

Market Health Improving But Not Back To Normal



Barbara Corcoran's
Advice in Tallahassee



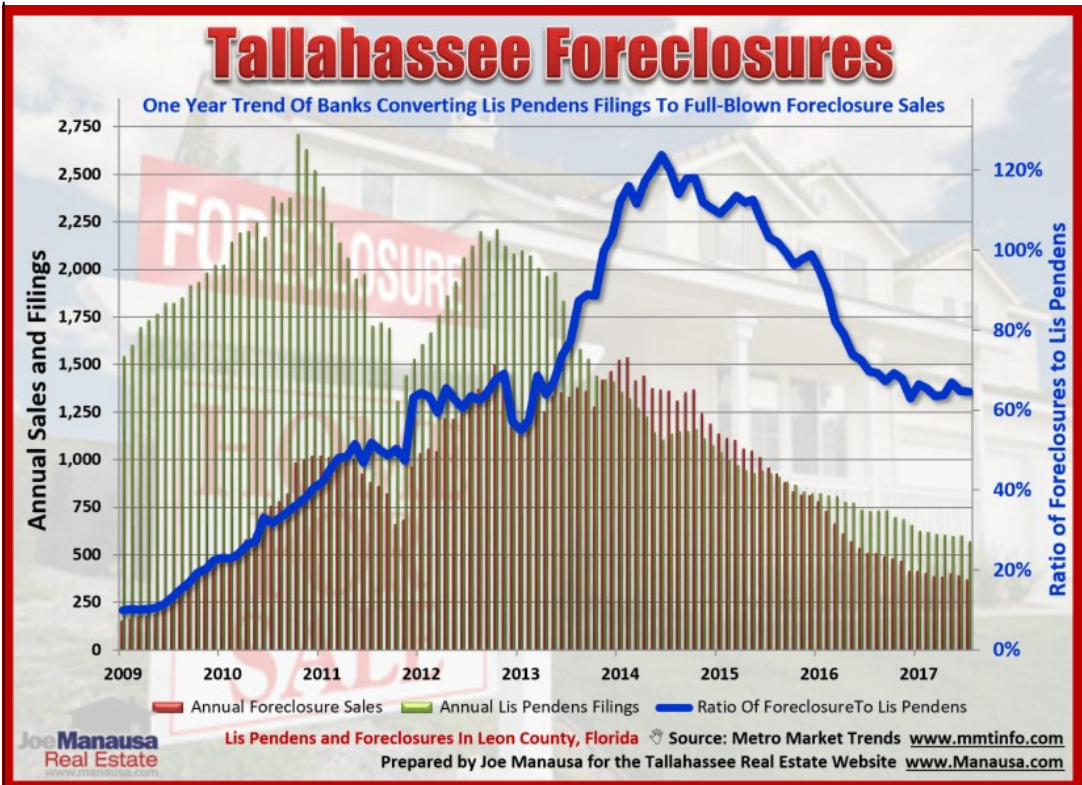
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How do we know that the Tallahassee real estate market is healthy and has put the devastation of the housing market collapse of 2006 behind it?

Believe it or not, there is much more to track than just the number of homes selling and the current values of homes.

One trend that we like to monitor is the ratio of foreclosure sales to lis pendens filings.

By way of review, a lis pendens is the legal notice from the lender to the borrower that initiates the foreclosure process, while a foreclosure sale is the ultimate result that occurs if no solution has been achieved by the borrower.

Historically, less than 15% of lis pendens resulted in a foreclosure sale

because the property owner was able to fix the problem by either catching up on the loan payments, re-negotiating the loan terms, selling the property and keeping the equity, or short selling the property (rare).

Since the housing bubble burst, with the massive decline in home values, there has been less equity (even negative equity) in most of the properties with lis pendens filings, so the foreclosure sale has been the most likely solution to the current situation.

While we are seeing this ratio decline, the foreclosure sale remains the solution of choice right now for distressed properties. Nearly 2 of every 3 lis pendens filed results in a foreclosure sale. Only rising home values and time will heal the market.