

# Tallahassee Real Estate

An analytical view of the Tallahassee Housing Market

Volume 13, 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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## Supply And Demand Varies Widely In Tallahassee

A Comprehensive Review Of Supply & Demand For Tallahassee Homes

For the first time in six years, we are seeing growth in the supply of homes during a time of year that traditionally brings a reduction in the amount of homes for sale in Tallahassee.

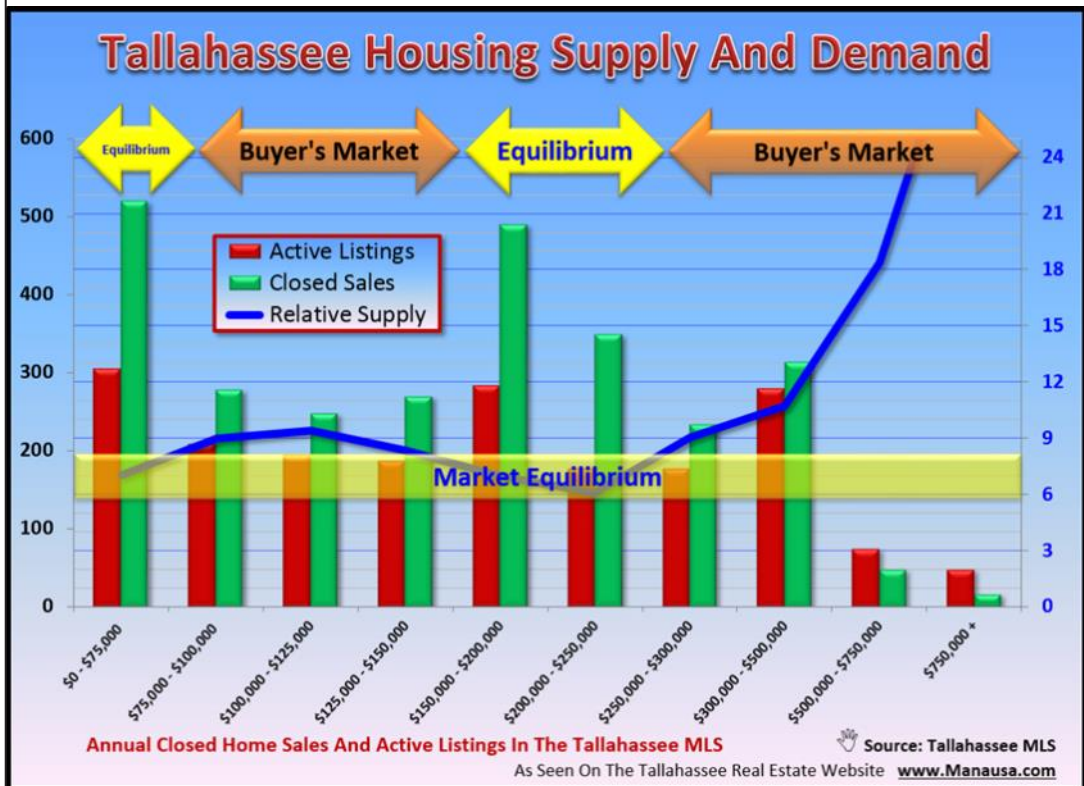
There could be many reasons why this is occurring, but regardless of the reasons, homeowners who are contemplating a sale this year or next should take the time to understand the supply and demand dynamic for similar homes.

The graph below shows the entire Tallahassee housing market (all of Leon

County, Florida) broken down by price range.

Each of the next four pages show a similar graph, but each one will be confined to a specific area (quadrant) of our market area.

The red bars measure current supply, the green bars show the number of sales over the past year, while the blue line (measured on the right axis) records the relative supply of homes (months of supply). When the blue line enters the yellow field, the market is "in balance" for the corresponding price range.



# Northeast Tallahassee Leads Market Recovery

## Free Report

**Leon County Inventory Report**  
Residential Sales Report - November 2013  
As Reported to the Tallahassee MLS

Category	Nov 2013	Oct 2013	Nov 2012	Oct 2012	Nov 2011	Oct 2011	Nov 2010	Oct 2010	Nov 2009	Oct 2009
Active Listings	1,234	1,100	1,050	1,100	1,150	1,200	1,250	1,300	1,350	1,400
Closed Sales	500	450	400	450	500	550	600	650	700	750
Relative Supply	2.5	2.4	2.6	2.4	2.3	2.2	2.1	2.0	1.9	1.8

[Click Here For Free Download](#)

## Recovery Underway

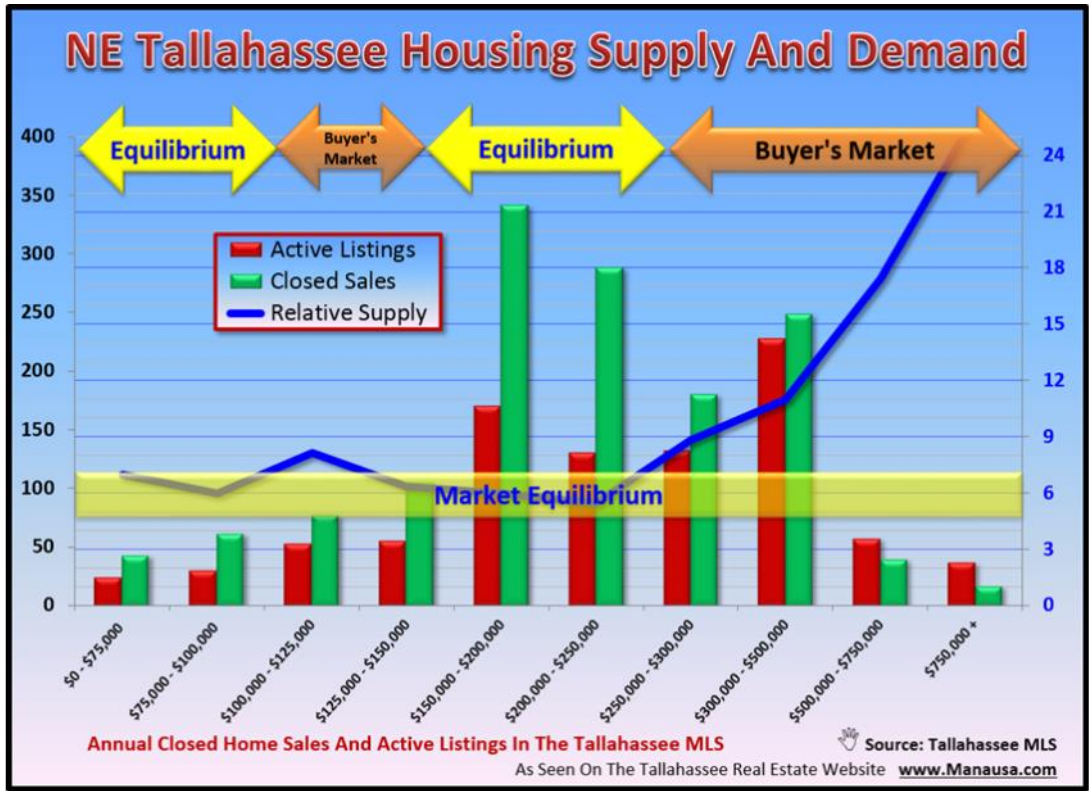
Homes at the affordable end of the market will recover before those at the high end of the market



[Search Homes](#)

## Seller's Market

I fully expect the lower end of the market to move to a seller's market in the coming year.



Northeast Tallahassee has reported just over one half of all Tallahassee home sales over the past ten years. As such, its results have a tendency to overshadow the market and lead different areas to the wrong conclusions about the state of supply and demand of homes for sale.

If you follow the blue line (relative supply of homes) from left to right, you can see that the market is well balanced from the low end all the way up to about \$250,000 (with the exception of homes priced from \$100K to \$125K).

I believe this graph is a fair picture of a recovering market, with homes at the affordable end of the market recovering before those at the high end of the market.

Notice that we do not see any area

approaching a seller's market based upon this current graph, even though many of these price ranges have been in equilibrium for numerous months.

This is because the higher priced homes have become the feeder system to the lower price ranges.

People who were hoping to sell their home for \$300K have lowered their prices to \$250K (etc.) in order to procure a sale. The glut of homes at the higher priced end of the market ensures that more of this will continue until we see the higher end return to balance.

I fully expect the lower end (where home values exist below replacement cost) to move to a seller's market in the coming year. Builders will be hard pressed to deliver inventory due to the low prices, so we'll see the lower end appreciate.

## Value Buyers Will Be Heading West

Northwest Tallahassee has a far uglier situation than what we observed in NE Tallahassee. Where the NE shows sign of recovery and hope, Northwest Tallahassee looks like a market in denial.

The only regular level of buyer activity appears in the lowest of price ranges, and there just hasn't been enough demand to help move the inventory at any other price level, even those below Tallahassee's median price point.

Homes priced below \$75,000 have barely moved to the higher end of market equilibrium. Every other price range from \$75,000 and up still remains heavily glutted with inventory and in a very strong buyers market.

This means that home values in the Northwest will still be declining for

several more years. What we should expect to see over time as values rise in the Northeast and values decline in the Northwest, is that demand will start shifting from east to west.

If interest rates begin to rise at a fairly rapid rate, this could actually end up working to the benefit of the Northwest Tallahassee housing market. Much higher interest rates might make many of the homes in the Northeast unaffordable to mid-level price range homebuyers, which might make them push to the west at a faster pace.

I would expect to see home sales at the lower end start to pick up in the northwest section of Tallahassee as we see the supply of the same priced homes decline in the Northeast. Unfortunately, Northeast Tallahassee still has plenty of supply.

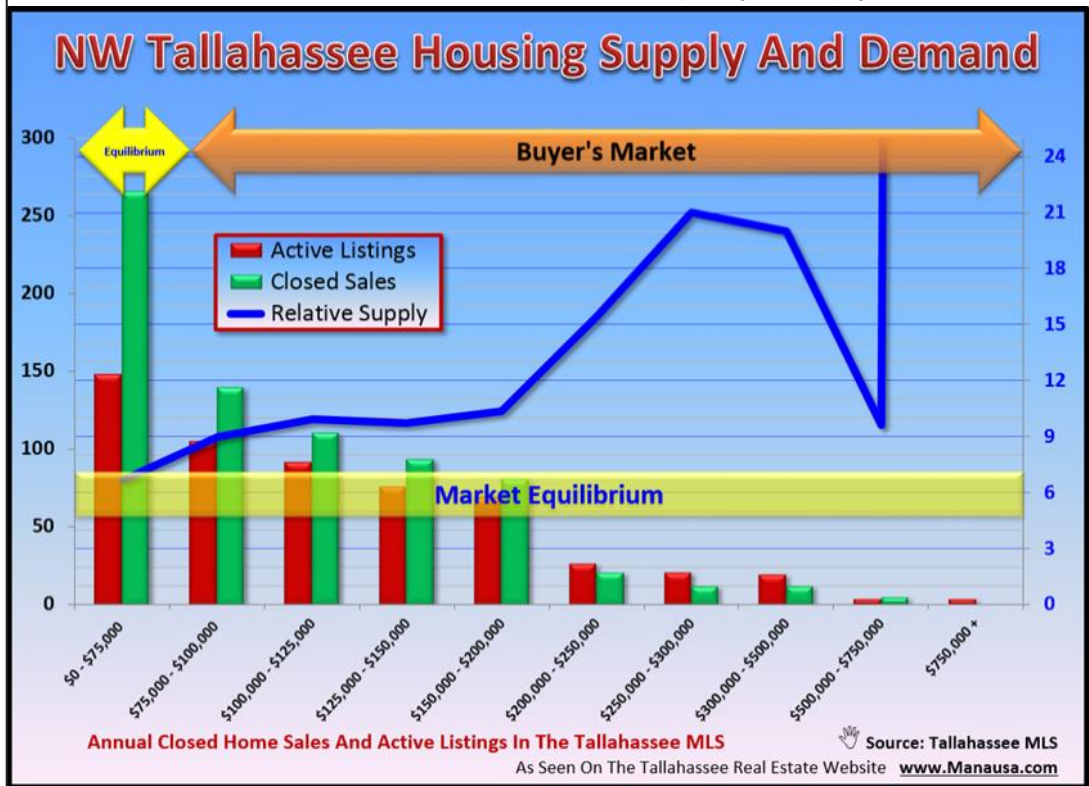
### Average Prices

Expect to see home sales at the lower end start to pick up in the northwest section of Tallahassee when we see the supply of the same priced homes decline in the Northeast.



### Glut Of Homes

Every price range from \$75,000 and up still remains heavily glutted with inventory and is in a very strong buyers market

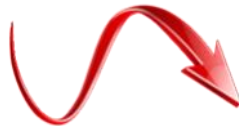


## Southeast Tallahassee Well Into Recovery



### Positive Trend

Homes priced from \$250,000 all the way up to \$500,000 are in equilibrium

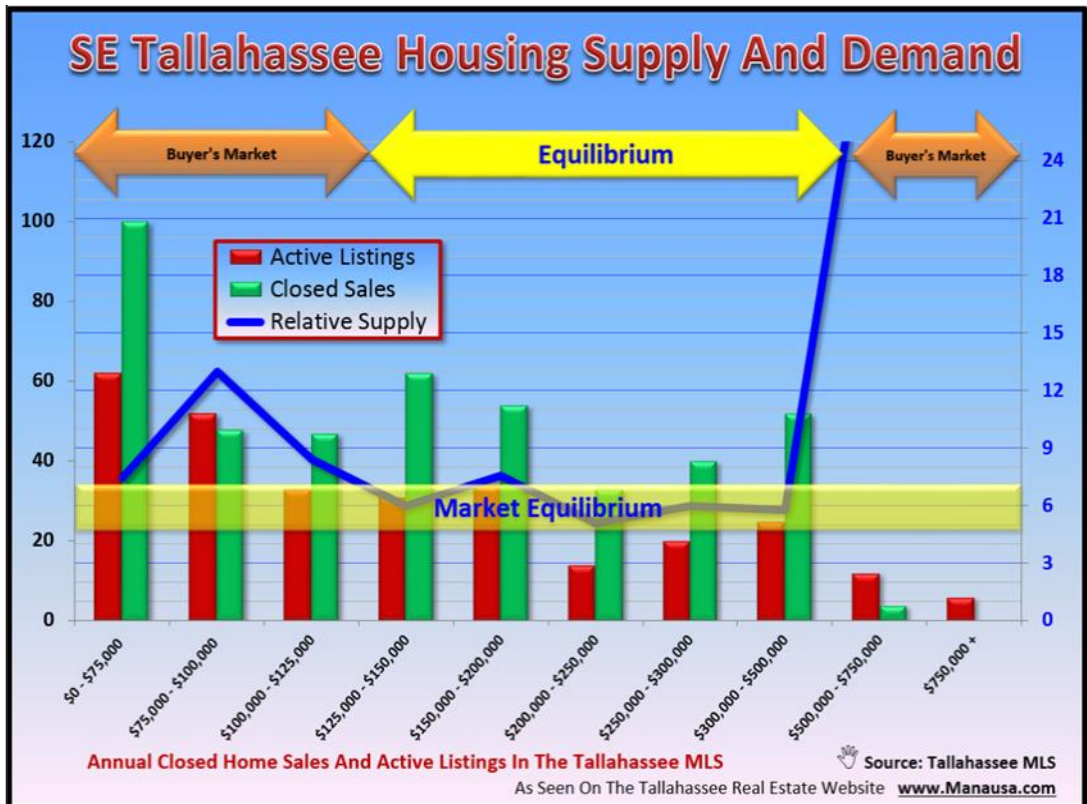


### Low End Heavy

Due to the glut at the lower end, SE Tallahassee is a little further behind NE Tallahassee in the recovery

### FREE LIST OF HOMES

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



Southeast Tallahassee also has its share of problems, but it is much further along in the housing recovery than what we saw from the northwest quadrant of the Tallahassee real estate market.

Homes priced below \$125,000 are oversupplied as are homes priced between \$150,000 and \$200,000, as so are homes priced above \$500,000.

But unlike everywhere else in Tallahassee, homes priced from \$250,000 all the way up to \$500,000 are in equilibrium. This means for the current rate of demand in Southeast Tallahassee, the number of homes for sale from \$200,000-\$500,000 is just right.

The fact that there's more than a year's worth of supply for homes priced

between \$75,000 and \$100,000 is most likely a sign that there was far too much development of townhouse communities in Southeast Tallahassee.

Additionally, homeowners who have a home priced above \$500,000 should understand that there is almost zero demand in the southeast quadrant of the Tallahassee housing market for homes at that level.

Overall, I would classify Southeast Tallahassee as well into the recovery. Due to the glut at the lower end, I would say that Southeast Tallahassee is a little bit further behind the Northeast Tallahassee, but once we see the liquidation of the lower end units, the east side of Tallahassee should generate consistent results across the board.

## Southwest Tallahassee Far From Recovery



### Too Many Homes

The southwest quadrant has the worst relative supply of homes, currently at 10.4 months of supply

### Sell A Home



### Growing Supply

There is no "good" price point in the southwest quadrant.

Last but not least is the southwest quadrant of the Tallahassee housing market. If you ever needed to see a graph of what a failed growth plan looks like, then look no further than this part of Tallahassee.

Sadly, the boom of the housing market from 2002 through 2006 caused excessive new development and construction to occur in parts of Tallahassee that traditionally contained very little housing. This graph of the southwest quadrant of the Tallahassee real estate market shows that there just isn't any demand for the homes that are available in this area.

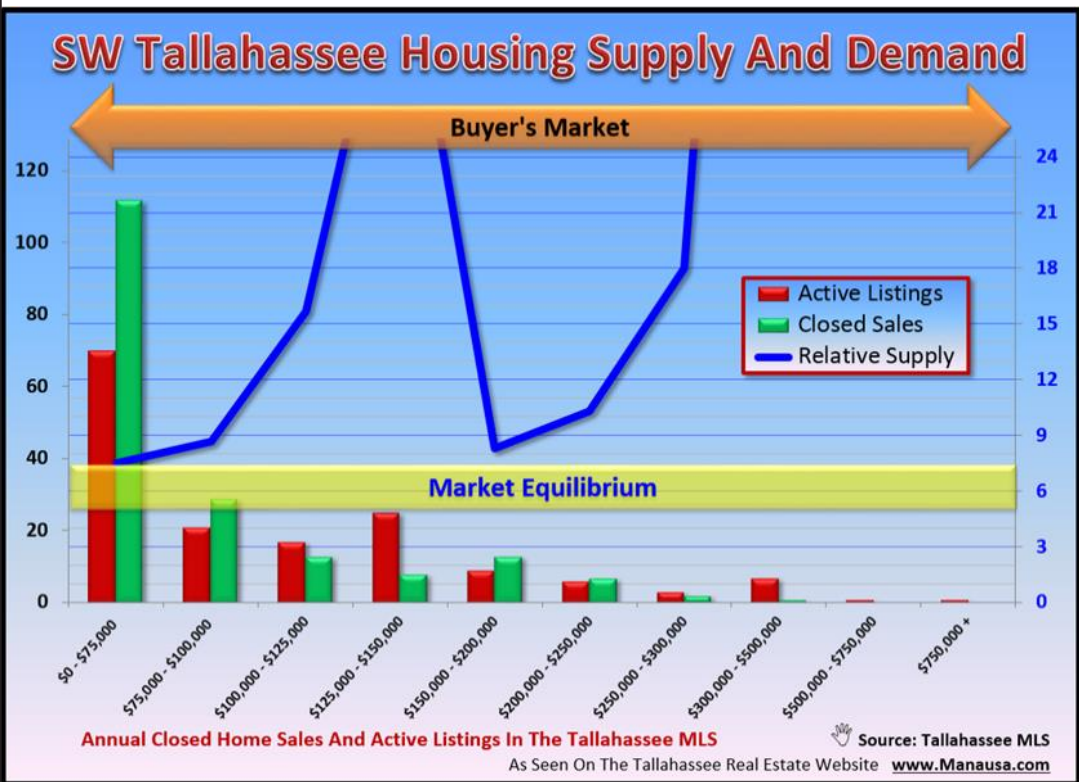
There is no "good" price point in the southwest quadrant. The relative supply of homes everywhere exceeds the level that we need to see for the market to reach equilibrium, thus the entire

southwest quadrant is in a buyers market.

There were no sales above \$500,000 over the last year, yet there is inventory. Everywhere that you see the red bars exceed the green bars in the graph below indicates that there is more than one year supply of homes in that price range.

The southwest quadrant has the worst relative supply of homes, currently at 10.4 months of supply. You can see a detailed breakdown of each price range and each area in the chart located at page 7 of this report.

If you own a home that you are hoping to sell in SW Tallahassee, I recommend you consider working a resolution plan with your bank or be prepared to own that home for a long time.



**Are Homes Selling?**

Over the past year, roughly 58% 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.

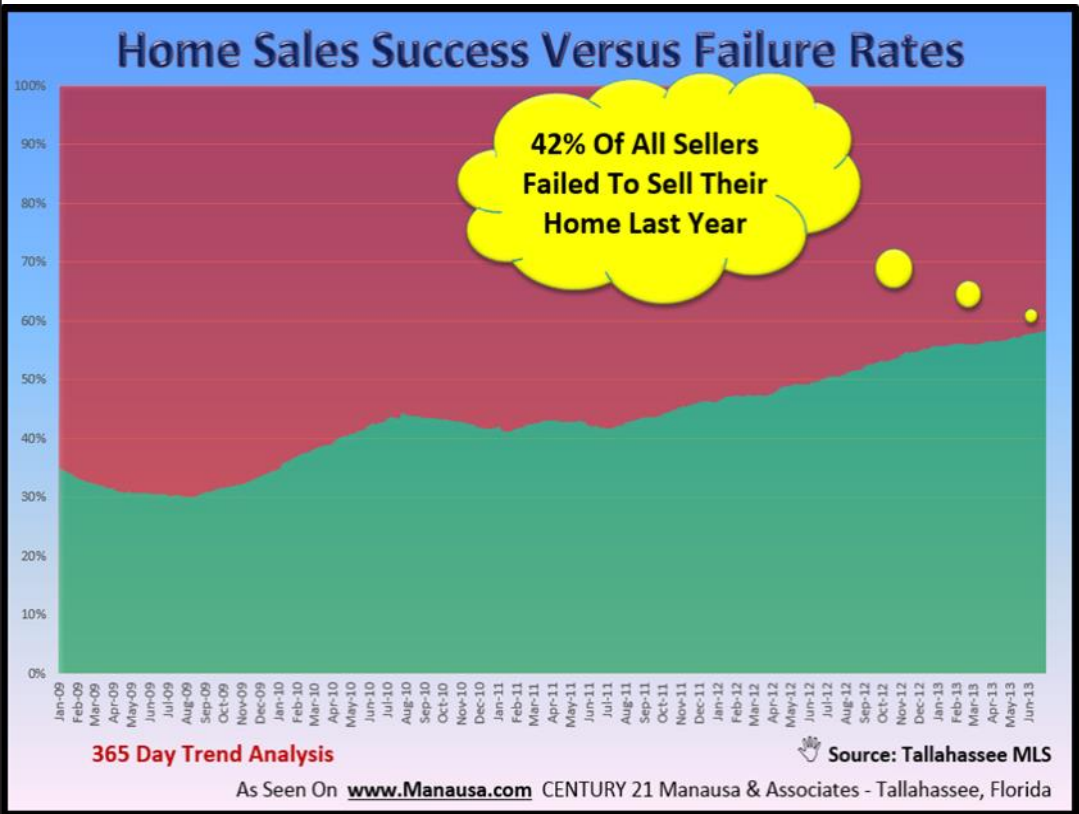
- Success: 58%
- Failure: 42%

**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 42% 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 !**



**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 - July 2013**

Chart Information	NE	NW	SE	SW	ALL
\$0-\$75,000	7.0	6.7	7.4	7.5	7.0
\$75,000-\$100,000	6.0	9.0	13.0	8.7	9.0
\$100,000-\$125,000	8.2	9.9	8.4	15.7	9.4
\$125,000-\$150,000	6.3	9.7	6.0	37.5	8.4
\$150,000-\$200,000	6.0	10.4	7.6	8.3	7.0
\$200,000-\$250,000	5.4	15.4	5.1	10.3	6.1
\$250,000-\$300,000	8.8	21.0	6.0	18.0	9.0
\$300,000-\$500,000	11.0	20.0	5.8	84.0	10.7
\$500,000-\$750,000	17.4	9.6	36.0	No Sales	18.4
\$750,000+	26.1	No Sales	No Sales	No Sales	33.9
All Price Ranges	7.9	9.2	7.9	10.4	8.4

Information in the report above shows relative home supply (months of supply based upon the current rate of sales). For example, there are 8.8 months of supply of homes priced between \$250K and \$300K in the Northeast, but 21.0 months of supply of the same priced homes in the Northwest.

## One In Three Homes For Sale “Already Sold”

### Get In Line

36% of the contracted homes are making it to the closing table, so the odds are good of converting from a second position on many of these homes

## 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](#)

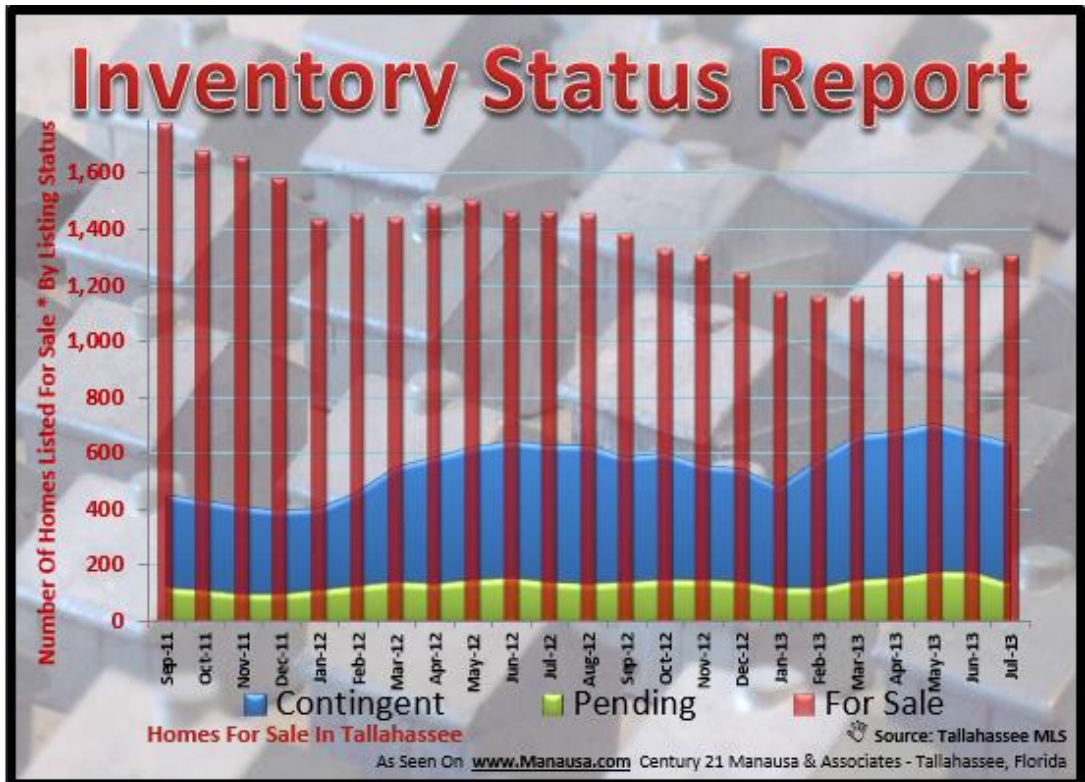
[High End Homes](#)

[Median Home Price](#)

[Short Sales](#)

[\\$250K—\\$300K](#)

[\\$300K—\\$500K](#)



The graph above shows a break-down of the supply of homes for sale in the Tallahassee MLS.

Currently, on 66% of the homes that are showing “for sale” are really available.

The red bars represent the number of homes for sale that are not under contract. The blue shaded area measures the number of homes that are contingent in the MLS, while the green area measures pending home sales. Combining the blue area and the green area in the graph, we see that one in every three homes for sale in Tallahassee is under contract.

This is one of the reasons that using most online property search tools is so frustrating for homebuyers. Many of the homes that they want to go see are

already under contract and might even have a back-up contract in place.

For this reason, you really need to have a real estate buyers agent that you can bounce questions off of while you do your online property search.

All of the national property search tools as well as all the local ones that feature all of the homes for sale in the market, get their information from the Tallahassee MLS, so you have to find one that specifically eliminates those that are under contract.

Of course, you might want to consider viewing some of these “under contract” homes anyway. Currently, only 36% of the contracted homes are making it to the closing table, so the odds are good of converting from a second position on many of these homes.



**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****Real Estate Closings Up 28 Percent**

Real estate closings are definitely on the rise and oh what a difference a year makes.

Currently we are seeing roughly 28% more real estate closings every day in the Tallahassee real estate market compared to just one year ago, and the two real estate graphs in this report provide the context to see exactly how far we have come and yet have to go.

[\[Read more\]](#)

**How To Short Sale Real Estate After A Divorce Or Break-Up**

If you want to know how to short sale real estate after a breakup or divorce, then you are not alone. In fact, if you are curious about whether or not to short sale a home or just move directly to bankruptcy, again, you are not alone.

Take the time to understand how to short sale real estate and how to decide whether or not you should even be thinking about a short sale as your smartest course of action.

[\[Read more\]](#)

**Killearn Acres Mid Year Home Sales Report**

Northeast Tallahassee has many popular neighborhoods, and today we feature Killearn Acres that has homes with prices very close to Tallahassee's median home sales price.

Currently, there are 23 homes for sale in Killearn Acres, and they range in price from \$120,000 to \$260,000.

Killearn Acres home sales are usually

fairly brisk, and it is why this subdivision can usually be found among the top five or ten most active neighborhoods in Tallahassee. [\[Read more\]](#)

**Home Remodeling Vs. Building New**

If you want a home with all the newest amenities, you might find yourself trying to decide whether to build a new home versus tackling a home remodeling project. This decision is not one that you should take lightly, as each solution will require a lot of money and a significant amount of your time. [\[Read More\]](#)

**Piney Z Home Sales Report July 2013**

Piney Z home sales have been recovering nicely over the past year or so, and it is why this subdivision can usually be found among the top five or ten most active neighborhoods in Tallahassee.

Currently, there are 20 homes for sale in Piney Z, and they range in price from \$155,000 to \$325,000. [\[Read more\]](#)

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