

# Tallahassee Real Estate

An analytical view of the Tallahassee Housing Market

Volume 13, 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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## What And Where Homes Are Selling

Home Sales In The "Owner Occupied" Segment Of The Market

This edition of the Tallahassee Real Estate Newsletter is full of charts, graphs, and analysis of the "owner occupied" segment of our market.

Recent positive reports of a correcting housing market have been painted with too broad a stroke, making it easy to assume that all is well everywhere.

The fact is that things are getting better everywhere, but the pace of the recovery is going to be far slower at the higher end of the market.

The graph below measures new

inventory of homes priced above \$100,000 in the Tallahassee MLS everyday. By removing homes priced below \$100K, we eliminate the majority of homes to be used in the "for lease" market.

This graph shows the 30 day average price (green bars) and the brown line measures the percentage of new listings that are distressed (short sales, foreclosures, bank owned properties). Recently, these troubled home owners are showing up in far greater numbers, is this a sign of a coming downward turn?



# Top Selling Neighborhoods In 2013

## Free Report

**Leon County Inventory Report**  
Residential Sales Report - November 2013  
As Reported to the Florida Department of Banking & Finance

| Category             | Nov 2013     | Oct 2013     | Nov 2012     | Oct 2012     | Nov 2011     | Oct 2011     |
|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Total</b>         | <b>1,000</b> | <b>1,000</b> | <b>1,000</b> | <b>1,000</b> | <b>1,000</b> | <b>1,000</b> |
| <b>Single-Family</b> | <b>800</b>   | <b>800</b>   | <b>800</b>   | <b>800</b>   | <b>800</b>   | <b>800</b>   |
| <b>Multi-Family</b>  | <b>200</b>   | <b>200</b>   | <b>200</b>   | <b>200</b>   | <b>200</b>   | <b>200</b>   |

[Click Here For Free Download](#)

## High End Homes

Every one of these active neighborhoods now has average home prices below \$400K



[Search Homes](#)

## FORE!!!

The news of a closing golf course does not seem to have hurt Summerbrooke, as it has shot up to the fifth position



Southwood has regained the top position among the most active home selling neighborhoods in Tallahassee with 94 homes sold thus far in 2013.

Killlearn Estates is in second position with 71 homes sold, followed by Killlearn Lakes with 59 (although Killlearn Lakes contains several other subdivisions which are recorded separately).

These three neighborhoods are typically in the top 3 positions, and it is not uncommon for their order to change.

For the past few years, Golden Eagle Plantation and Bull Run would normally

round out the top five, but that is not the case this year.

Piney Z is finally starting to see a recovery, and it has shot this popular NE Tallahassee subdivision to the fourth position with 36 closed home sales through mid August.

The news of a closing golf course does not seem to have hurt Summerbrooke, as it has shot up to the fifth position.

It is interesting to note that every one of these neighborhoods now has average home prices below \$400K, even Golden Eagle Plantation which has averaged over \$500K in the past.

## The Future Of High End Home Sales

Every real estate market is local, thus the definition of “high end” homes truly varies from place to place.

### Bubble Glut

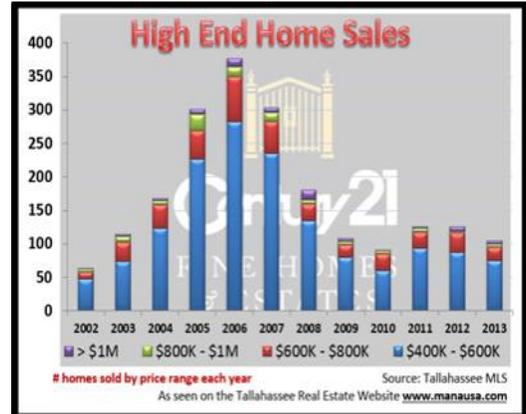
In 2002, roughly 60 homes sold for more than \$400K, yet that number ballooned to 370 (6 fold) in 2006

In Tallahassee, less than five percent of our homes sell for more than \$400,000, so I have arbitrarily drawn the line there in order to assess the state of the high end market.

The graph to the right shows the number of high end home sales (broken down into four price categories), while the graph below shows the same information as a percentage of the overall market.

If you have a home that is worth more than \$400,000, there are some important questions you should be pondering if you plan on selling in the next few years.

In 2002, 64 homes sold for more than \$400K, yet that number ballooned to 377 (6 fold) in 2006. We



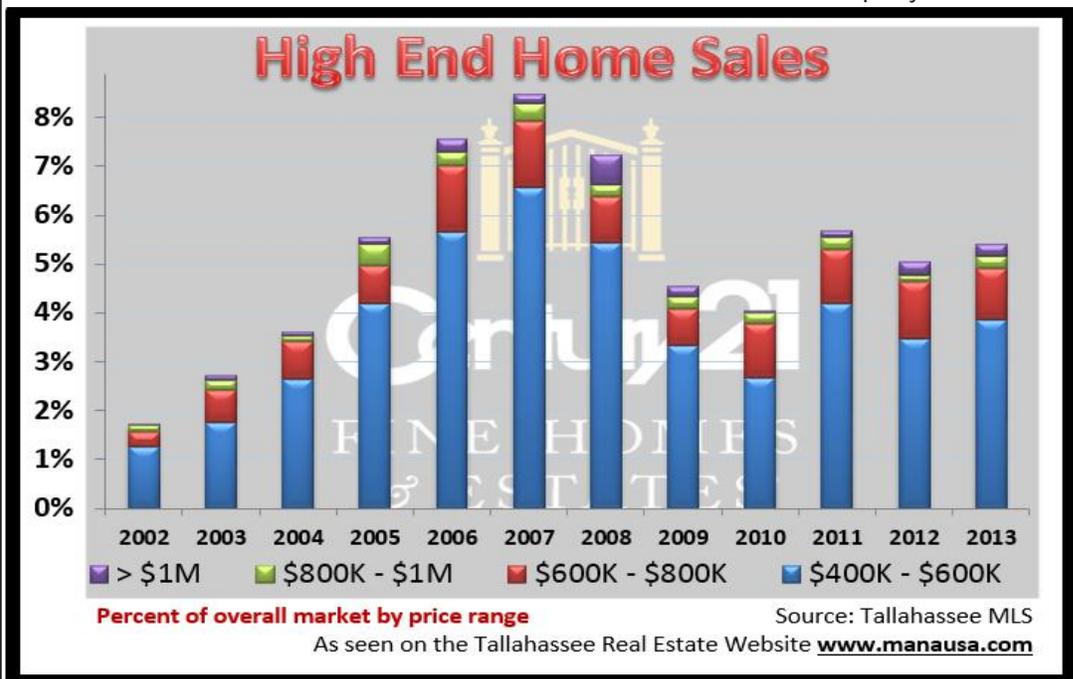
know the vehicle for that growth was low interest rates coupled with loan products that are no longer available.

Ask yourself this ... We created so many “McMansions” for this artificial demand, where will the future demand come from to consume them? Look back at 2002, has our economy grown 6-fold to bring the executives to Tallahassee that will want these homes? If mortgage interest rates return to normal levels (8.6%), won't our high end home sales drop back to fewer than 100 per year?



### Interest Rate Driven

If mortgage interest rates return to normal levels (8.6%), won't our high end home sales drop back to fewer than 100 per year?

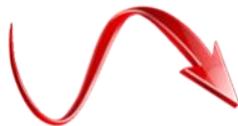
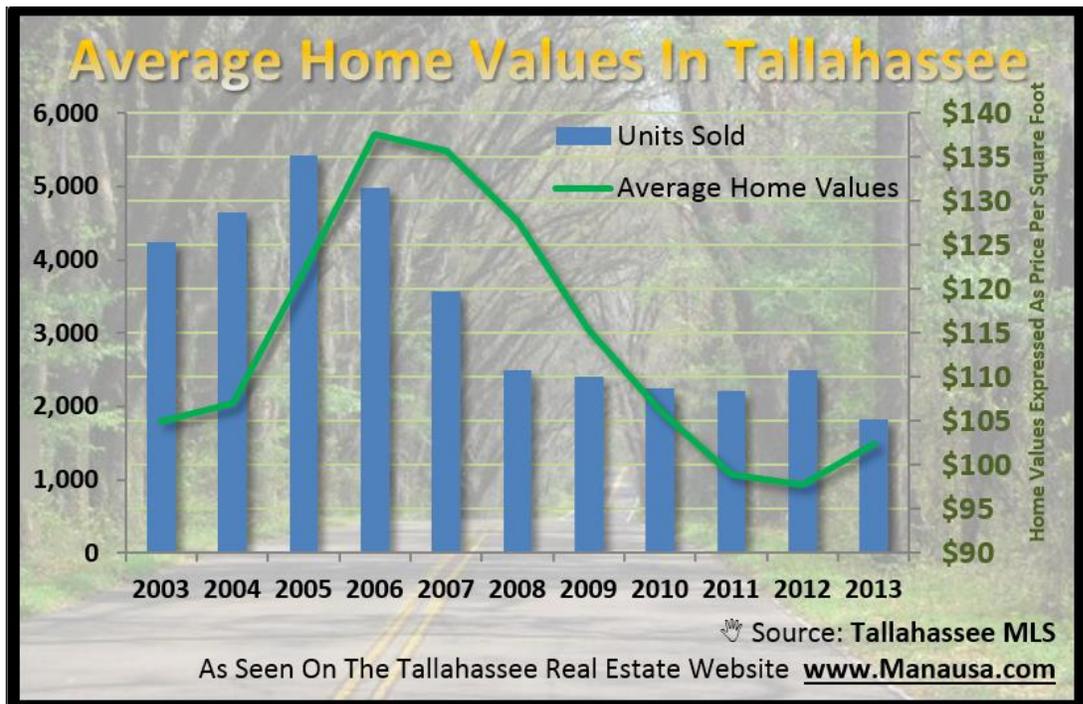


## Values And Prices On The Rise



### Positive Trend

The number of homes selling is rising; it appears as if 2013 will surpass all prior years going back to 2008



### Buyer Spending

The average home price today is just over \$183,500, up from \$177,000 in 2012

The average value of a home sold in Tallahassee in 2013 has been around \$103 per square foot. This is the first time in seven years that average home values have risen, something we have been looking forward to reporting for quite some time.

The number of homes selling is rising too, and it appears as if 2013 will surpass all prior years going back to 2008. A rise in demand is the most promising signal that we can report.

The good news is that many homes are appreciating at more than 5%, specifically homes located in the Northeast quadrant of Tallahassee that are priced below \$250,000.

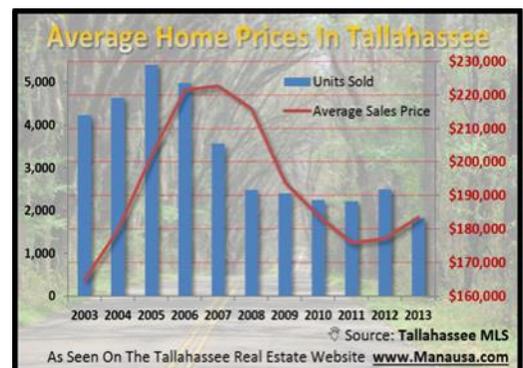
There are pockets in the Southeast that are doing well, though SE Tallahassee has a glut of low end homes as well.

Unfortunately, high end homes

everywhere still face a glut of inventory and are still giving ground on values. The people who are trying to sell these homes are competing over a declining pool of buyers, as rising interest rates are eroding their buying power.

The average home price today is just over \$183,500, up from \$177,000 in 2012. This means the average buyer is spending \$183,500 for a home, but we will likely see this decline one the impact from rising interest rates is seen in the report of closed home sales.

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



## Follow The Blue Line For Foreclosures



### Future Inventory

We publish weekly, monthly, quarterly, and annual reports on lis pendens filings and foreclosures

### Sell A Home



### No Mas

Home values have declined far enough over the past seven years that many people have lost all of their equity.

We publish weekly, monthly, quarterly, and annual reports on lis pendens filings and foreclosures at ([www.manausa.com/foreclosures](http://www.manausa.com/foreclosures)). Over the past few years, the graph below has emerged and it provides some keen insight into the evolution of distressed property sales in Tallahassee.

The green and red vertical bars measure lis pendens and foreclosure sales respectively (measured on the left vertical axis), while the blue line measures the resulting ratio of foreclosure sales to lis pendens filings (measured on the right vertical axis).

Right now, the ratio of foreclosure sales (the actual taking of a property by a lien holder from a borrower) to lis pendens filings (the filing of a lawsuit by a lien holder against a property owner) is at 78%. While this does not directly mean

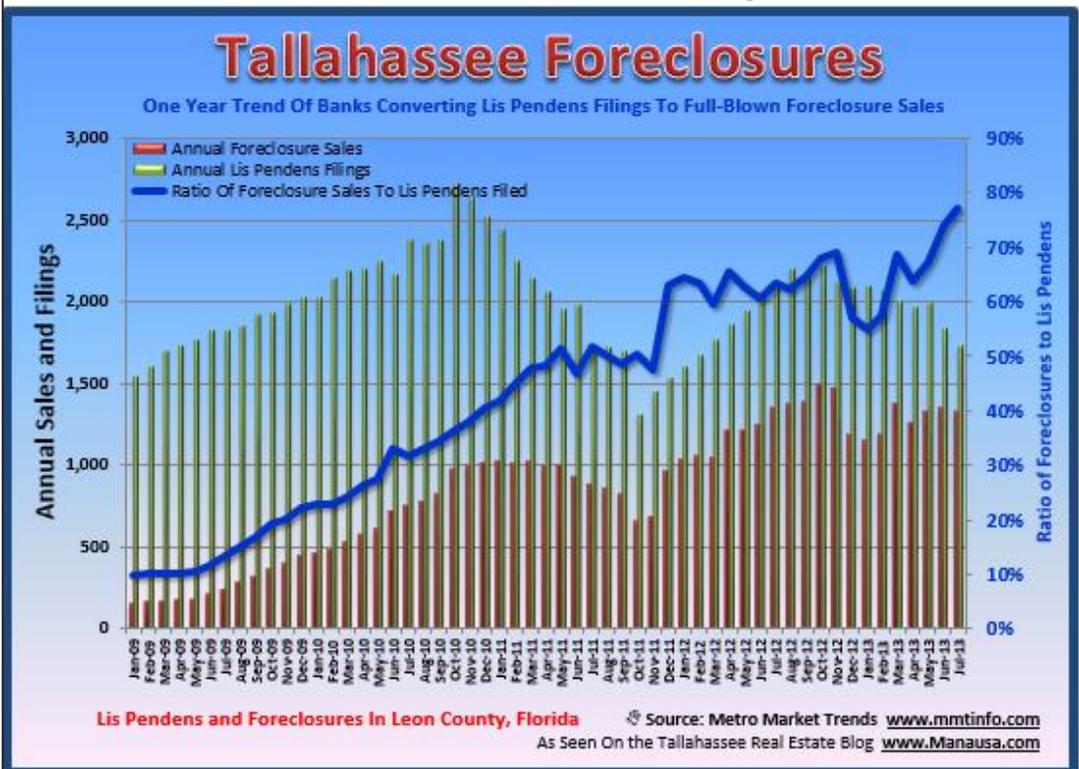
that 78% of lis pendens result in a foreclosure sale, it certainly is evidence that many more distressed property owners are ending up in foreclosure than has historically been the case.

Why?

Equity.

Or actually a lack of equity. Home values have declined far enough over the past seven years that many people have lost all of their equity. When they fall behind in their mortgage payments, they can no longer sell the property to save their equity.

They can short sell if the lender is willing, but otherwise the only resolution to their problem is going through a foreclosure. A return in home values will help bring the blue line back down to where it belongs.



**Are Homes Selling?**

Over the past year, roughly 59% 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.

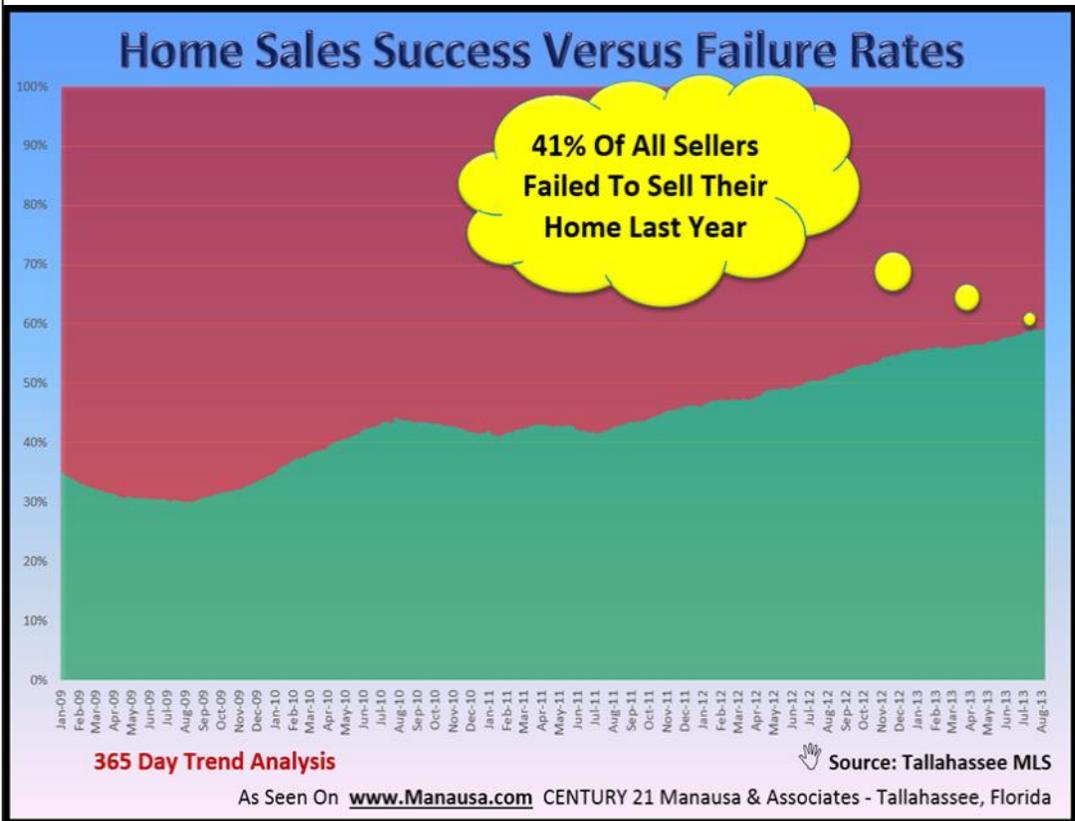
- Success: 59%
- Failure: 41%

**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 41% 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 Continue To Increase**

Home sales have finally started to heat back up. 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 supply of homes that exist in the shadow inventory.



**Leon County Home Inventory Report**

**Residential Home Supply - August 2013**

| Chart Information   | NE   | NW       | SE       | SW       | ALL  |
|---------------------|------|----------|----------|----------|------|
| \$0-\$75,000        | 7.7  | 6.2      | 8.2      | 6.9      | 6.9  |
| \$75,000-\$100,000  | 5.8  | 9.6      | 13.0     | 8.6      | 9.2  |
| \$100,000-\$125,000 | 8.1  | 9.8      | 7.8      | 12.9     | 9.0  |
| \$125,000-\$150,000 | 6.4  | 7.8      | 5.3      | 32.4     | 7.6  |
| \$150,000-\$200,000 | 6.0  | 11.7     | 5.8      | 7.4      | 7.0  |
| \$200,000-\$250,000 | 6.5  | 16.4     | 5.1      | 6.9      | 7.0  |
| \$250,000-\$300,000 | 7.4  | 15.7     | 5.7      | 108.0    | 8.0  |
| \$300,000-\$500,000 | 10.6 | 18.0     | 5.7      | No Sales | 10.0 |
| \$500,000-\$750,000 | 17.3 | 7.2      | 36.0     | No Sales | 17.9 |
| \$750,000+          | 21.6 | No Sales | No Sales | No Sales | 27.0 |
| All Price Ranges    | 7.8  | 8.9      | 7.6      | 9.5      | 8.2  |

Information in the report above shows relative home supply (months of supply based upon the current rate of sales). For example, there are 7.4 months of supply of homes priced between \$250K and \$300K in the Northeast, but 15.7 months of supply of the same priced homes in the Northwest.

# One In Three Homes For Sale “Already Sold”

## Selling Homes

The current 8.2 months of supply is lower than the 11.0 months of supply reported this time last year.

## 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](#)

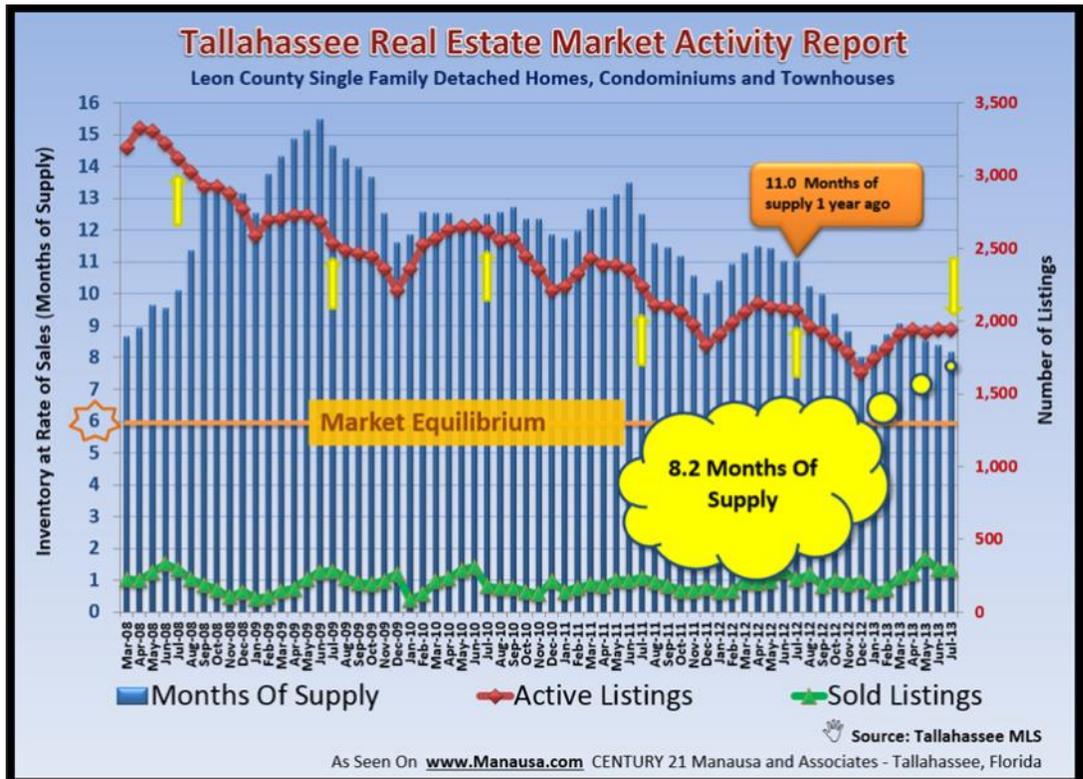
[High End Homes](#)

[Median Home Price](#)

[Short Sales](#)

[\\$250K—\\$300K](#)

[\\$300K—\\$500K](#)



The graph above 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 is falling. The current 8.2 months of supply is lower than the 11.0 months of supply reported this time last year.

One interesting trend can be seen in the real supply of homes (red, measured on the right vertical axis). I have included yellow arrows to point to the same time period each year, and we normally see the real supply of homes dropping at this point. But that is not the case this year!

I think this is a sign of growing confidence among home sellers, and they are stepping forward to fill the growing demand of buyers. 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****How Much House Can I Afford?**

If you are wondering “how much house can I afford,” you might want to listen to what Og had to say.

You see, home affordability is changing, and buyers will get much more home for their money today than they should expect in the future. [\[Read more\]](#)

**Is This The Beginning Of The End For Tallahassee Home Foreclosures?**

New lis pendens in Tallahassee are on a decline, meaning that the number of people being served foreclosure suits is finally falling.

But the percentage of these new filings that result in Tallahassee home foreclosures is on the rise. [\[Read more\]](#)

**VIDEO: How To Read A Real Estate Graph With Multiple Axes**

Today's video shows a real estate graph with multiple axes, and we explain how comparing more than one data stream can lead us to find real estate trends that might not be readily apparent otherwise. [\[Read more\]](#)

**Bigger Is Better For Real Estate In The 32312 Zip Code**

Real estate in the 32312 zip code represents the top of the Tallahassee real estate market in terms of home prices and values.

With more than 50% of the home sales in Tallahassee coming from the NE Quadrant, the 32312 zip code enjoys newer schools (like Chiles High School), great golf courses, and a lot of the amenities that are sought by wealthier residents.

So I figured it was time to provide an update on real estate in the 32312 zip code to see how this market-leading area is performing. [\[Read more\]](#)

**VIDEO: How To Read Real Estate Graphs**

Aristotle once said that “a soul never thinks without a picture,” thus I am quite sure he would have relied upon real estate graphs to better understand the housing market of his day.

OK, maybe not, but he would if he were around today.

Our Tallahassee Real Estate Blog is known to sport its fair share of real estate graphs, so today I have released a short video on “How To Read Real Estate Graphs.” I hope you enjoy the video and I hope it makes the thousands of pictures on our site help your soul to think. [\[Read more\]](#)

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