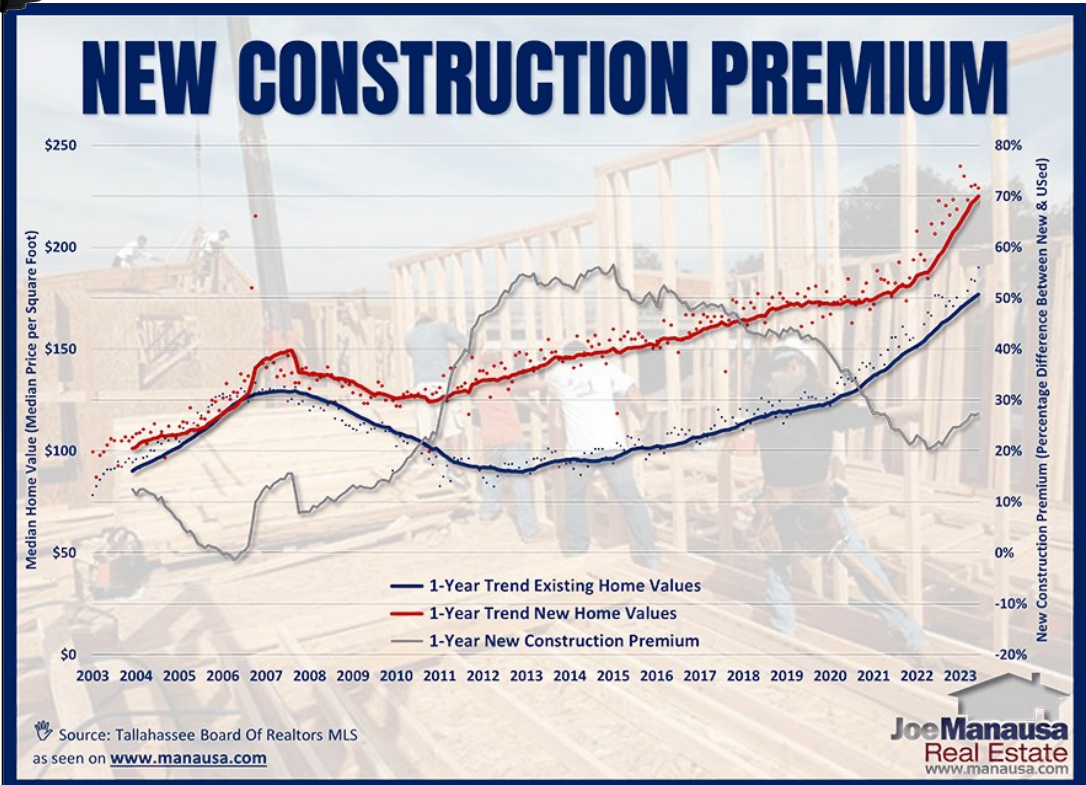
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## New Home Construction Getting Costlier



Today's graph helps measure the "premium" that buyers pay to purchase a brand new home. The median value of new homes (in terms of price per square foot) is depicted in red, and the average value of existing homes is shown in blue. The difference between the two is plotted in gray and is displayed on the right vertical axis.

The data indicates that last year the gap between new and existing home values had reached its lowest point in thirteen years, with new homes becoming more affordable relative to used homes since 2011. But the difference has reversed course and new homes are outpacing existing homes.

In the past, the difference between new and existing home values was less than 10%, which is a stark contrast to the

near 30% today.

The cost of new construction has risen significantly due to factors such as increased construction costs, supply chain disruptions, labor shortages, minimum wage hikes, and a limited supply of developable land.

This inflation has caused slower rates of home building, resulting in housing scarcity and the rapid appreciation of existing homes.

The current market conditions differ from the housing bubble of 2006, when an abundance of speculators flooded the market, leading to a supply surplus. Today, builders are unable to produce new homes that are valued at or near the median, so we continue to see low supply and upward pressure on values.

