

2nd Quarter 2016

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

July Housing Reports have been completed and are posted at

[Recent Housing Reports](#)



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Will Hot Start For Home Sales Continue?

Market Returns To 'Before Bubble' Sales Levels

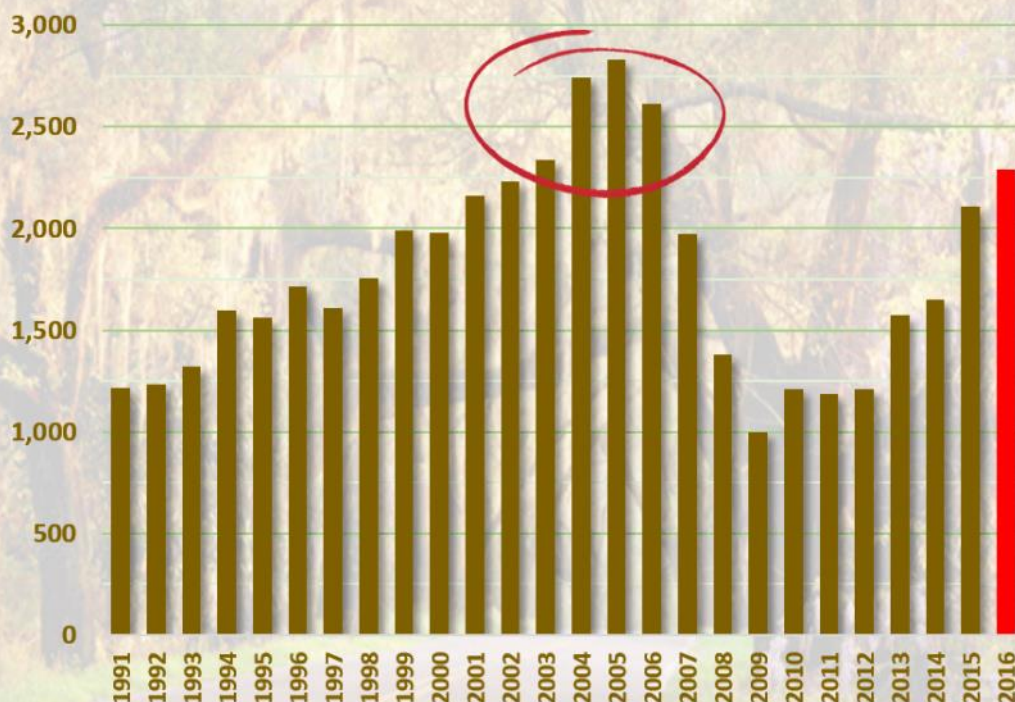
Existing home owners are having their best year since 2006. In fact, only four years on record have recorded more resales, (not including new construction) through June than we have recorded this year.

This means that we are finally burning through inventory, so much so in fact that many price ranges in NE Tallahassee are in or moving towards a seller's market.

With home builders dealing with rising costs from our local government, you should not expect to see builders step in and fill demand for homes priced below \$250,000.

As the inventory of formerly developed lots extinguishes, expect to see the majority of the new single family homes priced under \$300K to be built in the surrounding counties where development fees do not stifle growth.

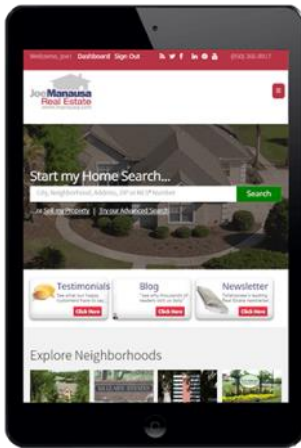
Existing Home Sales Through June



Joe Manausa
Real Estate
www.manausa.com

Source: Tallahassee Board Of Realtors MLS and Metro Market Trends
as seen on the Tallahassee Real Estate Website www.manausa.com

BEST SEARCH



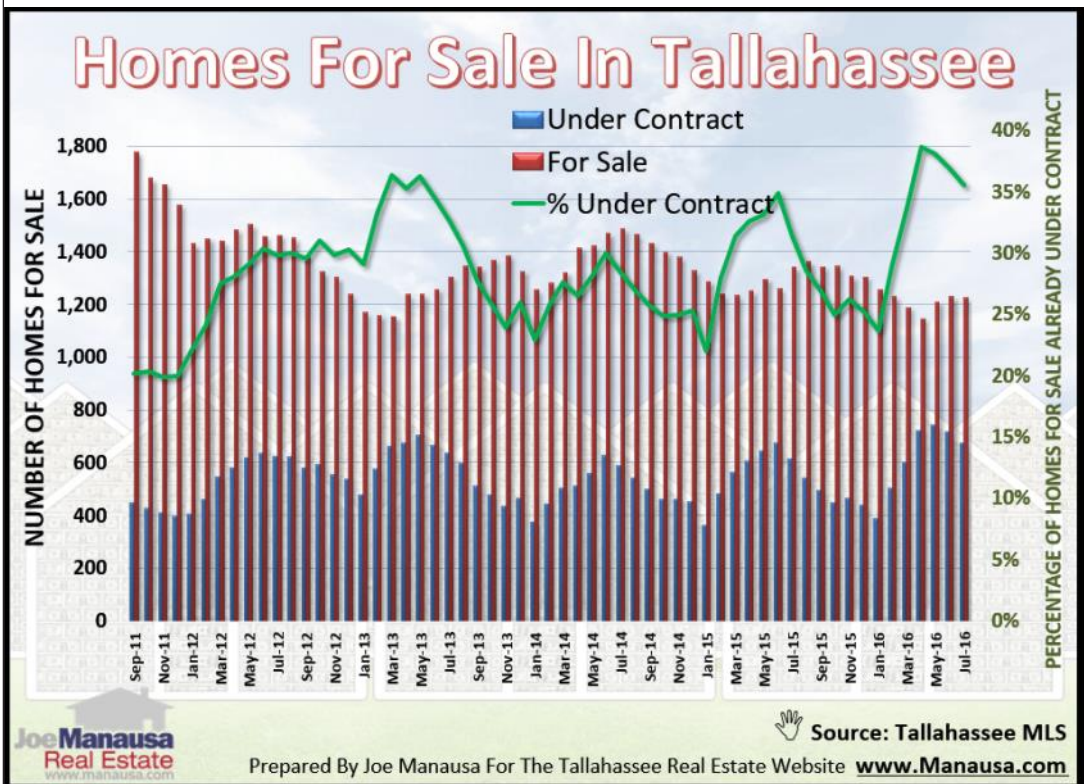
[Seller Resource](#)



Video For Buyers



Buyers Have Fewer Homes From Which To Choose



While the total number of homes for sale in Tallahassee has risen quite a bit so far this year, the reality for searching homebuyers is that there are fewer available homes worth visiting.

It is because more than 1 of every 3 homes on the market is currently under contract, either going through the due-diligence period or merely awaiting closing.

Either way, it means fewer real offerings for today's homebuyers.

In the graph above, the red bars measure the number of homes for sale on the market that are available while the blue bars measure those that already have a contract in place with a buyer.

The green line measures the ratio of

homes under contract with all homes on the market, and currently the ratio is at a ten+ year high!

While this might appear to be similar to what we saw in 2013, it's actually quite a bit different this time.

Back in '13, many buyers were putting multiple contracts together on short sales. It was taking banks too long to respond to new contracts, so buyers often felt that had to have contracts on more than one home in order to close on a home in their foreseeable future. This means many of those contracts failed to close. After all, how many buyers really wanted more than 1 home?

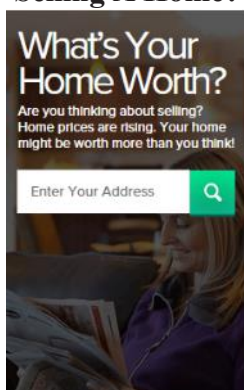
But this time, we're just seeing MORE buyers and not significantly more homes. And fewer distressed sales. This is all good for our recovering market.

Home Not Sold?



[Get Answers Now](#)

Selling A Home?



One Step Back

Home sales in June dipped nearly 8% when compared to June 2015, but year to date the market remains up 9% over last year

Year Over Year Home Sales Drop In June

For the first time in a very long while, we saw year over year home sales decline last month.

We measure each month with its corresponding month from the year prior in order to see non-seasonal changes in the market.

Home sales in June dipped nearly 8% when compared to June 2015, but year to date the market remains up 9% over last year.

Are the numbers from June a sign that the market is weakening, or is it merely a “hiccup” in the middle of a strong bull run?

Could home sales in Tallahassee be on the verge of slowing down like they have in so many other parts of the US housing market?

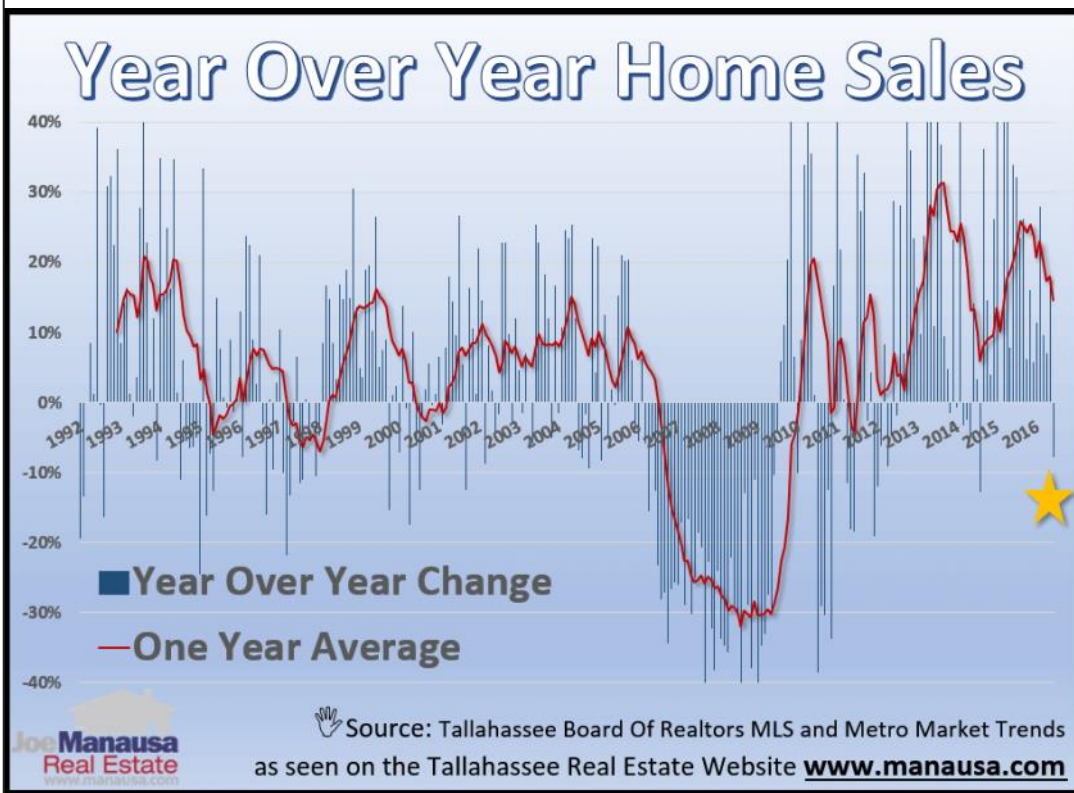
I do not believe so.

The Tallahassee housing market recovery commenced several years after most US housing markets began recovering, and we still have yet to come close to new market highs (like other locations have).

As inventory continues to decline in many of our neighborhoods, expect to see home values strengthen. This in turn will free-up home sellers who have been waiting to see enough value in their current homes in order to make the move to their next one.

This “pent-up” demand is streaming into our market now with every single digit rise in the appreciation rate.

Look to see steady improvement in home sales from existing owners.





Market Time

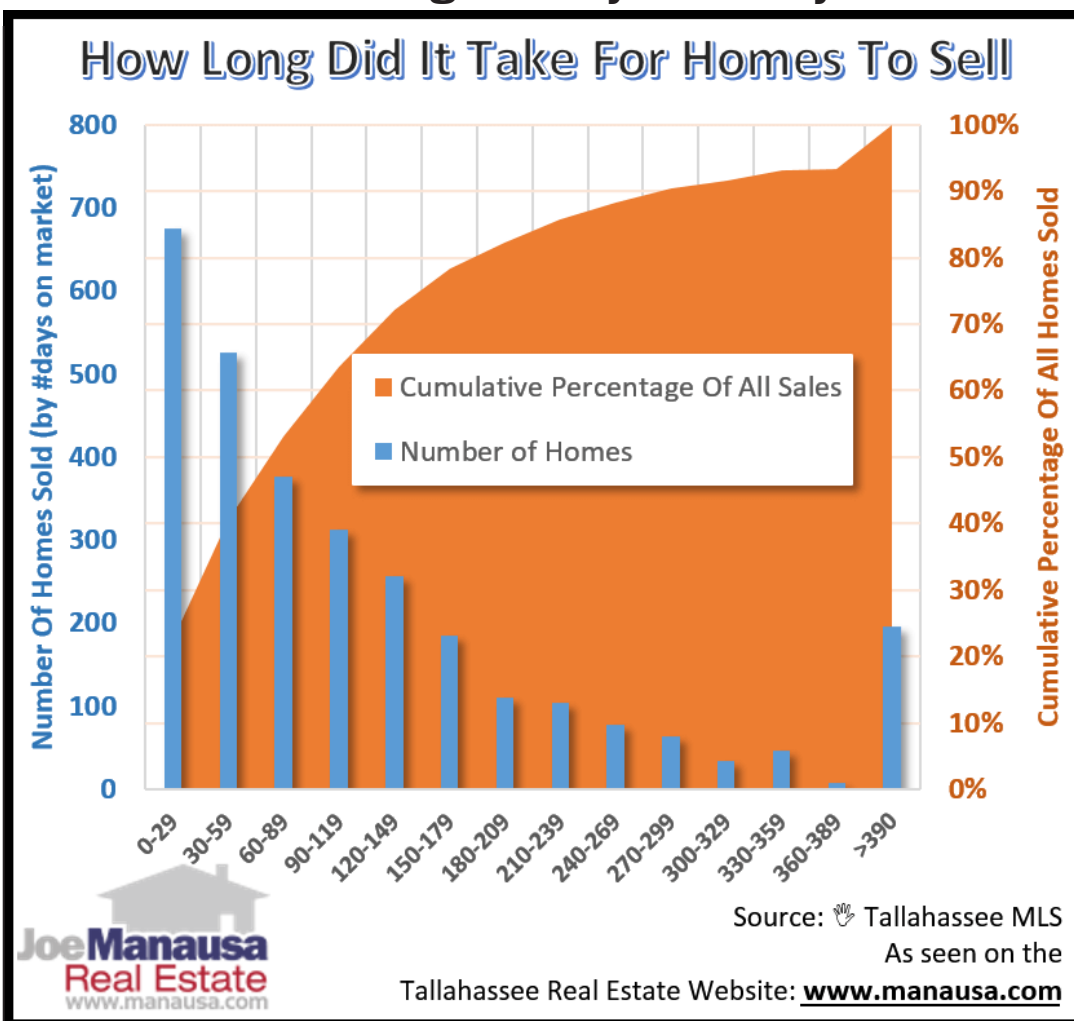
Fewer than 1 in 4 homes sell within the first month of being listed for sale in the MLS



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](#).

Older Listings Finally Have Buyers



Homes are selling fast right now, but a detailed study of MLS listings show that fewer than 1 in 4 sell within the first month.

In the graph above, each thirty-day period of market time is designated along the horizontal axis. The blue bars show how many homes sold over the past twelve months in each market time-span.

The orange field shows the running total percentage of homes sold.

The take-away from this graph includes the fact that 24% of homes that sold

over the past year were on the market for 29 days or fewer.

3 out of 4 homes that sold over the past year were on the market for up to 149 days.

10% of homes that sold over the past year were on the market for more than 270 days (nine months)

Remember, a good number of homes in the above results were listed with a prior real estate agent and/or spent time as a "For Sale By Owner," neither of which was included in the amount of time it took to sell the home.

Median Home Price Moves Higher

The median price of a home sold in Tallahassee has been rising on a rapid and steady pace since hitting \$129,500 (a recent bottom in November '15).

Currently, the median price of a home sold in Tallahassee this year is \$160,000, but the growth each month has been significant.

- November 2015: \$129,500
- December 2015: \$130,250
- January 2016: \$148,000
- February 2016: \$136,000
- March 2016: \$152,500
- April 2016: \$160,000
- May 2016: \$165,000
- June 2016: \$175,000

These home sales include all existing single family detached homes, condominiums, and townhouses (meaning the data is for all sales, not merely those recorded by Realtors).

Interest rates creeping lower mean that buyers have stronger purchasing power. As the majority of owner occupants in Tallahassee finance their homes, low interest rates mean less money needs to be spent on interest so more can be spent on the home.

I would expect median home price in Tallahassee to begin leveling off, and should interest rates spike up higher, it is possible we'll see another decline.

Free Report

Century 21
Leon County Inventory Report
Residential Home Sales - November 2015
As seen on www.manausa.com

Category	Count	Median Price	Median Price per Sq Ft	Median Days on Market
Single Family Detached	10	\$148,000	\$105	45
Single Family Attached	5	\$130,250	\$95	35
Condominiums	15	\$129,500	\$85	25
Townhouses	10	\$136,000	\$90	30
Total	40	\$136,000	\$94	34

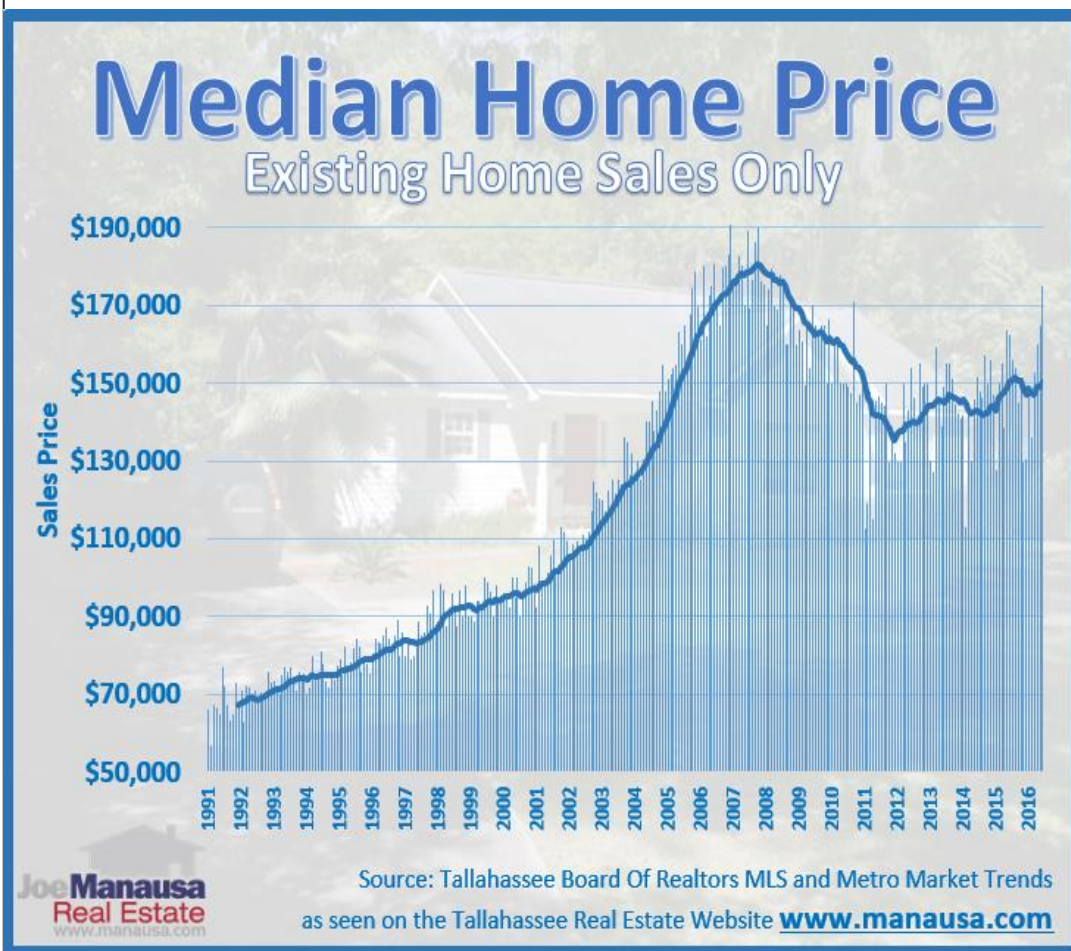
[Click Here For Free Download](#)



[Search Homes](#)

Middle Ground

The median price of a home sold in Tallahassee this year is \$160,000



Declining Supply To Push Home Values Higher

Moving On Up

Home values are still far below replacement cost and will almost certainly move higher.

Home Search

[Betton Homes](#)

[The "Bobbins"](#)

[Buckhead](#)

[Midtown](#)

[Bull Run](#)

[Glen At Golden Eagle](#)

[Golden Eagle](#)

[Highgrove](#)

[Indian Head Acres](#)

[Killearn Acres](#)

[Killearn Estates](#)

[Killearn Lakes](#)

[Ox Bottom Manor](#)

[Piney-Z](#)

[Southwood](#)

[Summerbrooke](#)

[Weems Plantation](#)

[Woodland Drives](#)

[Distressed Properties](#)

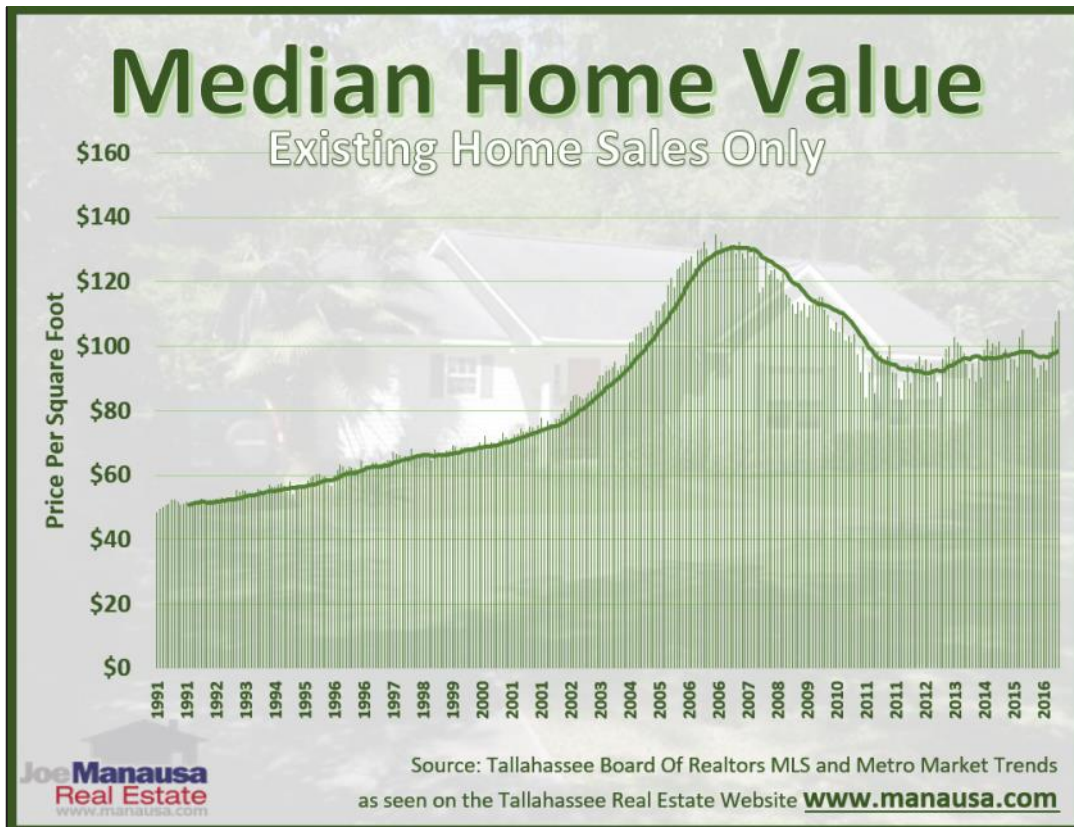
[Arms Length Homes](#)

[Golf Course Homes](#)

[Short Sales](#)

[Foreclosures](#)

[Waterfront Homes](#)



Unlike median home prices (which tell us how much buyers are spending), we look to median home values to determine whether or not home owners are gaining equity in their homes. It is not uncommon to see one moving higher while the other moves lower.

Fortunately, median home values have been on a strong run themselves during the same period of time.

- November 2015: \$90 per square foot
- December 2015: \$94 per square foot
- January 2016: \$95 per square foot
- February 2016: \$93 per square foot
- March 2016: \$98 per square foot
- April 2016: \$103 per square foot
- May 2016: \$108 per square foot
- June 2016: \$111 per square foot

With the inventory of existing homes finally declining to a level where buyers and sellers are on equal footing, today's buyers are finding that you have to act fast if a home is priced correctly.

And unlike prices which will fluctuate greatly with interest rates and changes in the local economy, values are still far below replacement cost and will almost certainly move higher.

It all is determined by the balance of supply and demand. Demand is continuing to rise as more "damaged" borrowers from the past are regaining their ability to acquire a mortgage loan.

The growth of supply is limited by builder costs, so expect a continuation of declining supply and rising demand to push home values higher.



Market Forecast

Knowing the five sequential phases in a market turn allows us to anticipate current and future market changes.

Now Hiring !



Well Supplied

For the most part, the market below \$350,000 is looking healthy. Unfortunately, the market above \$350,000 still has a long way to go in the recovery [\[Full Report\]](#)

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 six month's supply of homes on the market, with just homes priced above \$350,000 continuing in a glut.

Sales Must Continue To Increase

Home sales have picked up again, though the current rate of sales is still slower than what we experienced until the late 1990s. It is going take a return of normal sales rates for our market to fully expel the glut of homes for sale, along with the excess supply of homes that exist above \$350,000.



Leon County Home Inventory Report

Residential Home Supply - July 2016

Chart Information	NE	NW	SE	SW	ALL
\$0 - \$100,000	3.0	5.3	5.2	6.6	5.2
\$100,000 - \$150,000	4.2	6.4	4.9	9.9	5.6
\$150,000 - \$200,000	3.4	6.8	5.5	12.7	4.7
\$200,000 - \$250,000	4.1	7.0	4.4	20.0	4.6
\$250,000 - \$300,000	7.1	11.0	4.7	20.0	7.2
\$300,000 - \$350,000	5.6	3.1	6.0	6.0	5.4
\$350,000 - \$400,000	7.7	2.3	16.5	12.0	8.1
\$400,000 - \$450,000	9.6	6.0	12.0	No Sales	9.4
\$450,000 - \$500,000	10.7	18.0	18.0	No Sales	12.0
\$500,000 - \$550,000	14.6	24.0	6.0	No Sales	14.3
\$550,000 - \$600,000	13.0	36.0	6.0	No Sales	12.4
\$600,000 +	19.1	21.0	14.0	No Sales	18.7
All Price Ranges	5.6	6.1	5.6	8.0	5.9

Information in the report above shows relative home supply (months of supply based upon the current rate of sales). For example, there are 4.1 months of supply of homes priced between \$200K and \$250K in the Northeast, but 7.0 months of supply of the same priced homes in the Northwest.

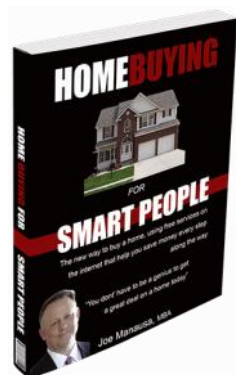
Sell A Home



Buyers Welcome

We consider a market with 6.0 months of supply of homes a balanced market, so we are now at market equilibrium

A Smarter Way



FREE LIST OF HOMES

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

Relative Supply Of Homes Achieves Balance



Each quarter we look at this graph of the overall relative supply of homes in Tallahassee, and happily we continue to report improvement.

The previous pages showed that each area in Tallahassee has its own strengths and weaknesses, but as time unfolds we will begin to see some of the demand move away from higher prices to the values that can be found in areas where imbalances create great deals.

The value of this graph above is that it reflects the entire Tallahassee housing market, and we can use it to gauge the actual strengths of each area, quadrant, and neighborhood against the whole of the market.

In the graph above, we track the total number of homes for sale (red line measured on the right vertical axis) and the total number of homes sold each

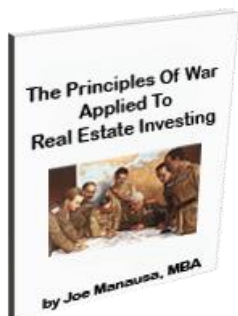
month (also measured on the right vertical axis).

We then divide the current inventory by the annual rate of sales to produce the relative supply of homes, shown as a blue column and measured on the left vertical axis).

The blue line measures the one-year trend of the relative supply of homes, and this trend is now perfectly balanced with 6.0 months of supply.

We consider a market with 6.0 months of supply of homes a balanced market, so we can declare that the overall market is finally back in balance.

Of course, most people have just one home that they want to sell, so overall market conditions are not nearly as important as are the conditions specific to the home that one is trying to sell.

Can We Help?**INVESTORS****Selling A Home?**

Sell it now, use low mortgage interest rates (while they last) to get into your dream home

**Feedback Wanted****Links To Relevant Articles****32 Older Homes That Will Make You Yearn For The Skilled Craftsmanship Of Yesteryear**

Some people believe that older homes have character, and some believe "we don't build them like that anymore." But there is one thing for certain about older homes that you'll almost always find to be true. [\[Read More\]](#)

24 "Like New" Homes For Sale Offered At USED HOME PRICES

Do you want a new home but don't want to pay the premium for new construction?

Well then, this is for you. We have assembled all the "like new" homes for sale in Tallahassee, and you can find them all here. [\[SEE THEM HERE\]](#)

69 Highly Sought-After Homes Along The Thomasville Road Corridor In NE Tallahassee

Some of the most highly sought after real estate in Tallahassee exists along the Thomasville Road Corridor.

From \$99,000 to well over \$5M, take a look at what draws the bulk of homebuyers in Tallahassee. [\[Read More\]](#)

Follow These Steps If Your Home Has Not Sold Within 30 Days Of Hitting The Market

Nothing is more frustrating than a product or service that fails to perform as expected.

In the case of real estate, you hire a listing agent to sell your home because he says he can get the job done, yet several weeks after listing your home for

WARNING: Buying A Home Without Resale In Mind Could Produce Disastrous Results

Home Resale-ability ... What do you do when you find two homes that you like equally? How to you choose one over the other? Is the answer in the future value of each home? [\[Read More\]](#)

sale you are not under contract. Moreover, you are not seeing the critical signs that indicate that your real estate agent is doing what it takes to get you moved. Here's something simple that you should do: [\[Solution Here\]](#)

50 FIVE Bedroom Homes For Sale UNDER \$500K

If you have a large family and require a home with a lot of rooms, you are in luck!

Currently, there are fifty homes for sale in Tallahassee with five or more bedrooms that are all priced below \$500,000, and we have assembled them all right here for you. [\[See 50 Homes\]](#)

