



The Modern Housing Crunch

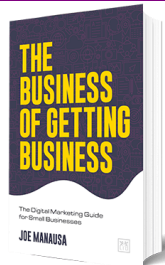


Why Is Nobody Talking About This?



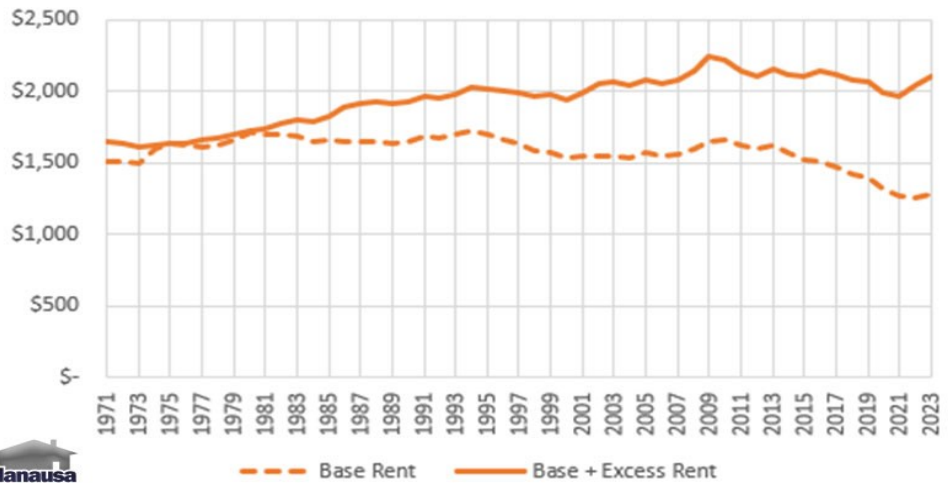
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AVERAGE OWNER RENTAL VALUE



You might think the housing market bounced back after 2008, but here's the shocking truth: that crisis was just the beginning. Ever wonder why rents keep climbing? The answer lies in a hidden force that's been reshaping the market for over a decade.

In 2023, the average monthly rent in the U.S. was \$2,107. But here's the kicker—only about \$1,285 goes towards real housing costs. The rest? That's accumulated inflation; tenants are just paying extra for air.

This isn't just a minor inconvenience. We're talking about a massive shortfall in housing supply. To bring rents back to historical norms, housing analyst Kevin Erdmann has demonstrated that we would need a 32% increase in residential investment. That's not a small bump - it's a complete overhaul of our current building practices.

So, how did we end up here?" It's a

perfect storm that's been brewing since 2008.

After the housing crisis, we saw a significant rollback in mortgage access. Banks tightened their lending standards, making it harder for people to buy homes. This drove up demand for rentals, pushing rents higher and higher.

Rent makes up about one-third of the Consumer Price Index. When the Fed looks at inflation, it sees these high rent numbers and thinks, "We need to tighten monetary policy."

However, this inflation isn't driven by increased demand or a booming economy. It's driven by a lack of supply. We're not building enough homes, and it's throwing off our entire economic picture.

This misalignment in policy responses is a big deal. The Fed's been tightening in response to rising rent inflation, but that won't solve the underlying problem.

