

Tallahassee Real Estate

An analytical view of the Tallahassee Housing Market

Volume 14, Number 7

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 July Housing Report has been completed and is posted at

[The Market Bulletin](#)



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When Will Buyers Return To The Market?

The current supply of homes is perfect for our normal rate of demand

If only the number of buyers in the Tallahassee real estate market would return to normal, we would see a market in perfect balance.

Unfortunately, buyer activity is still far lower than what we have come to expect over the past 20+ years.

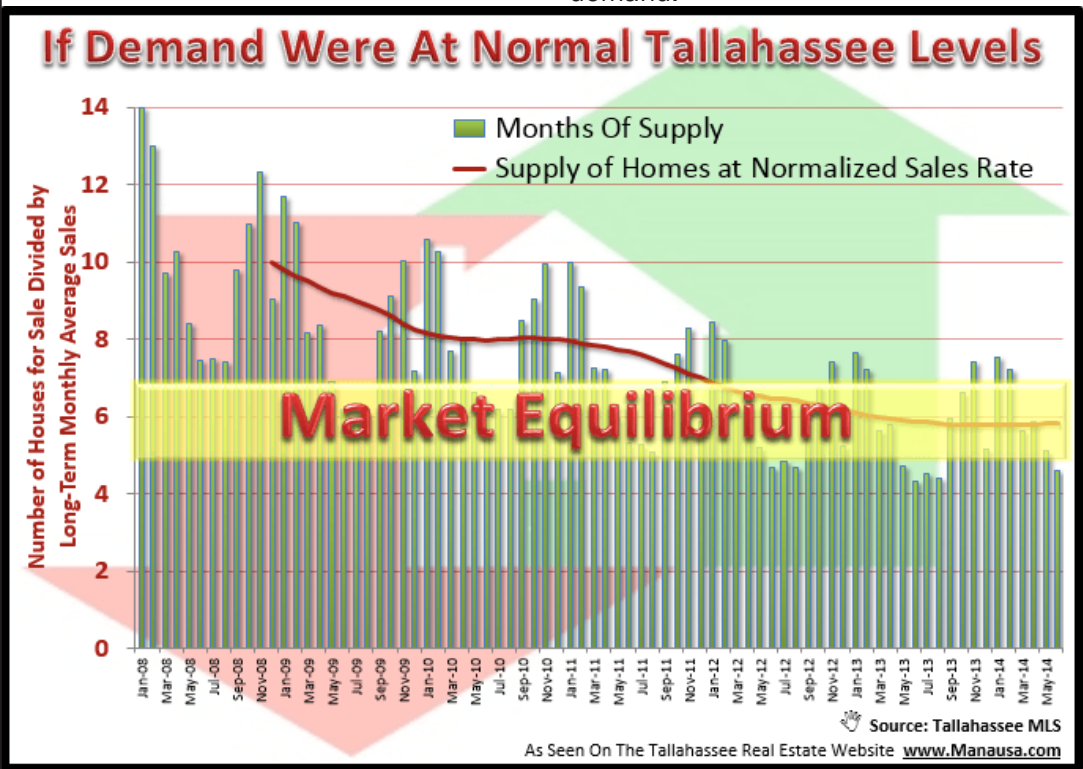
The primary culprit is the loss of home equity which occurred when the housing market collapsed in 2007, as many of our current would-be-buyers are trapped in homes that have larger mortgages than the actual homes are worth.

Historically, more than 40% of home

buyers in Tallahassee are people who must sell their current home in order to use its equity to buy the next home, and many of these people simply have no equity.

They are either selling their homes as short sales (and then renting), or they have chosen to remain in their current homes.

The short sellers must wait three years to re-enter the market as buyers, and we are now seeing them slowly return. But those who are waiting represent the a significant portion of the diminished demand.



Free Report

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

Category	2013	2014	% Change
Active Listings	1,234	1,300	5%
New Listings	400	437	9%
New Contracts	180	156	-13%
New Sales	350	386	11%
New Failures	200	253	27%
Homes Sold	290	386	33%
Median Home Price	\$160,000	\$144,231	-10%
Median Home Value	\$100 PSFT	\$94 PSFT	-6%

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Falling Values


Unit sales rose 31% in June (compared to June 2013) but new contracts were down 57%, while median home prices fell 10% and median home values declined by 5%

TALLAHASSEE


June 2014 Housing Statistics



Homes Sold
386
↑ 31%



Median Home Price
\$144,231
↓ 10%



Median Home Value
\$94 PSFT
↓ 5%

■ 2013
■ 2014

437
7% More

New Listings

156
57% Less

New Contracts


386
31% More

New Sales

253
54% More

New Failures

Data is for condominiums, townhouses, and single family detached homes in Leon County, Florida. Percent change reflects a year-over-year comparison between June 2013 and June 2014. For a detailed report, please visit manausa.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 homes priced below \$75,000 and homes from \$100,000 to \$125,000 register in balance

Lakefront



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.

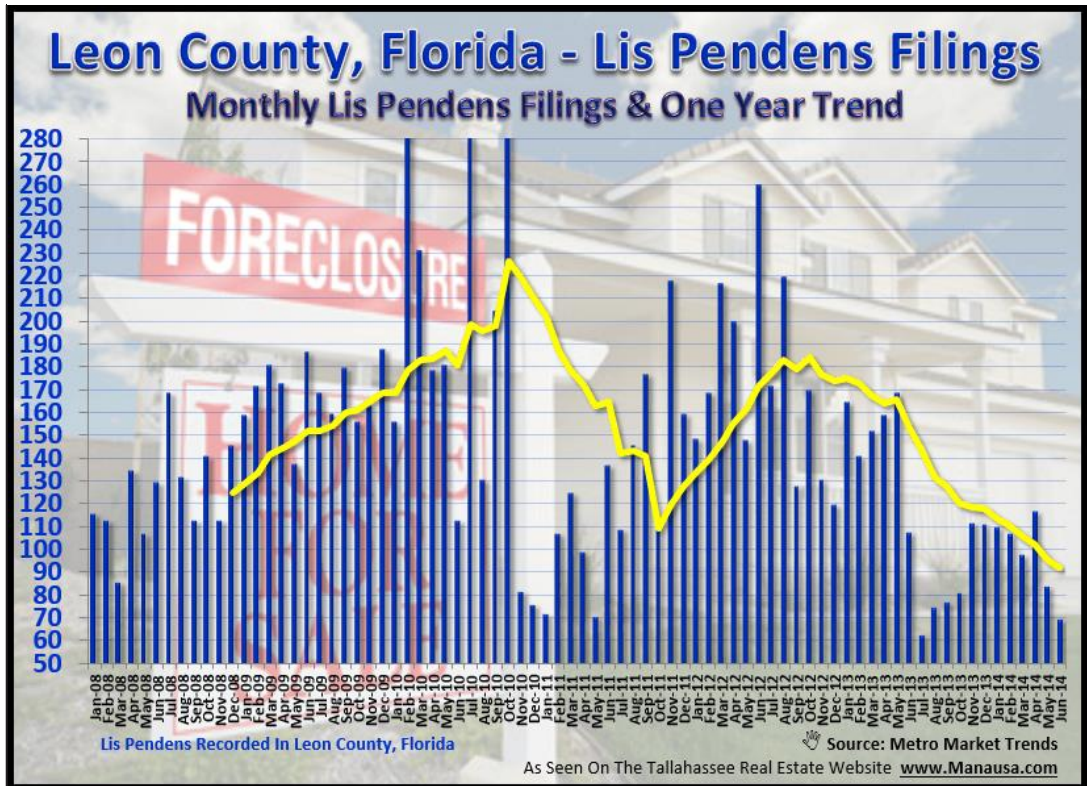


Getting Better

The one-year trend of new filings is at its lowest point since we began tracking them at the beginning of 2008

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

New Foreclosure Filings Continue To Decline



There were 70 lis pendens filed in June, the lowest monthly total since July of last year.

The one-year trend of new filings is at its lowest point since we began tracking them at the beginning of 2008, and is likely lower than any point in the past eight years. Needless to say, this is very good news.

Historically, we would see new filings result in homeowners selling their home to collect their equity and satisfy the deficient loan. Only 12% of the time did new filings actually result in a foreclosure sale (in the beginning of 2008). But oh how times have changed.

The small graph to the right shows lis pendens filings in green, and foreclosure sales are shown in red. The ratio of foreclosure sales to new lis pendens

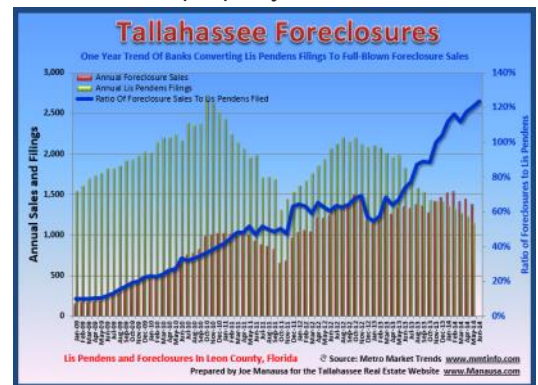
filings is shown as a blue line and measured on the right vertical axis.

Currently, there are more foreclosure sales than there are lis pendens being filed. I believe this is due to a falling rate of lis pendens, but it also reflects the fact that foreclosure is a very likely result of a new filing, as homeowners have no equity and thus a lower ability to get their home sold in order to satisfy the loans on the property.

Sell A Home
 Typical Real Estate Marketing Plan
 "Please Let It Work This Time"

New Filings

Lis pendens filings are the start of the foreclosure process in the State of Florida



Home Sales Remain Well Below “Normal”

The number of homes selling each day remains far below the normal rate of sales for which Leon County should be posting, based upon 23 years of data.

The graph below shows two sets of home sales information. The dark green shows the one-year trend of home sales recorded in Leon County, while the light green shows the one-year trend of Leon County home sales recorded in the Tallahassee MLS. We use the MLS information to compare supply with demand, but we get the full view of the market by studying sales that have been recorded by everybody (not just the Realtor MLS).

The red line shows the ten year average, which is currently lower than it was coming out of the 1990s, and still declining. So despite having the great

explosion of home sales from 2003 through 2007, our ten year average is still lower than what was recorded in the 1990s. So how many home sales is “normal?”

Defining “Normal”

I do not have home sales information for decades prior to the 1990s, so I cannot say whether or not that decade performed at a rapid rate of home sales or a slow rate either.

But I do know that our population has grown by more than 30% since 1990, so it would be practical to assume that we should see a rise in home sales that reflects our population growth.

If we consider the 1990s “normal” for home sales, then we should expect demand to increase by another 50% just to see Tallahassee return to “normal.”

Home Not Sold?

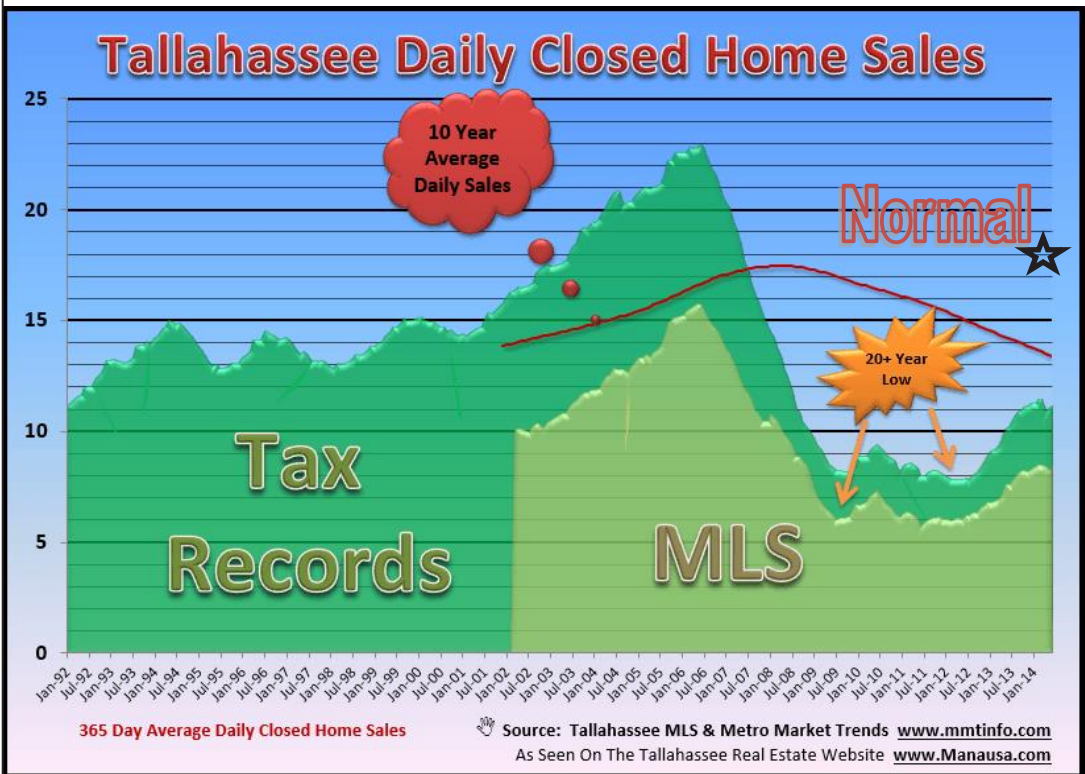


[Get Answers Now](#)



Buyer Activity Down

We should expect demand to increase by another 50% just to see Tallahassee return to “normal.”



Are Homes Selling?

Over the past year, roughly 56% 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.

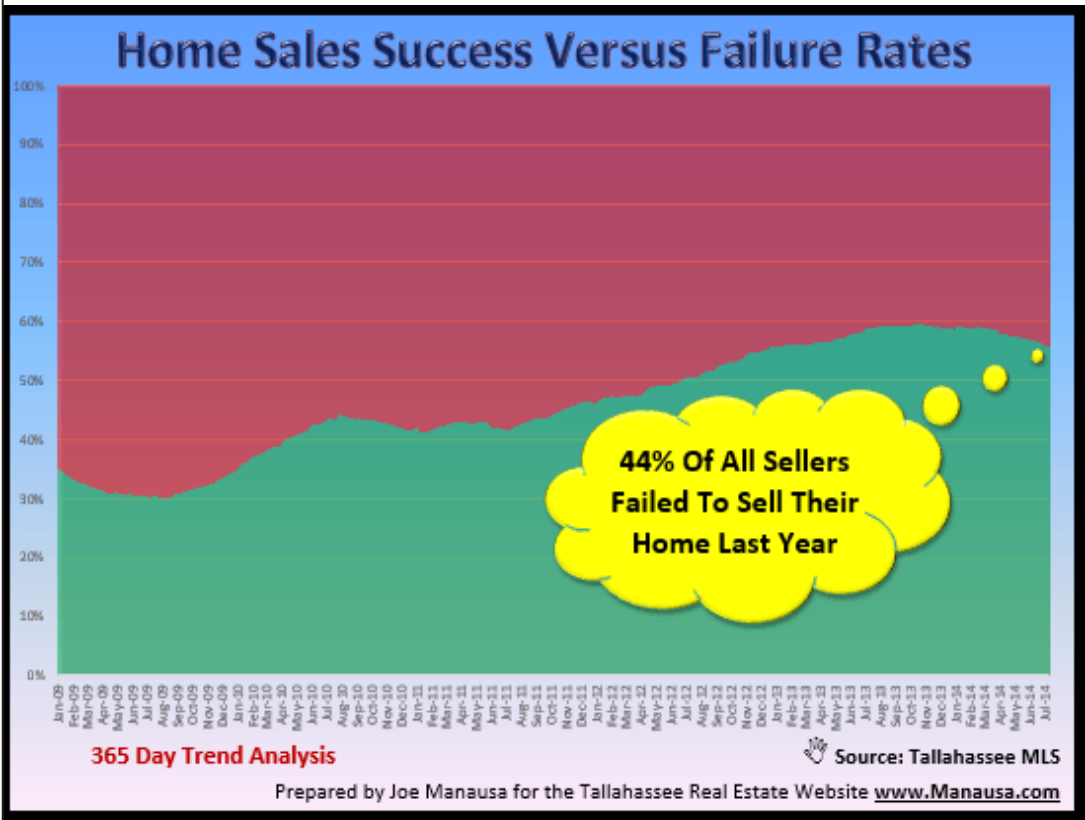
- Success: 56%
- Failure: 44%

Sales Success Rates Still Too Low

So, in simplified terms, we can say that over the past year, roughly 56% of the homes that were listed actually sold, and 44% of the listings taken failed to sell.

The success trend is not 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 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 !



Well Supplied

The seasonal surge of homes on the market has made it so that each price range is in or moving towards a buyer's 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 under 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 \$500,000.



Leon County Home Inventory Report

Residential Home Supply - July 2014

Chart Information	NE	NW	SE	SW	ALL
\$0-\$75,000	1.8	6.0	5.8	7.7	5.6
\$75,000-\$100,000	4.1	9.8	10.0	12.4	8.7
\$100,000-\$125,000	4.5	7.4	5.8	8.8	6.2
\$125,000-\$150,000	6.0	9.8	7.3	22.7	8.2
\$150,000-\$200,000	7.4	9.7	4.6	12.0	7.7
\$200,000-\$250,000	7.6	6.4	9.8	27.0	7.9
\$250,000-\$300,000	9.1	7.6	9.3	84.0	9.3
\$300,000-\$500,000	9.2	9.9	8.8	84.0	9.4
\$500,000-\$750,000	19.3	32.0	10.7	No Sales	18.8
\$750,000+	29.1	No Sales	24.0	No Sales	31.4
All Price Ranges	7.8	8.1	7.5	10.9	8.0

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 84.0 months of supply of the same priced homes in the Southwest.

Relative Supply Levels Off

Leveling Off

The current 8.0 months of supply is lower than the 8.4 months of supply reported this time last year, but not by much. Will this rise in July?

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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 8.0 months of supply is lower than the 8.4 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****Is The Shadow Inventory Growing Or Receding?**

We have not written an article for quite some time about the shadow inventory of homes, but I was just explaining it the other day to an investor.

These “homes that need to be sold” which are not currently on the market, represent more than a full year’s supply of houses that will be coming onto the market now and in the immediate future.

So I was wondering, is this list of properties growing or is it finally shrinking? [\[Read more\]](#)

New Report On The 32308 Zip Code

The 32308 zip code has always been a strong performer, with traditional Tallahassee homes located in close proximity to mid town. Some of the more popular neighborhoods like Betton Hills, Betton Hill, Lafayette Oaks and Meadowbrook are all located here. [\[Read more\]](#)

Important Real Estate Trends You Should Know About

We love to get questions at the Tallahassee Real Estate Blog, and when they relate to real estate trends, we know we will have an excellent graph to help us support the answer.

Today’s post was inspired by a recent question from a long-time reader, and today’s real estate graph shows why the prudent home seller should pay attention to what’s going on around him.

[\[Read more\]](#)

Why We Track Both The Average And Median Home Value In Tallahassee

We track the median home value (middle value in the market) as well as the mean home value (average home value), and when they make significant changes compared to each other, we know that a new trend is forming. Well, a new trend is forming.

[\[Read more\]](#)

House Fire Leaves Family Needing Our Help

I recently received an urgent email about a family who lost everything in a house fire.

It made me realize how important our homes are to us, and how they contain all of the things that we need. Fortunately, this family “only” lost all of their material possessions, nobody in the family was hurt.

I am reaching out to our readers for two things. [\[Read more\]](#)

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