



## Why Home Prices Are Not Falling

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## MARKET SHARE FOR NEW & EXISTING HOMES

Leon County, Florida



Source: Tallahassee Board of Realtors MLS + Metro Market Trends  
 As seen on the Tallahassee Real Estate Website: [www.manausa.com](http://www.manausa.com)



The ongoing rise in home prices, contrary to many expert predictions of a crash, has indeed been a shock to many following home sales reports.

In Tallahassee, for example, the average existing home value saw a 12% increase in 2023 alone, culminating in a staggering 50% growth over the past four years. Such rapid growth raises concerns about sustainability and the health of the housing market.

The graph above plots home sales over the past 33 years and differentiates between new construction and existing homes, revealing a significant trend.

Traditionally, new homes constituted about 22% of all home sales. However, in the last 15 years, this ratio has dropped to around 10%. This decline in

new construction has led to a scarcity of available housing, both for sale and for rent, causing prices and rents to skyrocket.

Addressing this imbalance requires a focus on increasing the supply of new construction to meet the rising demand. This strategy is not just about building more homes; it's about creating a sustainable and balanced housing market that can accommodate the needs of a growing population without leading to unaffordable prices or rents.

Elected officials need to prioritize facilitating new construction to alleviate this imbalance and stabilize the market. When you read of new loan programs for buyers, you should understand that it **WILL NOT** fix the problem, rather it will strengthen demand without fixing the supply, thus prices will only move higher!

