

Tallahassee Real Estate

An analytical view of the Tallahassee Housing Market

Volume 14, Number 6

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 June Housing Report has been completed and is posted at

[The Market Bulletin](#)



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It's A Buyer's Market (Again)

The relative supply of homes favors buyers again in Tallahassee

Unless you're buying a home priced below \$75,000, it's a buyer's market again in Tallahassee.

The Spring surge of new inventory that appears annually from March through June was the largest in four years, while the normal increase in buyer activity for the same period was disturbingly absent.

Thus supply has not been culled and we are seeing too many offerings for the buyers that are ready to make a purchase.

In the graph below, the number of

homes for sale are shown in red, while the number of homes that sold over the past year are shown in green (both measured on the left vertical axis).

The resulting relative supply, measured in months of supply on the right vertical axis, is represented by the blue line.

When the blue line falls within the yellow field, we call this a "balanced market," and it is very clear that our market is not in balance.

This gives buyers a great edge, making sellers compete for their business.



Free Report

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

Category	2013	2014	% Change
Total Inventory	1,234	1,012	-18%
Single Family	876	789	-10%
Townhomes	123	145	+18%
Condos	234	278	+19%

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Tallahassee Free Search



FULL MLS ACCESS

[Search Homes](#)

Slowing Market

Unit sales declined by 19% in May (compared to May 2013) and new contracts were down 53%, indicating that we can expect to see home sales decline for many more months

TALLAHASSEE

May 2014 Housing Statistics



Homes Sold
298
↓ 19%



Median Home Price
\$161,500
↑ 12%



Median Home Value
\$100 PSFT
↑ 2%

■ 2013
■ 2014

497
21% More

New Listings

212
53% Less

New Contracts

298
19% Less

New Sales

270
44% More

New Failures

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



The Competition

NE Tallahassee has the healthiest market, where there is a balanced market for homes priced below \$200,000

Lakefront



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 By Area

The picture that we saw on page 1 of this report showing the relative supply of homes is far too general when it comes time to sell a specific home, as supply and demand are not consistent across the entire Tallahassee real estate market.

Each quadrant of Tallahassee has been broken down and contained within its own graph on this page.

Northeast Tallahassee

NE Tallahassee has the healthiest market, where there is a balanced market for homes priced below \$200,000, and the imbalance does not get bad until you get beyond \$250,000.



Southeast Tallahassee

The next healthiest quadrant is found in SE Tallahassee, where the over-supply is worse than in the NE, but not too bad until you look at homes over \$200,000.



Northwest Tallahassee

The west side of Tallahassee was where there was and continues to be too much building to justify recent levels of demand. Student housing is shifting to multi-family, leaving many single family homes, townhouses, and condominiums struggling to find tenants and owners.



Notice how there is no "good" price range in NW Tallahassee, and zero activity at the highest price points.

Southwest Tallahassee

They say a picture is worth a thousand words, and the graph below is a prime example of this point.



There is so little activity in SW Tallahassee that homeowners will be trapped there for many years to come. Currently, we are seeing lenders quit on a lot of foreclosures due to the cost of retaining and maintaining the homes.



Getting Better

The low number of filings represents a 50% decline when compared to May of 2013, and it marks the 6th consecutive month of declines.

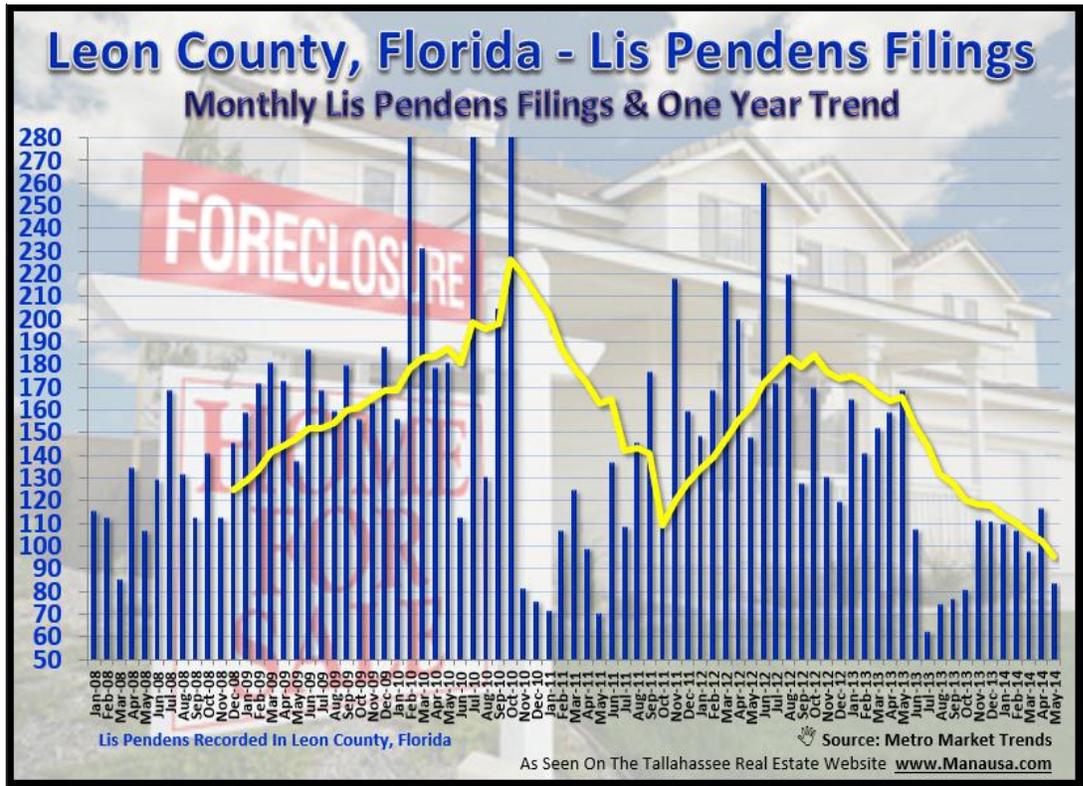
FREE LIST OF HOMES
 Distressed Property, short sales
 REOs, Foreclosures - Best Buy List

Sell A Home
 Typical Real Estate Marketing Plan
 "Please Let It Work This Time"

New Filings

Lis pendens filings are the start of the foreclosure process in the State of Florida

New Foreclosure Filings Continue To Decline



There were 84 lis pendens filed in May, the lowest monthly total since October of last year.

The low number of filings represents a 50% decline when compared to May of 2013, and it marks the 6th consecutive month of declines.

As a reminder, lis pendens filings are the start of the foreclosure process in the State of Florida, so we count these each month to get a feel for the potential of future foreclosure sales.

In the graph above, the number of lis pendens filings is shown as a blue bar, and is recorded on the left vertical axis.

The one-year average (trend) is shown as a yellow line, and it shows some very good news. Not only is the trend on the decline, it also continues to set a new

6-year low each month.

Lis pendens filings are falling fast, and it is highly probable that we will see foreclosure sales start to wane and soon decline.

Anybody who has been following the distressed property sales market in Tallahassee lately has observed a steady rise in the number of foreclosed properties. It was something we have been preparing for as this lis pendens report had us prepared for the resulting foreclosure sales that would occur.

The current level of lis pendens is still high when compared to historic numbers, but nevertheless, this report represents some very encouraging news for homeowners with equity who are looking to see their home values return so that they can sell.

New Contracts Down 53% Year Over Year

The biggest negative news in our infographic ([found on page 2 of this report](#)) is that new contracts were down 53% in May 2014 versus May 2013.

since February. Year over year new contracts fell in February, March, April, and May, and the rate of decline is staggering.

In order to generate the data for the graph below, we counted the number of new contingent contracts and new pending contracts each day in the Tallahassee MLS.

If you look at the graph below, you can see that sales (green line) are on the decline, and it is my belief that this is the start of a trend that must continue for several months, if not longer.

Closings Begin To Slide Too

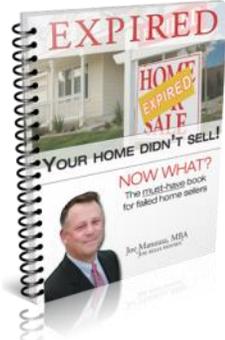
For 21 consecutive months, we had seen closed sales do nothing but rise, even lately as new contracts have taken a tumble.

For nearly four straight months, year over year contracts have declined by more than 50%. This is not a downturn, and it is not an insignificant seasonal blip in the data.

We can attribute some of the decline in new contracts to the fewer short sales available in the market, but not the consistent decline that we have seen

It is a sign that buyers are leaving the market and the positive recovery trend that started in 2012 has now reversed its course.

Home Not Sold?

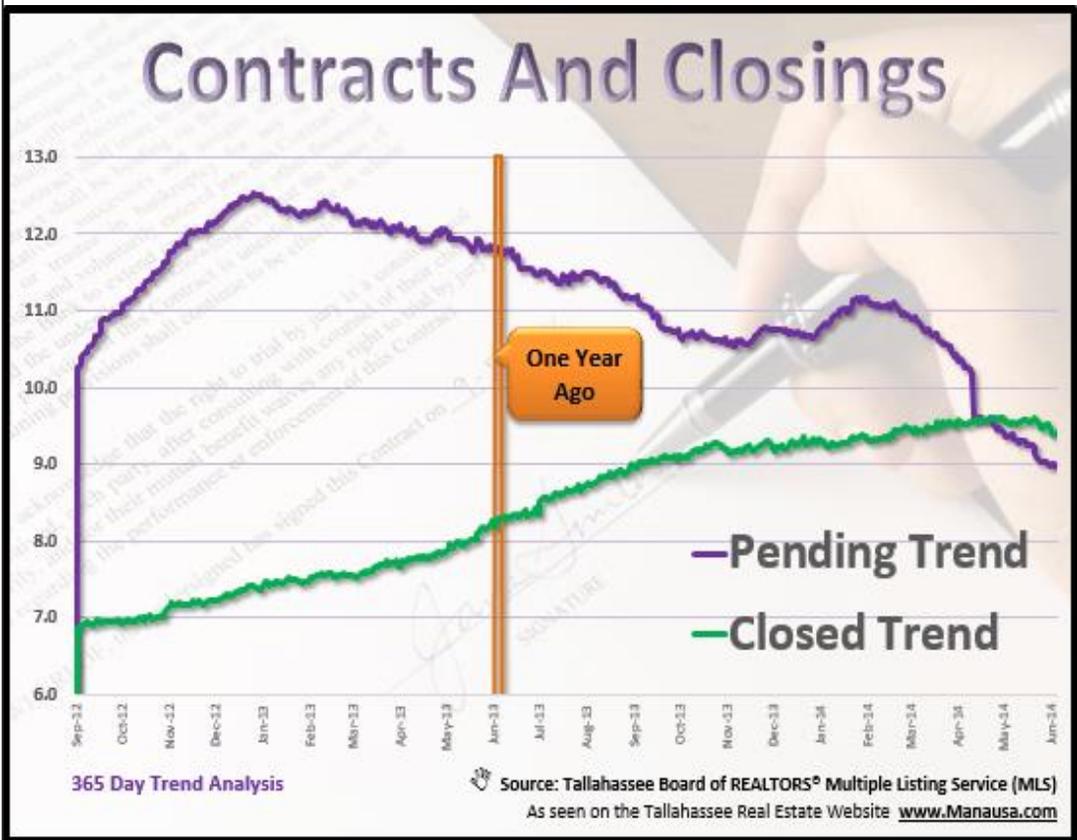


[Get Answers Now](#)



Buyer Activity Down

For the past 21 months, we have seen closed sales do nothing but rise, even lately as new contracts have taken a tumble.



Are Homes Selling?

Over the past year, roughly 56% 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.

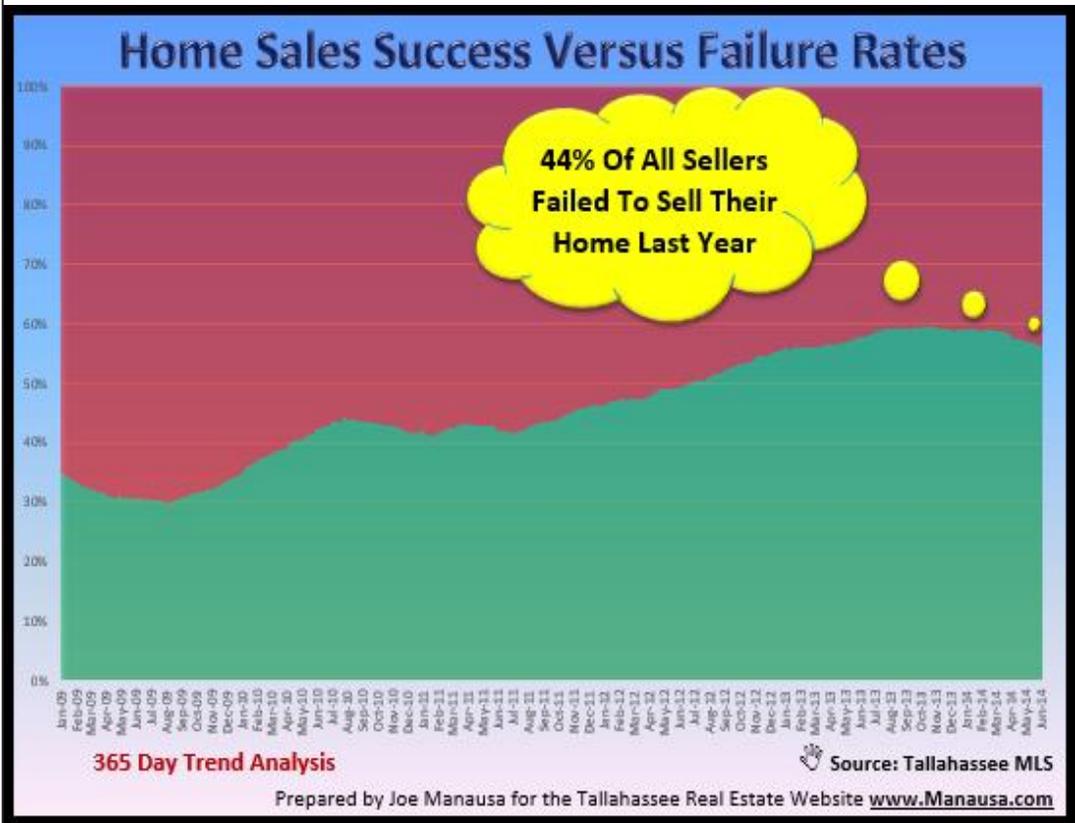
- Success: 56%
- Failure: 44%

Sales Success Rates Still Too Low

So, in simplified terms, we can say that over the past year, roughly 56% of the homes that were listed actually sold, and 44% 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 - June 2014

Chart Information	NE	NW	SE	SW	ALL
\$0-\$75,000	4.7	6.7	5.3	9.3	6.7
\$75,000-\$100,000	4.5	8.8	10.1	12.0	8.4
\$100,000-\$125,000	5.7	7.8	7.2	10.4	7.1
\$125,000-\$150,000	5.8	12.4	6.9	18.0	8.8
\$150,000-\$200,000	7.2	8.8	7.7	17.3	7.7
\$200,000-\$250,000	6.9	8.9	9.5	30.0	7.6
\$250,000-\$300,000	8.8	11.0	9.0	72.0	9.3
\$300,000-\$500,000	9.2	14.4	10.0	No Sales	9.8
\$500,000-\$750,000	17.3	96.0	17.1	No Sales	19.0
\$750,000+	26.5	No Sales	24.0	No Sales	29.1
All Price Ranges	7.9	8.7	8.0	12.2	8.4

Information in the report above shows relative home supply (months of supply based upon the current rate of sales). For example, there are 8.8 months of supply of homes priced between \$250K and \$300K in the Northeast, but 72.0 months of supply of the same priced homes in the Southwest.

Relative Supply Levels Off

Leveling Off

The current 8.4 months of supply is lower than the 8.5 months of supply reported this time last year, but not by much. Will this rise in June?

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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 8.4 months of supply is lower than the 8.5 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.

Soon, we are going to see 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 even greater growth in demand.

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****Opinion Poll: Where Have All The Buyers Gone?**

While doing the research necessary for our monthly supply and demand report, I found a disturbing trend that we first began reporting in February. This is not a good trend.

This trend is so disturbing that I have included an opinion poll to see if some of our readers can tell us what they think is causing the rapid decline in new real estate contracts. [\[Read More\]](#)

It's Time To Separate The Wheat From The Chaff In Real Estate

Every year at this time, there is a group of home sellers that will be required to make an important decision. It is those sellers who chose to market their home at a price buyer's would not accept, thus their initial asking price will not produce a home sale.

It is (as they say) time to separate the wheat from the chaff, and determine which home sellers will adjust their prices to current buyer demand, and which seller's will fail to sell their home in time to be settled by the end of the Summer. [\[Read More\]](#)

The Most Expensive Homes In Tallahassee

The most expensive homes in Tallahassee are priced (relatively) cheap when compared to some of the larger markets in the US.

Daily, I see articles about homes going on the market in California and New York for more than \$10M, yet the highest priced listing in Tallahassee tips the scale at \$5.3M, and only a handful are

priced above \$2M.

So take a look at the very top of the Tallahassee housing market, and what people have been buying over the past twelve years. [\[Read More\]](#)

4 Tips For Setting The Asking Price For A Home

If you are planning on selling a home this year, you should know that setting the asking price for a home is the second most important factor in determining whether you will get the most amount of money while selling within the time frame in which you would like to move.

Right now, 44% of the people who put their home on the market over the past year failed to sell their home.

If you follow these 4 tips, you can avoid the loss of money and loss of time experienced by the majority of home sellers today. [\[Read More\]](#)

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