



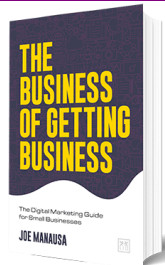
Builder's Share Of Market Remains Low

Home Affordability
Continues Decline

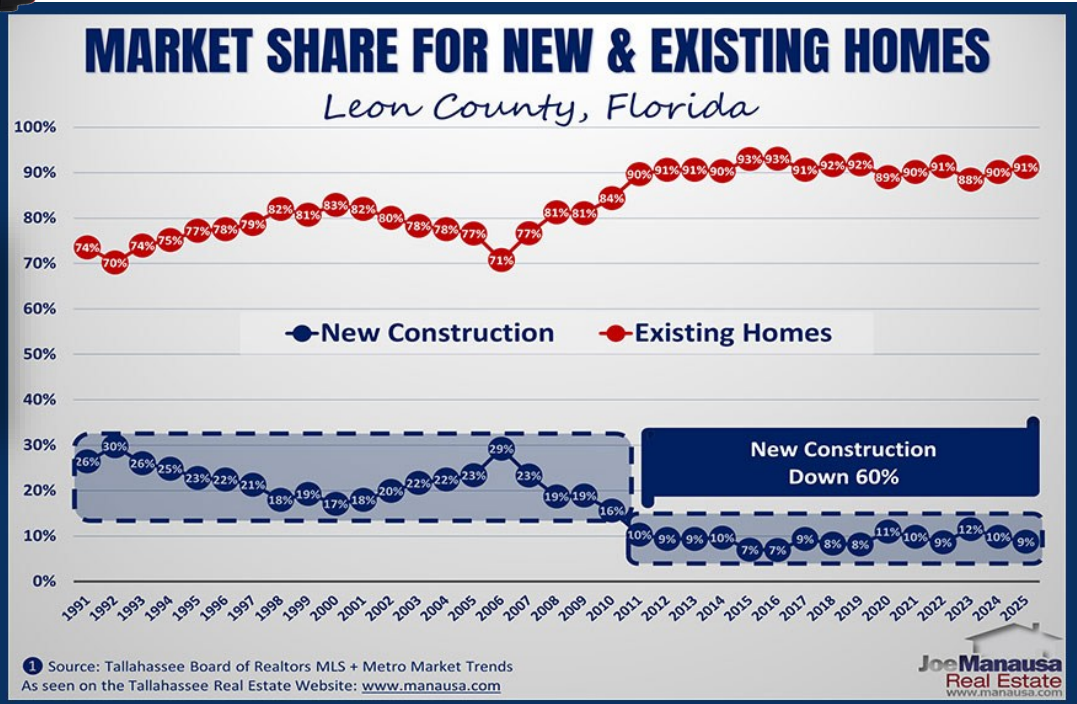


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The persistent inventory shortage in Tallahassee continues to stall home sales, and coupled with the interest-rate lock-in effect, sales have slowed to a near standstill.

The graph above compares the percentage of existing home sales (in red) to new home sales (in blue), showing a roughly 58% decline in new construction from the historical average since 2010.

People often ask why builders aren't producing more homes. Unfortunately, the answer is simple while the solution is not.

Everything changed in 2008 when government loans were revamped and borrower qualification standards became far stricter. Loan programs that had worked successfully for over 50 years disappeared overnight, shutting out most buyers with lower credit scores.

These buyers typically purchased smaller, less expensive homes, so a major share of builders' customers vanished with one policy change.

Why aren't builders building more? In reality, they are—just for the top half of the market. That leaves virtually no inventory for buyers in the bottom half. Worse, many of these lower end homes are appreciating out of reach for first-time homebuyers, thus we're seeing the decline of homeownership.

If you missed it, I posted a positive methodology on how to restore healthy price levels in the housing market. This video summarizes the [National Housing Crisis Task Force's policy recommendations](#) to tackle home affordability and the current housing meltdown. Unless we push our elected officials to prioritize affordable housing, home prices and rents will keep rising.

