

# Tallahassee Real Estate

*An analytical view of the Tallahassee Housing Market*

Volume 14, Number 10

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 October Housing Report has been completed and is posted at

[The Market Bulletin](#)



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## Bullish Trends For Tallahassee Housing

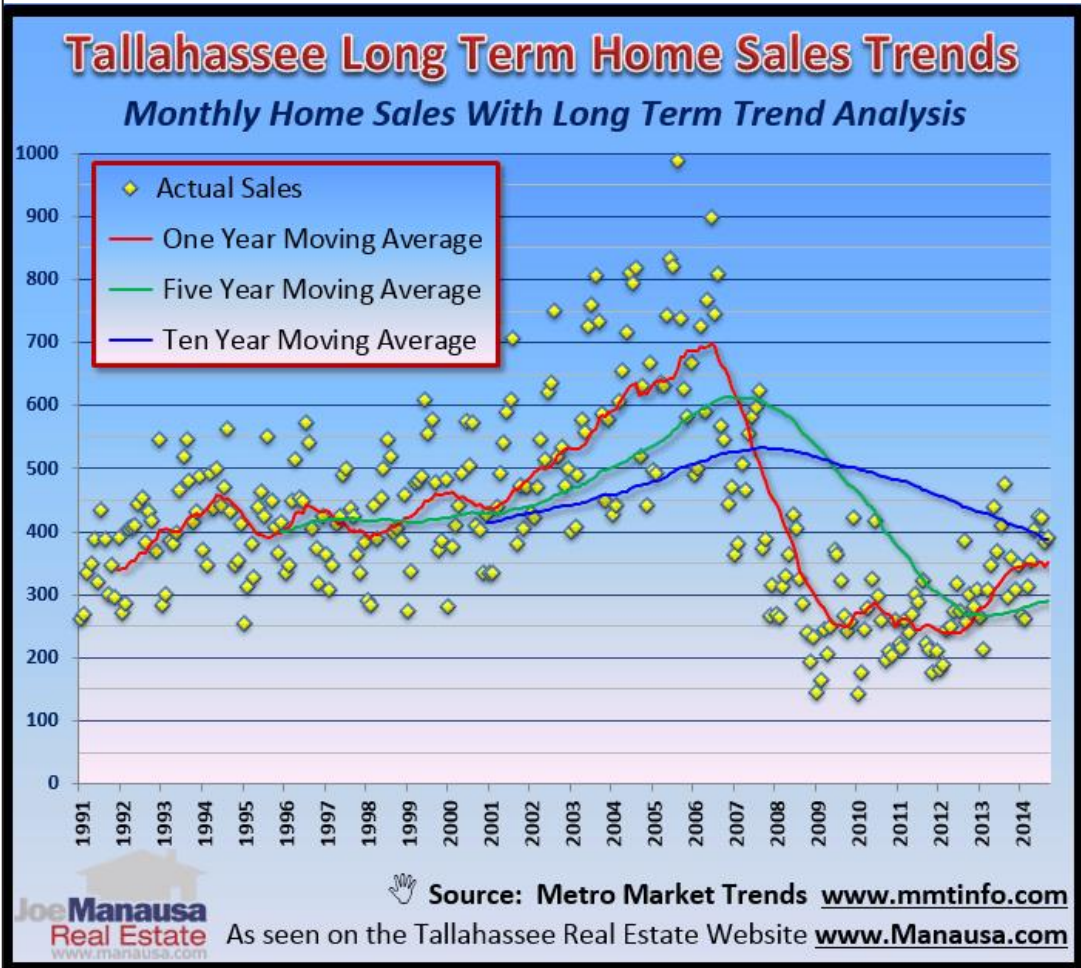
*2 of 3 Long Term Home Sales Trends Heading Higher In Tallahassee*

When we track the one, five and ten year trends for home sales in Tallahassee, we see reasons to believe the housing market is only going to get stronger in the months and years to come.

The number of homes selling each month have been at or above all three trend lines for the past four months, and the growth of sales has finally lead both

the one year and five year trends to higher ground (meaning we can say that there are more homes selling each month than there were one year ago and five years ago).

The same cannot be said (yet) for the ten year trend, but that is likely to reverse sometime in the second half of 2015, based upon the current rate of growth in the market.



**Free Report**

**Leon County Inventory Report**  
 For Market Summary, November 2014  
 Go back to [www.manusa.com](http://www.manusa.com)

PROPERTY TYPE	NO. OF LISTINGS	NO. OF SALES	NO. OF CONTRACTS	NO. OF FAILURES
<b>ALL</b>	1,100	274	222	191
<b>Single Family Detached</b>	850	210	170	130
<b>Townhouse</b>	150	40	30	20
<b>Condo</b>	100	24	22	41

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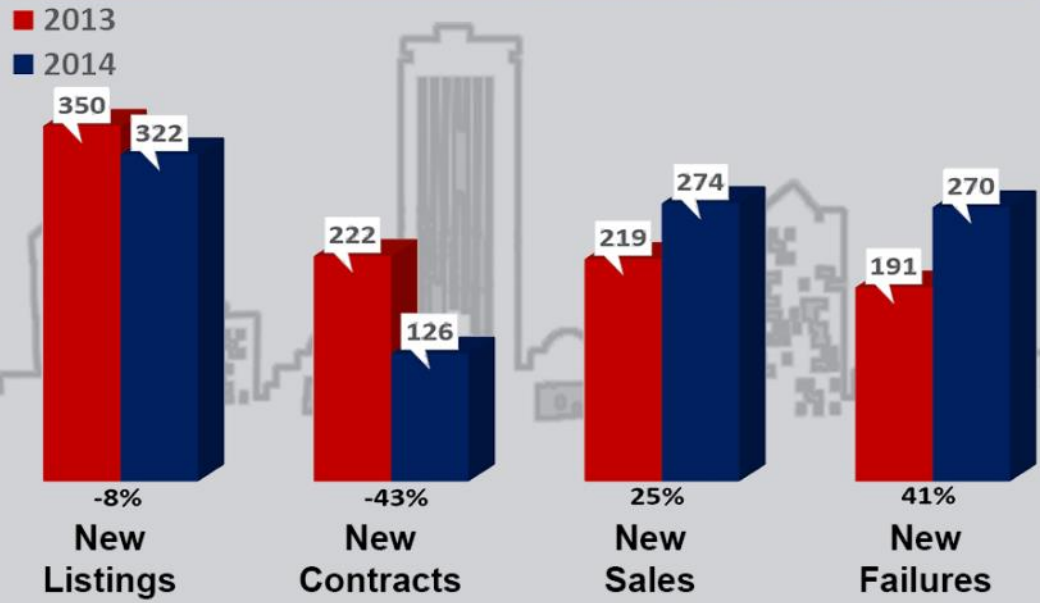
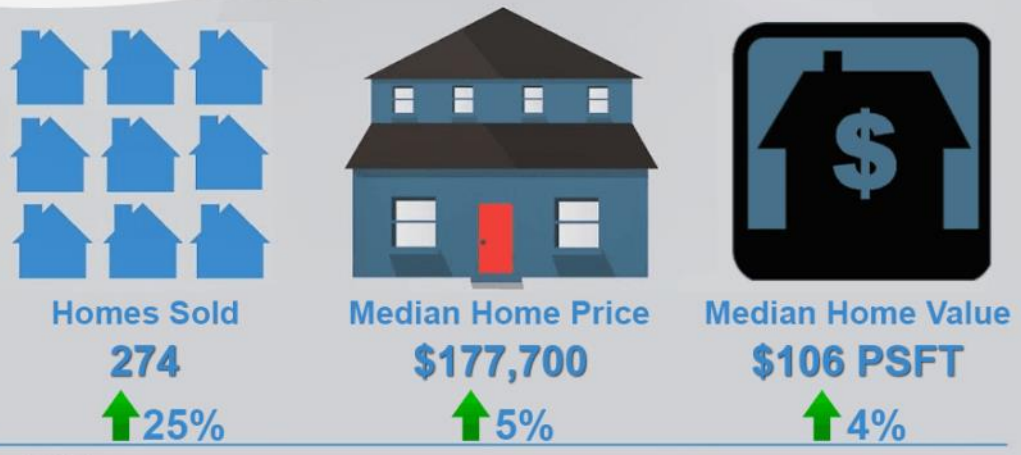


[Search Homes](#)

**Strong September**  
 Unit sales rose 25% in September (compared to September 2013) and median home values were rose 4%

# TALLAHASSEE

## September 2014 Housing Statistics



Data is for condominiums, townhouses, and single family detached homes in Leon County, Florida. Percent change reflects a year-over-year comparison between September 2013 and September 2014. For a detailed report, please visit [manusa.com/market-report](http://manusa.com/market-report)

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Every month we produce an easy to read infographic to show the current trends in the Tallahassee real estate market. You can download your free copy of this image anytime you like.

[Download Tallahassee Infographic](#)



**Supply & Demand**

Only the higher price ranges will remain in a buyer's market in Tallahassee by the end of next year.

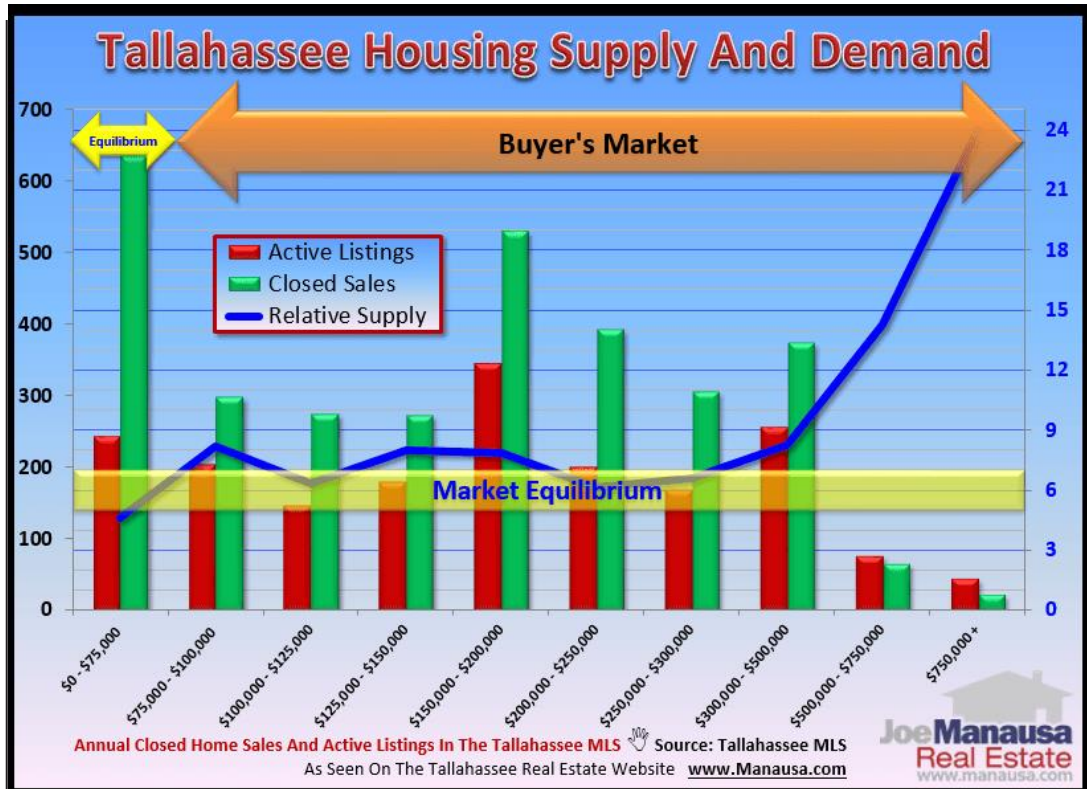
**Got Horses?**



**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.](#)

**Relative Supply Of Homes Favors Buyers**



The relative supply of homes (measured in months of supply on the right vertical axis) currently shows a market with far more homes for sale than buyers currently demand.

Each price range in the Tallahassee real estate market shows the number of active listings (red bars) and the number of closed home sales over the past year (green bars). The resulting relative supply of homes is shown as a blue line.

The yellow field demonstrates the level in which the market is balanced, so if the blue line falls within the yellow field, we say that buyers and sellers are negotiating under "normal" conditions.

If the blue line is above the yellow field, than we call it a buyer's market, as there are far more homes than the current rate of demand requires. Were the blue

line to fall below the yellow field, then we would call it a seller's market, with not enough supply to satisfy the current rate of demand.

Currently, we are seeing several price ranges below \$300,000 move into market equilibrium.

I suspect only the higher price ranges will remain in a buyer's market in Tallahassee by the end of next year.

It is important to do an analysis such as this for each area and price range for which a homeowner is considering a sale, as not all areas are seeing the exact same supply and demand dynamic.

If one area is in balance however, we often see demand shift away to an area that is more favorable to buyers.



**Values Must Rise**

Many sellers owe more on their home than it is worth, thus stopping them from being able to move right now

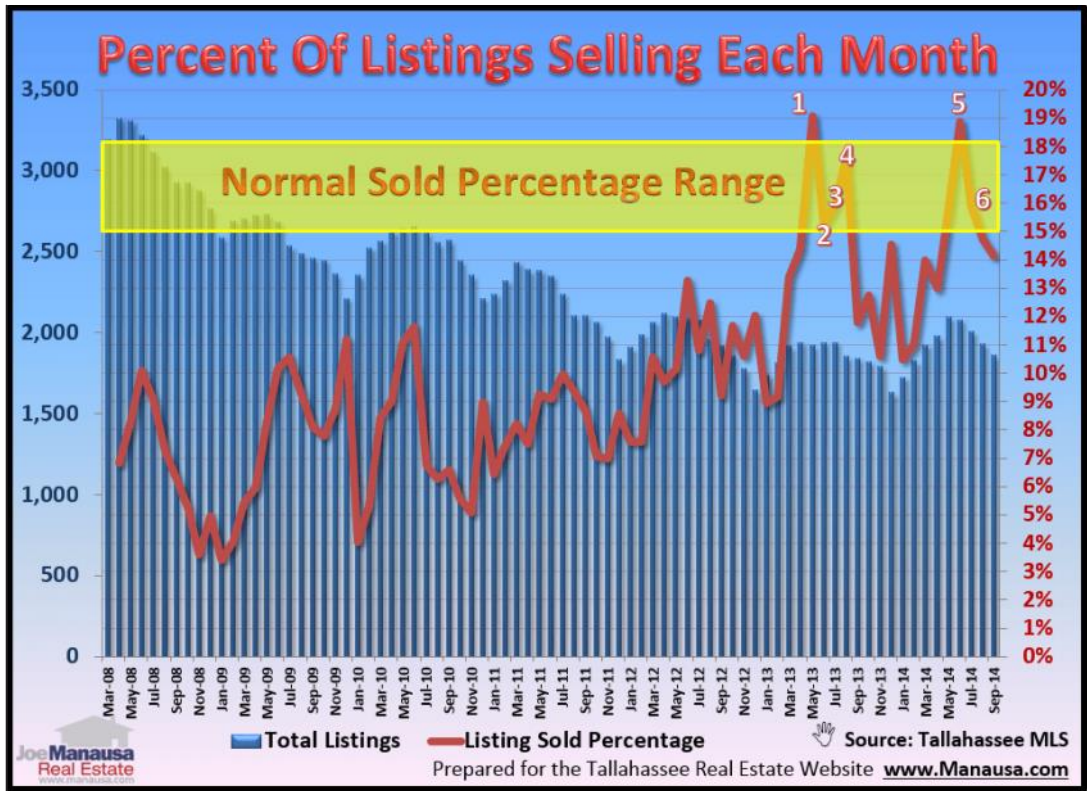
**FREE LIST OF HOMES**  
 Distressed Property, short sales  
 REOs, Foreclosures - Best Buy List



**Buyers B Where?**

As we see home values rise, more “trapped” home sellers will be able to make a move

**Buyer Activity Slowly Strengthening**



Only six months in the past year and a half has seen buyers step up and consume a “normal” chunk of demand. But considering it was zero months for the preceding 5 years, we have to become cautiously optimistic about the return of homebuyers to the Tallahassee real estate market.

In the graph above, the blue columns measure the total number of listings in Tallahassee (measured on the left vertical axis), while the red line measures the percentage of listings sold each month (recorded on the right vertical axis).

The yellow band represents a measurement of normal turnover, where approximately one sixth of the inventory is purchased each month.

Due to market cycles, we would expect

to see a market at equilibrium have a few months above the yellow range, a few months below the yellow range, and roughly half of the months of the year would fall within the yellow range.

Obviously, that is not yet occurring, but each of the months numbered in the graph above show the level of buyer activity required for the market to be considered normal.

The rate of demand is slowly returning to Tallahassee, and as we see home values rise, more “trapped” home sellers will be able to make a move, thus releasing the final niche of homebuyers that have been kept out of the market.

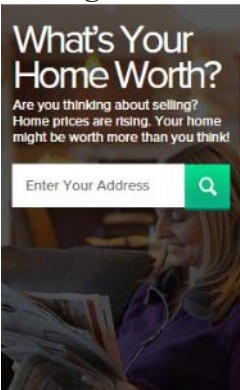
Look to see the trend above continue and strengthen during the next twelve months of home sales in Tallahassee.

## Home Not Sold?



[Get Answers Now](#)

## Selling A Home?



## Lock In Time?

The average mortgage interest rate over the past 50 years is double our current rates, so shouldn't we expect rates to more than double over the next ten years?

## Existing Home Prices Remain Fairly Stable

Buyers seem to be spending the same amount of money on existing homes today as they have been over the past three years.

Our graph below measures the one-year average existing single family home price (red line) and the average existing condominium/townhome price (green line). It is important to note that "existing" means that all new construction sales were removed for the purpose of this report.

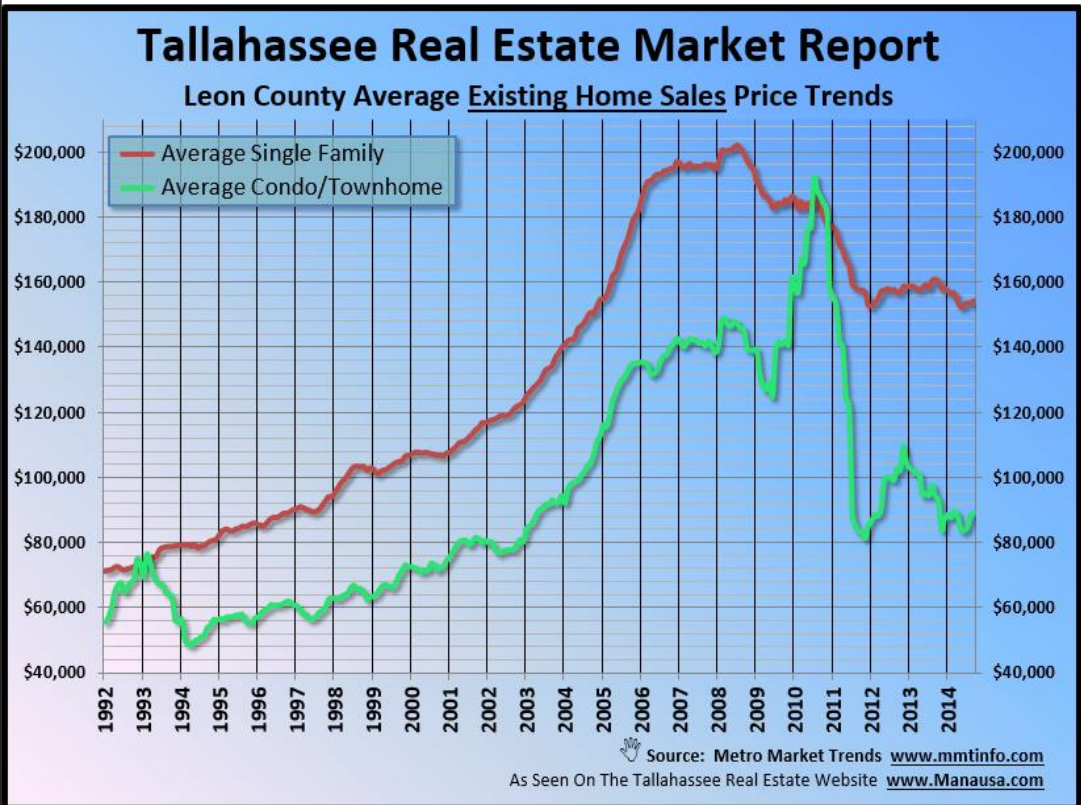
Existing home prices give current homeowners an idea of what buyers are expecting to pay, and whether or not there is something new occurring in the buying habits of homebuyers.

You can bet your bottom dollar that the stability reported in the graph below is

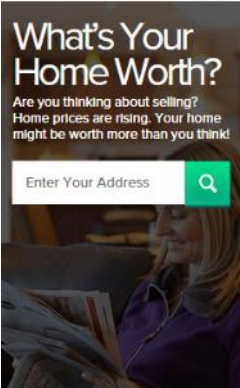
thanks in great part to mortgage interest rates holding at historic lows during the same time period.

Low interest rates let homebuyers who are financing their purchase (more than 70% of the buyers in Tallahassee finance their purchases) buy "more house" for the money, so what do you think will happen when interest rates finally begin to rise and return to normal?

By the way, the average mortgage interest rate over the past 50 years is double our current rates, so shouldn't we expect rates to more than double over the next ten years as the world financial markets correct (and over-correct) the artificially low interest rate environment that our government has manipulated?



**Selling A Home?**



**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 decline, after reaching a five year high last year of just under 60% 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.

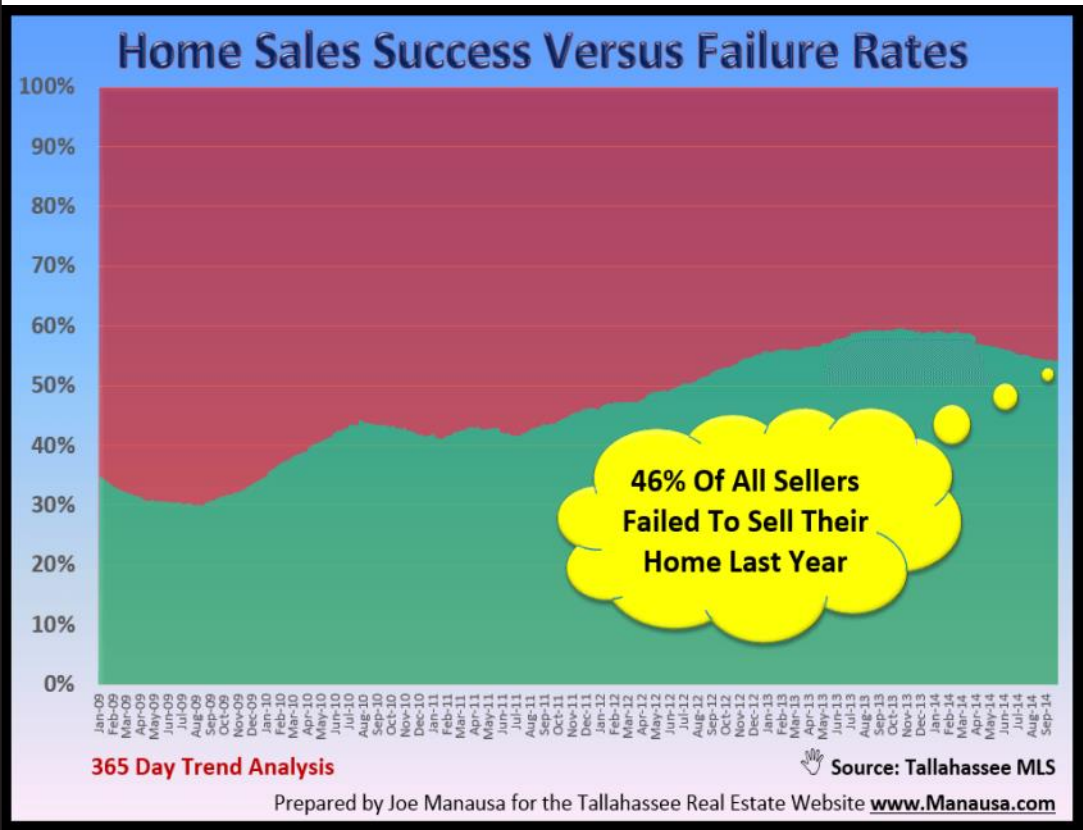
- Success: 54%
- Failure: 46%

**Sales Success Rates Still Too Low**

So, in simplified terms, we can say that over the past year, roughly 54% of the homes that were listed actually sold, and 46% of the listings taken failed to sell.

The success trend is no longer on the rise, though we are concerned that previously failed "wanna-be" home sellers will return to the market en masse when they realize that values are on the rise in many price ranges.

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 !**



**Well Supplied**

The seasonal decline of homes on the market has made it so that only the lower price ranges are in or moving towards a balanced market

**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 seven month's supply of homes on the market, with just the luxury end of the market continuing in a glut.

**Sales Must Continue To Increase**

Home sales have cooled off in recent months. 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 - October 2014**

Chart Information	NE	NW	SE	SW	ALL
\$0-\$75,000	0.8	5.1	4.0	7.5	4.6
\$75,000-\$100,000	4.3	9.8	8.3	10.2	8.2
\$100,000-\$125,000	4.6	7.4	4.1	20.7	6.4
\$125,000-\$150,000	6.8	8.6	9.5	9.0	8.0
\$150,000-\$200,000	6.9	9.4	9.3	13.2	7.8
\$200,000-\$250,000	5.8	5.9	7.4	18.0	6.1
\$250,000-\$300,000	6.1	7.9	6.5	42.0	6.6
\$300,000-\$500,000	8.2	9.5	6.8	36.0	8.2
\$500,000-\$750,000	15.8	24.0	3.3	No Sales	14.3
\$750,000+	21.6	No Sales	18.0	No Sales	24.0
All Price Ranges	6.6	7.5	6.4	10.1	7.1

Information in the report above shows relative home supply (months of supply based upon the current rate of sales). For example, there are 6.1 months of supply of homes priced between \$250K and \$300K in the Northeast, but 42.0 months of supply of the same priced homes in the Southwest.

## Relative Supply Enjoys Seasonal Decline

### Falling Supply

The current 7.1 months of supply is lower than the 7.5 months of supply reported this time last year, but high supply still favors the buyer



## Home Search

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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 has fallen. The current 7.1 months of supply is lower than the 7.5 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 if it continues to rise, it will help us return to normal.

Finally, we are seeing 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 equal amount of growth in demand.



**Can We Help?**



**Selling A Home?**

Sell it now, sell it fast, and move to the home that you desire



**Feedback Wanted**

**Links To Relevant Articles**

**Building Permits And New Home Sales Impact Housing Market Health**

The Tallahassee housing market is building homes at near all-time low levels, which equates to roughly 30% of the pace that we saw in the 1990s.

But a new trend is emerging, and it is one that could impact home values for both new and existing home sales.

[\[Read More\]](#)

**Summerbrooke Home Sales Report Through September 2014**

If you are looking for a lifestyle that includes a golf and pool club, nestled among lakes, parks, and walking trails, Summerbrooke should be included when it comes time to shop for your next home.

In this report, we will look at prices, values, and sizes of homes in Summerbrooke, as well as show current listings in the Tallahassee MLS and all closed home sales going back to 2002.

[\[Read more\]](#)

**What The Recent Foreclosure Report Means For Tallahassee Housing**

The trend of foreclosure sales is soaring, an unsurprising result of the past lis pendens filings that have occurred.

But a recent trend reversal on lis pendens filings is a cause for concern regarding the near future of home sales and values in Tallahassee. [\[Read More\]](#)

**Camelot Park Home Sales Report Through September 2014**

Literally walking distance to some of the best shopping in Tallahassee, many

residents of this popular NE Tallahassee neighborhood (though very centrally located) enjoy being within a mile of both Tom Brown Park and the Capitol Building Complex too. If you work downtown, look no further than Camelot Park for convenience and value.

[\[Read more\]](#)

**Year Over Year Home Sales Rocket Up 33% In September**

Year over year home sales shot up 33% in September when compared to the same month one year ago.

This third quarter ending surge means that the Tallahassee real estate market has posted 3% more homes sold through September of this year than we did at this time in 2013.

Considering that last year was a very strong first year of the housing market recovery, it is great to see a continuance remain in effect after such a strong year. [\[Read more\]](#)

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