



Purchasing Power Continues To Decline

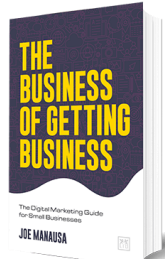


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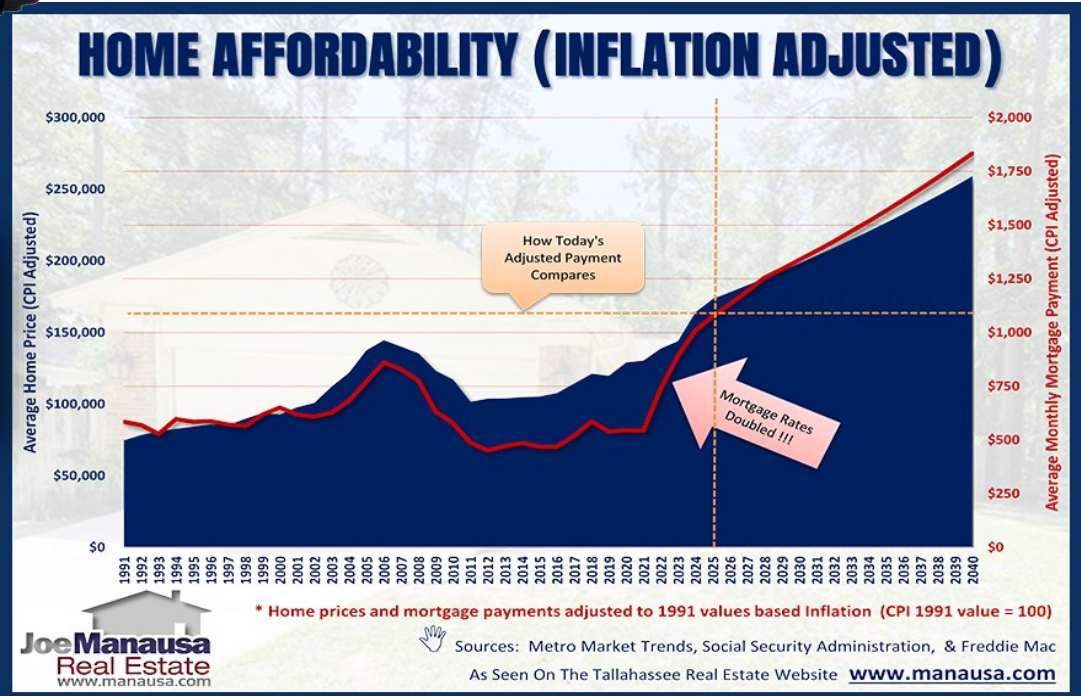


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Joe Manausa, MBA
info@manausa.com
[\(850\) 888-0888](tel:(850)888-0888)



Home affordability in Tallahassee declines with each new home sale, mainly because builders haven't produced enough single-family homes over the past fifteen years.

The graph above illustrates how the local housing shortage affects affordability by using historical data for mortgage rates, inflation, and home prices.

This graph compares inflation-adjusted mortgage payments (red line) and home prices (blue area) to their values in 1991. In other words, inflation has been removed, so all figures represent their 1991 purchasing power.

The dashed line indicates how today's inflation-adjusted mortgage payment stacks up against 1991. If there had been no change, the red line would remain flat at the monthly average of \$585. However, today's monthly payment, adjusted back to 1991 dollars,

is \$1,075. This means current buyers pay 84% more each month than buyers did in 1991.

Likewise, a home priced at \$74,788 in 1991 now costs \$173,462 after inflation adjustment—a 132% increase.

Neither rising prices nor escalating payments signal a healthy housing market, and conditions may worsen before improvement occurs.

For Tallahassee to reverse this affordability trend, it must increase the supply of new single-family homes to meet growing demand. Local officials, builders, and community leaders need to collaborate on policies that encourage sustainable residential development. Unless housing availability improves, homeownership in Tallahassee will become increasingly unattainable, impacting the city's economic health and quality of life for years to come.

