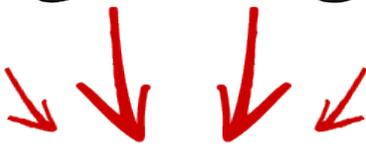




Median Home Value Soars



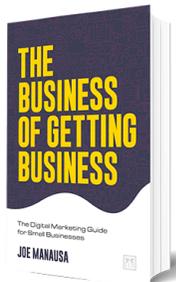
Luxury Market

Explodes!

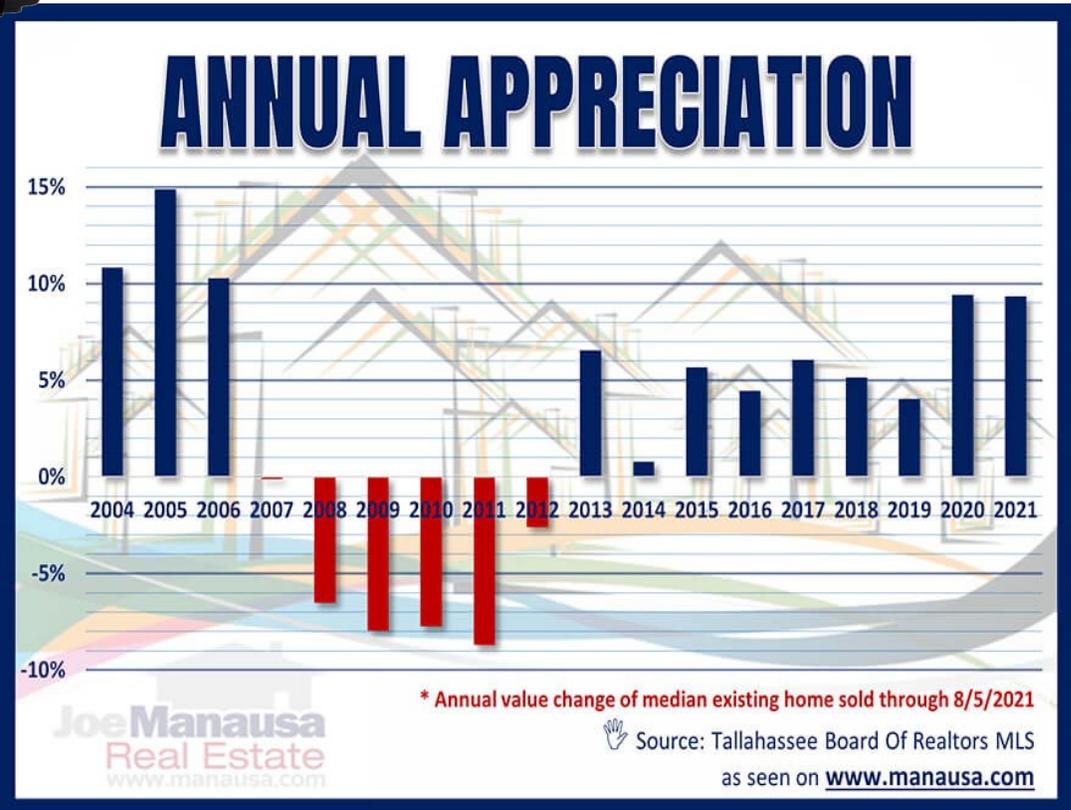


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One great method for measuring appreciation in the housing market is to evaluate the change in the median home value (price per square foot of the median home over time).

The graph above plots the median home value each year and reveals the impact that the diminished inventory of homes for sale is having on home values. The market has been undersupplied since the end of 2016, so home values continue to move higher at an accelerating rate.

When the year began, I forecast double-double-digit appreciation (with 20% not being out of the question). Through July, the median home value has risen more than 9% which is an annualized rate of nearly 16%.

The demand for homes remains lower than the peak market years of 2005 and 2006, but new construction is far lower today than what the market has consumed so the supply of homes continues to trail demand.

The lack of inventory is only going to increase the pressure on home values. Yes, it's nice to see home values rise, but double-digit appreciation is going to eventually destroy home affordability and convert our market to one of haves and have nots.

The relative supply of homes is going to reach new lows, and the bidding wars are going to extend to more price ranges than we have seen in the past. We need builders to step up the production and give the market the homes it needs.