



The Price Paradox: Why Costs Keep Climbing

Watch the Full Redfin Housing Update

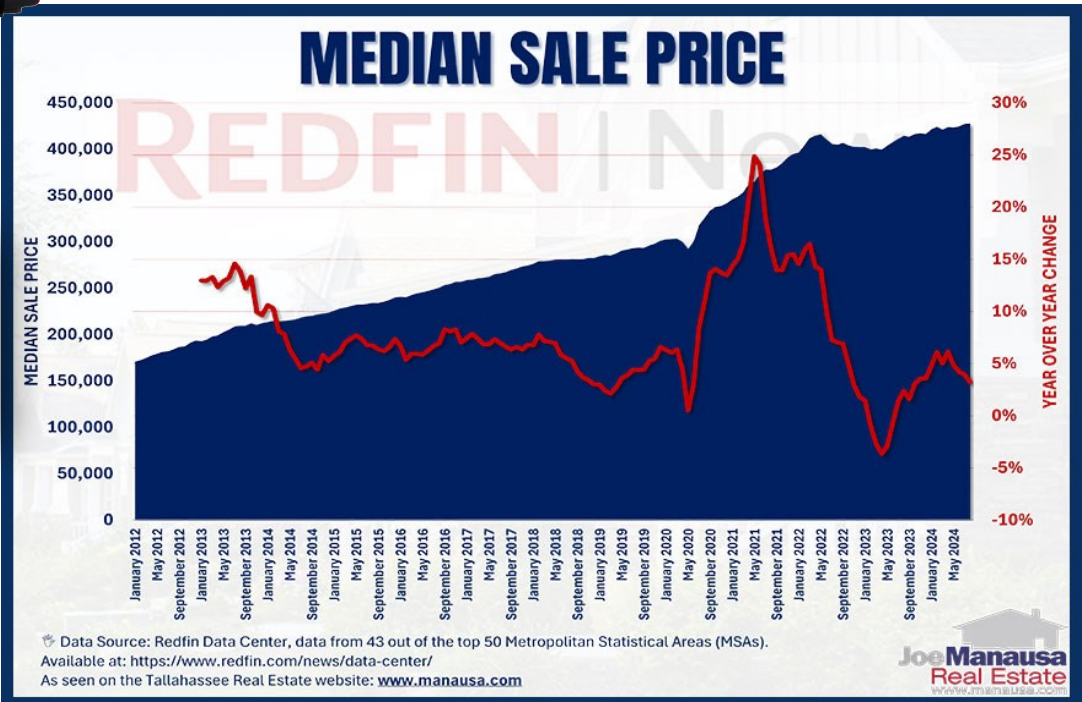


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You might think fewer home sales would lead to lower prices, but the data tells a different story. Home prices are actually increasing at their fastest rate in months. What's behind this counterintuitive trend?

The graph above was created from the newest Redfin housing update. It's a real eye-opener, showing a consistent upward trend that might leave you scratching your head.

Despite the market slowdown we discussed a few weeks ago, the median sale price in the US has climbed to \$428K. That's a 3.9% jump from last year - a far cry from the crashing home prices many "experts" have warned.

Now, you're probably wondering how this is possible when fewer homes are selling. It's all about supply and demand, but not in the way you might expect. Even though demand has cooled off, the

supply of homes has dropped even more dramatically. We're dealing with a severe inventory shortage that's been brewing for years.

Think about it like this: imagine you're at an auction where there are fewer bidders but also way fewer items up for sale. Those remaining bidders? They're still competing hard for the limited options available. That's what's happening in the housing market today.

But it's not just about the number of homes. External economic factors are stirring the pot too. Mortgage rates have been on a roller coaster ride, and while they've come down recently, they're still higher than what buyers were used to a few years ago.

This has created a situation where many homeowners are reluctant to sell and give up their lower-rate mortgages, further tightening the supply.