



## Home Affordability Chasm Widens

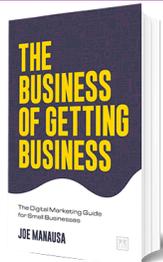


### Explosion Of New Homes Inventory?



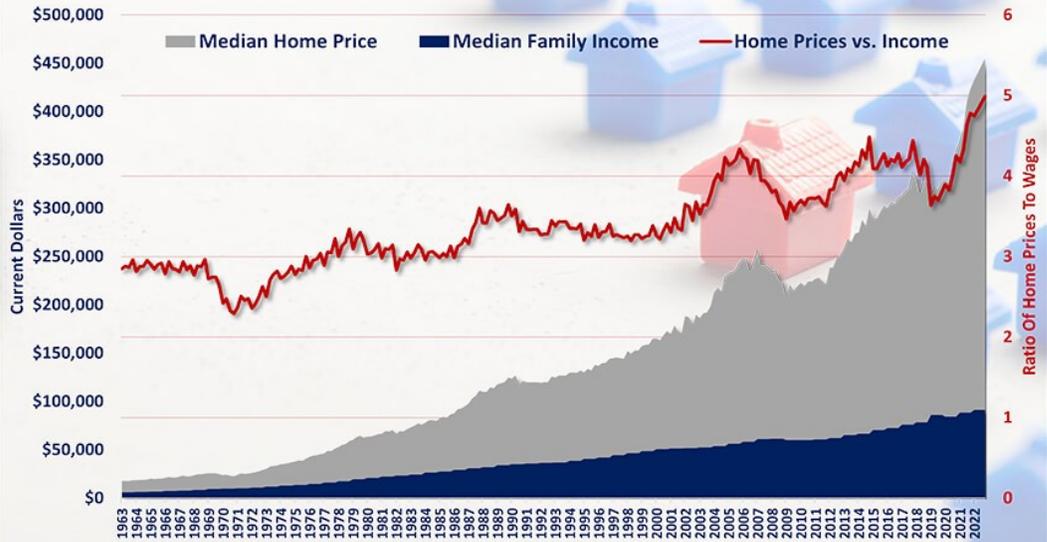
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# HOME PRICES VERSUS WAGES



Source: U.S. Census Bureau and U.S. Department of Housing and Urban Development, Median Sales Price of Houses Sold for the United States [MSPUS], retrieved from FRED, Federal Reserve Bank of St. Louis and U.S. Census Bureau, Median Family Income in the United States [MEFAINUSA646N] Prepared for the Tallahassee Real Estate Website [www.manausa.com](http://www.manausa.com)

While the whole Twitterverse (and much of YouTube) awaits home prices to crash 50% or so, well-informed real estate investors are playing the long-game.

Of all the charts and graphs that I produce and share, this one is as telling as any. It shows that there is a long-term trend on home values that no amount of ignorant reporting is going to turn. And what trend is that?

Check out the red line in the graph above.

It measures the relationship between the median home price and the median family income in the US. It shows that over the past 50+ years, the median family has endured an accelerating cost of living compared to a slower accelerating wage growth. In short, the

cost of owning a home has grown faster than the wages needed to buy said home.

From the mid-1960s through the mid-1980s, the median home sold for about three times the median family income. In the 1980s, it rose to an average 3.5, then to above 4.0. Today, we've seen the median home price shoot to five times the median family income.

This graph makes it crystal clear that the cost of homes is rising faster than most people can afford, and over a period of 50+ years, that happens for just one reason. Scarcity.

There are not enough homes in the US to house our growing population, so expect this trend to continue until we see changes in how we manage growth.

