

The Growing Problem Of Shrinking Inventory

Residential Home Supply - July 2017

Chart Information	NE	NW	SE	SW	ALL
\$0 - \$100,000	2.5	3.8	4.3	4.4	3.9
\$100,000 - \$150,000	3.3	4.5	4.5	8.8	4.4
\$150,000 - \$200,000	2.4	6.1	5.6	7.5	4.0
\$200,000 - \$250,000	3.4	8.7	6.2	7.5	4.5
\$250,000 - \$300,000	4.0	6.1	5.1	12.0	4.4
\$300,000 - \$350,000	4.8	6.9	4.5	3.0	4.9
\$350,000 - \$400,000	4.7	8.0	5.8	12.0	5.1
\$400,000 - \$450,000	5.8	12.0	4.0	No Sales	5.8
\$450,000 - \$500,000	9.6	42.0	3.0	No Sales	9.5
\$500,000 - \$550,000	6.0	3.0	7.2	No Sales	5.9
\$550,000 - \$600,000	10.0	24.0	3.0	No Sales	9.5
\$600,000 +	12.6	156.0	36.0	No Sales	16.2
All Price Ranges	4.2	5.2	5.1	5.8	4.7

The number of homes for sale in Tallahassee continues to decline, even as home builders create more new homes than in any of the past eight years.

One way to track the inventory is to measure the “relative” supply of homes, meaning we look at what is available and compare it to what has been selling. This relative supply is reported as “months of supply” and basically represents the shelf life of the homes for sale in Tallahassee.

Most real estate professionals consider 6.0 months of supply as a balanced market. When supply exceeds 7.0 months of supply, we refer to this as a buyers’ market (there are more sellers than buyers). The opposite is true when relative supply falls below 5.0 months of

supply, which is called a sellers’ market (buyers outnumber sellers).

The table above shows the current relative supply of homes for sale in Tallahassee by area and price range.

Those shaded in red are severe sellers’ markets where more inventory is needed. Areas shaded in black are severe buyers’ markets, and we have all the supply we need for quite some time. Unshaded areas are fairly healthy.

Why Aren’t They Building Faster?

The problem is that land, sticks, bricks, mortar and labor continue to cost more each year, so builders are having a problem bringing single family homes to the market at prices below \$300K (soon to be \$400K when all the “previously developed” lots have been consumed.



Barbara Corcoran's Advice in Tallahassee



RESOURCES

- [Selling A Home](#)
- [Home Valuation Tool](#)
- [Property Search](#)
- [Tallahassee Life!](#)
- [Archives](#)
- [Testimonials](#)



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