

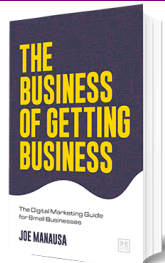


**Zillow Releases New Market Report**



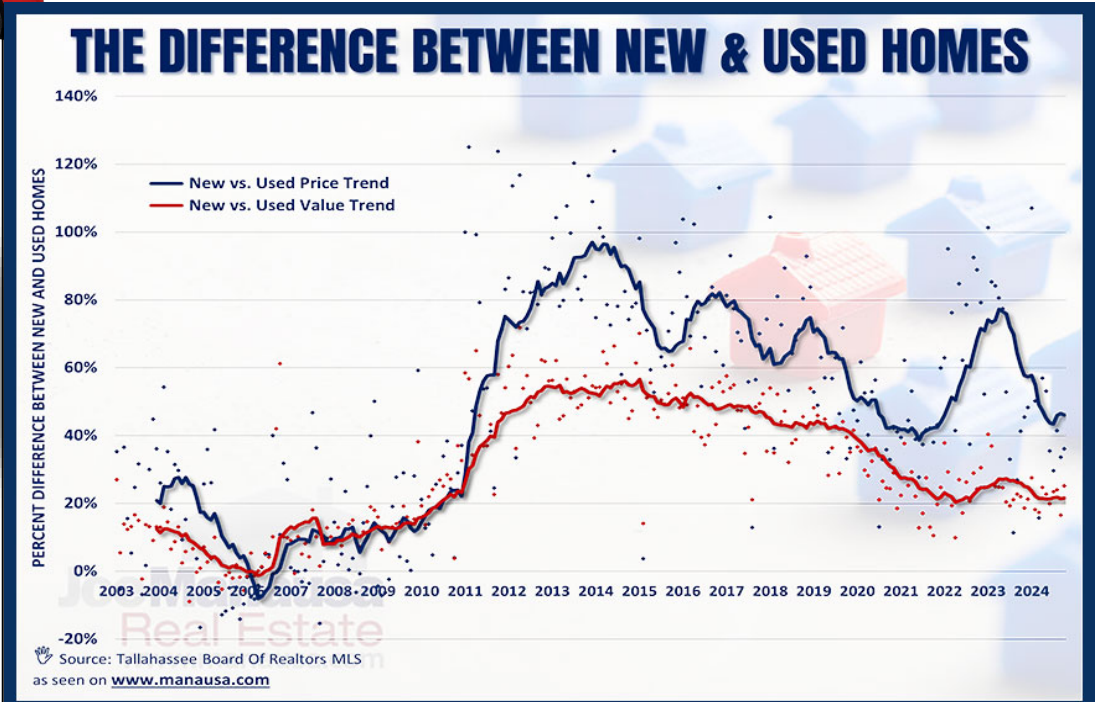
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**Builders Work To Deliver Affordable Homes**



The difference between new and existing (used) homes in Tallahassee has tightened to the closest difference we have recorded since 2011.

The lines in the graph above measure the percentage difference between new and used homes in two important categories.

The blue line plots the percentage difference in price, while the red line plots the percentage difference in value (measured in price per square foot of heated and cooled space).

Builder costs have skyrocketed in recent years, but they had been moving higher prior to the pandemic. Back in the 1990s and up through the housing market crash, Tallahassee builders were able to deliver a new home to the market within 10% to 20% of the average value of existing homes.

Back in 2015, this difference went as high

as 56%, and has only come down to 21% in recent months.

I believe this is a sign that builders are trying to deliver smaller, less expensive homes to meet the demand of more buyers.

Unfortunately, we're still seeing the price of these new homes well beyond the reach of the median home buyer, so the pace of new home sales has been slow in 2024. Currently, only 10% of homes sold and recorded in the Tallahassee MLS are new construction, far below the 21% average we saw prior to the housing market crash in 2006.

What most people do not understand is that the government loans changed from a 50-year success model of offering loans to people with moderate credit. Since 2008, the average credit score for homebuyers has moved much higher, leaving builders out of the entry-level housing market for nearly 20 years.

