

Tallahassee Real Estate

An analytical view of the Tallahassee Housing Market

Volume 13, Number 12

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 December Housing Report has been completed and is posted at

[The Market Bulletin](#)



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Existing Condo / Townhouse Sales On Fire

Only 2005 and 2006 Recorded More Re-sales Than 2013

The number of existing condominium and townhouse sales is the third highest recorded through November in the past 22 years.

With a glut of inventory in the “attached homes” market, sellers have been dropping prices and these values are attracting buyers at growing rate.

When we look at the graph below, blue columns measure the number of new construction sales for condos and townhouses, while the gold columns measure the number of existing condo

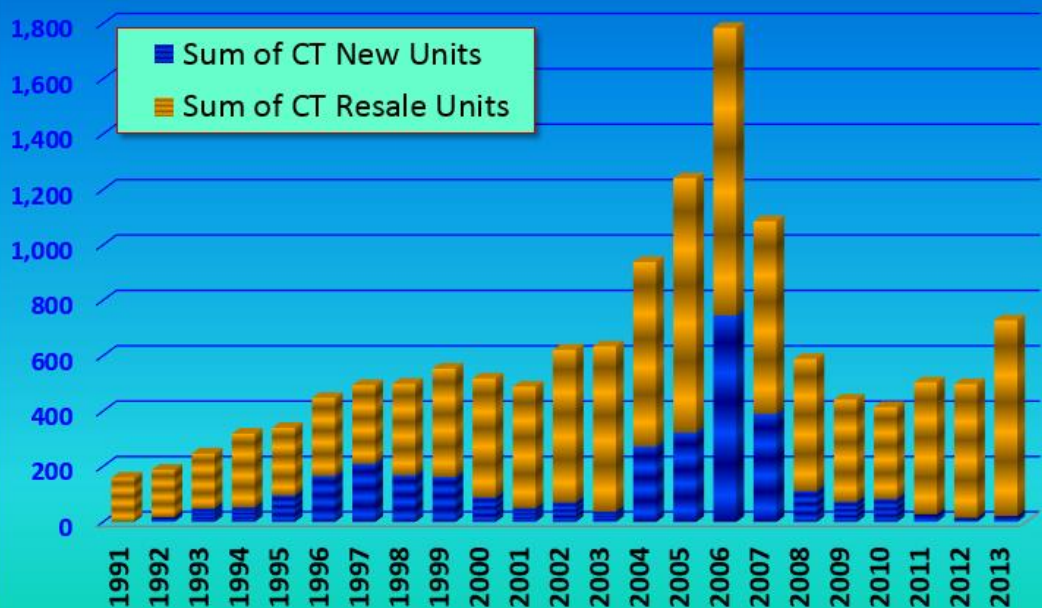
and townhouse sales (resales).

Not much new construction has occurred during the past six years, as the market is still working to rid the oversupply that it gained during the boom from 2004 through 2007.

It will be interesting to see how the growth of student housing complexes impacts the condo and townhouse market in the student areas in Tallahassee. Look to see over-supply for several more years as these new supply-side additions invade the market.

Tallahassee Condo and Townhouse Sales

YTD Through November of Each Year



Source: Metro Market Trends

As Seen On The Tallahassee Real Estate Website www.Manausa.com

New Construction Premium Soars

Free Report

Leon County Inventory Report
 Published Bi-Weekly, November 2013
 Go back to www.manausa.com

Category	Count	Value	Avg Price
Single Family Detached Homes	1,234	\$123,456,789	\$100,000
Condominiums	567	\$56,789,012	\$100,000
Townhouses	345	\$34,567,890	\$100,000
Total	2,146	\$214,813,691	\$100,000

[Click Here For Free Download](#)

Population Growth

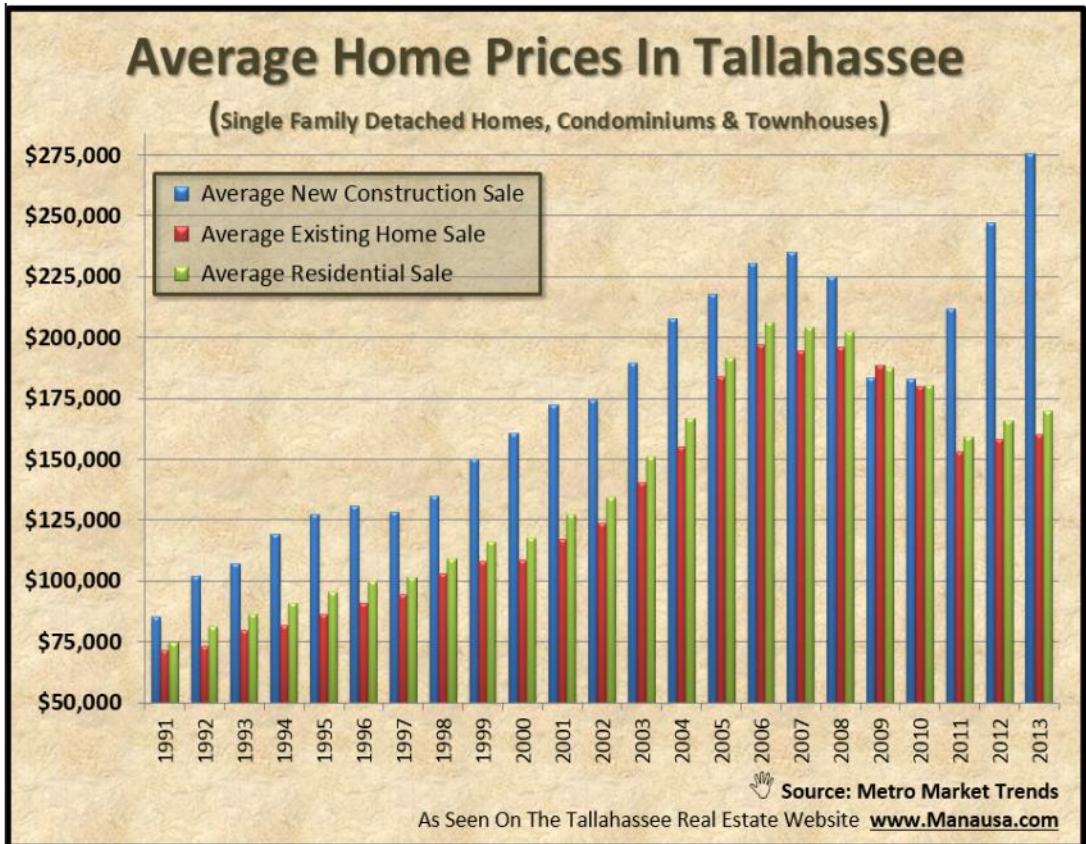
Leon County has roughly 40% more people living here today than it did in 1991



[Search Homes](#)

Premium Pricing

With new construction priced as much as 72% higher than resales, you can get much more home if you buy used



The graph above shows closed home sales price averages for every year in Tallahassee, going back to 1991.

New construction prices are shown in blue, existing home sale prices are shown in red, while the collective average is shown in green.

The average new home price has always been higher than existing home sale prices, except in 2009 when the bulk of the glut liquidation began. Banks were taking back homes from builders and getting them sold quickly, and by the end of 2010, most excess inventory had been cleared from the market.

As more new homes were built to meet the low demand, they were built at levels that were profitable for the builders, thus

the average sales prices soared in 2011.

Currently, the average sales for a newly constructed home is \$275,750, while the average price of an existing home sale is \$160,200. This whopping 72% differential represents two very significant implications for our housing market:

1. You can get much more home if you buy used, and
2. The upside potential for the market is significant. The cost of construction is only going up, thus when the glut has been removed from the market, home prices will be significantly higher.

Of course, the 2nd point assumes that our population will continue to grow.

Win An iPad ... Why Hasn't This Home Sold?



Opportunity

Waterfront home in Golden Eagle Plantation is priced \$140,500 below comparable properties

Lakefront



Win An iPad

Tell us why you think this waterfront home in Golden Eagle Plantation has not sold.

OK, it's time to give another iPad away, and we are going to give it to the person who provides the best answer to why a certain home for sale in Tallahassee has not sold.

This is no gimmick, you really can win an iPad ([see our last contest winner](#)), and we really want sincere thoughts on why a waterfront property in Golden Eagle Plantation has not sold.

It initially went on the market at the end of 2006 and has gone through three separate real estate companies prior to being listed for sale with Century 21 Manausa and Associates.

So tell me what you think, and you might walk away with a brand new iPad!

The home has 6 bedrooms, 4 and 1/2 bathrooms, and sits on a premium 3/4th acre lakefront lot. It has 4,848 square feet of heated and cooled space, and it features a full three car garage. Currently, it is listed for sale at \$570,000, which equates to \$117.57 per square foot. That is cheaper than what it would cost to build this home (not even including the land).

The average arms-length home sale in Golden Eagle on a lakefront lot over the past year is \$146.56, which would equate to a value of \$710,500. So why do you think this home hasn't sold when it is priced \$140,500 below that amount?

You might be wondering "what's wrong" with the home, maybe it has interior or exterior problems?

Nope, the house is in really good shape.



It needs some modern updates, but those could be accomplished for well below \$100,000, which means a buyer could buy the home today, modernize it to 2014, and still be sitting on some nice equity, right?

How To Win The iPad

OK, so here is how you can give us the feedback that we are looking for while simultaneously creating an opportunity for you to win an iPad.

Make sure you tell us what you think the home will sell for, and tell us why it has not sold up until now. If two people give the same answer, the one that is closest to the final sales price will win the contest (if two have the same answer and the same price, the first one to enter will win).

Now, go to the comments section ([Click here to follow the link](#)) and tell us why you think this waterfront home in Golden Eagle Plantation has not sold.

Deals Now On Condos And Townhouses



Fully Recovered?

Single family home buyers are spending the amount of money we would have forecasted back in the 1990s

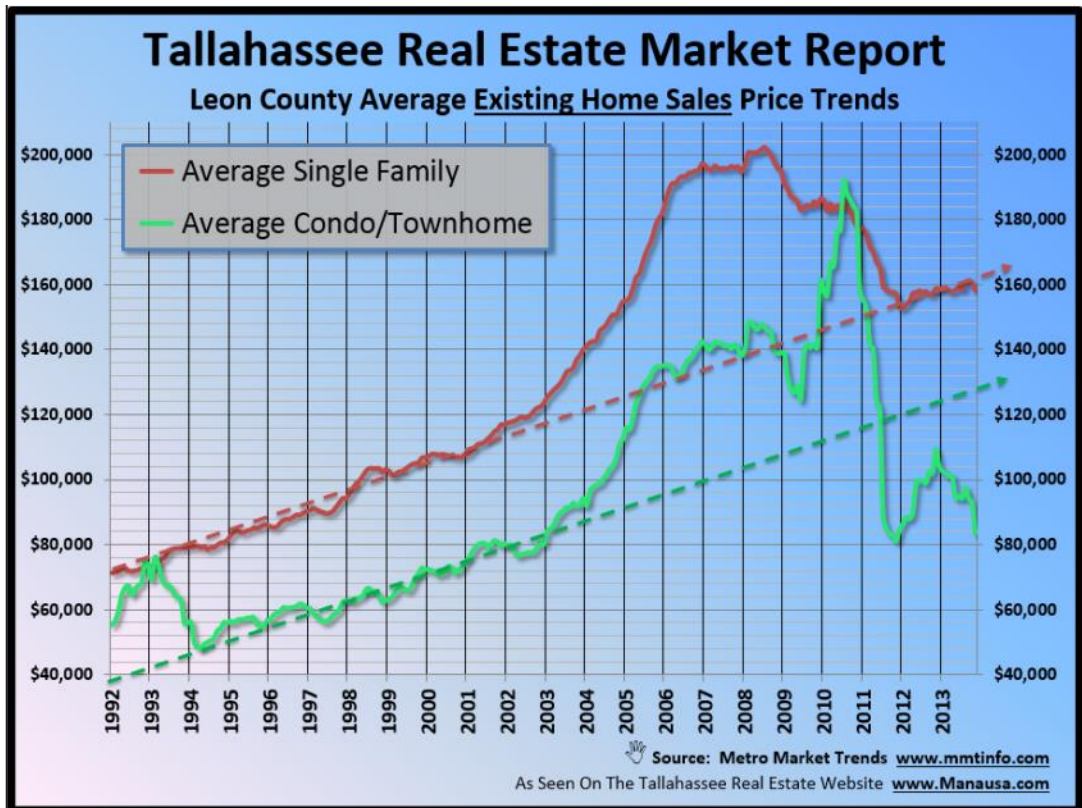
FREE LIST OF HOMES

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



Student Housing

Condominium and townhouse sales are getting pressure from the growth in multi-family sales



Condos and townhouses are looking pretty good right now. In the graph above, the solid lines measure the average existing house prices in Tallahassee since 1991 (no new construction, just resale homes). The red line shows the average closed home price for single family detached homes, whereas the green line shows the average closed home price for condominiums and townhouses.

When we plot a progression of home prices from the 1990s, it is easy to see the housing market bubble on the graph, and it also identifies a significant difference in prices when we go from single family detached houses to condominiums and townhomes.

Notice how the solid red line is now back on the dotted red line. This means that

buyers are spending the amount of money we would have forecasted back in the 1990s (a simplified regression to the mean for you math-types).

But the solid green line is still well below our forecasted condominium and townhouse prices, meaning that buyers can still get these homes at prices more than 20% below what we would have expected. Some might say that there is much more up-side potential when buying a condominium or a townhouse today than when buying a single family home.

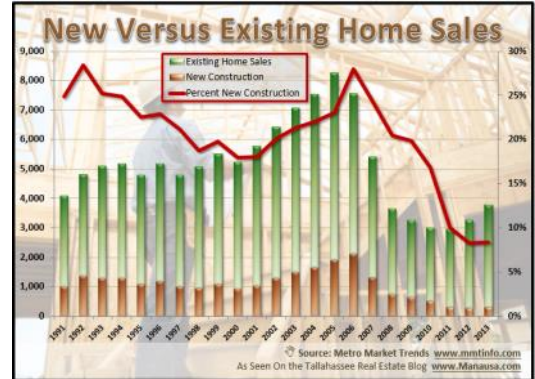
I would take this information with a grain of salt. As this is merely a market overview. You should work with a professional buyer's agent if you want to buy smart and get the best deal in the housing market today.

New Home Sales Leave Market Bottom Behind

When you look at the graph below, you can see that both single family permits and new home sales are rising up from a market bottom established in 2012. Needless to say, this is great news for Tallahassee home builders.

To put some context on the dramatic changes that have occurred in the new construction market, consider that our current rate of new homes sold (up 30% from last year) is still down more than 80% since the peak of the construction boom in 2005.

With our market still over-supplied in many of the price ranges, I don't expect to see new construction return to "normal levels" in the immediate future. The graph above shows that just under 9% of all current home sales are new



construction, which is far below the 22% norm that we had come to expect in the 1990s.

The glut of homes priced above \$300K will make it hard for builders to commit to heavy production of new homes. However, so long as low interest rates remain, we can expect to see some buyers choose to build new instead of taking advantage of the values to be found in the existing home sales market.

Home Not Sold?

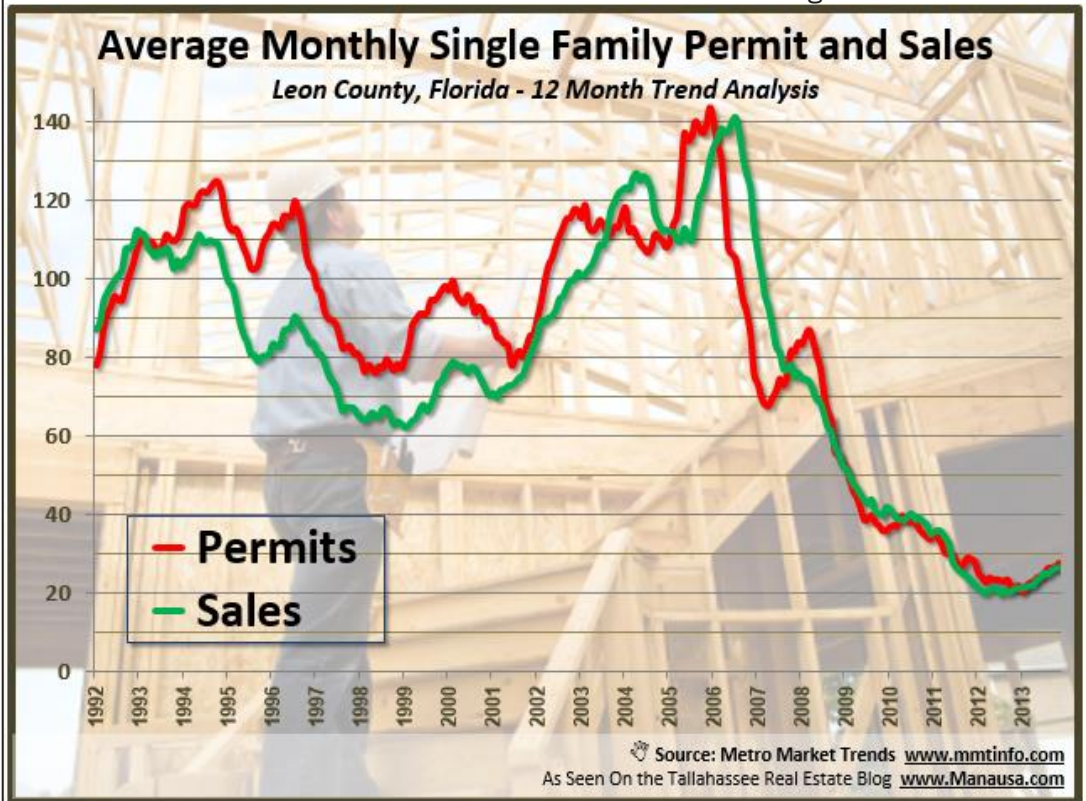
EXPIRED
YOUR HOME DIDN'T SELL!
NOW WHAT?
The #1 best-selling book for failed home sellers
Joe Manausa, MHA
Real Estate Consultant

[Get Answers Now](#)



Appreciation Rate

The current rate of new homes sold is up 30% from last year, though still down more than 80% since the peak of the construction boom in 2005



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.

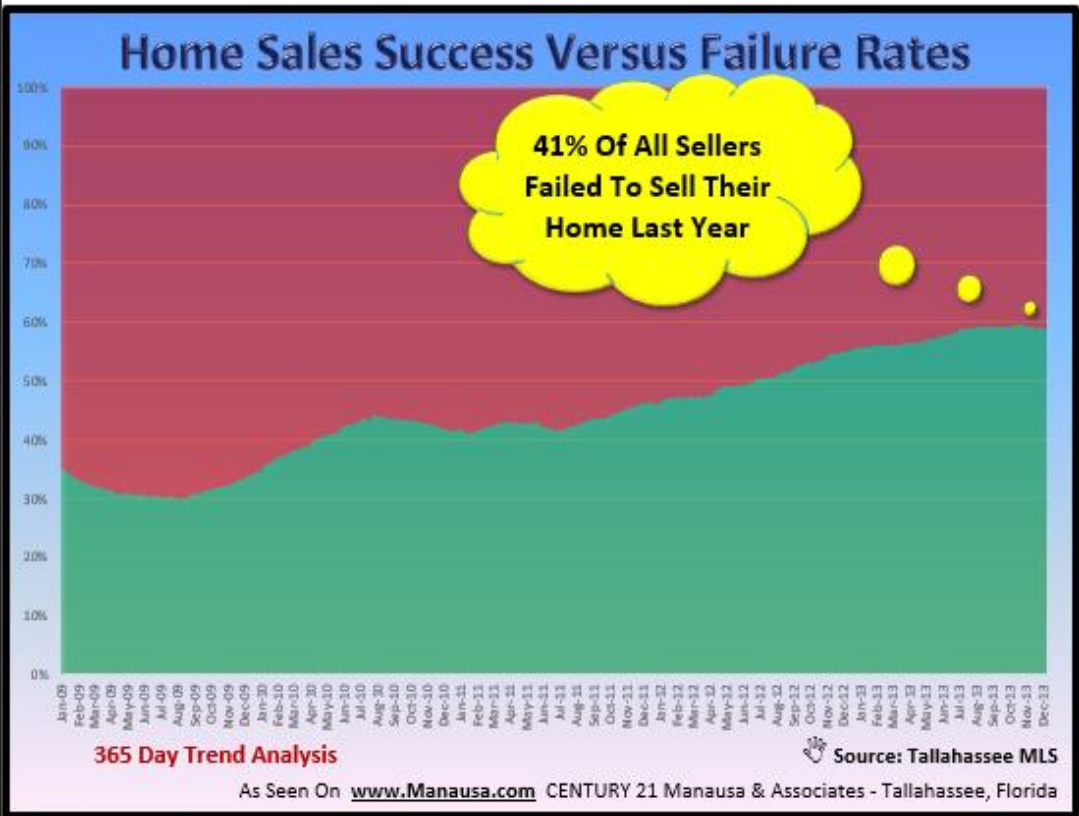
- Success: 59%
- Failure: 41%

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 - December 2013

Chart Information	NE	NW	SE	SW	ALL
\$0-\$75,000	6.9	5.5	6.7	7.8	6.3
\$75,000-\$100,000	5.2	9.3	8.3	14.7	8.9
\$100,000-\$125,000	7.2	8.0	6.9	12.7	7.8
\$125,000-\$150,000	8.1	7.3	6.3	21.6	8.0
\$150,000-\$200,000	5.0	13.2	6.9	6.0	6.6
\$200,000-\$250,000	5.9	8.9	4.9	16.8	6.2
\$250,000-\$300,000	6.7	12.0	6.3	6.0	7.0
\$300,000-\$500,000	6.5	13.5	5.7	No Sales	7.0
\$500,000-\$750,000	9.8	14.4	14.0	No Sales	10.8
\$750,000+	19.8	No Sales	No Sales	No Sales	24.0
All Price Ranges	6.4	8.2	6.8	11.0	7.2

Information in the report above shows relative home supply (months of supply based upon the current rate of sales). For example, there are 6.7 months of supply of homes priced between \$250K and \$300K in the Northeast, but 12.0 months of supply of the same priced homes in the Northwest.

Relative Supply Continues To Decline

Selling Homes

The current 7.2 months of supply is lower than the 8.8 months of supply reported this time last year.



Home Search

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[Distressed Properties](#)

[Arms Length Homes](#)

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[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 7.2 months of supply is lower than the 8.8 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****Success Rate For Home Sellers Is On The Decline**

In order to develop a better method of selling homes and to demonstrate the current competitive conditions of the real estate market in Tallahassee, we have produced two graphs that help us monitor the difficulty in selling a home. Read more: [\[Read more\]](#)

Fewer Distressed Homes For Sale

There are fewer distressed homes for sale in Tallahassee, Florida today than there were at this time last year.

The difference is less than one percent, but it's a positive sign that we have been anxiously awaiting since the collapse of the Tallahassee real estate market in 2006. [\[Read more\]](#)

It Is Time To Demand The Mortgage Forgiveness Debt Relief Act Extension

I am not sure why, but there isn't much talk yet about extending the Mortgage Forgiveness Debt Relief Act into 2014.

Before you (yawn) and figure this topic doesn't impact you, you might want to reconsider your position.

In fact, this issue will have a significant impact on home values for the next five to ten years, so you might want to take the time to speak your mind. [\[Read more\]](#)

How To Determine The Difficulty In Selling A Home

Back in "the good 'ol days" before the housing market boom and the

subsequent bust, the meeting with a homeowner for the job of selling a home was very predictable.

We would look at recent home sales, determine a value range, and then advise the seller on the critical initial asking price.

Today however, homeowners want to know more about the process of determining the value of a home, and for those in the upper price ranges, they want to know just how hard it will be to find a buyer. [\[Read more\]](#)

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