

# Tallahassee Real Estate

An analytical view of the Tallahassee Housing Market

Volume 13, Number 6

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 May Housing Report has been completed and is posted at

[The Market Bulletin](#)



### CONTACT INFO

Joe Manusa, MBA  
1140 Capital Circle SE  
Suite Number Twelve  
Tallahassee, FL 32301  
(850) 424-1120  
[info@manusa.com](mailto:info@manusa.com)  
[www.manusa.com](http://www.manusa.com)

## Time Is Running Short For Hesitant Borrowers

*Rising Interest Rates Mean Rising Acquisition Costs For Homebuyers*

On May 22, Ben Bernanke, Chairman of the Federal Reserve, said “if we see continued improvement ... then we could, in the next few meetings, take a step down in our pace of purchases.”

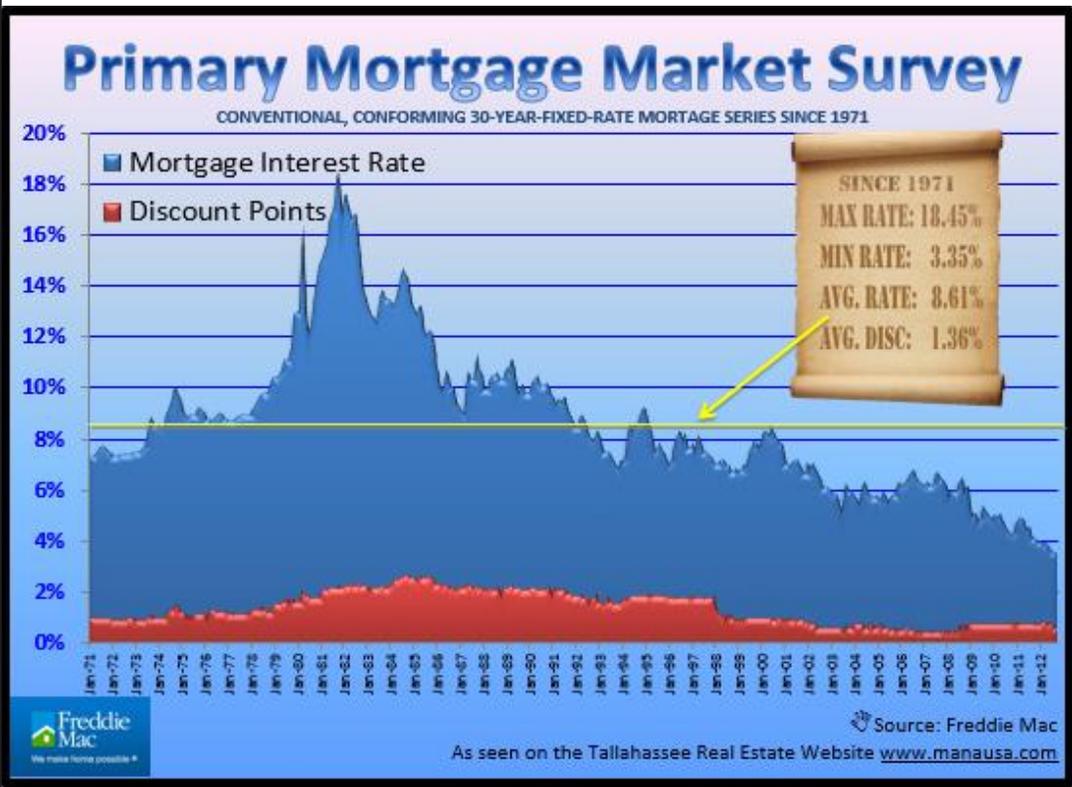
Overall, this threat of a slowdown to the central bank’s monetary stimulus program has caused interest rates to rise. Whether or not the trend will be permanent, only time will tell, but homebuyers should recognize their position right now.

Mortgage rates rose above 4 percent

last week for the first time in more than a year, and it signals a 15% cost increase (cost of borrowing money) that will now be born by buyers who were waiting. Of course, this only impacts buyers who are borrowing money for their home purchase.

The graph below shows average monthly mortgage interest rates since 1971, and when the June numbers are posted, we will likely see a 4+% number.

Rising rates won’t just affect buyers, as borrowing power declines, so too do the number of qualified homebuyers.



# Historic Plantation For Sale

## Free Report

**Century 21** Leon County Inventory Report  
Residential Sales Report - November 2013  
An Equal Opportunity Real Estate Company

Area	Nov 2013	Nov 2012	Nov 2011	Nov 2010	Nov 2009	Nov 2008	Nov 2007	Nov 2006	Nov 2005	Nov 2004	Nov 2003	Nov 2002	Nov 2001	Nov 2000	Nov 1999	Nov 1998	Nov 1997	Nov 1996	Nov 1995	Nov 1994	Nov 1993	Nov 1992	Nov 1991	Nov 1990
ALL SALES	108	112	115	118	120	122	125	128	130	132	135	138	140	142	145	148	150	152	155	158	160	162	165	168
SALES UNDER \$100,000	45	48	50	52	55	58	60	62	65	68	70	72	75	78	80	82	85	88	90	92	95	98	100	102
SALES \$100,000 - \$199,999	35	38	40	42	45	48	50	52	55	58	60	62	65	68	70	72	75	78	80	82	85	88	90	92
SALES \$200,000 - \$299,999	20	22	25	28	30	32	35	38	40	42	45	48	50	52	55	58	60	62	65	68	70	72	75	78
SALES \$300,000 - \$399,999	10	12	15	18	20	22	25	28	30	32	35	38	40	42	45	48	50	52	55	58	60	62	65	68
SALES \$400,000 - \$499,999	5	8	10	12	15	18	20	22	25	28	30	32	35	38	40	42	45	48	50	52	55	58	60	62
SALES \$500,000 - \$599,999	3	5	8	10	12	15	18	20	22	25	28	30	32	35	38	40	42	45	48	50	52	55	58	60
SALES \$600,000 - \$699,999	2	3	5	8	10	12	15	18	20	22	25	28	30	32	35	38	40	42	45	48	50	52	55	58
SALES \$700,000 - \$799,999	1	2	3	5	8	10	12	15	18	20	22	25	28	30	32	35	38	40	42	45	48	50	52	55
SALES \$800,000 - \$899,999	1	2	3	5	8	10	12	15	18	20	22	25	28	30	32	35	38	40	42	45	48	50	52	55
SALES \$900,000 - \$999,999	1	2	3	5	8	10	12	15	18	20	22	25	28	30	32	35	38	40	42	45	48	50	52	55
SALES \$1,000,000 - \$1,499,999	1	2	3	5	8	10	12	15	18	20	22	25	28	30	32	35	38	40	42	45	48	50	52	55
SALES \$1,500,000 - \$1,999,999	1	2	3	5	8	10	12	15	18	20	22	25	28	30	32	35	38	40	42	45	48	50	52	55
SALES \$2,000,000 - \$2,999,999	1	2	3	5	8	10	12	15	18	20	22	25	28	30	32	35	38	40	42	45	48	50	52	55
SALES \$3,000,000 - \$3,999,999	1	2	3	5	8	10	12	15	18	20	22	25	28	30	32	35	38	40	42	45	48	50	52	55
SALES \$4,000,000 - \$4,999,999	1	2	3	5	8	10	12	15	18	20	22	25	28	30	32	35	38	40	42	45	48	50	52	55
SALES \$5,000,000 - \$5,999,999	1	2	3	5	8	10	12	15	18	20	22	25	28	30	32	35	38	40	42	45	48	50	52	55
SALES \$6,000,000 - \$6,999,999	1	2	3	5	8	10	12	15	18	20	22	25	28	30	32	35	38	40	42	45	48	50	52	55
SALES \$7,000,000 - \$7,999,999	1	2	3	5	8	10	12	15	18	20	22	25	28	30	32	35	38	40	42	45	48	50	52	55
SALES \$8,000,000 - \$8,999,999	1	2	3	5	8	10	12	15	18	20	22	25	28	30	32	35	38	40	42	45	48	50	52	55
SALES \$9,000,000 - \$9,999,999	1	2	3	5	8	10	12	15	18	20	22	25	28	30	32	35	38	40	42	45	48	50	52	55
SALES \$10,000,000 - \$10,999,999	1	2	3	5	8	10	12	15	18	20	22	25	28	30	32	35	38	40	42	45	48	50	52	55
SALES \$11,000,000 - \$11,999,999	1	2	3	5	8	10	12	15	18	20	22	25	28	30	32	35	38	40	42	45	48	50	52	55
SALES \$12,000,000 - \$12,999,999	1	2	3	5	8	10	12	15	18	20	22	25	28	30	32	35	38	40	42	45	48	50	52	55
SALES \$13,000,000 - \$13,999,999	1	2	3	5	8	10	12	15	18	20	22	25	28	30	32	35	38	40	42	45	48	50	52	55
SALES \$14,000,000 - \$14,999,999	1	2	3	5	8	10	12	15	18	20	22	25	28	30	32	35	38	40	42	45	48	50	52	55
SALES \$15,000,000 - \$15,999,999	1	2	3	5	8	10	12	15	18	20	22	25	28	30	32	35	38	40	42	45	48	50	52	55
SALES \$16,000,000 - \$16,999,999	1	2	3	5	8	10	12	15	18	20	22	25	28	30	32	35	38	40	42	45	48	50	52	55
SALES \$17,000,000 - \$17,999,999	1	2	3	5	8	10	12	15	18	20	22	25	28	30	32	35	38	40	42	45	48	50	52	55
SALES \$18,000,000 - \$18,999,999	1	2	3	5	8	10	12	15	18	20	22	25	28	30	32	35	38	40	42	45	48	50	52	55
SALES \$19,000,000 - \$19,999,999	1	2	3	5	8	10	12	15	18	20	22	25	28	30	32	35	38	40	42	45	48	50	52	55
SALES \$20,000,000 - \$20,999,999	1	2	3	5	8	10	12	15	18	20	22	25	28	30	32	35	38	40	42	45	48	50	52	55
SALES \$21,000,000 - \$21,999,999	1	2	3	5	8	10	12	15	18	20	22	25	28	30	32	35	38	40	42	45	48	50	52	55
SALES \$22,000,000 - \$22,999,999	1	2	3	5	8	10	12	15	18	20	22	25	28	30	32	35	38	40	42	45	48	50	52	55
SALES \$23,000,000 - \$23,999,999	1	2	3	5	8	10	12	15	18	20	22	25	28	30	32	35	38	40	42	45	48	50	52	55
SALES \$24,000,000 - \$24,999,999	1	2	3	5	8	10	12	15	18	20	22	25	28	30	32	35	38	40	42	45	48	50	52	55
SALES \$25,000,000 - \$25,999,999	1	2	3	5	8	10	12	15	18	20	22	25	28	30	32	35	38	40	42	45	48	50	52	55
SALES \$26,000,000 - \$26,999,999	1	2	3	5	8	10	12	15	18	20	22	25	28	30	32	35	38	40	42	45	48	50	52	55
SALES \$27,000,000 - \$27,999,999	1	2	3	5	8	10	12	15	18	20	22	25	28	30	32	35	38	40	42	45	48	50	52	55
SALES \$28,000,000 - \$28,999,999	1	2	3	5	8	10	12	15	18	20	22	25	28	30	32	35	38	40	42	45	48	50	52	55
SALES \$29,000,000 - \$29,999,999	1	2	3	5	8	10	12	15	18	20	22	25	28	30	32	35	38	40	42	45	48	50	52	55
SALES \$30,000,000 - \$30,999,999	1	2	3	5	8	10	12	15	18	20	22	25	28	30	32	35	38	40	42	45	48	50	52	55
SALES \$31,000,000 - \$31,999,999	1	2	3	5	8	10	12	15	18	20	22	25	28	30	32	35	38	40	42	45	48	50	52	55
SALES \$32,000,000 - \$32,999,999	1	2	3	5	8	10	12	15	18	20	22	25	28	30	32	35	38	40	42	45	48	50	52	55
SALES \$33,000,000 - \$33,999,999	1	2	3	5	8	10	12	15	18	20	22	25	28	30	32	35	38	40	42	45	48	50	52	55
SALES \$34,000,000 - \$34,999,999	1	2	3	5	8	10	12	15	18	20	22	25	28	30	32	35	38	40	42	45	48	50	52	55
SALES \$35,000,000 - \$35,999,999	1	2	3	5	8	10	12	15	18	20	22	25	28	30	32	35	38	40	42	45	48	50	52	55
SALES \$36,000,000 - \$36,999,999	1	2	3	5	8	10	12	15	18	20	22	25	28	30	32	35	38	40	42	45	48	50	52	55
SALES \$37,000,000 - \$37,999,999	1	2	3	5	8	10	12	15	18	20	22	25	28	30	32	35	38	40	42	45	48	50	52	55
SALES \$38,000,000 - \$38,999,999	1	2	3	5	8	10	12	15	18	20	22	25	28	30	32	35	38	40	42	45	48	50	52	55
SALES \$39,000,000 - \$39,999,999	1	2	3	5	8	10	12	15	18	20	22	25	28	30	32	35	38	40	42	45	48	50	52	55
SALES \$40,000,000 - \$40,999,999	1	2	3	5	8	10	12	15	18	20	22	25	28	30	32	35	38	40	42	45	48	50	52	55
SALES \$41,000,000 - \$41,999,999	1	2	3	5	8	10	12	15	18	20	22	25	28	30	32	35	38	40	42	45				

**Are Homes Selling?**

Over the past year, roughly 57% 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.

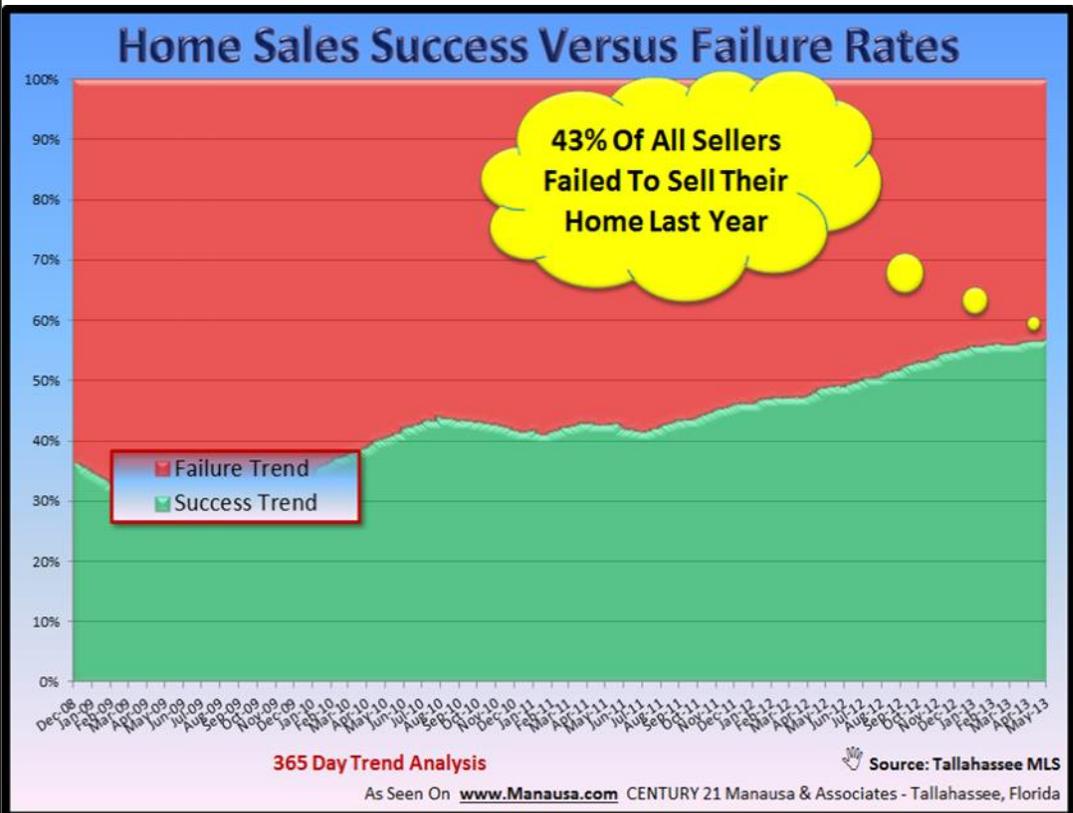
- Success: 57%
- Failure: 43%

**Sales Success Rates Still Too Low**

So, in simplified terms, we can say that over the past year, roughly 57% of the homes that were listed actually sold, and 43% 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.

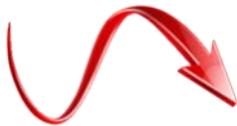
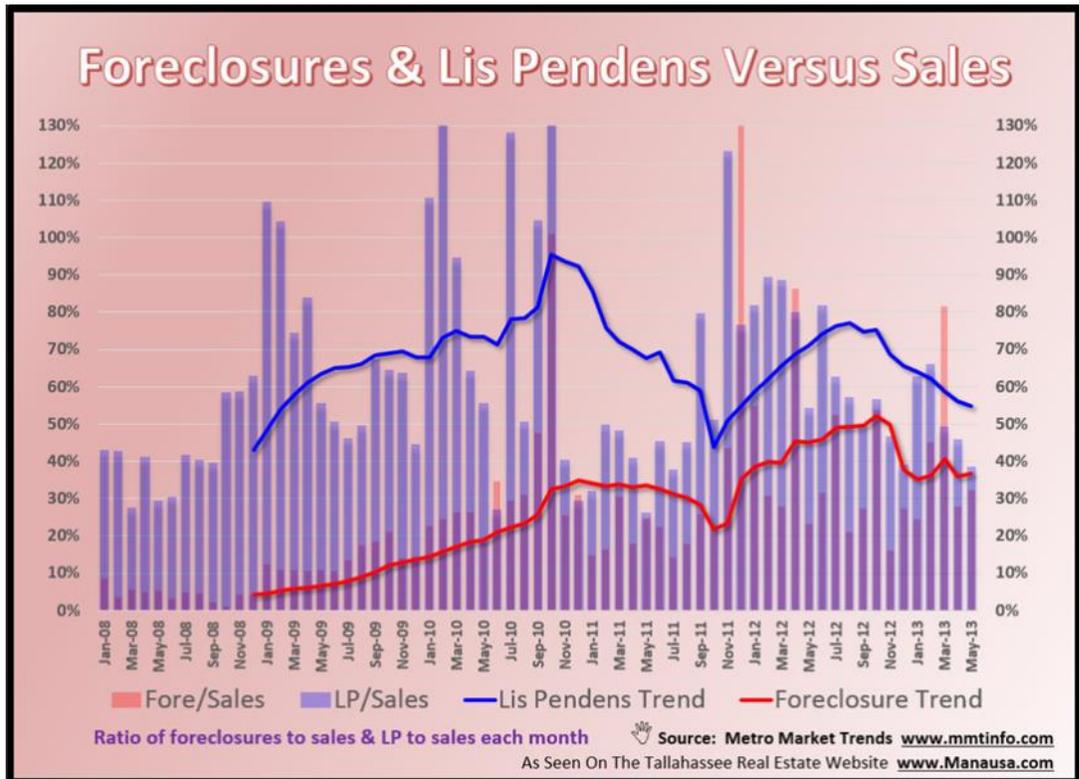


# 1 Foreclosure For Every 2 Sales



## Positive Trend

Leon County posted 438 home sales during the month of May, the most for any month since August of 2007



## 1 Step Forward

For every 2 homes that sell, another one is served a lis pendens

Leon County posted 438 home sales during the month of May, the most for any month since August of 2007.

This is the kind of growth in home sales that our market needs to push through the glut of inventory that still remains in both the low end of the market, as well as the upper end of the market.

But before we all get giddy with “almost-there” excitement, I think we have to figure out what is going on with lis pendens filings and foreclosure sales in Tallahassee.

The next three pages of this report contains four separate graphs which show trends with these two important distressed property statuses.

The graph above measures the ratio of

two important trends that help us evaluate the health of the housing market.

The first is the ratio of lis pendens filings to home sales (blue line) while the other is the ratio of foreclosure sales to home sales (red line).

Right now, for every 2 homes that sell, another one is served a lis pendens (the start of the foreclosure process).

It’s hard to get too excited about the increase in home sales if we are just refilling the supply with distressed homes.

This just shows that we are seeing the market strengthen, but we are also seeing the scores of distressed homes that have been waiting on the sidelines being pushed to the market to get sold.

**FREE LIST OF HOMES**  
Distressed Property, short sales  
REOs, Foreclosures - Best Buy List

## 2 Of Every 3 Lis Pendens Foreclosed By Bank

Back in the 'good old days,' less than 15% of lis pendens filings resulted in a foreclosure sale.

Homeowners who had fallen behind on their mortgage were able to put their homes on the market, sell them, and reap the equity that had built up since they first bought the home.

Times change.

Homes are now selling for values similar to those last seen in 2003, so many homeowners who fall behind on their mortgage payments are upside down on their homes.

With banks slowing the acceptance rate of short sales, many homeowners are facing a foreclosure condition that is unparalleled during my 20+ years in the real estate industry.

When we look at the graph below, annual lis pendens filings are shown in green while annual foreclosure sales are shown in red.

The resulting ratio of foreclosure sales to lis pendens filings is near the all-time high of 67%, which is far higher than the 10% we saw back at the beginning of our graph in 2009.

All of these lis pendens and foreclosures must clear through the market before we can even begin to see the patient homeowners who are not in default, yet would like to move as soon as they feel they can get a good value for their home.

We are hoping to see demand return to historically normal levels in the Tallahassee real estate market, so that this glut of homes can be consumed and market equilibrium can be restored.



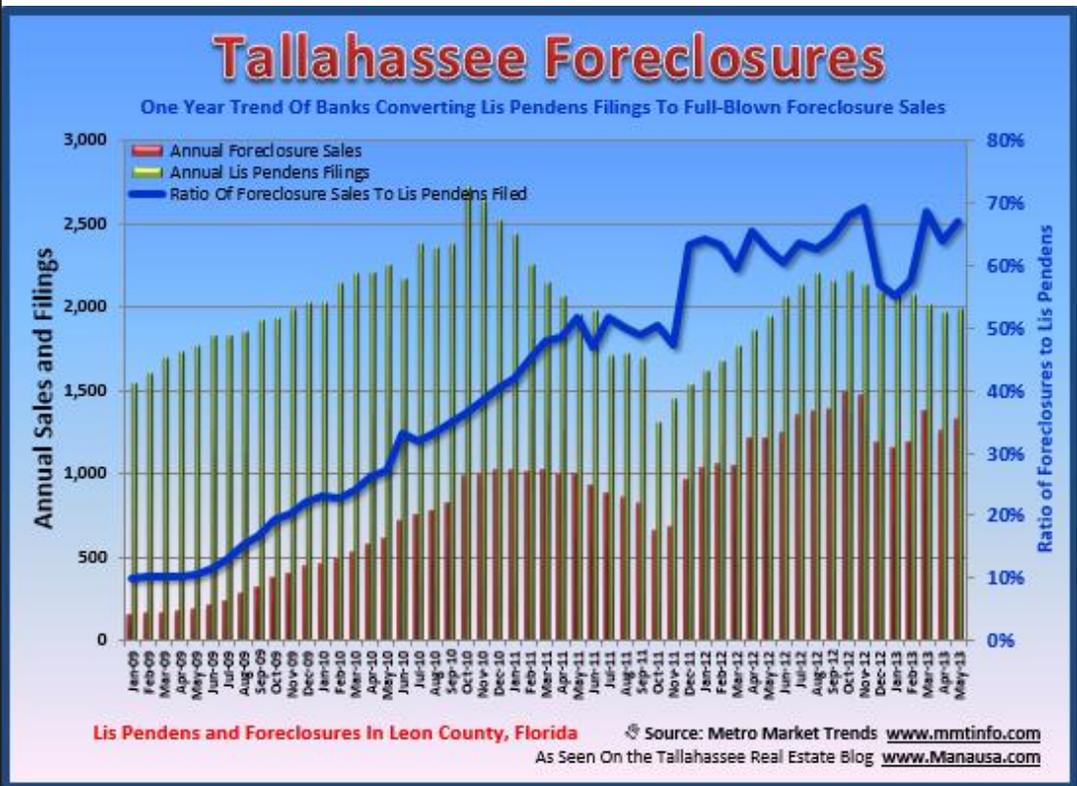
### Average Prices

Many homeowners who fall behind on their mortgage payments are upside down on their homes.



### Foreclosure Solution

With banks slowing the acceptance rate of short sales, many homeowners are facing a foreclosure

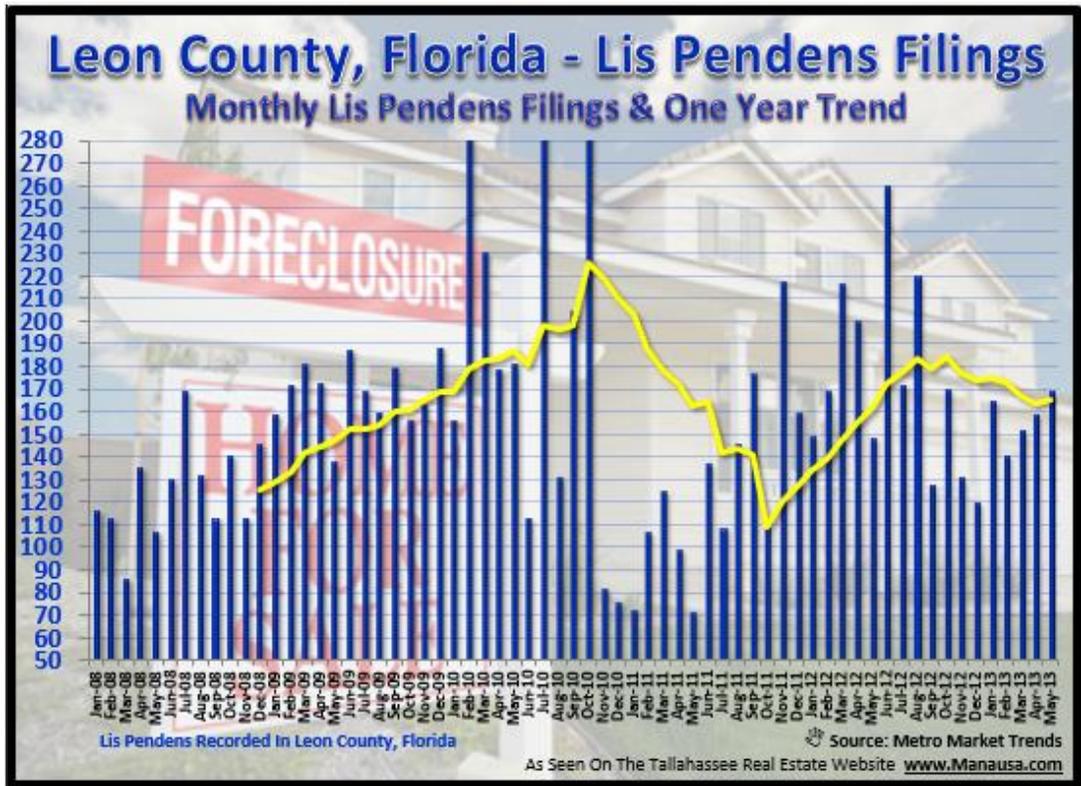


## Rate Of Distressed Decline Too Slow



### Lender-Owner

There were more than 110 foreclosure sales each month, with most of them the result of the banks taking ownership of the homes



I have seen erroneous reports that suggest Tallahassee is out of the woods for distressed properties. There have been articles and opinions that suggest things will clear up shortly, but I just don't think those authors really studied actual lis pendens filings.

The graph above shows monthly lis pendens filings in Tallahassee (blue bars), while the resulting yellow line shows the one-year trend of those filings.

On average, there have been 163 lis pendens filed each month over the past year.

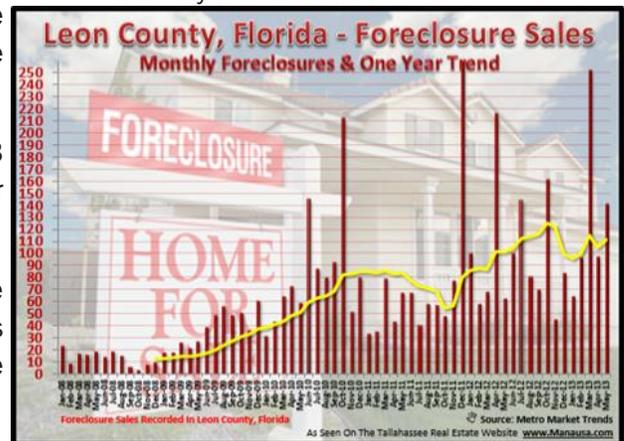
The graph on the right shows the corresponding monthly foreclosures and the one-year trend of those foreclosure sales.

At more than 110 foreclosure sales each month, with most of them the result of the banks taking ownership of the homes, we know there is a growing supply of these properties that must enter the market and likely increase the supply of homes for sale. Look to the graph above each month for signs that new filings are cooling, but for now, that is really not the case.



### Growing Supply

On average, there have been 163 lis pendens filed each month over the past year.





**Market Forecast**

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

**Now Hiring !**



**Go Back 1 Phase**

Slowing sales have actually pushed us back 1 phase in the past, but has this trend recently changed again?

**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 ten month's supply of homes on the market, and we know of more "waiting in the wings."

**Sales Must Speed Up**

Home sales have slowed since the end of the Homebuyer's Tax Credit Program. It is going take a return to "normal" sales rates for our market to expel the current glut of homes as well as the mounting supply of homes that exist in the Shadow Inventory. Sales have increased slightly, but we need much, much more.



**Leon County Home Inventory Report**

**Residential Home Supply - June 2013**

Chart Information	NE	NW	SE	SW	ALL
\$0-\$75,000	8.2	6.8	7.7	7.7	7.3
\$75,000-\$100,000	6.9	10.0	10.7	14.3	9.7
\$100,000-\$125,000	8.5	11.6	6.2	34.0	9.9
\$125,000-\$150,000	6.1	11.2	4.4	48.0	8.3
\$150,000-\$200,000	5.3	12.0	7.8	12.0	6.7
\$200,000-\$250,000	5.3	18.7	7.1	10.3	6.3
\$250,000-\$300,000	9.1	21.2	5.1	18.0	9.2
\$300,000-\$500,000	11.2	18.0	6.5	36.0	10.8
\$500,000-\$750,000	17.7	14.4	44.0	No Sales	19.3
\$750,000+	26.3	48.0	No Sales	No Sales	31.1
All Price Ranges	7.8	10.0	7.3	11.9	8.5

Information in the report above shows relative home supply (months of supply based upon the current rate of sales). For example, there are 9.1 months of supply of homes priced between \$250K and \$300K in the Northeast, but 21.2 months of supply of the same priced homes in the Northwest.

## New Home Sales Have Turned The Corner

### Time To Build?

2013 could be a really good year for homebuilders, as rising interest rates are waking-up the segment of the market that has been holding out

## 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](#)

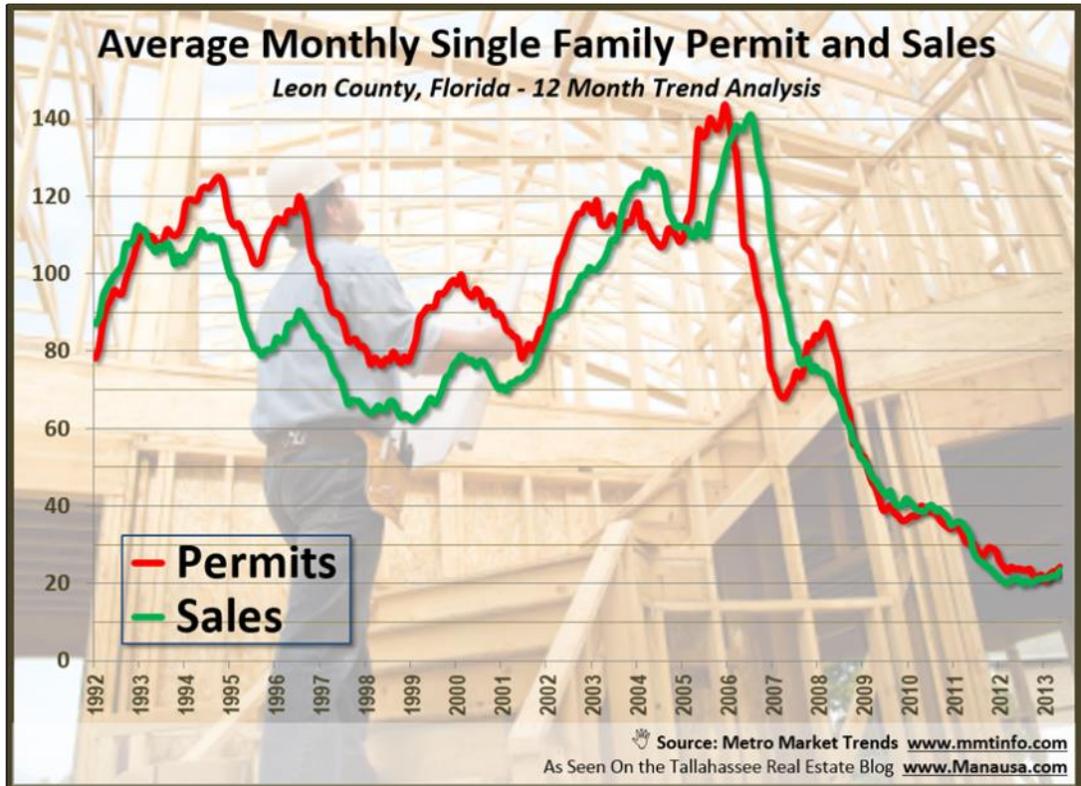
[High End Homes](#)

[Median Home Price](#)

[Short Sales](#)

[\\$250K—\\$300K](#)

[\\$300K—\\$500K](#)



New home sales are up 26% through May this year versus during the same five months of 2012. While this certainly is good news for builders, the pace of sales is still very much near an all time low.

The future of new construction in Tallahassee is very much tied to the consumption and reduction of distressed properties that continue to flow into the supply side of the market.

Traditionally, more than 20% of our market has been new homes, but the past few years has seen a large reduction as speculative building all but went away for most parts of town.

People that still want to build a custom home exist in the market, but with existing homes selling at values far below the current cost of construction,

value buyers are choosing resales.

2013 could be a really good year for homebuilders though, as rising interest rates are waking-up the segment of the market that was holding out in order to sell their existing home for more money before building. Any gain from rising values will certainly be washed by rising interest rates for buyers who borrow.



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

Sell it now, sell it fast, or plan on dropping your expectations.

**Feedback Wanted****Links To Relevant Articles****A Small World Story About Real Estate Trends In Tallahassee**

**M**ichelle and I were at the hospital Tuesday night, waiting for our daughter (Sami) to get out of surgery, when the national CBS Evening News came on.

The news story morphed from the NSA Leaker to the fact that Google is being sued for breach of privacy ... and that's where the "small world" bomb dropped. [\[Read more\]](#)

**Did You Know That We Have Heroes In Our Community?**

**I**would like to pay tribute today to the unsung heroes who make Tallahassee and the surrounding areas so great.

The people who are continually doing community support work that goes unnoticed, who help make our neck of the woods such a pleasant place to live.

And today, I will share with you a little of the history of Henry O. Flipper that you might not know about. [\[Read more\]](#)

**Killearn Estates Real Estate Report**

**T**he mid year Killearn Estates Real Estate Report shows that home sales in this popular Northeast Tallahassee neighborhood were better through May this year than any year going back to 2008. [\[Read more\]](#)

**Reader Poll: Should Realtors Use "Sale Pending" On Their Signs?**

**C**urrently 36% of homes under contract actually proceed to a closing (source: Tallahassee MLS), so are we sending the wrong signal to prospective home buyers? Are we

chasing away those that are not willing to put a back-up contract on a home?

So I've decided to conduct a survey about whether or not pending sign riders should be used by real estate companies. [\[Read more\]](#)

**These Two Variables Control The Fate Of The Housing Market**

**W**e normally do a comprehensive real estate forecast each year in November or December, outlining what we expect to see in the coming years and why we have those expectations. But recent events demand an immediate analysis. [\[Read more\]](#)

**Lower Prices Drive Golden Eagle Home Sales**

**W**hen you look at the list of 484 Golden Eagle home sales at the bottom of this article, you might be confused into believing a clearance sale was conducted.

Not long ago the "average" home in Golden Eagle Plantation was worth about \$500,000, but that's not the case any more. [\[Read more\]](#)

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