

**Is There A New Housing Bubble?**



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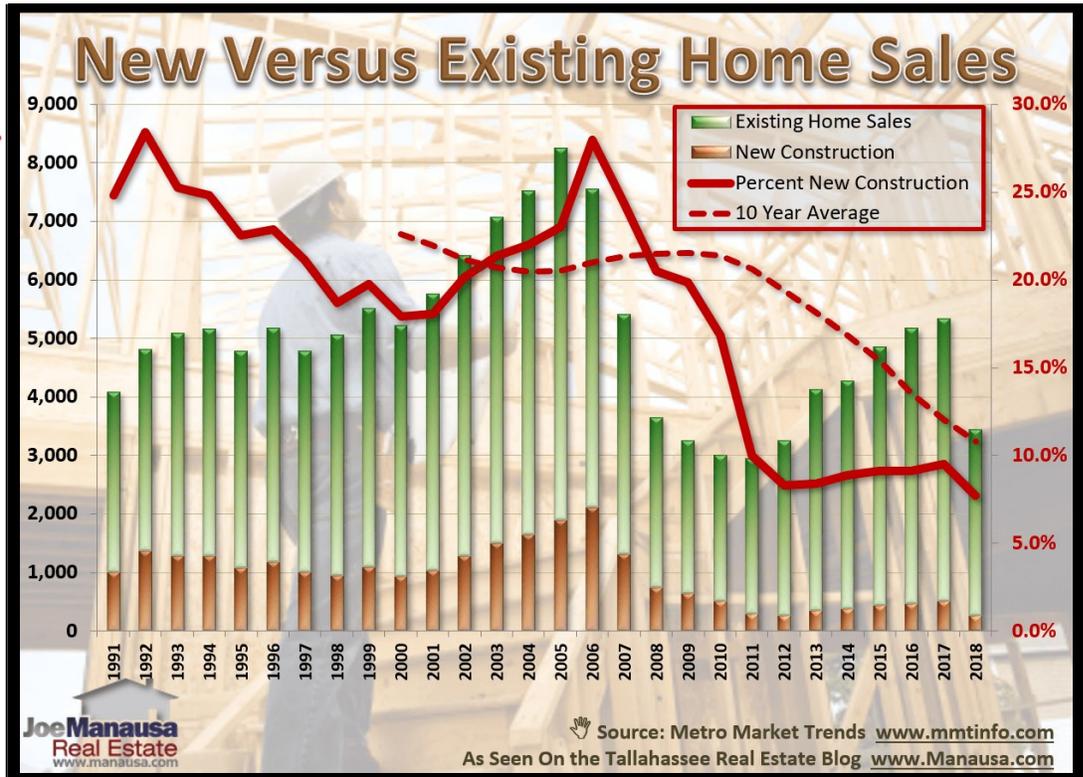
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**Is New Construction Faltering Right Now?**



The number of new homes selling in Tallahassee today is far different than what was reported in the 1970s, the 1980s, the 1990s, and the 2000s.

When we look at the ratio of new home sales (to all home sales) going back for as long as we have records, we typically find that new homes make-up roughly 21% of all home sales (single family attached and detached homes), yet this year, only 7.7% of all home sales were new construction.

When the housing bubble burst in 2006, the market was glutted with far too many homes, so the pace of construction slowed to a snail's pace (and rightfully so).

From 2007 through 2015, the market recovered and buyers chewed away at

the glut of homes for sale. By late 2016, we began to see some price ranges shift from a buyer's market to a balanced market, though many remained glutted with homes.

Fast forward to today, and we see dangerously low inventory in many areas at prices below \$400,000. So why aren't builders stepping up and bringing more homes to the market?

**Changing Landscape**

Actually, they are. The thousands of units of multi-family construction going on now will likely cause a shift in the west side rental market, pushing many landlords from the "for rent" market to the "for sale" market, where landlords can take advantage of low inventory and take large profits from the sale of their faltering rental properties.