

# Tallahassee Real Estate

An analytical view of the Tallahassee Housing Market

Volume 14, Number 12

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 December Housing Report has been completed and is posted at

[The Market Bulletin](#)



## CONTACT INFO

Joe Manausa, MBA  
2066 Thomasville Road  
Tallahassee, FL 32308  
(850) 424-1120

[info@manausa.com](mailto:info@manausa.com)  
[www.manausa.com](http://www.manausa.com)

## The One Metric That Controls The 2015 Market

Will low mortgage interest rates continue through 2015?

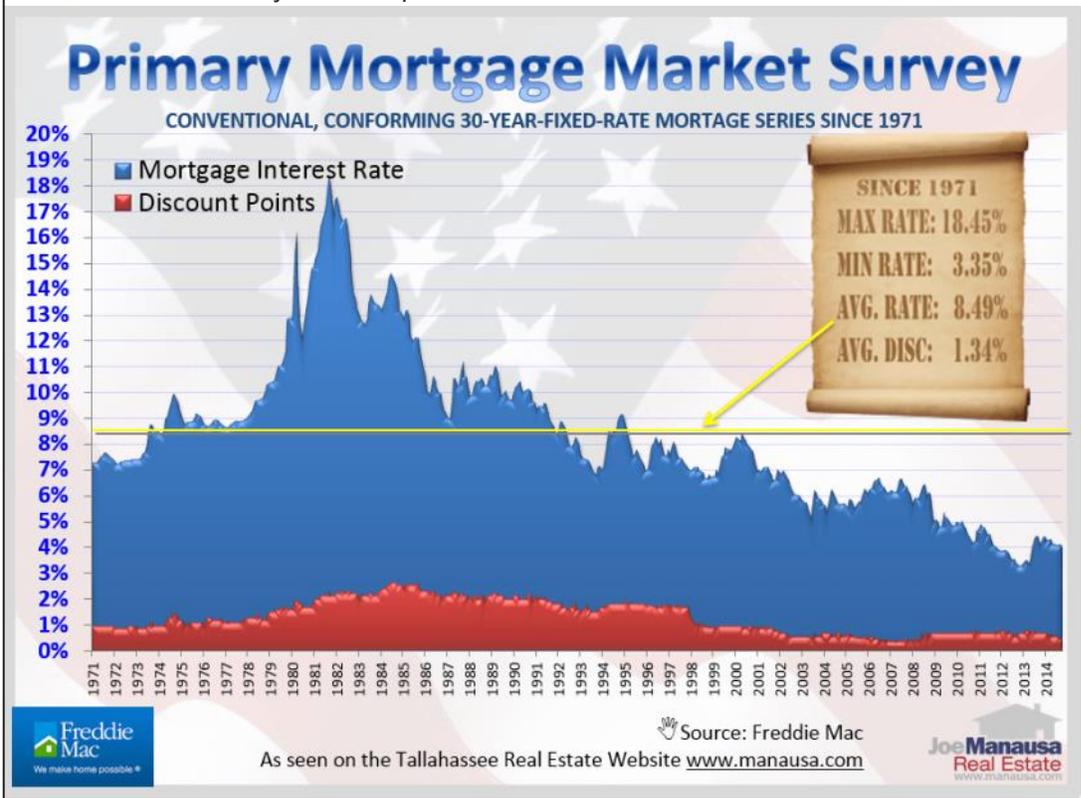
There are many trends that we track to help us forecast future home sales, but right now no statistic, no trend, no other metric is more important to the housing market recovery in Tallahassee than buyers' ability to borrow cheap money.

Our market turned towards positive growth in 2012, when mortgage interest rates hit historical lows. Since that time, they have bumped up slightly, but still remain at a level that is less than 1/2 of the fifty-year average.

This means that buyers can purchase

homes cheaper than the cost to build (replacement cost), and then finance them with payments that are nearly half of what they would have paid for the same amount of loan during many of the past fifty years.

Home affordability is at the lowest we'll (ever again) barring a total collapse of the economy. So long as Tallahassee continues to grow, the continued rising cost of construction means that homes must (over the long haul) become more expensive. And when interest rates rise, that will be a double-whammy for buyers.

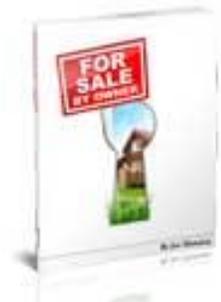




**Supply & Demand**

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

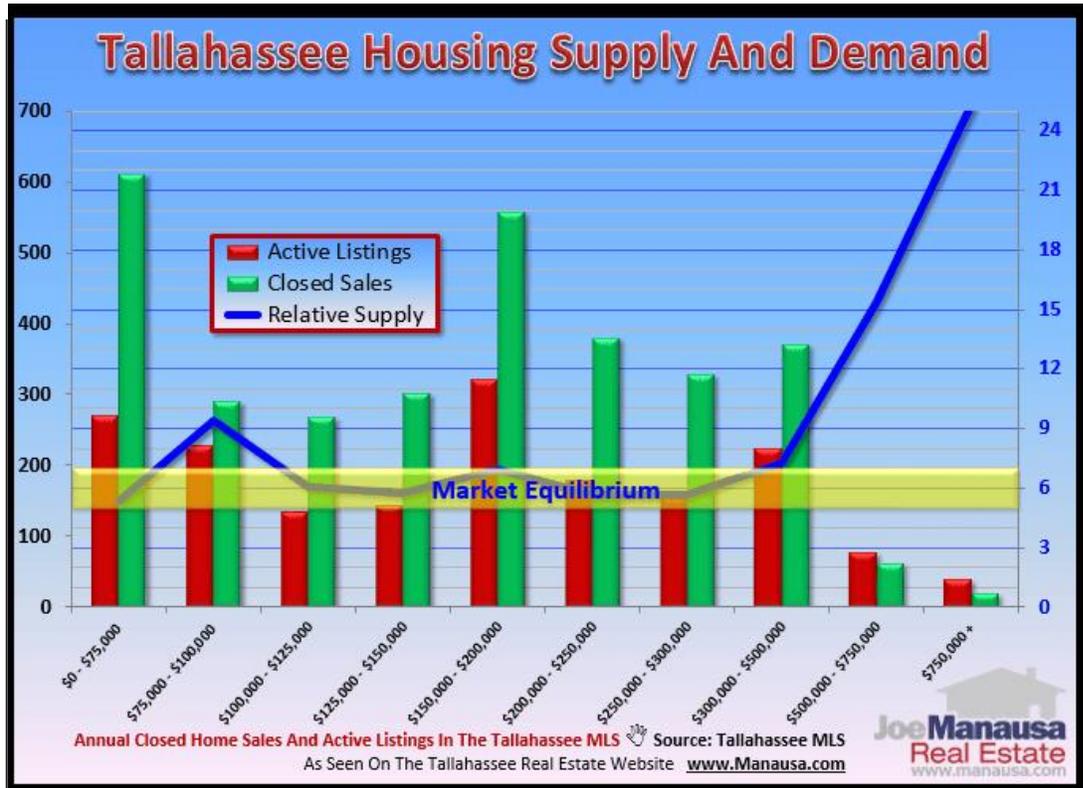
**Got Horses?**



**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.

## Does This Chart Forecast 2015 Home Sales?

Can we take a lesson from Wall Street and use a chart of historic home sales to determine a forecast for next year?

monthly home sales, while the yellow line shows the eight year average.

Right now, we can report the following observations:

If we could, the chart below could very well be the one from which we could find the most accurate forecast.

The average number of homes selling each month has been rising over the past year, but the average number of homes selling each month has been falling over the past eight years.

The total number of home sales each month is shown as a yellow diamond, and then two trend lines have been produced.

With the majority of recent “yellow diamonds” appearing above both the one-year trend and the eight-year trend, our chart suggests we should expect to see a stronger 2015 when it comes to the number of homes sold each month.

A trend line is merely the average number of monthly home sales for the period of time the trend covers. So the red line shows the one-year average of

**Free Report**

Leon County Inventory Report  
For the Month of November 2014  
@ www.Manausa.com

[Click Here For Free Download](#)

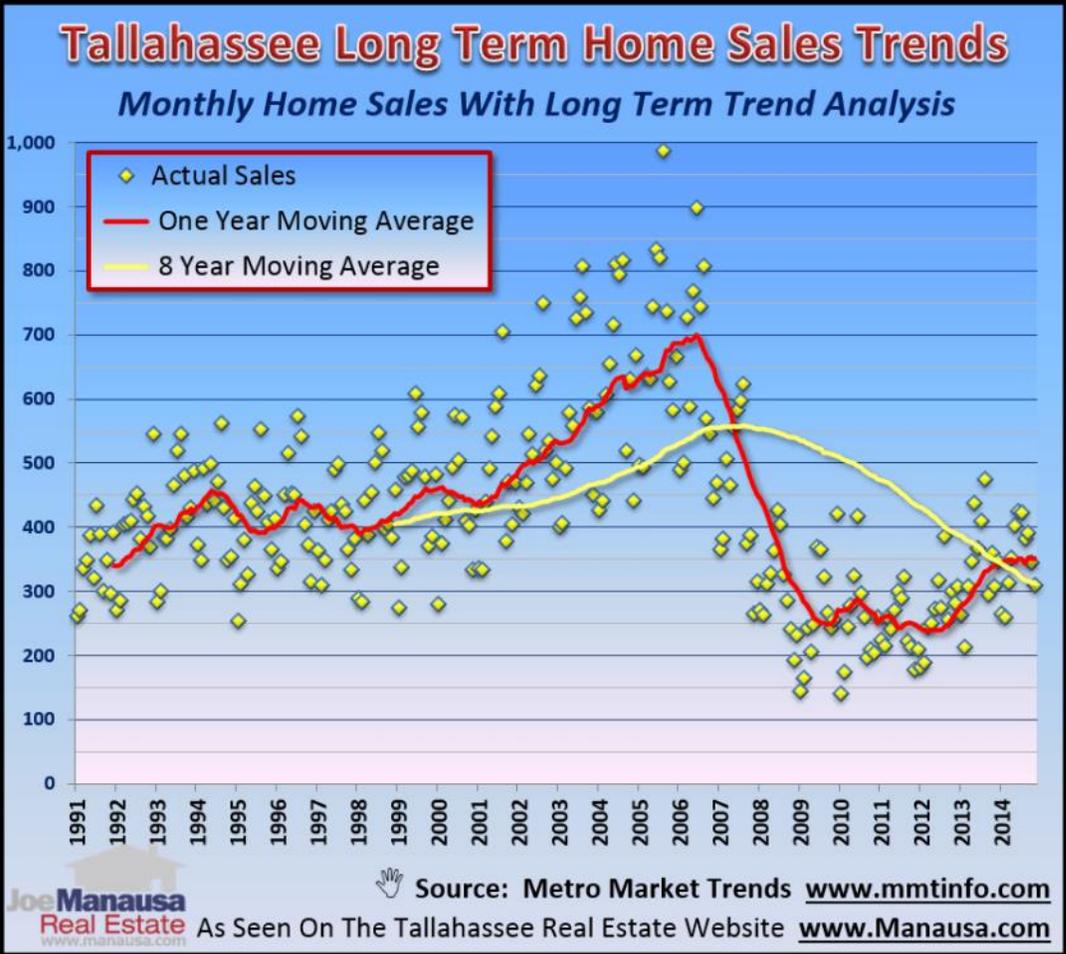
**Tallahassee Free Search**

**FULL MLS ACCESS**

[Search Homes](#)

**Strong November**

↑ The average number of homes selling each month has been rising over the past year and November sales were the best November since 2006.





**Moving To Tally**

Leon County has seen its population grow 48% from 1991 to 2014

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

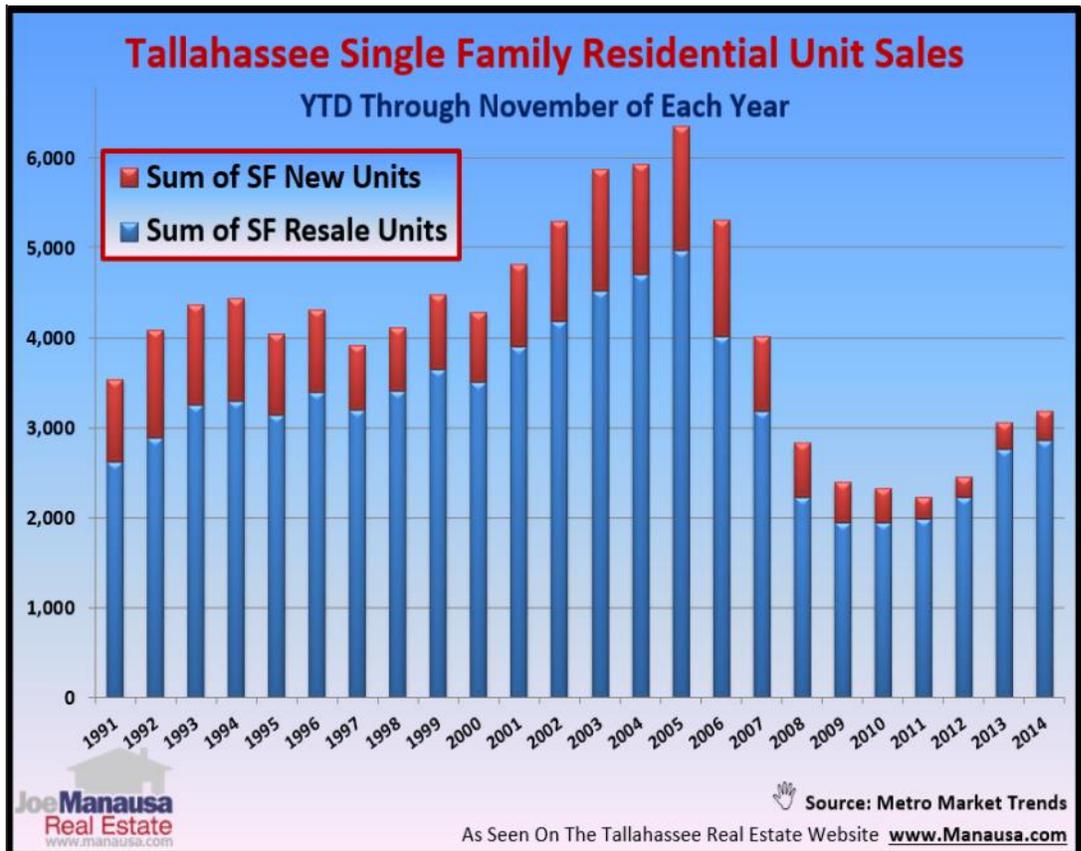
**Sell A Home**



**Buyers B Where?**

Single family detached home sales levels remain slower than any time in the 1990s

**Why There Will Be Continued Growth In Housing**



Leon County has recorded more single family home sales through November than in any year prior going back to 2008.

Needless to say, this is very good news for a struggling housing market, and a growth in the demand for homes is just what we have been awaiting.

The reason that I like graphs like the one above is it creates perspective for our readers.

There are 24 years of single family detached home sales shown above, from January through November of each year. The blue segment of each bar measures the number of closed existing single family detached home sales, while the red portion stacked on

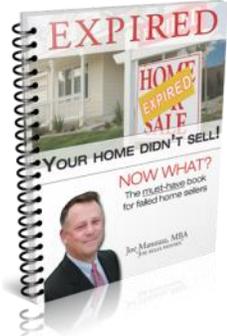
top measures the number of closed new single family detached home sales.

The perspective I ask the reader to gain is reflected in the comparison between the total home sales now versus the total back in the 1990s.

Leon County has seen its population grow 48% from 1991 to 2014. That's 94,000 more people, shouldn't home sales be quite a bit higher than they were in 1991? They are not!

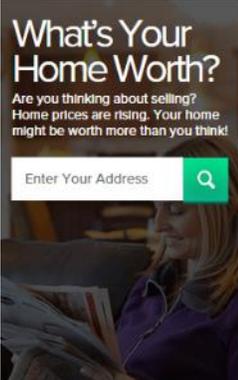
Even if there are more people per home today, a 48% growth in population should yield a least a 30% growth in home sales, right? Well, that is not currently the case, but it certainly gives us reason to be bullish about the continued return of housing.

## Home Not Sold?



[Get Answers Now](#)

## Selling A Home?



### A GOOD YEAR

Currently 2014 sits as the 6th best year in the past 24 years for condominium and townhouse sales.

# Condo & Townhouse Market Have Recovered

Like it or not, the market for condominiums and townhouses have recovered. If you own an attached unit in Tallahassee and have been waiting for “better times,” history suggests that those times are already here.

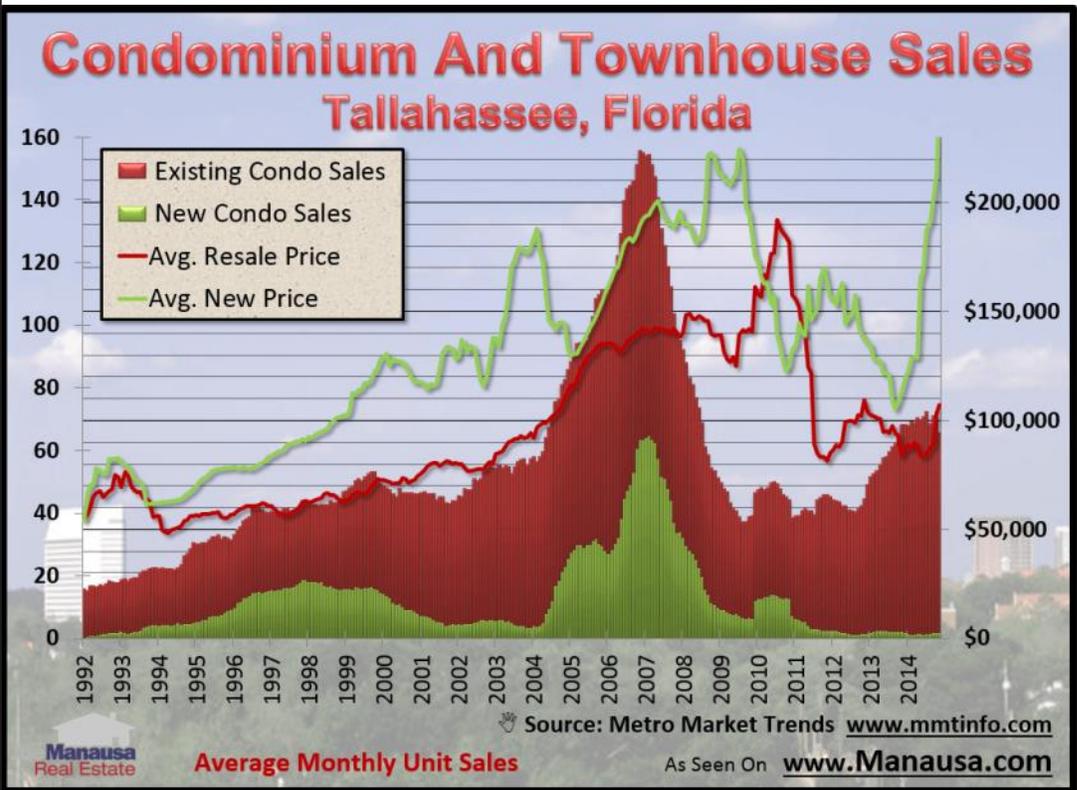
In the stacked graph on the right, new condos and townhouses are shown in blue, while existing units are shown in gold and stacked upon the new units. The total height of the collective stack shows the total amount of condo and townhouse units that have sold through November of each year. Currently 2014 sits as the 6th best year in the past 24.

The graph at the bottom shows the same information plus the addition of average sales prices. Existing condo and townhouse sales are shown in red, while new

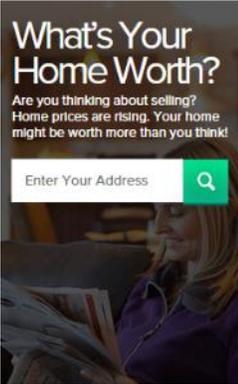


units are shown in green.

Note how wildly new prices fluctuate, solely based upon whether or not the new unit is part of the downtown housing market. With low sales levels (liquidity) among new condo and townhouse units, we will continue to see wild price fluctuations. Make sure you get a more accurate report for your specific unit type and location.



**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.

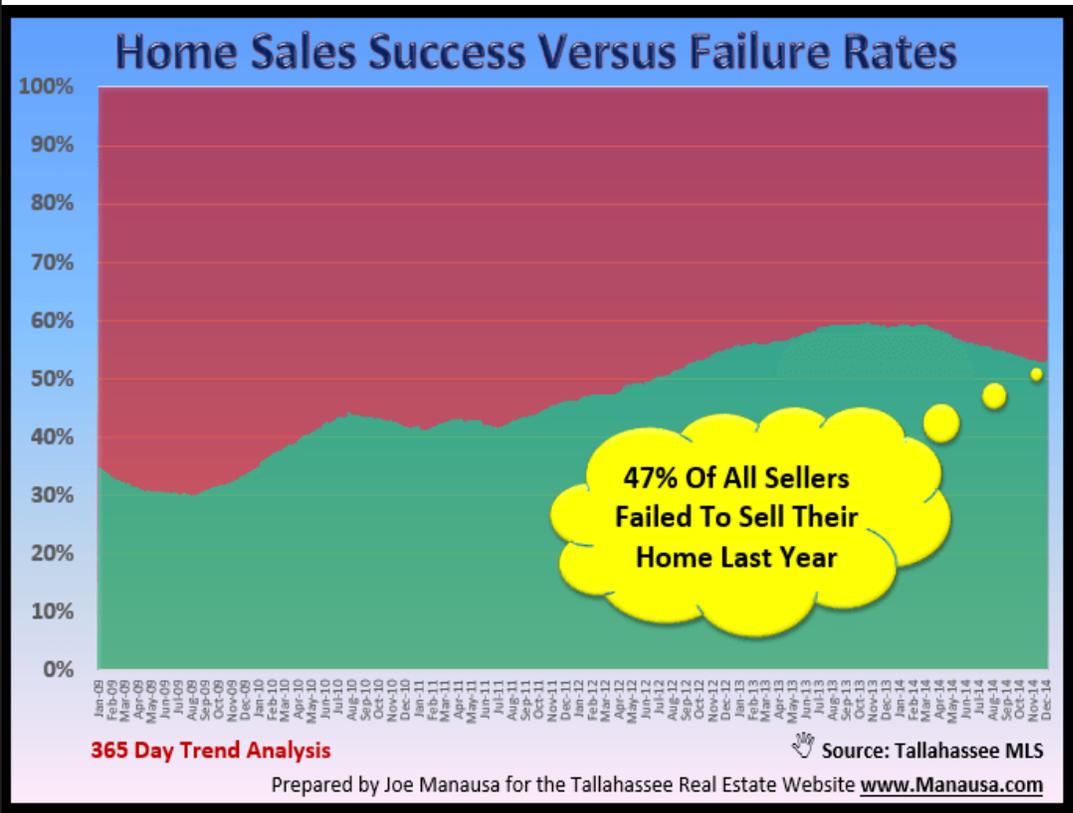
- Success: 53%
- Failure: 47%

**Sales Success Rates Still Too Low**

So, in simplified terms, we can say that over the past year, roughly 53% of the homes that were listed actually sold, and 47% 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 - December 2014**

Chart Information	NE	NW	SE	SW	ALL
\$0-\$75,000	1.5	5.2	6.1	8.6	5.3
\$75,000-\$100,000	5.6	11.4	8.9	10.9	9.4
\$100,000-\$125,000	5.0	7.0	4.1	15.0	6.1
\$125,000-\$150,000	4.6	6.3	6.2	13.7	5.7
\$150,000-\$200,000	6.7	7.1	7.2	12.0	6.9
\$200,000-\$250,000	5.7	6.8	5.1	3.4	5.7
\$250,000-\$300,000	5.3	8.6	5.4	7.2	5.7
\$300,000-\$500,000	7.1	10.0	6.3	15.0	7.3
\$500,000-\$750,000	16.6	21.0	7.2	No Sales	15.3
\$750,000+	23.3	No Sales	18.0	No Sales	25.3
All Price Ranges	6.2	7.2	6.2	9.7	6.7

Information in the report above shows relative home supply (months of supply based upon the current rate of sales). For example, there are 5.3 months of supply of homes priced between \$250K and \$300K in the Northeast, but 8.6 months of supply of the same priced homes in the Northwest.

## Are Builders Expecting Big Things In 2015?

### BETTER DAYS

The average ratio of new homes sold in the market was about 23% in the 1990s

## 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](#)

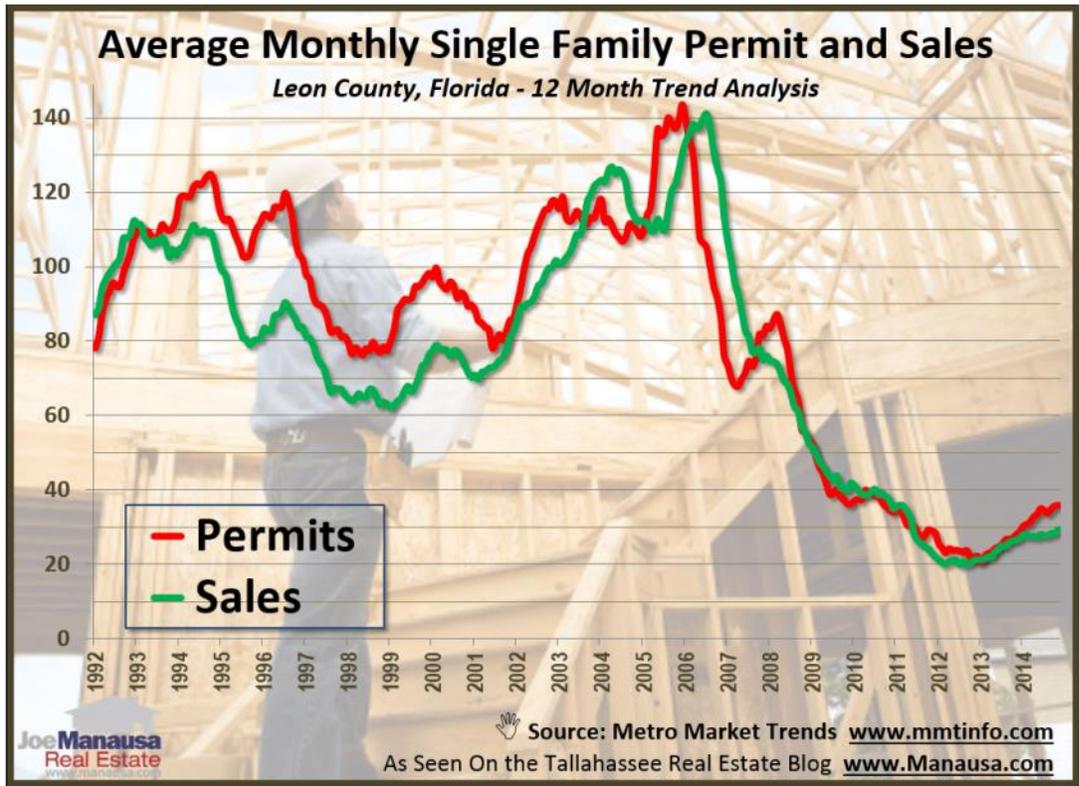
[Arms Length Homes](#)

[Golf Course Homes](#)

[Short Sales](#)

[Foreclosures](#)

[Waterfront Homes](#)



For the 4th consecutive year in Tallahassee, new home construction will account for fewer than 10% of all homes sold.

Considering the average ratio of new homes sold in the market was about 23% in the 1990s, 4 years of sub 10% levels have put a hurting on the builders who produce single family homes.

The graph above suggests builders might be bullish on 2015, as new building permits are racing ahead of new home sales for the first time in the past six years (and six years ago did not work out so well).

I'm guessing the reason for this optimism is due to the balancing of the market we are seeing for homes priced below \$300,000 (see [page 2 of this newsletter](#) for specifics on each area

and each price range).

My recommendation for home builders is to look for niche opportunities by price range and area in Tallahassee. No area is right for all price ranges, and no price range works in all areas.

A study of supply and demand trends is required to find the opportunities for reduced risk for new home builders.



**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****Golden Eagle Home Sales Report**

Located on the NE side of Tallahassee and serving as the center piece of Killearn Lakes Plantation, Golden Eagle offers large executive styled homes in a gated golf course community. [\[Read more\]](#)

**Bull Run Home Sales Report**

Situated on the NE side of Tallahassee just west of Thomasville Road, Bull Run offers three and four bedroom homes in a super-convenient location.

Bull Run is a "boom neighborhood," with all homes built from 2004 through present, so you can expect this neighborhood to have issues with pent-up supply in the coming years. [\[Read more\]](#)

**5 Tips For Home Sellers Regarding Home Inspections**

If you are thinking about selling a home sometime soon, then you probably know that the odds are highly likely that a buyer will order a professional home inspection prior to committing to the purchase of your home. So knowing that a home inspection is inevitable, here are my top 5 tips to make sure home sellers make the most of what will inevitably occur. [\[Read more\]](#)

**Piney Z Home Sales Report**

Located on the NE Bend of Conner Blvd., Piney Z offers three and four bedroom homes in a super-convenient location by Tom Brown Park and Lincoln High School.

Many people choose this neighborhood

for the amenities that "come with" the neighborhood. Access to parks, lakes, pools, and a lodge brings a lot of bang for the buck for people who choose to call Piney Z home. [\[Read more\]](#)

**Killearn Acres Home Sales Report**

Located along the northern edge of Killearn Estates, Killearn Acres offers affordable 3 and 4 bedroom homes in a high-demand location. [\[Read more\]](#)

**A Home Selling Strategy That No Longer Works**

The process that people use to buy a home has changed, and that means your home selling strategy must change if you want to get top dollar when it comes time to sell.

So if homebuyers are no longer restricted to Realtors and have instant and immediate access to all the listings on the market, don't you think there might be a smarter way to market a home for sale? [\[Read more\]](#)

**Follow Joe On Google+**