

Tallahassee Real Estate

An analytical view of the Tallahassee Housing Market

Volume 14, Number 9

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 September Housing Report has been completed and is posted at

[The Market Bulletin](#)



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Home Sales Decline 16% In August

The past declines in new contracts has resulted in falling home sales

The number of homes that sold in August was 16% fewer than what was recorded for August 2013.

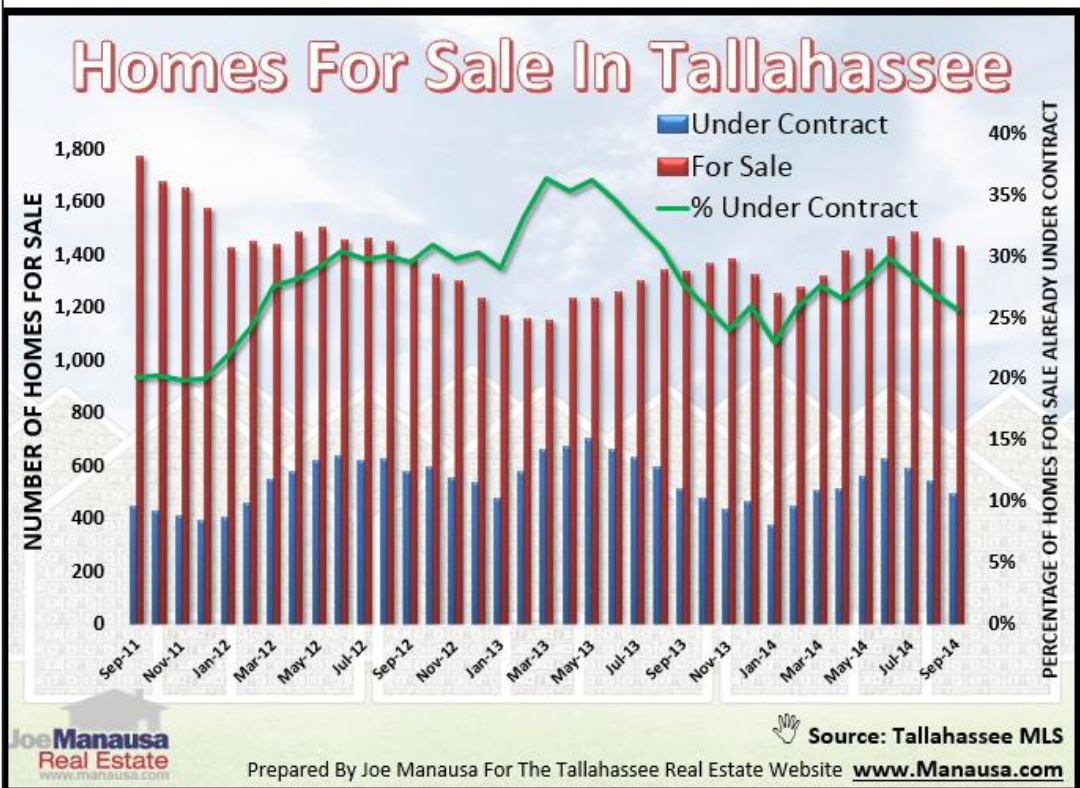
Taking a look at the current inventory of homes for sale in Tallahassee, buyers are finding more homes available.

Currently, only 1 in every 4 homes listed in the Tallahassee MLS is "under contract" meaning buyers have a lot of good choices from which to choose. The decline of short sales in our market has resulted in fewer properties carried for a long period of time as "under contract" so buyers will be less frustrated when

they go home shopping online. Many property search tools do not let the buyer know whether or not a contract is in place already, so this trend in the market should make it better for buyers.

The current supply of homes is still too high for the current rate of demand, so for most price ranges, a buyer's market still exists.

As you progress through this month's newsletter, you will find that the current inventory is not so high when compared to our normal rate of demand, so the market is still awaiting buyers.





Supply & Demand

Only homes priced below \$75,000 and homes from \$100,000 to \$125,000 register in balance

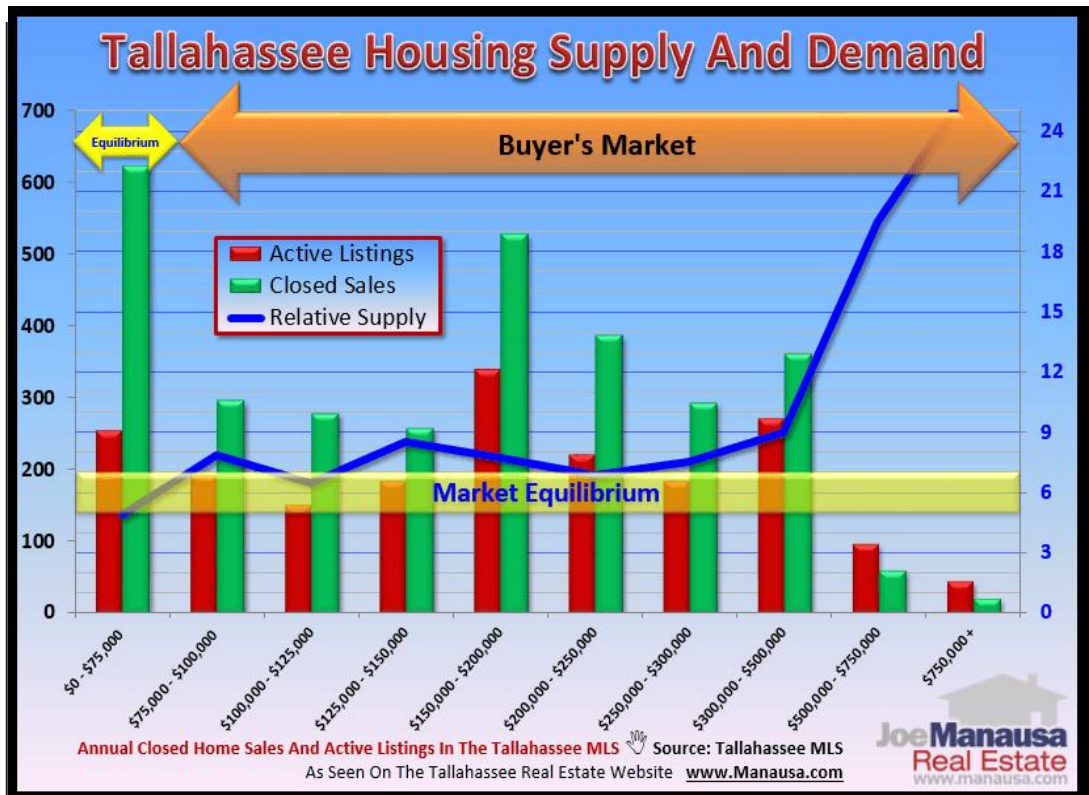
Got Horses?



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, only homes priced below \$75,000 and homes from \$100,000 to \$125,000 register in balance, while all others are definitely over-supplied. This means that sellers are facing stiff competition and pressure on prices will continue.

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

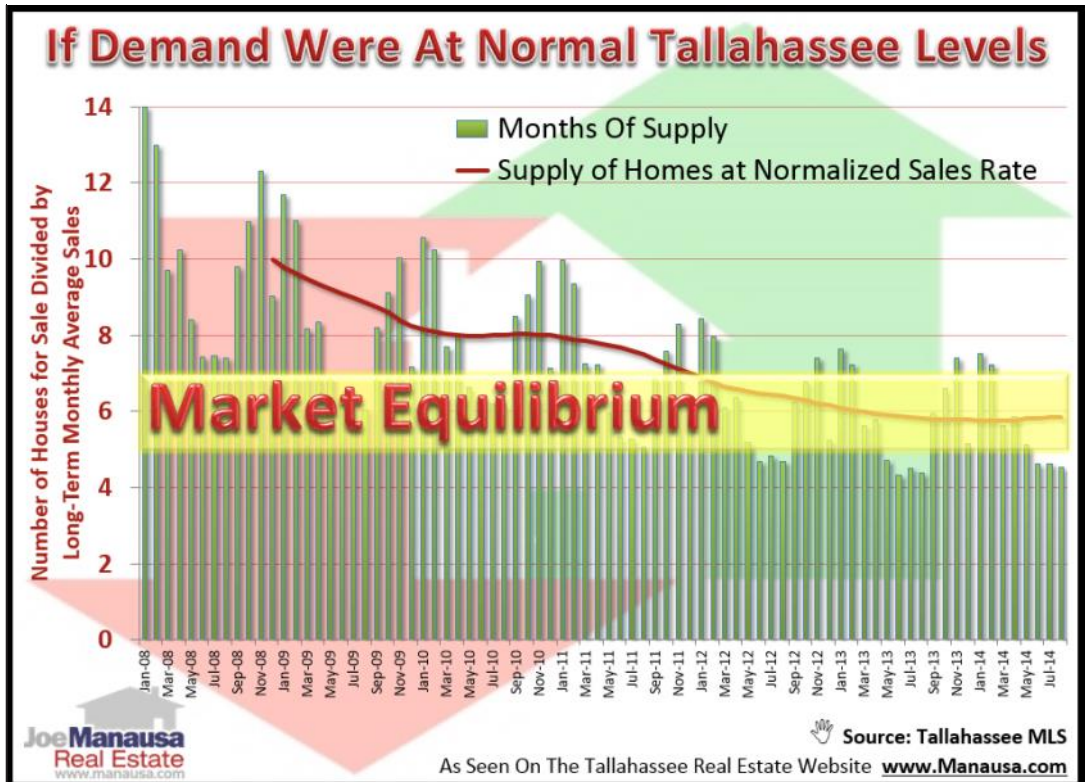
Sell A Home



Buyers B Where?

The supply of homes (which still outweighs the current rate of demand) is not really the problem with the Tallahassee real estate market

How Things Would Look If Buyers Returned



Tallahassee has been in a buyer's market for eight long years, and early on it was due to the over production of homes at the end of the run of the bull market in real estate.

But lately, the supply of homes (which still outweighs the current rate of demand) is not really the problem with the Tallahassee real estate market.

The problem now lies on the demand side.

The graph above was created to show how our current inventory would look each month compared with the historic rate of demand, adjusted for seasonality.

The green bars measure the months of supply each month utilizing the historic rate of demand, while the red line shows

the one-year trend of the months of supply (removing seasonality).

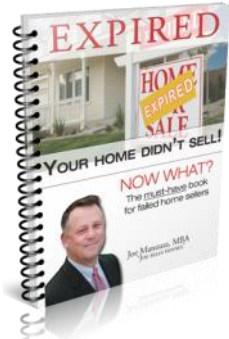
Most real estate professionals consider six months of supply as a market in equilibrium (in balance), so anywhere the red line falls within the yellow field, we can say that the current supply would be perfect for the current number of buyers in the market.

Where Are The Buyers

First time homebuyers are active, and so are real estate investors.

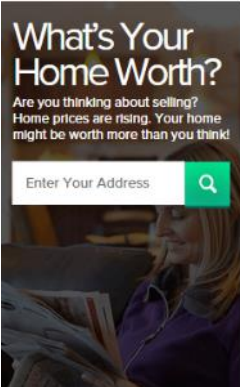
The demand problem lies within the group of homeowners who must first sell before they can buy another home. With values still down significantly, many of these sellers owe more on their home than it is worth, thus stopping them from being able to move right now.

Home Not Sold?



[Get Answers Now](#)

Selling A Home?



Know Your Numbers

The supply and demand for homes in each of the four quadrants of the Tallahassee real estate market

Gauging The Competitiveness Of Home Sellers

Every month we publish a market bulletin, showing the supply and demand for homes in each of the four quadrants of the Tallahassee real estate market.

It breaks down each quadrant by price ranges too, allowing an “at a glance” understanding of how each niche will likely handle the addition of each new buyer and seller.

The table below shows the current number of homes for sale in Tallahassee, while the table at the right shows the average number of home sales each month over the past year.

By way of example, there are currently 212 homes for sale in NE Tallahassee that are priced between \$300,000 and \$500,000, while there were 23 homes sold on average each month in this area

Leon County Home Inventory Report

Average Monthly Home Sales

Chart Information	NE	NW	SE	SW	ALL
\$0-\$75,000	9	24	10	9	52
\$75,000-\$100,000	6	11	4	3	24
\$100,000-\$125,000	7	9	5	1	22
\$125,000-\$150,000	10	8	3	1	22
\$150,000-\$200,000	29	10	4	1	44
\$200,000-\$250,000	25	4	4	0	33
\$250,000-\$300,000	18	2	4	0	24
\$300,000-\$500,000	23	2	4	0	29
\$500,000-\$750,000	4	0	1	0	5
\$750,000+	2	0	0	0	2
All Price Ranges	132	71	39	15	257

and price range over the past twelve months.

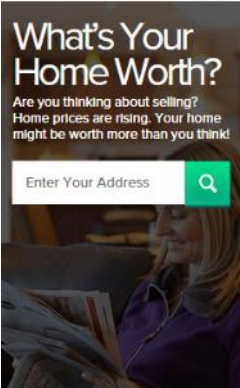
This should tell home sellers to expect buyers to choose 23 homes each month, and reject 189. If you want to be sold, you need to ensure that you are one of the best values in your price range, as there are not enough buyers to go around. For this price range, the supply represents more than 9 months worth of inventory, making it a buyer’s market.

Leon County Inventory Report

Residential Home Supply - September 2014

Chart Information	NE	NW	SE	SW	ALL
\$0-\$75,000	7	132	49	65	253
\$75,000-\$100,000	32	106	31	24	193
\$100,000-\$125,000	34	72	25	19	150
\$125,000-\$150,000	55	82	33	12	182
\$150,000-\$200,000	203	94	34	8	339
\$200,000-\$250,000	155	24	35	6	220
\$250,000-\$300,000	126	20	28	9	183
\$300,000-\$500,000	212	27	26	5	270
\$500,000-\$750,000	79	9	7	1	96
\$750,000+	38	4	2	0	44
All Price Ranges	941	570	270	149	1,930

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.

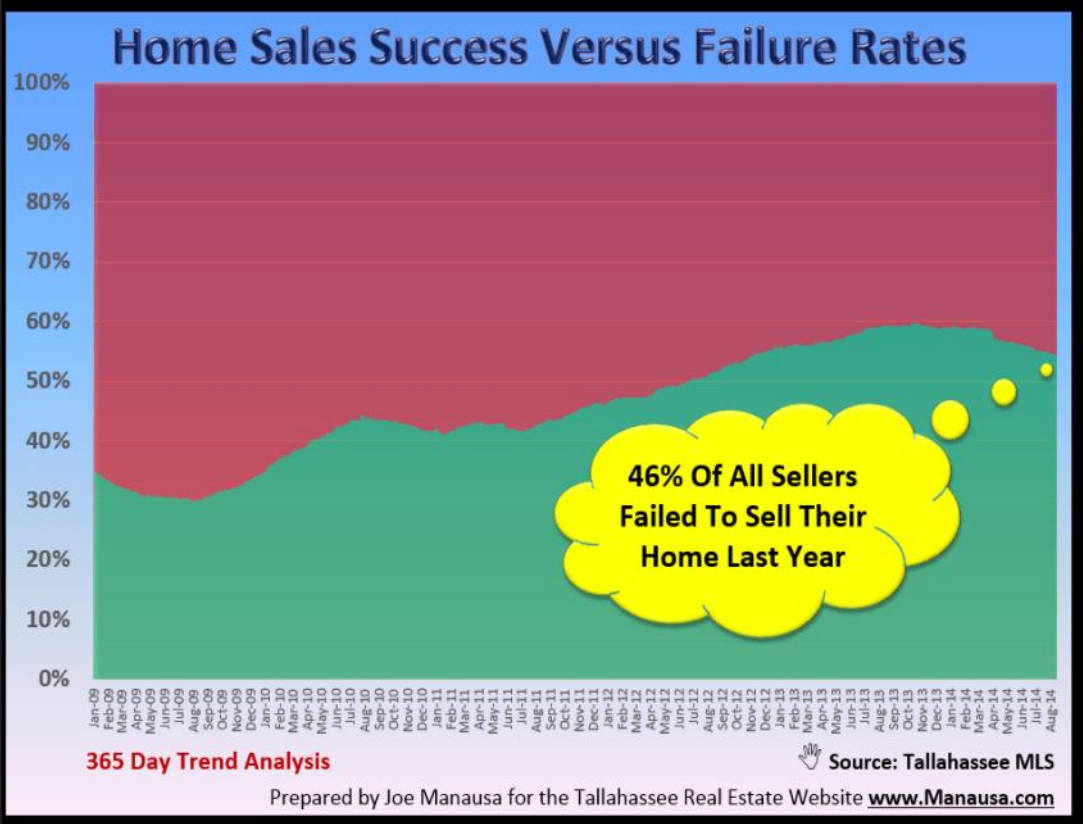
- Success: 54%
- Failure: 46%

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 - September 2014

Chart Information	NE	NW	SE	SW	ALL
\$0-\$75,000	0.8	5.4	5.2	7.2	4.9
\$75,000-\$100,000	5.1	9.3	7.3	9.0	7.9
\$100,000-\$125,000	4.6	7.8	4.7	16.3	6.5
\$125,000-\$150,000	5.8	10.3	10.2	18.0	8.5
\$150,000-\$200,000	7.0	9.6	8.2	8.7	7.7
\$200,000-\$250,000	6.3	6.4	10.0	18.0	6.8
\$250,000-\$300,000	7.0	8.6	7.0	108.0	7.5
\$300,000-\$500,000	9.1	13.0	5.9	30.0	9.0
\$500,000-\$750,000	20.2	36.0	9.3	No Sales	19.5
\$750,000+	25.3	No Sales	12.0	No Sales	26.4
All Price Ranges	7.1	8.0	6.9	9.9	7.5

Information in the report above shows relative home supply (months of supply based upon the current rate of sales). For example, there are 7.0 months of supply of homes priced between \$250K and \$300K in the Northeast, but 108.0 months of supply of the same priced homes in the Southwest.

Relative Supply Enjoys Seasonal Decline

Falling Supply

The current 7.5 months of supply is lower than the 7.6 months of supply reported this time last year, but high supply still favors the buyer

Home Search

[Betton Homes](#)

[The "Bobbins"](#)

[Buckhead](#)

[Bull Run](#)

[Glen At Golden Eagle](#)

[Golden Eagle](#)

[Highgrove](#)

[Indian Head Acres](#)

[Killearn Acres](#)

[Killearn Estates](#)

[Killearn Lakes](#)

[Ox Bottom Manor](#)

[Piney-Z](#)

[Southwood](#)

[Summerbrooke](#)

[Weems Plantation](#)

[Woodland Drives](#)

[Distressed Properties](#)

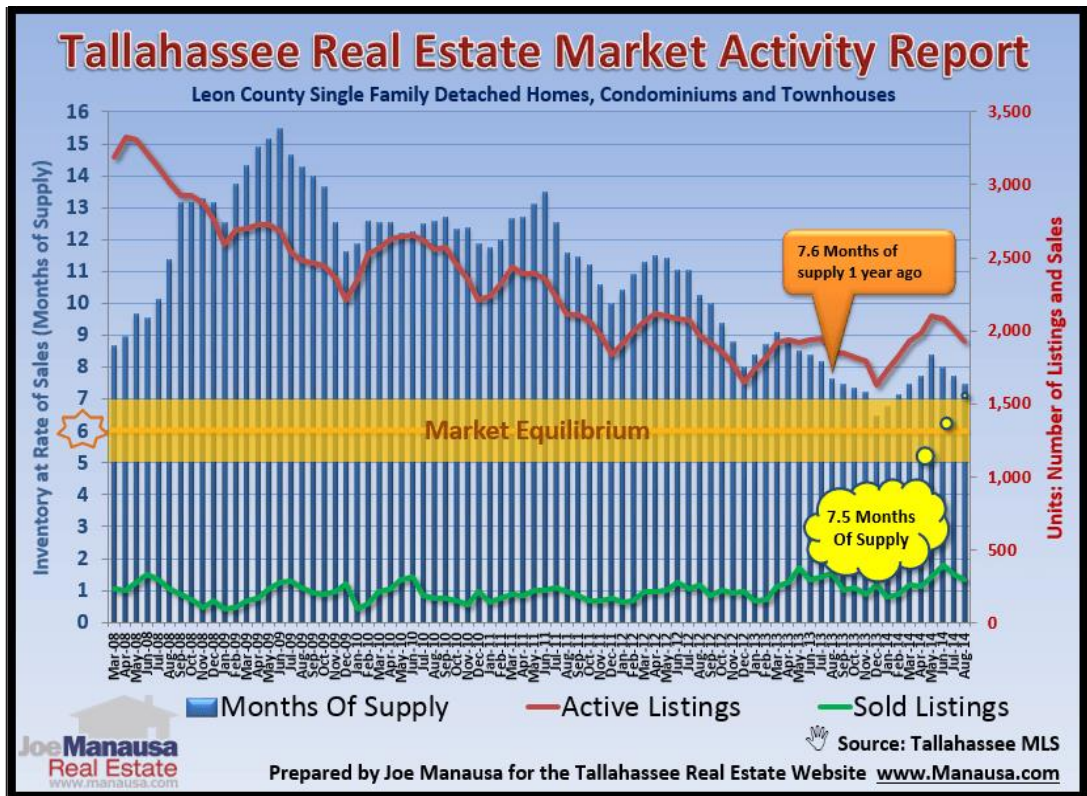
[Arms Length Homes](#)

[Golf Course Homes](#)

[Short Sales](#)

[Foreclosures](#)

[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 has fallen. The current 7.5 months of supply is lower than the 7.6 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?**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****Lafayette Oaks Home Sales Report**

Having recently sold a few homes in Tallahassee's first gated community, (Lafayette Oaks), I have plenty of updated information about this popular neighborhood in Northeast Tallahassee. [\[Read More\]](#)

Indian Head Acres Home Sales

As the demand for "in town" and "downtown" continues to grow in Tallahassee, we are seeing more people search for homes in and around Indian Head Acres. As one of the most popular Tallahassee neighborhoods in our SE Quadrant, home sales are on pace for a record setting year. [\[Read More\]](#)

Golden Eagle Plantation Home Sales

Home sales continue to strengthen in Golden Eagle Plantation, located in NE Tallahassee.

This popular neighborhood was seriously over-supplied with homes over \$500,000, but a strong 2013 and even stronger start to 2014 has reduced a good portion of the excess of houses on the market in this Tallahassee golf course community. [\[Read More\]](#)

Killearn Acres Home Sales Report

The rate at which homes are selling in Killearn Acres has begun to return, with nearly 5 homes selling each month thus far through August of 2014.

Thus far in 2014, there have been 39 homes sold in Killearn Acres, with an average sales price of \$154,000 and a value of \$98 per square foot. That means you are getting a 1,565 square foot home for just over \$150K in a highly

desirable NE Tallahassee neighborhood. [\[Read More\]](#)

The "Bettons" Home Sales Report

Having moved our office just across the street from the Betton Neighborhoods back in May, this home sales report for Betton Hills, Betton Hill, Betton Woods, Betton Estates, Betton Place and Betton Oaks is long overdue.

Demand is robust, home sales are at historically high levels, and home values have stabilized. With interest rates near record lows, home affordability in the Betton Neighborhoods has never been better. [\[Read More\]](#)

Can You Really Just Click For A Home's Value

You want to know how much your home is worth and you want to simply click a button to get the information.

No salesperson, no laundry list of things about your house to submit, you simply want to know what it is worth. Right? [\[Read More\]](#)

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