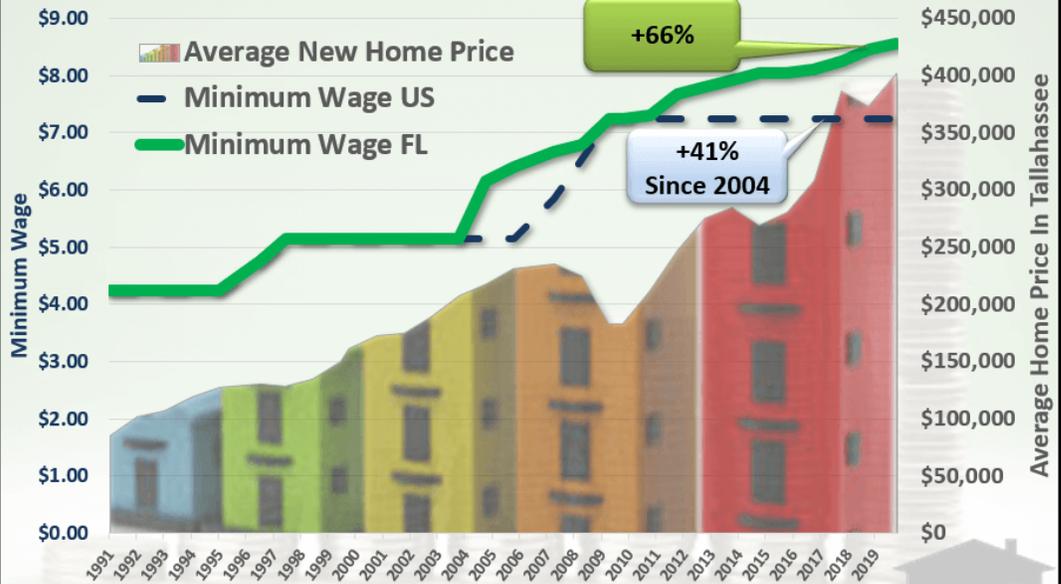


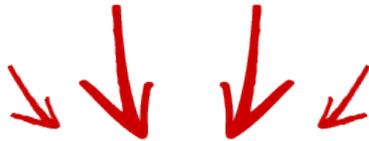


Soaring Costs Means Fewer New Homes

HOME PRICES AND MINIMUM WAGE



Sources: US Census and Metro Market Trends
as seen on the Tallahassee Real Estate Website www.manausa.com

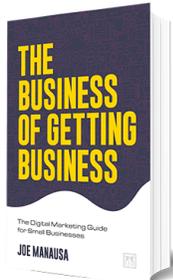


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The inventory of homes for sale in Tallahassee is at an all-time low, so why aren't our local home builders delivering new product?

This is a serious question, as it ultimately is the only good solution to the current housing market problem. The demand for homes today is strong, but not artificially strong like we saw in 2006 when people were speculating in real estate.

Interest rates are low, buyers are ready, so why aren't our local builders building?

Construction Costs Have Exploded

The reality is that costs are so high, builders can no longer bring homes to the market that the majority of our

local buyers can afford.

Minimum wage is up 66% since the last housing expansion phase, and since that time new home prices have nearly doubled. Today, the average home price in Tallahassee is \$220K, but the average new home price is \$402K.

Right now, we're seeing new homes in surrounding counties sell like hotcakes, as builders have found it easier to deliver less expensive homes there. But this will last only so long.

This lack of inventory and the inability to restock it for a growing population means that future home values must go higher.