

## Market Now Split In Half By Price Range



What Our  
Customers Say



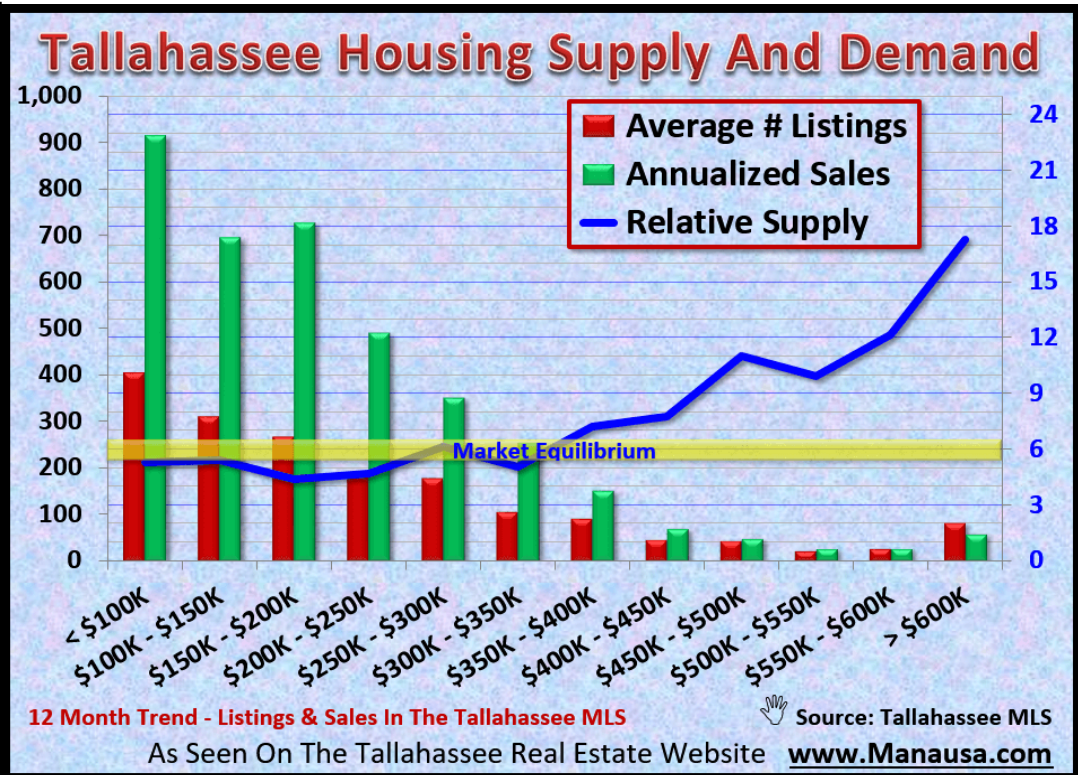
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The Tallahassee real estate market finds itself correcting at a faster and faster rate each month, leaving the market split in half.

Homes priced above \$400,000 remain in a buyer's market, as there is more supply than demand.

But homes priced below \$350,000 have moved into a seller's market, and the demand for these homes does not appear to be weakening.

While our housing market has been here before in the past, the corrections that were made historically to restore balance will not be effective this time.

Specifically, builders are not going to be able to come forward and build single family detached homes to fill the void at the \$150K price point. The cost of construction, added to the increased cost of land, makes it impossible for builders to bring new

construction to the market at prices below (roughly) \$250,000. Additionally, as soon as the glut of developed lots (created during the housing market expansion from 2002 through 2006) are consumed, then we're going to see residential lot prices at double their current rates. This will mean new construction of single family homes will start above \$300,000.

So the market needs more homes, and the median price point is well below \$200,000. But builders cannot bring more to the market at this price.

I suspect this means we should expect to see continued growth in the multifamily market, and a continued decrease in the homeownership rate.

Look to see a shake-up on the west side of town as more multifamily units attract tenants away from single family homes, freeing those homes up to enter the "for sale" market.