

Tallahassee Real Estate

An analytical view of the Tallahassee Housing Market

Volume 14, Number 8

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 August Housing Report has been completed and is posted at

[The Market Bulletin](#)



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The 2014 Back To School Edition

Housing Reports By School Zones—Which Ones Get The Best Grades?

In this month's edition of the Tallahassee Real Estate Newsletter, we examine housing reports by elementary, middle and high school zones.

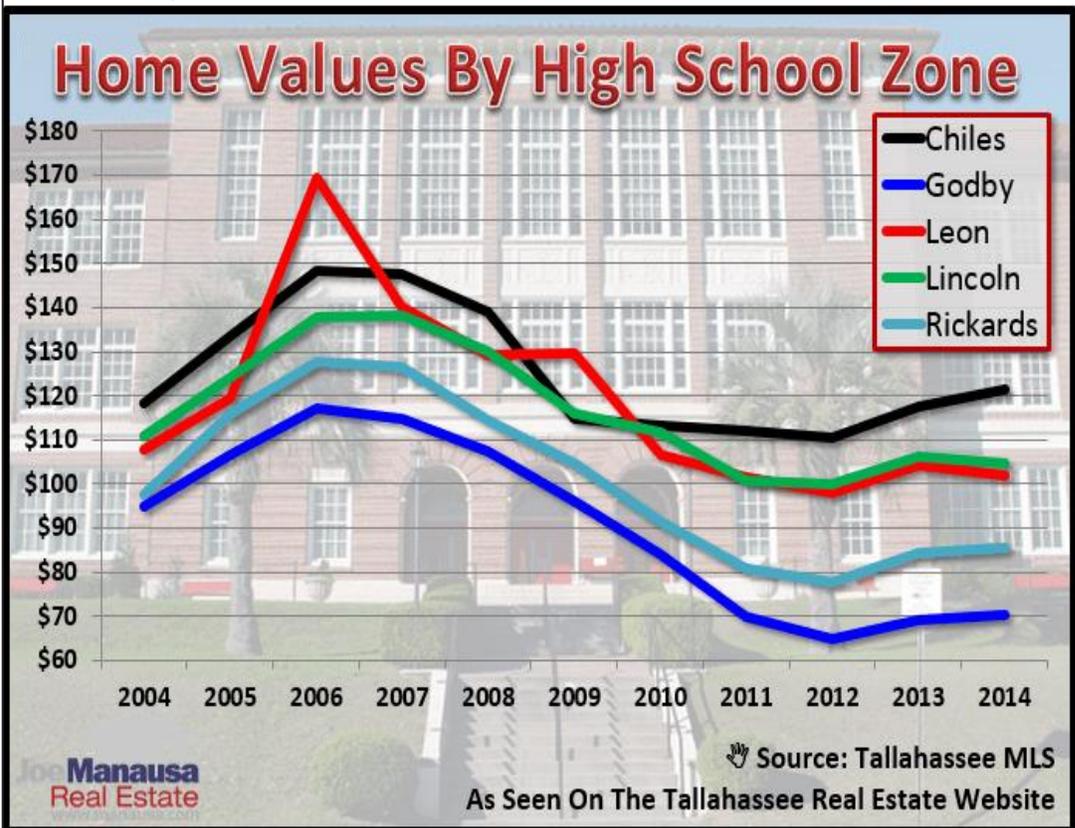
The information in the graph below examines home value trends by high school zone, with the information current through August 15th of this year.

Currently, the Chiles High School zone is reporting appreciating home values, thanks in part to the steady growth in the 32312 zip code.

The Rickards High School zone is showing slight growth, Godby High School zone is recording slightly positive appreciation rates.

Both Leon and Lincoln High School zones are showing a slight decline in home values.

Overall, when we combine all five high school zones, we have seen about 3% appreciation in 2014 versus 2013, which is solid news considering we enjoyed a healthy return to appreciation last year.



Free Report

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

PROPERTY TYPE	2013	2014	% Change	2013	2014	% Change	2013	2014	% Change
ALL	1,000	1,000	0%	1,000	1,000	0%	1,000	1,000	0%
Single Family Detached	700	700	0%	700	700	0%	700	700	0%
Townhouses	100	100	0%	100	100	0%	100	100	0%
Condominiums	200	200	0%	200	200	0%	200	200	0%

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Tallahassee Free Search



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Fewer Contracts

Unit sales remained roughly the same in July (compared to July 2013) but new contracts were down 71%, while median home prices and median home values were basically flat

TALLAHASSEE

July 2014 Housing Statistics



Homes Sold
309

↓ 0%



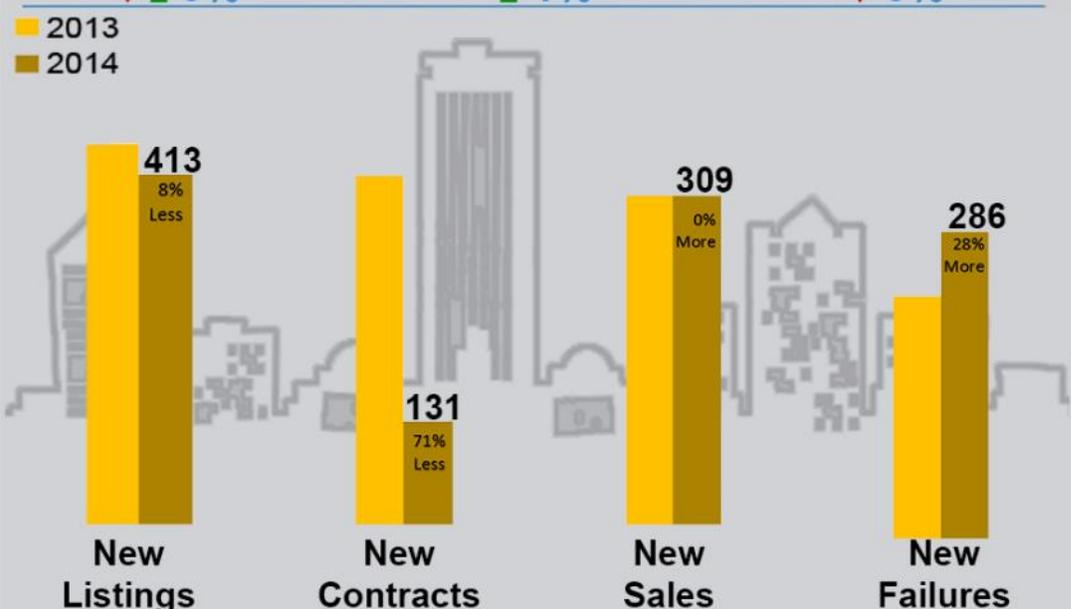
Median Home Price
\$167,250

↑ 1%



Median Home Value
\$102 PSFT

↓ 0%



Data is for condominiums, townhouses, and single family detached homes in Leon County, Florida. Percent change reflects a year-over-year comparison between July 2013 and July 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

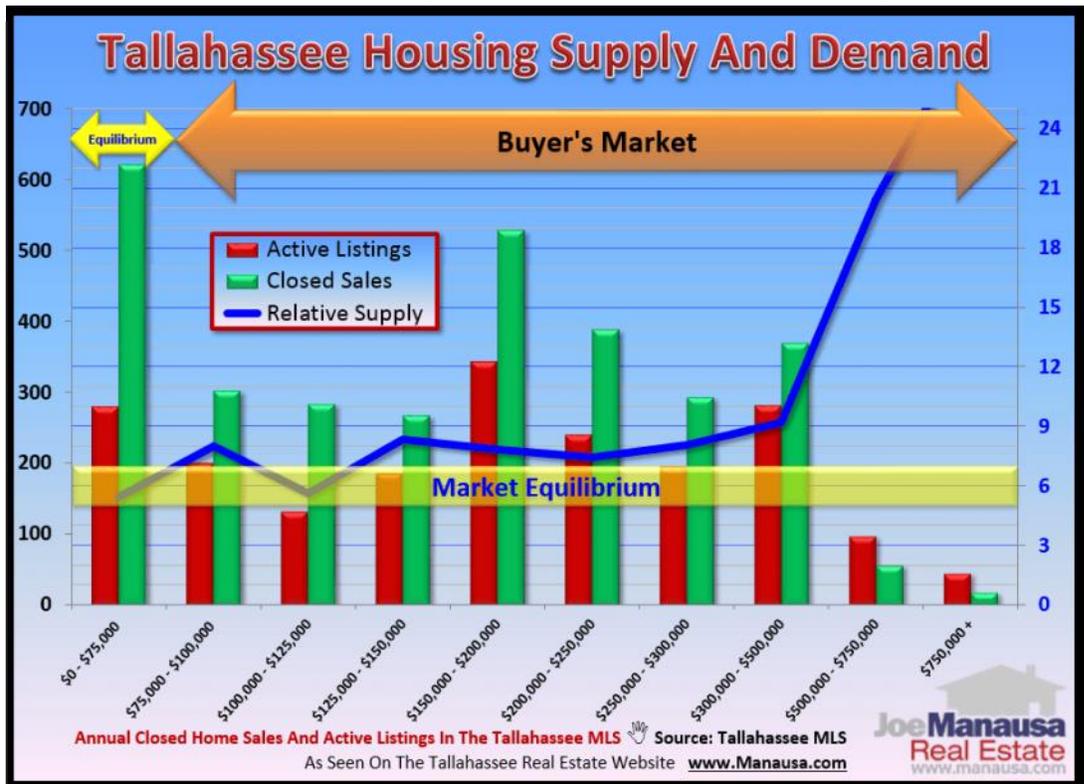
Got Horses?



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.



Getting Better

6 middle school zones record appreciation, while only two have shown (significant) depreciation

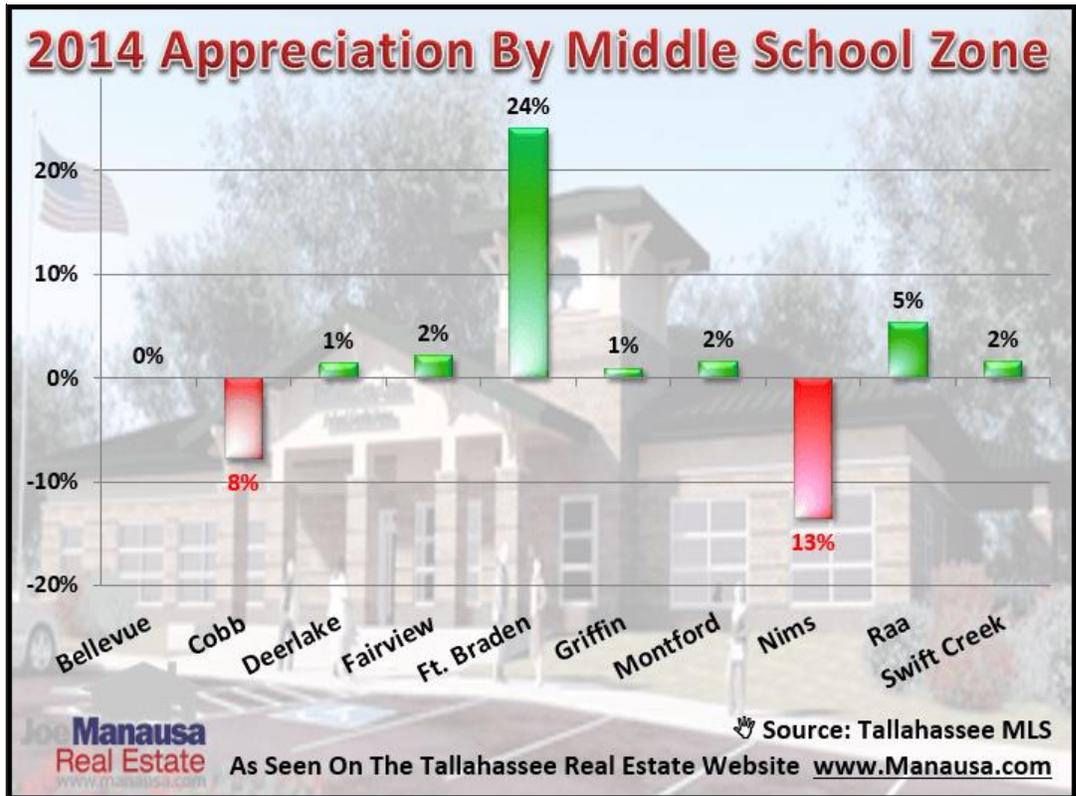
FREE LIST OF HOMES
Distressed Property, short sales
REOs, Foreclosures - Best Buy List



Not Enough Info

The two most extreme values are coming from the school zones with the fewest home sales

Middle School Zone Appreciation Rates



Appreciation has not been spread out so evenly across the middle school zones thus far in 2014.

Only two middle school zones have shown depreciation, but it has been significant.

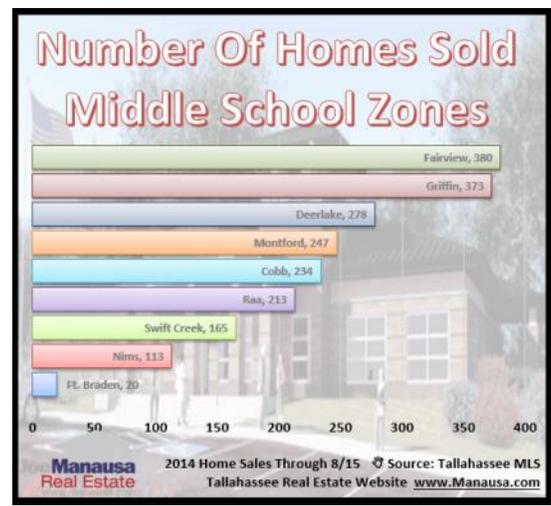
In the larger graph above, we have shown the middle school zones for Tallahassee and how the homes that have sold in those zones have performed in 2014 versus 2013.

The smaller graph at the right shows the number of homes sold thus far in 2014 in each zone.

The second graph is needed to demonstrate that the two most extreme values above are coming from the school zones with the fewest home sales, suggesting that we might not have

enough data to determine the extent of the depreciation in those school zones.

Because of this, I would think that the RAA Middle School zone is performing the strongest, but we can wait until year's end to see how Ft. Braden and the rest finish.



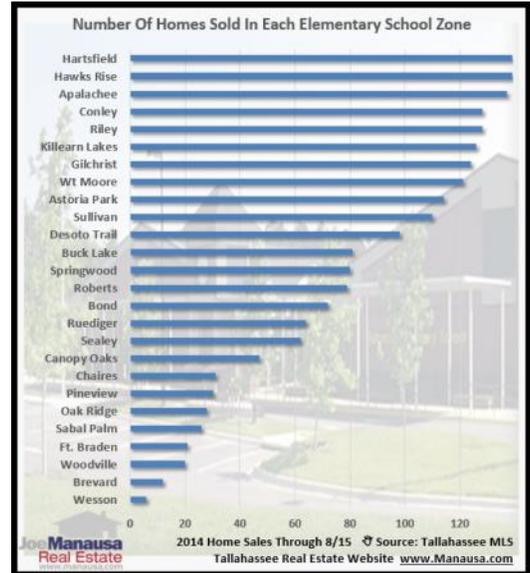
Elementary School Zone Appreciation Rates

The results of our appreciation analysis for Elementary Schools suffers from “not enough data” as we should expect to see wild swings from year to year due to the “noise in the data.”

Nevertheless, it is interesting to see how it all shakes out.

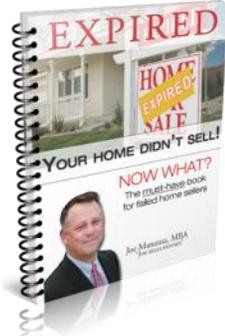
Hartsfield Elementary and Hawks Rise Elementary sport the most homes sold in their school zones, while Bond and Fort Braden school zones can claim the highest rate of appreciation thus far in 2014.

Note how the range of the results in the graph below is far greater than what we



saw from the high school zones, where all sales were divided among just five schools instead of 25.

Home Not Sold?

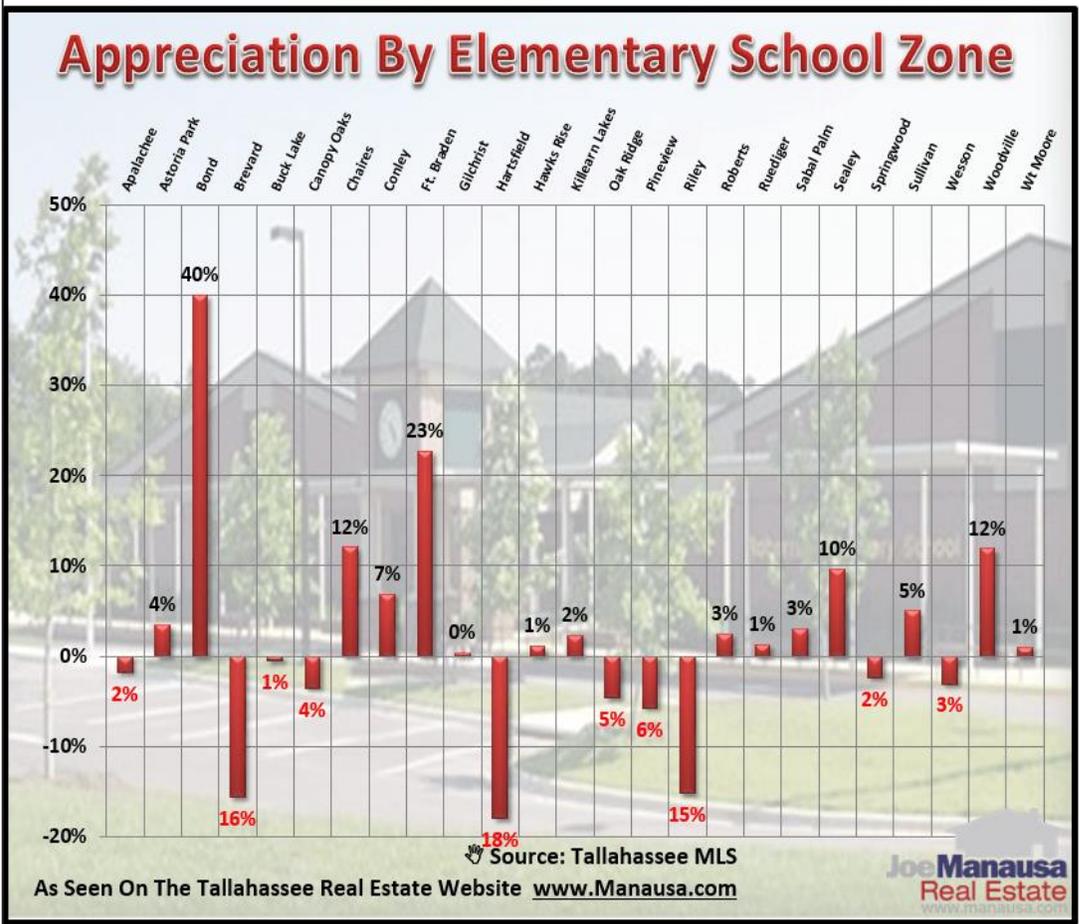


[Get Answers Now](#)



Appreciation Rates

Bond and Fort Braden elementary school zones can claim the highest rate of appreciation thus far in 2014



Are Homes Selling?

Over the past year, roughly 55% 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.

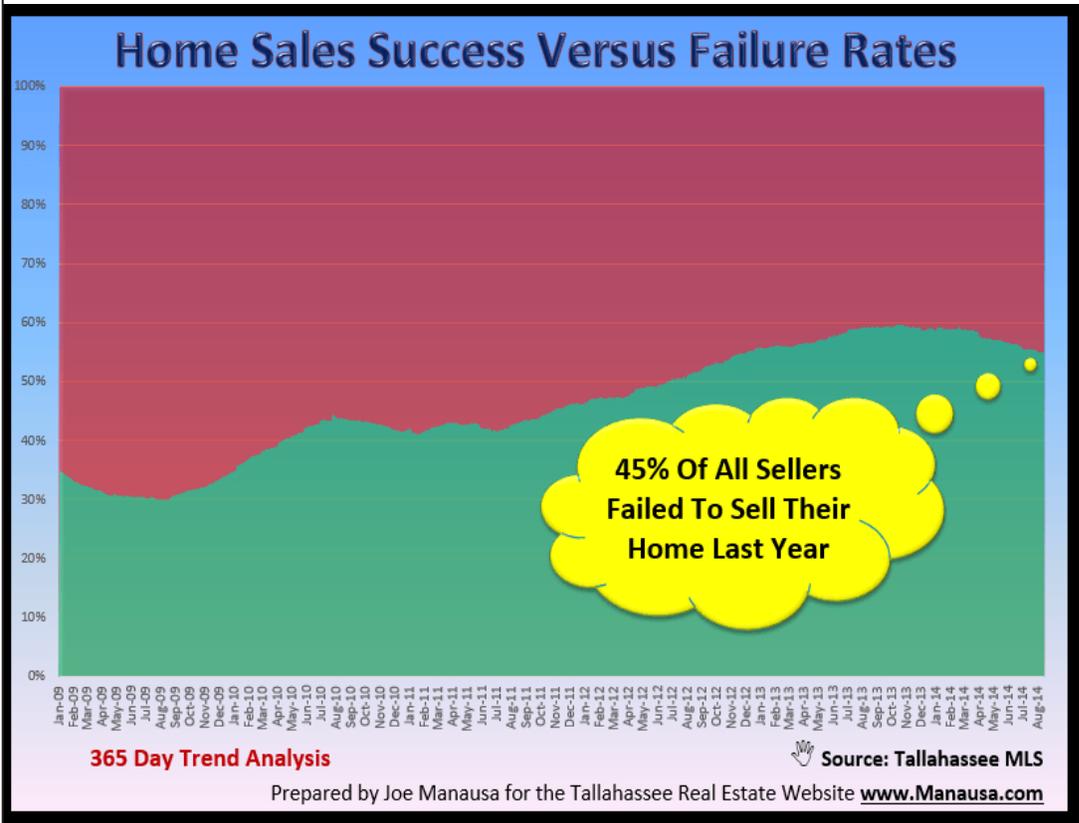
- Success: 55%
- Failure: 45%

Sales Success Rates Still Too Low

So, in simplified terms, we can say that over the past year, roughly 55% of the homes that were listed actually sold, and 45% 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 - August 2014

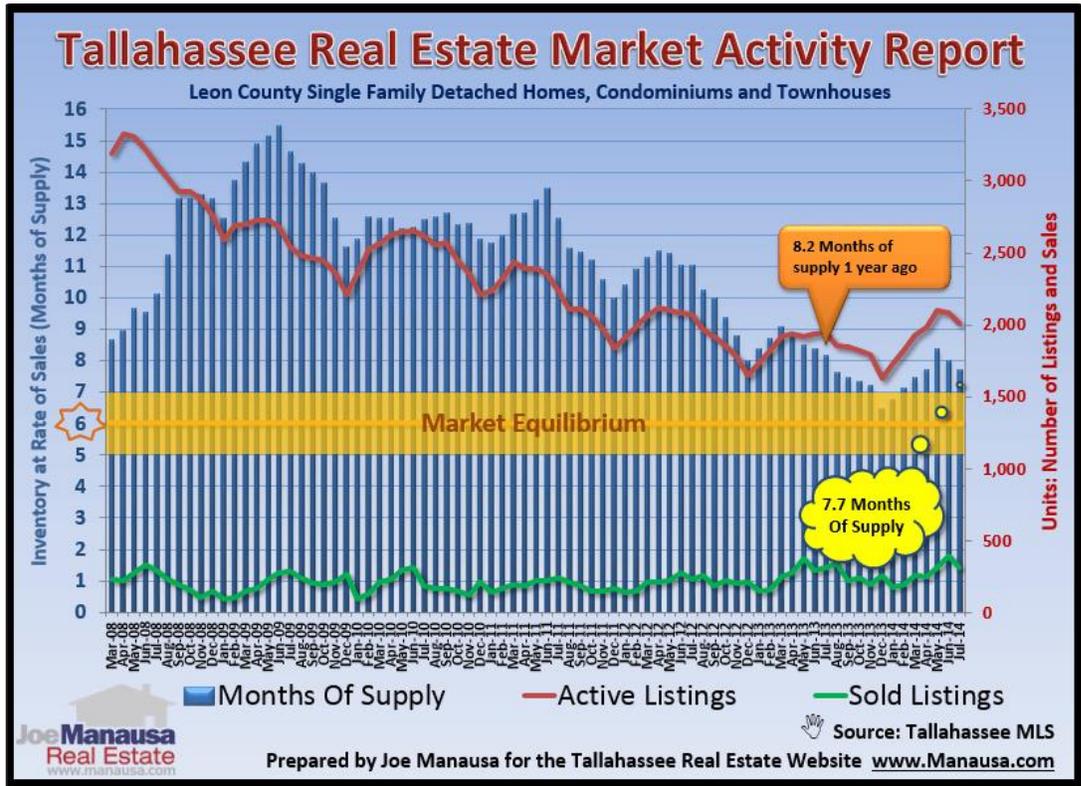
Chart Information	NE	NW	SE	SW	ALL
\$0-\$75,000	1.3	6.1	5.3	7.6	5.4
\$75,000-\$100,000	4.2	9.3	6.6	14.2	8.0
\$100,000-\$125,000	4.5	6.8	4.1	10.4	5.6
\$125,000-\$150,000	5.5	9.9	10.0	21.0	8.4
\$150,000-\$200,000	7.4	8.9	8.2	8.0	7.8
\$200,000-\$250,000	7.0	6.5	9.3	27.0	7.4
\$250,000-\$300,000	8.0	5.1	8.2	108.0	8.0
\$300,000-\$500,000	9.4	9.7	6.7	30.0	9.2
\$500,000-\$750,000	21.4	42.0	9.3	No Sales	20.4
\$750,000+	27.5	No Sales	12.0	No Sales	29.1
All Price Ranges	7.5	7.8	6.9	10.8	7.7

Information in the report above shows relative home supply (months of supply based upon the current rate of sales). For example, there are 8.0 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 7.7 months of supply is lower than the 8.2 months of supply reported this time last year, but high supply still favors the buyer



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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 7.7 months of supply is lower than the 8.2 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.

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****Don't Hire Jeff Spicoli As Your Real Estate Buyer's Agent**

If you are getting ready to buy a house, then statistics tell me that you are not likely in the market for a real estate buyer's agent. But you should be. [\[Read more\]](#)

Kevin Milligan Joins Joe Manausa Real Estate

Joe Manausa Real Estate is proud to announce the hiring of US Navy Veteran Kevin Milligan to head up our real estate investments division.

Milligan, recently a sales consultant for Johnson & Johnson specializing in vertebroplasty products and consultation to orthopedic spine surgeons and neurosurgeons is bringing strong leadership qualities as well as keen analytical skills to Tallahassee as the Director of Real Estate Investments. [\[See Video Press Release\]](#)

Is There A Conspiracy To Control Distressed Property?

It appears that the surge of distressed property that entered the market in August of last year will be replicated in 2014, as the short-term trend of short sale and foreclosure listings is moving higher.

A conspiracy theorist might conclude that the large lenders holding the most distressed property inventory have withheld the bulk of their REO assets during the peak summer months in order to help real estate values recover, but I suspect they aren't that organized.

Take a look at the again-changing landscape for homebuyers and sellers alike,

as more than 1 in every 5 new listings in the Tallahassee MLS is being marketed as "distressed." [\[Read more\]](#)

32317 Home Sales Report August 2014

We break ground for the first time in the 32317 zip code, which is selling it's fair share of homes in Tallahassee. Currently, there are just over 100 homes for sale in the 32317 zip code, and that is about 11 months of supply. [\[Read more\]](#)

High End Homes Carried Along By Low Mortgage Interest Rates

If you have any interest in the high end homes market in Tallahassee, you probably should be monitoring mortgage interest rates.

Right now, what can I say about interest rates? They are low. They are wonderful. They make buying affordable.

But are they here to stay? [\[Read more\]](#)

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