

Tallahassee Real Estate

An analytical view of the Tallahassee Housing Market

Volume 13, Number 10

Please forward this to everyone who has a stake in the Tallahassee real estate market.

Remind them they can [subscribe to it here](#)

AT A GLANCE

Inventory Report

The October Housing Report has been completed and is posted at

[The Market Bulletin](#)



CONTACT INFO

Joe Manausa, MBA
1140 Capital Circle SE
Suite Number Twelve
Tallahassee, FL 32301
(850) 424-1120
info@manausa.com
www.manausa.com

New Trend Showing Inventory Levels Rise

Lower Percentage of Homes Under Contract In The Pipeline

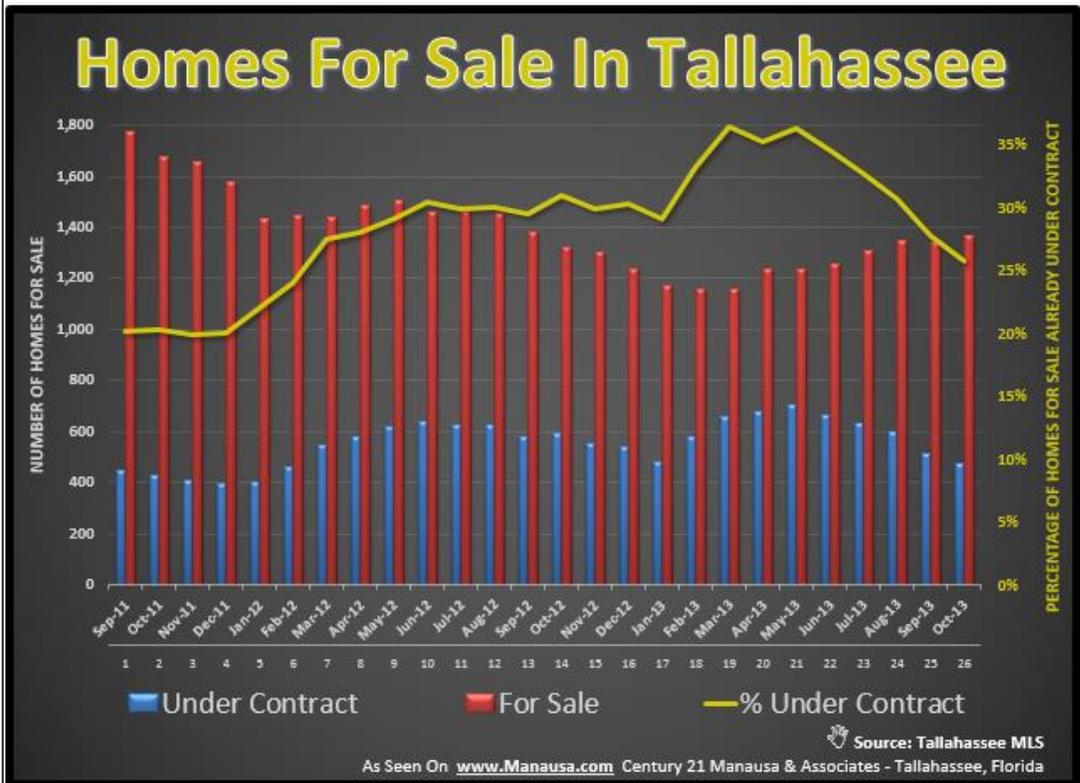
The number of homes for sale in Tallahassee has risen since last year, but that is not the only change we see in the inventory.

Last year, over thirty one percent of the homes on the market were “under contract,” meaning the seller and a buyer had come to some sort of agreement and were waiting to close on the property. Currently, the “under contract rate” has dropped to 25%, thus many more of the homes listed for sale really are available.

The resulting supply change means that

some home sellers have more competition today than they had a year ago, even though the supply and demand dynamic shows a reduction in the relative supply of homes.

Additionally, due to the inconsistency of the short sale market, we are seeing closure rates on real estate contracts down to historic lows. Currently, only 36% of the contracts recorded in the Tallahassee MLS actually make it to closing, so the number of homes listed as “pending” or “contingent” could be treated as available by most home buyers.



Current Home Values Still Below Expected Levels

There is a lot going on in the graph below, but once you get an understanding of what it contains, you'll have an accurate perspective on the state of the housing market recovery.

The straight green line shows a forecast of where values would be if the 1990s rate of growth continued through today.

First of all, the information comes from all arms-length existing home sales that were reported with square footage information in Leon County since 1991. Specifically, that means that no new construction sales nor distressed home sales were included.

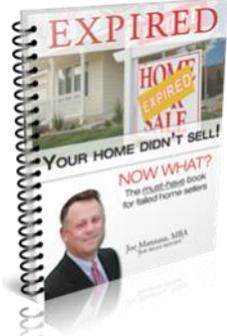
Currently, the blue line is below the green line, meaning the overall rate of appreciation through today is lower than what one would have expected based upon the appreciation recorded in the 1990s. I believe this signals a market expectation of rising values.

The blue vertical bars (measured on the left vertical axis) show the average home value recorded for home sales each month (including condominiums, townhouses, and single family detached homes).

The red line (measured on the right vertical axis) shows the annual appreciation rate for a property purchased at the beginning of the graph. So a home purchased in January 1991 has appreciated just over 3% per year. But if somebody had purchased in January 1991 and sold at the peak of the market, their annual appreciation rate would have been 6.5%.

The blue line measures the one-year trend of these average home values.

Home Not Sold?

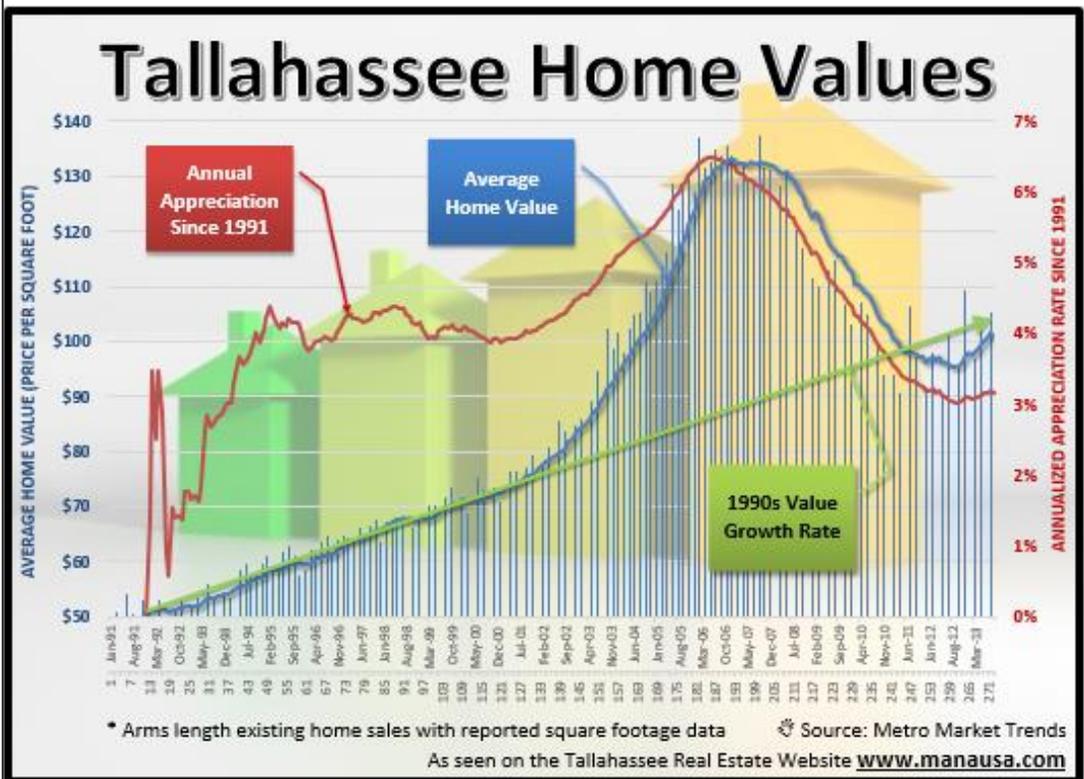


[Get Answers Now](#)



Appreciation Rate

A home purchased in January 1991 has appreciated just over 3% per year

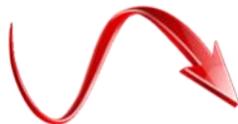


Bargains To Be Found In Lakefront Homes



Buy Lakefront?

People who purchase lakefront property today will see a higher rate of appreciation than those who purchase non-lakefront property



Value Cycle

Currently, homes on a lake are selling for 18% more than homes not on a lake.

FREE LIST OF HOMES

Distressed Property, short sales
REOs, Foreclosures - Best Buy List



One interesting niche that we track in the Tallahassee housing market is lakefront homes.

If you are wondering when the best time to buy a home on the water, consider what the graph above demonstrates:

The price per square foot of closed home sales each year is shown and measured on the left vertical axis.

Homes that sold which were not lakefront properties are shaded in "dirt" (the brown area), while homes on a lake are shaded in water (the blue area).

The brown and blue vertical bars measure what we'll refer to as the

"Lakefront Premium," which is the percentage difference in values between homes sold on a lake versus homes sold that were not on a lake.

Currently, homes on a lake are selling for 18% more than homes not on a lake. This "lakefront premium" is at its lowest level recorded in the past 11 years, and I believe it signals a value opportunity for homebuyers.

Right now, the market does not value lakefront property as high as it historically does, and I would think that people who purchase lakefront property today will see a higher rate of appreciation during their home ownership than those who purchase non-lakefront property.

Daily Closed Home Sales Working Higher



Promising

The one-year trend of daily closed home sales has moved 31% higher in just the last year alone

When we create a graph of the average number of closed home sales each day, we can see a lot of reason to believe that this market will continue to improve.

The information at right and below comes from the Tallahassee Board of REALTORS® Multiple Listing Service, and it shows that we are now averaging just over 9 homes sold each day. This is up 50% from the bottom of the market established in August 2009, and renewed sales are just what the doctor ordered for a troubled Tallahassee housing market.

But as good as a rise of 50% looks in the graph, it is important to note that the rate of daily closed home sales are still running fewer than the average recorded during the 1990s. In the graph below, the orange line running from left to right



shows the 1990s average, so we still have a ways to go.

The graph above is merely zoomed in to daily home sales since the beginning of 2009, and the change since this time last year has been significant.

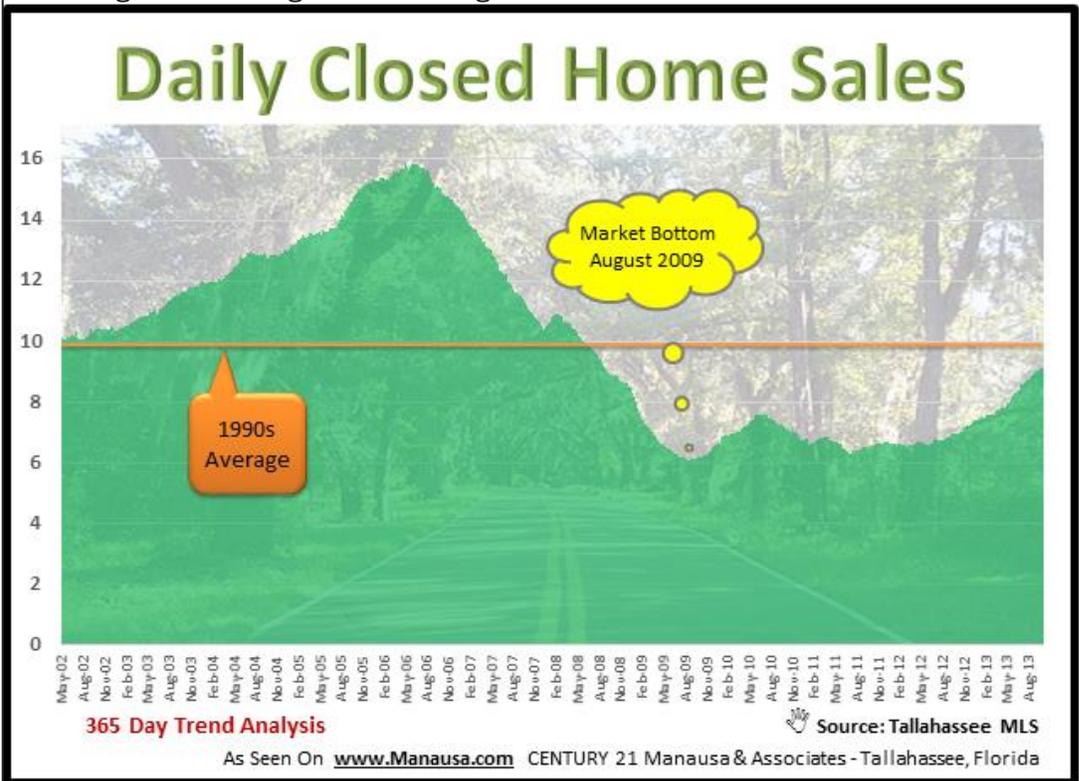
The one-year trend of daily closed home sales has moved 31% higher in just the last year alone, and hopefully we will continue to see the rate of home sales continue to rise.

Sell A Home



More Of The Same

Home sales are up 50% from the bottom of the market established in August 2009



Are Homes Selling?

Over the past year, roughly 59% of the homes that were listed actually sold



Odds Of Selling

By dividing the total number of closed sales by the total number of new listings, over a specific time period, we get a percentage of roughly how many homes are actually selling.

Sales Success Rate Growth Stalls

One statistic that we have been maintaining at [The Market Bulletin](#) is a measurement that we refer to as the “Sales Success Rate.” Recently, the one-year trend has been on a steady rise, setting a three year high while finally reaching the 50% success level.

By dividing the total number of closed sales by the total number of new listings, over a specific time period, we can show a trend that gives a hint at how many homes (as a percentage of the total) are actually selling.

Conversely, we can measure the home sales failure rate as the total number of listings that failed to sell over the past 365 days divided by the total number of listings taken during that same period of time.

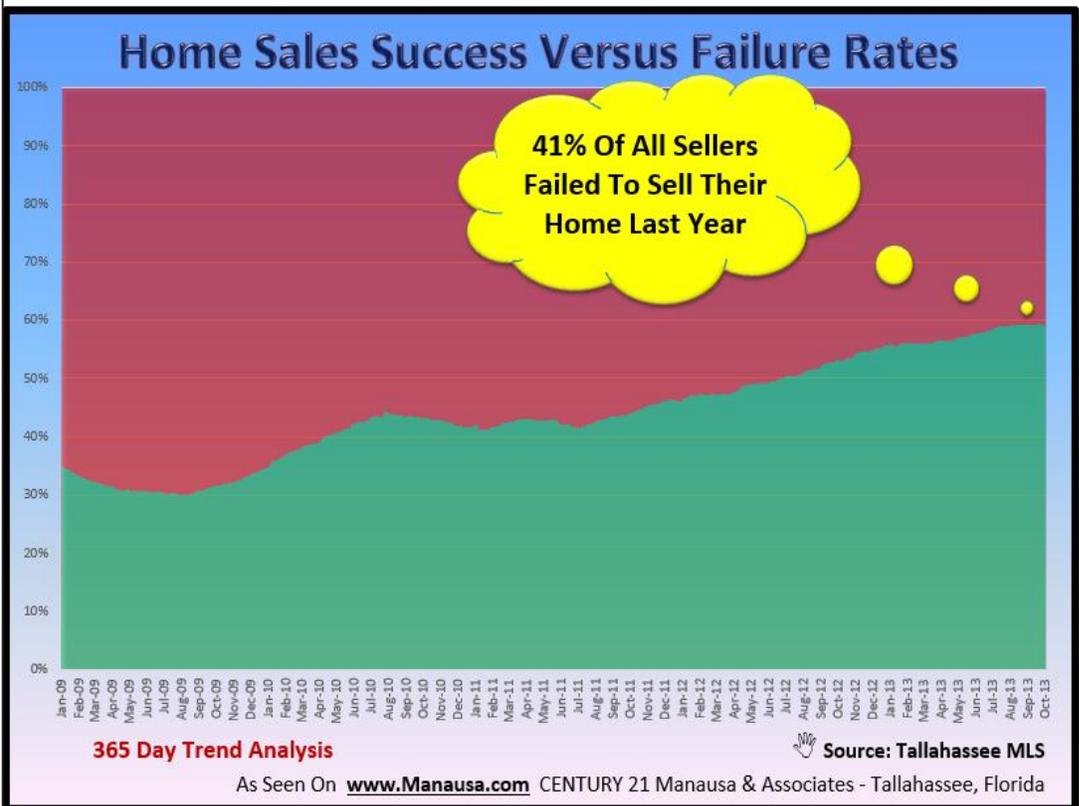
- Success: 59%
- Failure: 41%

Sales Success Rates Still Too Low

So, in simplified terms, we can say that over the past year, roughly 58% of the homes that were listed actually sold, and 41% of the listings taken failed to sell.

The success trend continues to be on the rise, though we are concerned that previously failed “wanna-be” home sellers will return to the market en masse when they realize values are still on the decline.

The failure trend once rose to 70% in June 2009 and it might be heading back to that level when these listings enter the market. We will keep a close eye on these activities because this trend analysis points the way to the speed in which the recovery will take.





Market Forecast

Knowing the five sequential phases in a market turn allows us to anticipate current and future market changes.

Now Hiring !



Mixed Market

The middle of the market is seeing inventory in balance, while the upper end and lower end are still dealing with an excess of supply

Watch For Trend Changes

If you want to know the beginning of the next phase of the market turn, just keep an eye on the relative home supply. You can always track supply levels at [The Market Bulletin](#).

The next phase you say....? Absolutely. I believe that the transition from a buyers' market to a sellers' market will follow this pattern:

1. Inventory changes from growth to reduction.
2. Home Values Fall At Accelerating Rate
3. Year over year sales increase?
4. Inventory levels reach 6 months of supply (balanced market).
5. Home Values Stop Falling/Start Rising.

Glut Of Homes In Tallahassee

When we look at the supply and demand of homes in Tallahassee, it becomes readily apparent that the supply side is awash with too much inventory.

In the chart below, we see that there is over seven month's supply of homes on the market, but many of the lower price ranges are coming into balance.

Sales Must Continue To Increase

Home sales have finally started to heat back up. Our current rate of sales is still slower than what we experienced in the 1990s though. It is going take a return of normal sales rates for our market to expel the glut of homes for sale, along with the excess supply of homes that exist above \$300,000.



Leon County Home Inventory Report

Residential Home Supply - October 2013

Chart Information	NE	NW	SE	SW	ALL
\$0-\$75,000	7.6	5.4	7.2	7.0	6.3
\$75,000-\$100,000	5.3	9.9	9.7	11.6	9.1
\$100,000-\$125,000	6.6	7.9	9.2	13.4	8.1
\$125,000-\$150,000	7.6	7.9	4.4	36.0	8.0
\$150,000-\$200,000	4.8	12.3	6.4	5.5	6.3
\$200,000-\$250,000	6.4	14.5	4.3	13.7	6.8
\$250,000-\$300,000	5.9	10.5	5.7	24.0	6.2
\$300,000-\$500,000	8.3	22.0	6.0	No Sales	8.7
\$500,000-\$750,000	11.7	7.2	22.0	No Sales	12.6
\$750,000+	20.0	No Sales	No Sales	No Sales	23.4
All Price Ranges	6.7	8.4	7.0	10.4	7.5

Information in the report above shows relative home supply (months of supply based upon the current rate of sales). For example, there are 5.9 months of supply of homes priced between \$250K and \$300K in the Northeast, but 10.5 months of supply of the same priced homes in the Northwest.

Relative Supply Continues To Decline

Selling Homes

The current 7.5 months of supply is lower than the 10.0 months of supply reported this time last year.

Home Search

[Betton Homes](#)

[The "Bobbins"](#)

[Buckhead](#)

[Bull Run](#)

[Glen At Golden Eagle](#)

[Golden Eagle](#)

[Highgrove](#)

[Indian Head Acres](#)

[Killlearn Acres](#)

[Killlearn Estates](#)

[Killlearn Lakes](#)

[Ox Bottom Manor](#)

[Piney-Z](#)

[Southwood](#)

[Summerbrooke](#)

[Weems Plantation](#)

[Woodland Drives](#)

[Distressed Properties](#)

[Arms Length Homes](#)

[Golf Course Homes](#)

[Short Sales](#)

[Foreclosures](#)

[Waterfront Homes](#)



The graph above is very busy, but once you get accustomed to seeing supply and demand reported in this manner, you will quickly grasp the state of the Tallahassee housing market.

We use this graph to determine the relative supply of homes (meaning the current supply of homes for sale compared to the current rate of demand). We report relative supply as “months of supply of homes.” It is generally accepted that a balanced market (market equilibrium) is when the relative supply of homes is at 6 months of supply.

The blue bars in the graph above show the relative supply of homes (measured on the left vertical axis). Market equilibrium is plotted as an orange line, and we observe that the market has

been over-supplied since we began recording this information in 2008.

But the relative supply of homes is falling. The current 7.5 months of supply is lower than the 10.0 months of supply reported this time last year.

Falling supply, both real and relative, are very good for a housing market that has been glutted with too many homes since the collapse of the market back in 2006. The growth in demand that is shown in the graph is just what the market has needed, and its continual rise will help us return to normal.

Soon, we are going to see home sellers emerge from the shadow inventory to fill in the growing demand. It is great to see the market handle this growth in the supply with an even greater growth in demand.

Can We Help?**Homes For Sale****Selling A Home?**

Sell it now, sell it fast, and move to the home that you desire

**Feedback Wanted****Links To Relevant Articles****How To Monitor The Luxury Home Market**

I have written several articles showing trends in the luxury home market in Tallahassee, as I consider it a very important issue to all Tallahassee homeowners.

Today I propose to show our readers how and why they should be concerned with events at the upper end of the Tallahassee real estate market, as there truly is a trickle-down relationship for all of us. [\[Read more\]](#)

32309 Zip Code Enjoys Housing Market Recovery

Currently, there are 248 homes for sale in the 32309 zip code. Thus far in 2013, there have been 338 homes sold in the 32309 zip code at an average price of \$228,663 (which is an average home value of \$108 per square foot. The average home size of those sold in the 32309 zip code this year is 2,124 square feet. [\[Read more\]](#)

Where Buyers Are Getting The Money Needed To Buy A Home

If you plan on buying a home sometime soon, you might be curious about how you are going to pay for a home.

There are plenty of options for those with great credit and cash reserves, but the options are limited if your finances are limited.

Before you run off to some online loan-promising-website, you might want to bone-up on the facts so that you are not easily misdirected. [\[Read more\]](#)

Homes Are Selling Fast In The 32308 Zip Code

Currently, there are 181 homes for sale in the 32308 zip code. Thus far in 2013, there have been 186 homes sold in the 32308 zip code at an average price of \$204,232 (which is an average home value of \$108 per square foot. [\[Read more\]](#)

Home Values By Middle School Zone

Knowing current trends for real estate by middle school zone is just one of the factors one should consider before taking an action in the Tallahassee real estate market. [\[Read more\]](#)

Don't Have A Bag Of Cash? Get A Mortgage

One bit of advice I would give anybody looking to buy a home is to either pull together all the cash that you need or get a mortgage approval before you find the home that you want to buy.

Ironically, most people have it happen the other way around. [\[Read more\]](#)

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