

Volume 16, Number 4

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

April
Housing Reports
have been
completed and
are posted at

[Recent Housing
Reports](#)



CONTACT INFO

Joe Manausa, MBA
2066 Thomasville Road
Tallahassee, FL 32308
(850) 424-1120
info@manausa.com
www.manausa.com

Is Tallahassee The Picture Of A “Normal” Market

It has been a long time since normal market conditions existed

It has been a long time coming, but we are now starting to see evidence that a “normal” relationship between supply and demand have returned to the Tallahassee real estate market.

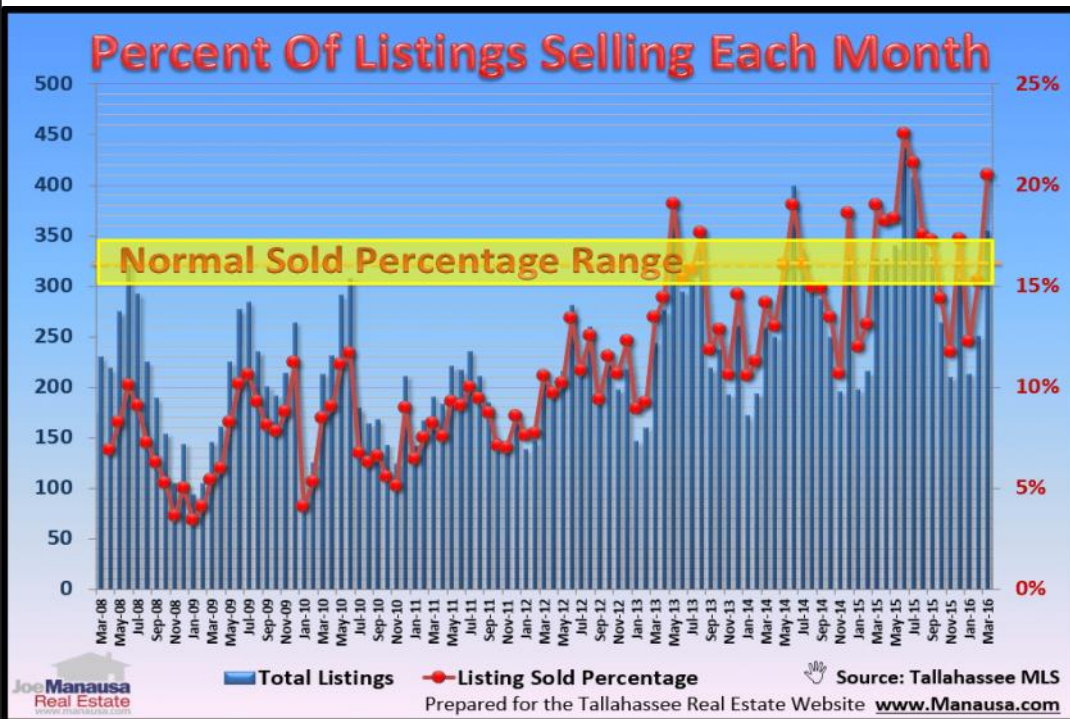
The graph above shows the number of listings for sale in the Tallahassee MLS each month (blue columns measured on the left vertical axis), as well as the ratio of listings that sold each month (red line, measured on the right vertical axis).

The yellow band marks the “normal” zone for this ratio of listings that sell each month, meaning we should see the red dots each month fall within that yellow band.

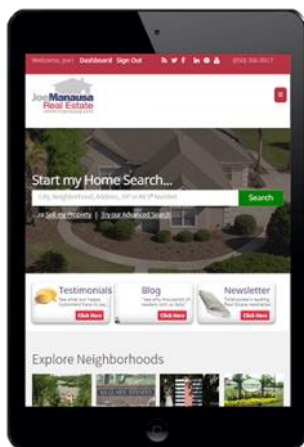
With seasonality (more homes sell during the warm months than in the cooler months), we expect to see red dots within the yellow band and above it during the warmer months, and at or below the yellow band during the cooler months.

Unfortunately, for more than five years, the red dots fell below the yellow band. Tallahassee had far more home sellers than buyers, so the monthly ratio of homes that sold (versus those that did not) remained low.

But look at what has been happening over the past two years. It certainly appears “normal” to me.



BEST SEARCH



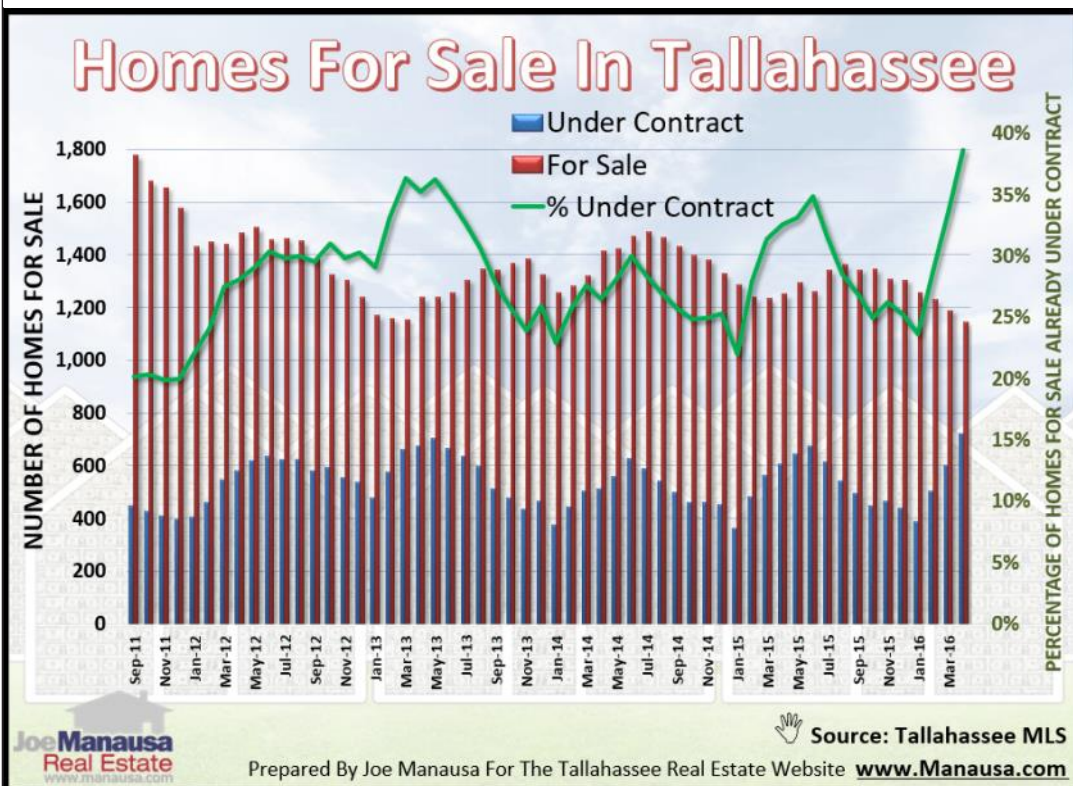
www.manausa.com
Seller Resource



Video For Buyers



Buyers Have Fewer Homes From Which To Choose



While the total number of homes for sale in Tallahassee has risen quite a bit so far this year, the reality for searching homebuyers is that there are fewer available homes worth visiting.

It is because more nearly 2 of every 5 homes on the market is currently under contract, either going through the due-diligence period or merely awaiting closing.

Either way, it means fewer real offerings for today's homebuyers.

In the graph above, the red bars measure the number of homes for sale on the market that are available while the blue bars measure those that already have a contract in place with a buyer.

The green line measures the ratio of

homes under contract with all homes on the market, and currently the ratio is at a ten+ year high!

While this might appear to be similar to what we saw in 2013, it's actually quite a bit different this time.

Back in '13, many buyers were putting multiple contracts together on short sales. It was taking banks too long to respond to new contracts, so buyers often felt that had to have contracts on more than one home in order to close on a home in their foreseeable future. This means many of those contracts failed to close. After all, how many buyers really wanted more than 1 home?

But this time, we're just seeing MORE buyers and not significantly more homes. And fewer distressed sales. This is all good for restoring the market.

One In Six Homes “Distressed”

Free Report

Leon County Inventory Report
For the Month Ending: November 2015
As of: 11/11/2015

Category	Count	Value	Days on Market	Price per Sq Ft
Active	1,234	\$1,234,567	123	\$100
Under Contract	567	\$567,890	45	\$120
Sold	890	\$890,123	30	\$110
Distressed	170	\$170,000	60	\$80
Arms Length	1,064	\$1,064,567	100	\$105

[Click Here For Free Download](#)



[Search Homes](#)

Final Call?

It is highly likely that this will be the last proactive extension for home sellers to avoid paying taxes on forgiven debt, so the motivation for upside-down homeowners has accelerated.

While the Tallahassee housing market continues to improve, the current inventory of homes is still heavily weighted with distressed properties (short sales, foreclosures, etc.).

Currently, 17% of the homes listed for sale in the Tallahassee MLS have been identified as being sold under conditions of duress.

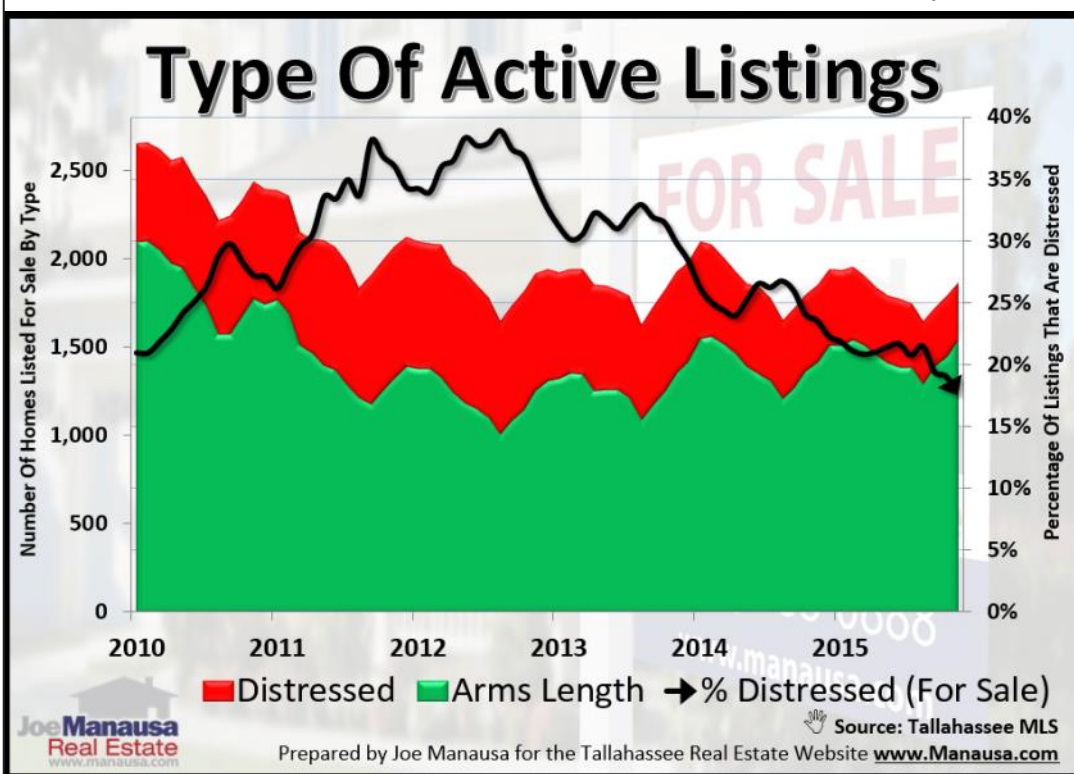
About 1/3rd of these distressed listings have been tagged as a “short sale,” and I will be curious to see if this category rises in the coming months due to the recent proactive extension for sales that occur in 2016.

It is highly likely that this will be the last proactive extension for home sellers to avoid paying taxes on forgiven debt, so the motivation for upside-down homeowners has accelerated.

Additionally, my experience tells me that the count of distressed homes is likely higher than what is being shown in the MLS due to the fact that data entry is rarely checked for accurateness for this field.

The recent trend in the graph above shows that the percentage of homes on the market as distressed has actually dropped substantially in 2016

Arms-length inventory levels increased at the beginning of the year (which is the norm), thus this is one reason why the (percentage) of distressed homes has fallen. The opposite will likely occur when arms-length inventory declines at the end of the summer. The great unknown is how many homeowners are going to take advantage of the tax savings and sell their over-leveraged homes before the end of the year.



“Magic Line” Remains Around \$350,000

\$350K Is Magic

Overall, the market is in balance for homes priced up to \$350,000 (thus the “magic line”).

Home Search

[Betton Homes](#)

[The “Bobbins”](#)

[Buckhead](#)

[Midtown](#)

[Bull Run](#)

[Glen At Golden Eagle](#)

[Golden Eagle](#)

[Highgrove](#)

[Indian Head Acres](#)

[Killearn Acres](#)

[Killearn Estates](#)

[Killearn Lakes](#)

[Ox Bottom Manor](#)

[Piney-Z](#)

[Southwood](#)

[Summerbrooke](#)

[Weems Plantation](#)

[Woodland Drives](#)

[Distressed Properties](#)

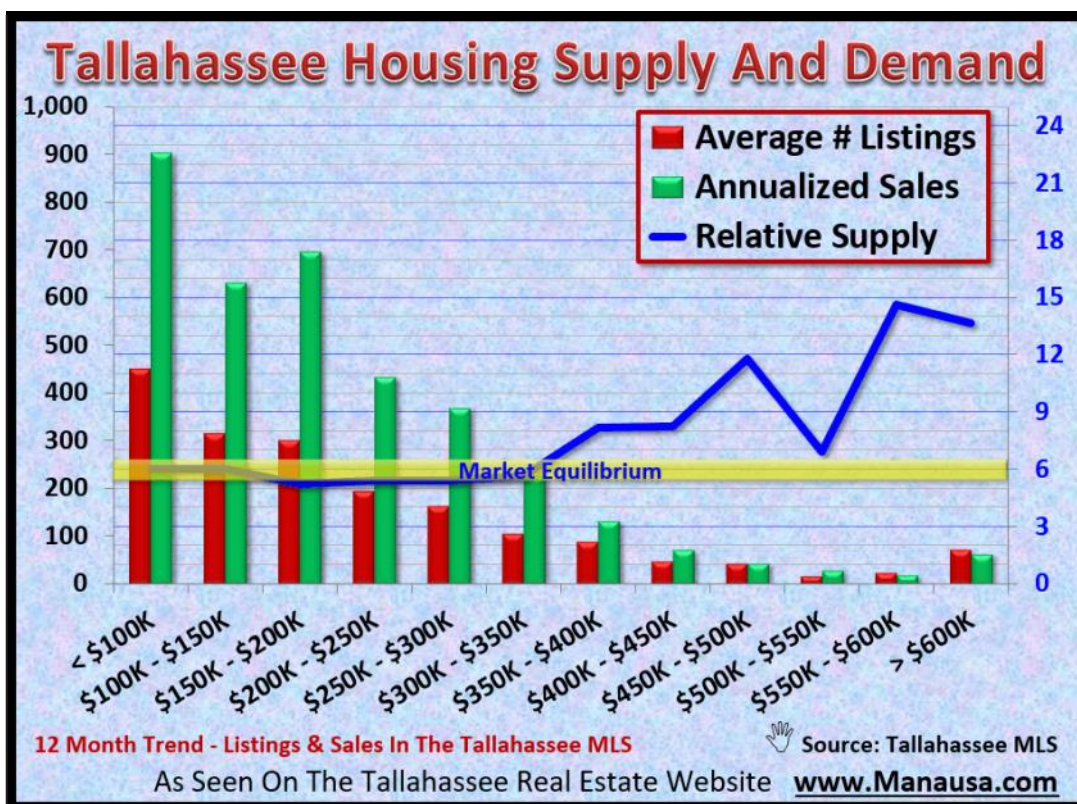
[Arms Length Homes](#)

[Golf Course Homes](#)

[Short Sales](#)

[Foreclosures](#)

[Waterfront Homes](#)



The relative supply of homes continues to improve in the Tallahassee real estate market.

The nine-year glut of homes has been reduced to a seasonally adjusted level of 6.0 months of supply, meaning that overall we are at market equilibrium.

As a reminder to our newer readers, we consider 6.0 months of supply a “balanced market,” and this is a level last seen in early 2006.

But the market is not evenly disbursed across all price ranges.

In the graph above, the market is broken down into price ranges along the horizontal axis. The red bars show the current number of homes for sale in each price range and the green bars measure the total number of homes sold

in each price range.

The resulting months of supply of homes (relative supply) is shown in blue and measured on the right vertical axis.

Overall, the market is in balance for homes priced up to \$350,000 (thus the “magic line”). Of course, each quadrant of Tallahassee has its own supply and demand picture, as well as does each neighborhood and area in town.

The magic line exists at a point where most new construction begins, and thus it will become far more difficult in the future to bring new homes to the market at prices below this point.

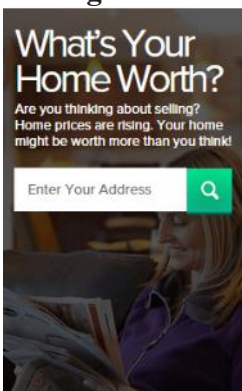
We should expect homes priced below the line to continue to appreciate, while those well above the line will still be in a glut market for the foreseeable future.

Home Not Sold?



[Get Answers Now](#)

Selling A Home?



More To Follow

There is still a lot of upside potential as our rising home values continue to free-up leveraged homeowners.

Were The Late '90s “Normal” For Home Sales?

The housing market has been recovering since 2012, and many of us in real estate (as well as homeowners in Tallahassee) are wondering just how far it will continue to grow.

Historically low mortgage interest rates are allowing homebuyers to get so much more home today than they could back when rates were more than double today's rates (a sixty year run of rates that averaged 8.5%).

This buying power has definitely energized the market, but there are still tens of thousands of homeowners who are upside-down in their homes, so they are awaiting returned values before they can sell and buy back in the market.

While 2015 was a good year for the Tallahassee real estate market, the

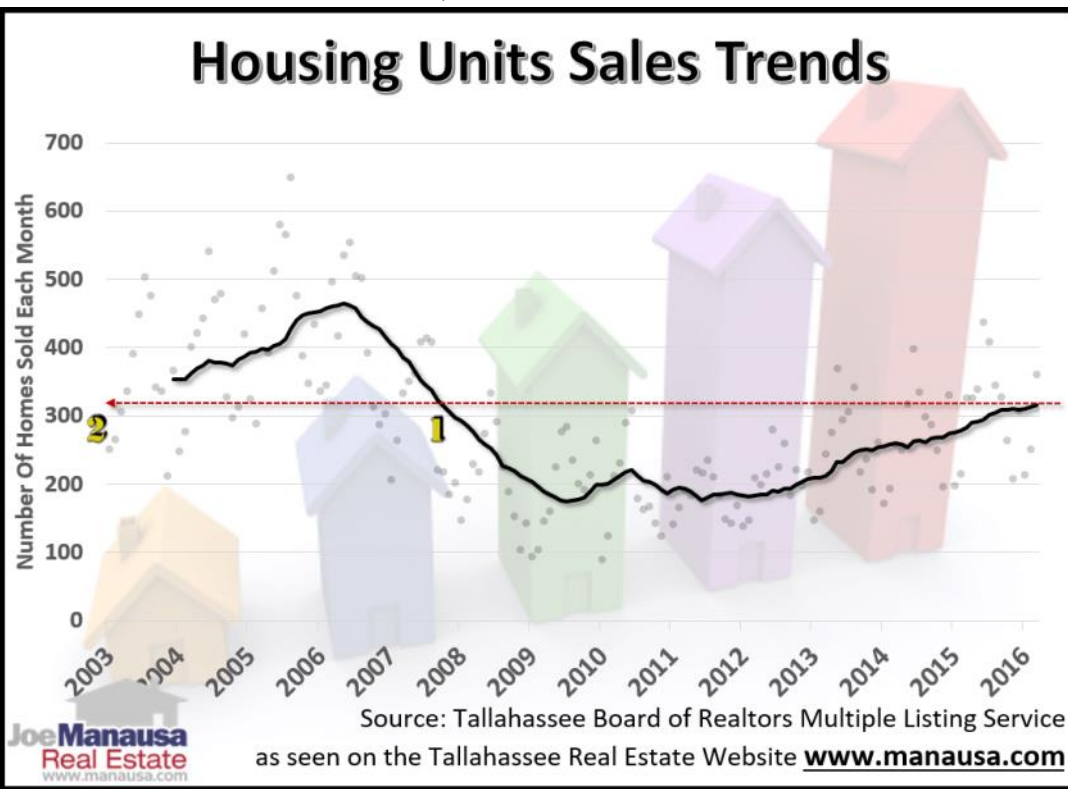
graph below shows the number of homes (single family detached homes, condominiums, and townhouses) that closed was nowhere near record-setting.

2015 posted roughly a 13% gain in the number of homes that sold, which was a healthy step in the right direction.

But as good as it was, 2015 recorded the same number of sales as Tallahassee was accustomed to seeing during the late 1990s. If the growth stops now, does this mean that the late 1990s is the “new normal?”

I don't believe so. I believe there is still a lot of upside potential as our rising home values continue to free-up leveraged homeowners.

They will enter the market as both buyers and sellers and buttress growth.





Under Valued

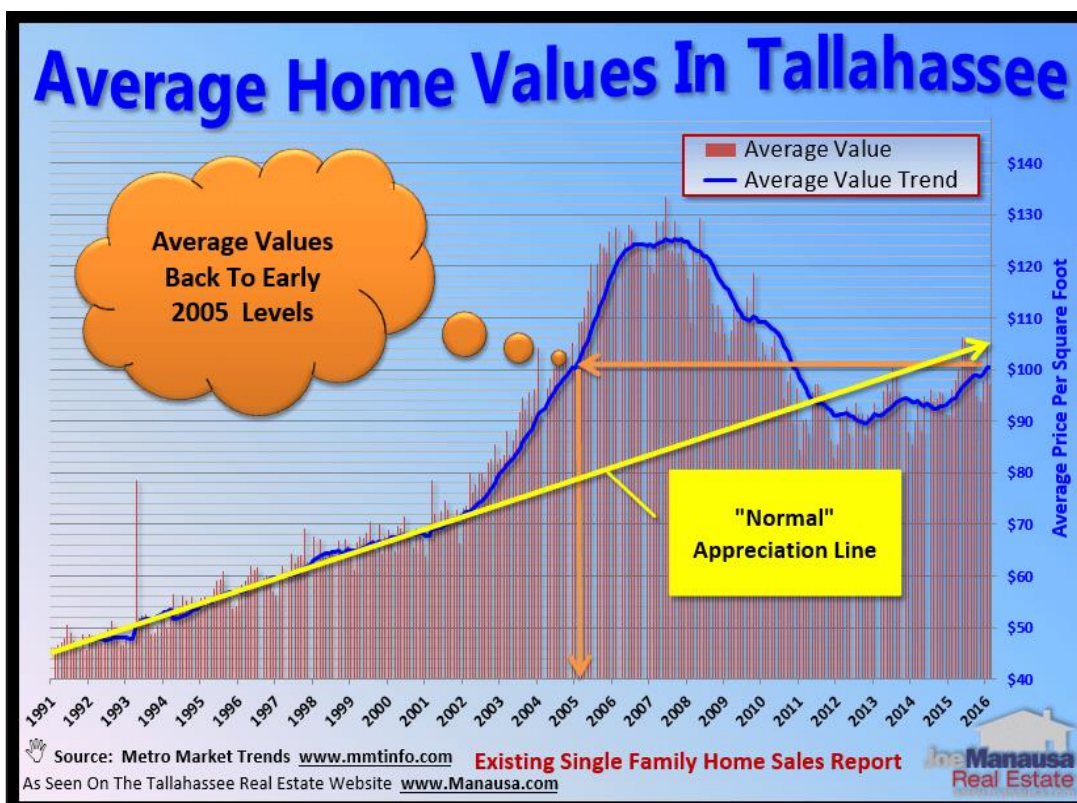
Current home values are lower than where they likely would have been today had there been no housing market bubble.



For Sale By Owner

With 94% of homebuyers using the internet, today's savvy home seller can now [get a home sold without using a real estate agent](#).

Home Values Will Continue To Rise



Home values in Tallahassee are the same today as they were back in 2005, a year of rapid appreciation due to the end run of the housing market expansion phase.

In the graph above, average home values are recorded for each month for 26 years (red columns shown as price per square foot of heated and cooled space). The blue line shows the one-year trend (average) home values.

The orange arrows show that current home values are the same as we saw at the beginning of 2005, and again at the beginning of 2011.

A simple way to use this information is to consider that anybody who purchased a home in 2011 (or in 2005) likely has seen the market return to the same level as when they purchased.

From 1991 through 2001, values moved in a very consistent and predictable manner.

When the tech bubble burst in the stock market, money poured into real estate all across the US, and housing markets went berserk.

Tallahassee was no exception, we saw speculative home building soar to try to meet the demand that was crazy everywhere.

Values Before Housing Bubble

The yellow line represents the "average" rate of home value growth in the 1990s.

By extending it forward, we get a glimpse of where our home values likely would be today had there been no housing market explosion fifteen years ago



Market Forecast

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

Now Hiring !



Well Supplied

For the most part, the market below \$350,000 is looking healthy. Unfortunately, the market above \$350,000 still has a long way to go in the recovery [\[Full Report\]](#)

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. ☒

Market Equilibrium In Tallahassee

When we look at the supply and demand of homes in Tallahassee, we find many price ranges that have found market equilibrium.

In the chart below, we see that there is over six month's supply of homes on the market, with just homes priced above \$350,000 continuing in a glut.

Sales Must Continue To Increase

Home sales have picked up again, though the current rate of sales is still slower than what we experienced until the late 1990s. It is going take a return of normal sales rates for our market to fully expel the glut of homes for sale, along with the excess supply of homes that exist above \$350,000.



Leon County Home Inventory Report

Residential Home Supply - April 2016

Chart Information	NE	NW	SE	SW	ALL
\$0 - \$100,000	2.6	6.4	4.9	6.6	5.6
\$100,000 - \$150,000	3.9	6.7	6.8	10.5	6.0
\$150,000 - \$200,000	3.3	6.5	6.9	5.3	4.4
\$200,000 - \$250,000	4.8	6.8	4.3	28.0	5.2
\$250,000 - \$300,000	6.2	7.6	2.8	6.0	5.8
\$300,000 - \$350,000	5.8	7.0	4.2	No Sales	5.9
\$350,000 - \$400,000	7.7	5.6	12.0	24.0	7.9
\$400,000 - \$450,000	7.8	4.8	54.0	No Sales	8.9
\$450,000 - \$500,000	11.1	6.0	10.3	No Sales	11.1
\$500,000 - \$550,000	6.3	12.0	12.0	No Sales	7.0
\$550,000 - \$600,000	14.5	No Sales	16.0	No Sales	14.7
\$600,000 +	17.3	60.0	36.0	No Sales	19.6
All Price Ranges	5.3	6.6	5.9	7.7	5.9

Information in the report above shows relative home supply (months of supply based upon the current rate of sales). For example, there are 4.8 months of supply of homes priced between \$200K and \$250K in the Northeast, but 6.8 months of supply of the same priced homes in the Northwest.

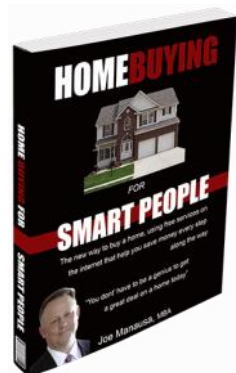
Sell A Home



Buyers Welcome

We consider a market with 6.0 months of supply of homes a balanced market, so we are now at market equilibrium

A Smarter Way



FREE LIST OF HOMES

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

Relative Supply Of Homes Achieves Balance



Each month we look at this graph of the overall relative supply of homes in Tallahassee, and happily we continue to report improvement.

The previous pages showed that each area in Tallahassee has its own strengths and weaknesses, but as time unfolds we will begin to see some of the demand move away from higher prices to the values that can be found in areas where imbalances create great deals.

The value of this graph above is that it reflects the entire Tallahassee housing market, and we can use it to gauge the actual strengths of each area, quadrant, and neighborhood against the whole of the market.

In the graph above, we track the total number of homes for sale (red line measured on the right vertical axis) and the total number of homes sold each

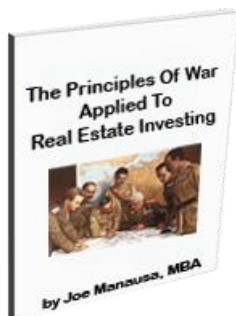
month (also measured on the right vertical axis).

We then divide the current inventory by the annual rate of sales to produce the relative supply of homes, shown as a blue column and measured on the left vertical axis).

The blue line measures the one-year trend of the relative supply of homes, and this trend is now perfectly balanced with 6.0 months of supply.

We consider a market with 6.0 months of supply of homes a balanced market, so we can declare that the overall market is finally back in balance.

Of course, most people have just one home that they want to sell, so overall market conditions are not nearly as important as are the conditions specific to the home that one is trying to sell.

Can We Help?**INVESTORS****Selling A Home?**

Sell it now, use low mortgage interest rates (while they last) to get into your dream home

**Feedback Wanted****Links To Relevant Articles****Killearn Estates Real Estate Report**

Killearn Estates is the most active neighborhood in Tallahassee, with several hundred homes selling each year.

Good times continue for Killearn, as the strong pace of sales from 2015 has continued over into 2016. [\[Read More\]](#)

Golden Eagle Plantation Housing Report

Golden Eagle Plantation is the crown jewel of the Killearn Lakes subdivision in NE Tallahassee, and this jewel is shining in 2016.

Home sales in Golden Eagle are off to the fastest pace recorded since 2005. [\[Read More\]](#)

Bull Run Home Sales Report

New home construction continues to flourish in the Bull Run neighborhood in NE Tallahassee.

Located on the West side of of the super-hot Thomasville Road Corridor, Bull Run has continuously finished among the top 10 selling subdivisions in Tallahassee.

Whether new or existing, buyers are snapping up Bull Run homes that are priced properly. [\[Read More\]](#)

Piney Z Home Sales Report

Piney Z is a Y2K neighborhood in Tallahassee that combines a lot of the amenities that today's homebuyer is seeking.

Conveniently located near Tom Brown Park and Lincoln High School, residents enjoy relatively new homes (built since '99) that are embraced by walking trails

and lakes.

If you enjoy spending time outdoors but you also need quick access to town, then Piney Z should be among the neighborhoods you choose to view when you shop for a home to buy. [\[Read More\]](#)

The 10 Best Homes For Sale Within Walking Distance Of The Centre Of Tallahassee

The redevelopment of the Tallahassee Mall continues to gain momentum, while enterprising homebuyers are starting to stake their claims on homes within walking distance to the new Centre Of Tallahassee.

From old and tired to new and exciting, expect the Centre of Tallahassee to re-energize a part of town that had been depreciating for the past 20 years. The Tallahassee neighborhoods in this area will be next in line for their own redevelopment. [\[Read It HERE\]](#)

Follow Joe On Google+