

Tallahassee Real Estate

An analytical view of the Tallahassee Housing Market

Volume 13, Number 9

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 September Housing Report has been completed and is posted at

[The Market Bulletin](#)



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Three Major Trend Changes In Tallahassee

Positive Changes In Major Real Estate Trends Emerge In 2013

Looking at our four key trends graph, three major changes have emerged in 2013.

The first trend change we observe in the graph below is the number of new listings entering the market (blue line) is on the rise. I suspect consumer confidence is returning and our shadow inventory will begin to creep back into the market.

This is buoyed by another trend we see emerging. The green line shows that the number of daily closed home sales is on the rise. And this is no minor change.

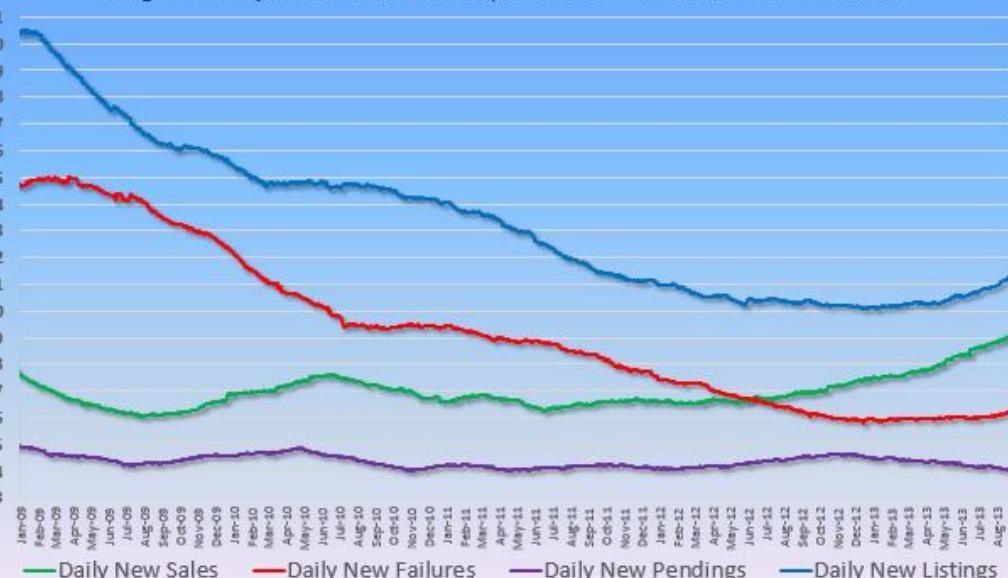
Closed home sales are regaining strength, and barring a crazy increase in mortgage interest rates, this trend should continue.

The final trend change is one that I believe is a "false reading." The purple line shows the trend of "pending contracts" recorded each day, which is declining. How can new contracts decline while daily closed home sales continue to rise? Realtors are not using the "sale pending" status as often as had been done in the past. They are leaving properties tagged as "contingent" all the way through closing.

Tallahassee Real Estate Market (Leon County)

1 Year Inventory Trend (Seasonality Removed)

Single Family Detached Homes, Condominiums & Town Houses

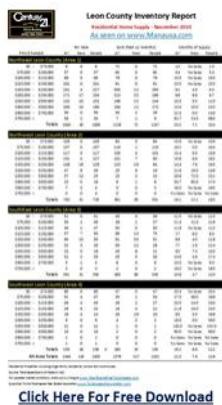


Source: Tallahassee MLS

As Seen On The Tallahassee Real Estate Website www.Manausa.com

Top Selling Neighborhoods In 2013

Free Report



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High End Homes

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

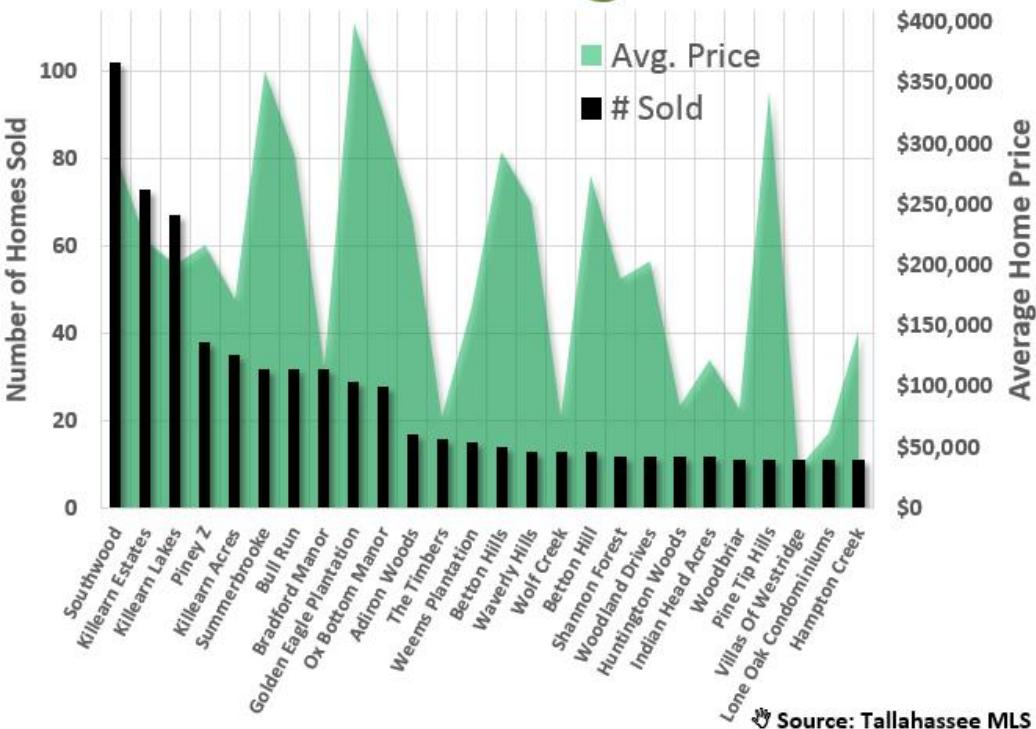


[Search Homes](#)

FORE!!!

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

Most Active Neighborhoods



Source: Tallahassee MLS

As Seen On The Tallahassee Real Estate Website www.Manausa.com

Southwood has regained the top position among the most active home selling neighborhoods in Tallahassee with 102 homes sold thus far in 2013.

Killearn Estates is in second position with 73 homes sold, followed by Killearn Lakes with 67 (although Killearn 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 38 closed home sales through mid September.

Killearn Acres closes out the top 5 neighborhoods with 35 homes closed.

The news of a closing golf course does not seem to have hurt Summerbrooke, as it has shot up to the sixth position, tying Bull Run with 32 closed home sales.

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.

Where Tallahassee Buyers Are Buying

Just over one half of all home sales in Tallahassee occur in the NE quadrant of Leon County.

Go West

Home buyers should be looking for values on the west side of town

With 8 of the top ten most popular neighborhoods being located in NE Tallahassee, we can expect this trend to continue for the foreseeable future.

We started graphing closed home sales by quadrant back in 2008 with the hopes of identifying changing trends, and we can certainly see that the collapsed housing market has opened up opportunities for home buyers.

The lines in the graph below show the one-year trends of "market share" for each quadrant in Leon County.

I believe low interest rates and falling home values have created a fairly obvious movement trend in Tallahassee.

People are heading to the east side of town.

The blue line shows the NE quadrant has grown from 42% of all sales to over 50%, while the green line has hardly moved, showing that the SE quadrant is still over 15% of the market.

The red line shows the NW quadrant has fallen to 25% of all home sales in Tallahassee, and the SW quadrant has been hit the hardest, dropping to merely 6% of all closed home sales over the past year.

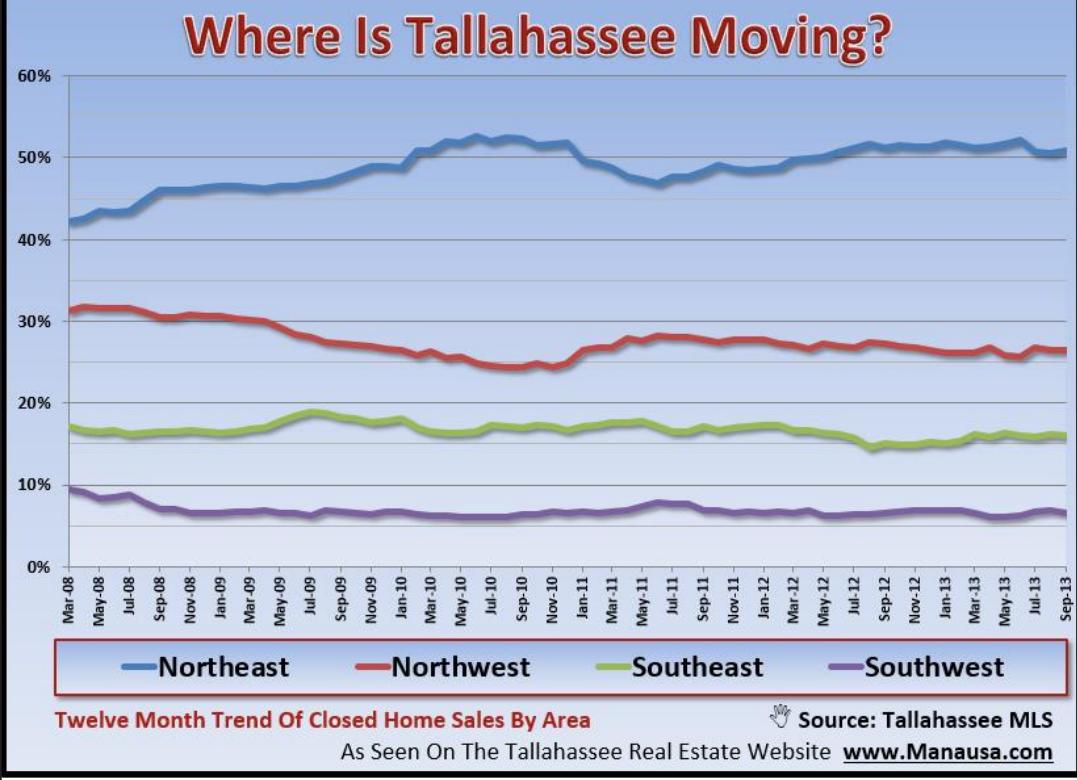
Roughly 2/3rds of all home sales are on the east side of town, while just 1/3rd are on the west side.

Home buyers should be looking for values on the west side of town, as we will eventually see the market recover.



Rate Driven

Low interest rates and falling home values have created a fairly obvious movement trend in Tallahassee

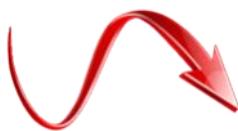


Uneven Housing Market Recovery



Positive Trend

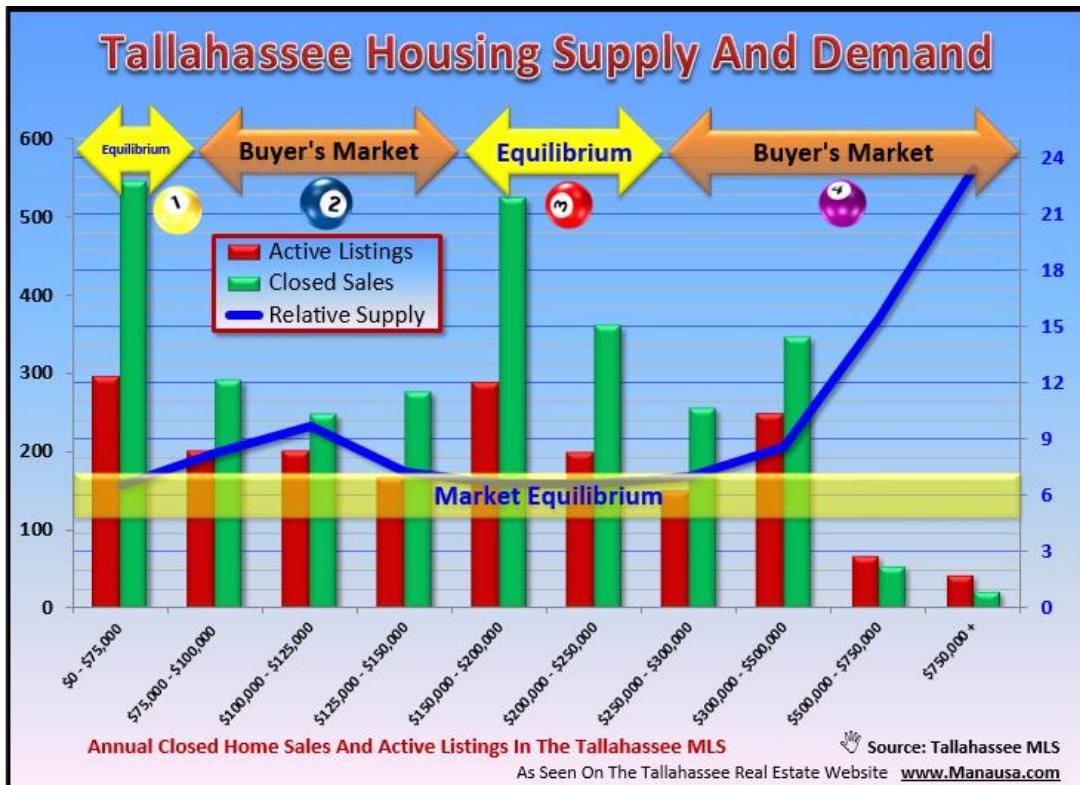
Homes priced from \$150,000 to \$250,000 are at equilibrium.



Housing Recovery

Different parts of Tallahassee are recovering at different rates, and the price ranges are responding differently as well

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



If you want to know what's happening to home values in Tallahassee, you have to study more than just the overall housing market conditions.

Some homes are appreciating while others are flat. Some are depreciating right now. It's not as simple as taking market averages and applying them to a specific home.

Different parts of Tallahassee are recovering at different rates, and the price ranges are responding differently as well.

The graph above accounts for price range fluctuations, but only across the entire Tallahassee real estate market (Leon County, FL).

Red and green bars measure existing

supply and the previous 12 months sales (respectively) on the left vertical axis, whereas the blue line measures months of supply on the right vertical axis.

The yellow band shows the area where supply and demand (blue line) are at equilibrium, meaning the market is at a normal level.

By The Numbers

- ① Homes priced below \$75K are at equilibrium
- ② Homes priced between \$75K and \$150K are in a buyer's market.
- ③ Homes priced from \$150K to \$250K are at equilibrium.
- ④ Homes priced above \$250K are in a buyer's market.

Distressed Offerings On The Rise (Again)



Distressing

About 32% of all listings in the Tallahassee MLS are distressed, meaning they are short sales, foreclosures, or bank owned properties

Sell A Home



More Of The Same
Arms length home sellers will be competing with distressed sellers for the foreseeable future

Every month, we take a look at the current inventory of homes for sale to identify trends that can be used by sellers and buyers alike to establish expectations for home value movement.

In the graph below, all condominiums, townhouses, and single family homes that are listed for sale in Tallahassee are shown as either "arms length" (green) or "distressed" (red).

The ratio of distressed homes for sale to all homes for sale is shown as a black line and measured on the right vertical axis. Currently, about 32% of all listings in the Tallahassee MLS are distressed, meaning they are short sales, foreclosures, or bank owned properties.

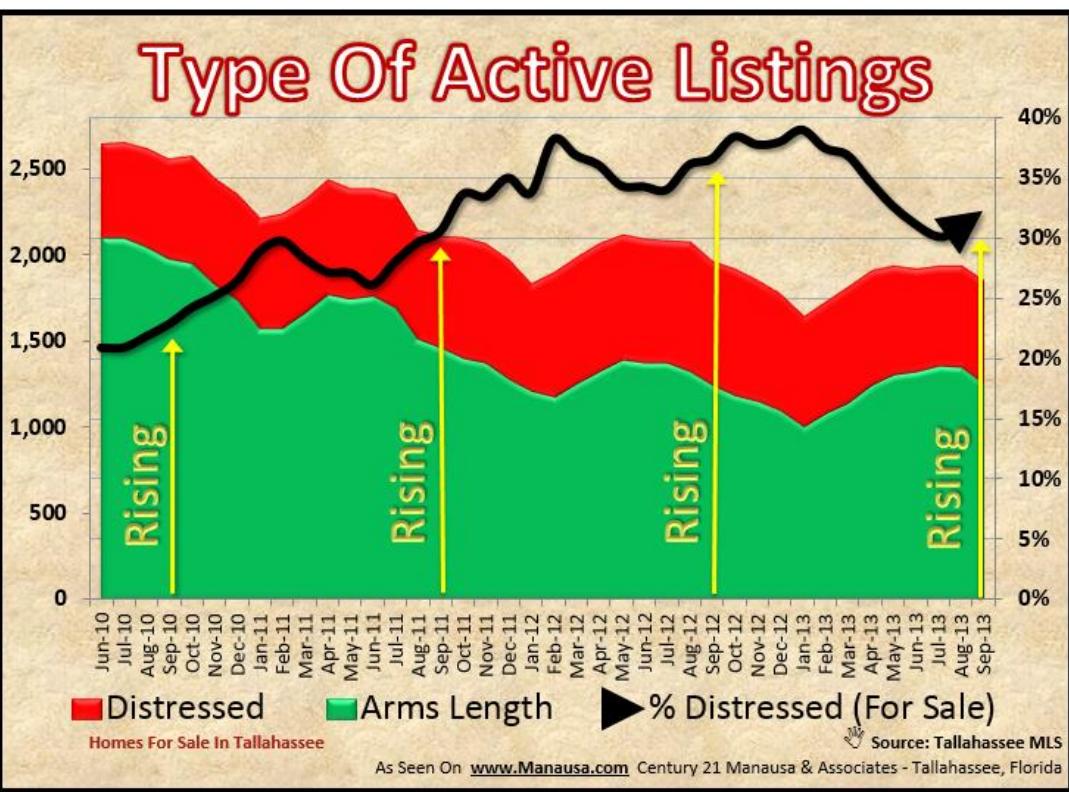
The yellow vertical arrows show that we usually see the trend of distressed homes for sale to all the homes for sale

rise this time of year.

It is important to note this seasonal shift, as we are closely monitoring distressed property trends. We know that there are thousands of homes that are in a distressed state that have not hit the market, and we want to ensure that we are not seeing a rush of these properties hit the market all in one wave.

As home values improve, we should expect to see more of these homes listed for sale in order to resolve the issues that pushed them into a distressed status.

That means arms length home sellers will be competing with distressed sellers for the foreseeable future, and we should not expect distressed homes to be gone from our market.



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.

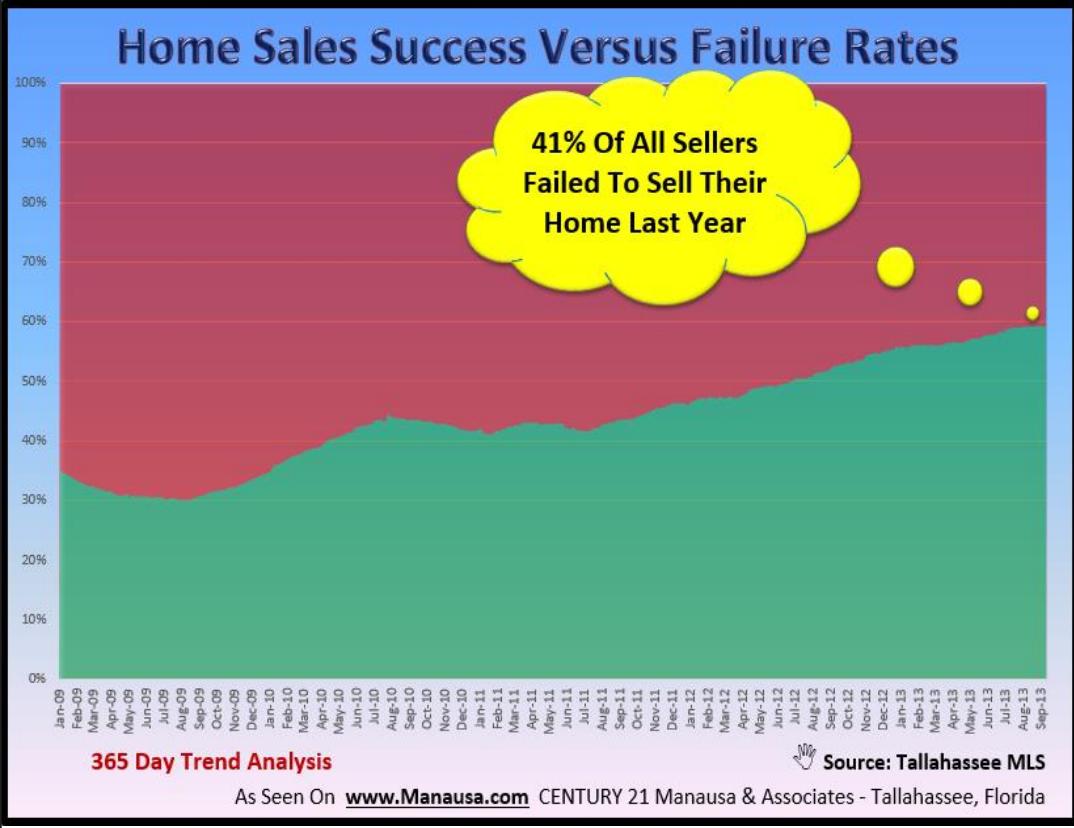
- Success: 59%
- Failure: 41%

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 - September 2013

Chart Information	NE	NW	SE	SW	ALL
\$0-\$75,000	8.4	5.7	7.8	6.7	6.5
\$75,000-\$100,000	6.3	7.8	10.7	10.0	8.3
\$100,000-\$125,000	7.1	10.2	9.5	21.4	9.7
\$125,000-\$150,000	6.5	7.4	4.6	36.0	7.2
\$150,000-\$200,000	5.5	11.2	6.5	6.9	6.6
\$200,000-\$250,000	6.1	12.5	5.6	12.0	6.6
\$250,000-\$300,000	6.3	14.6	7.3	24.0	7.0
\$300,000-\$500,000	8.7	15.4	4.8	No Sales	8.6
\$500,000-\$750,000	14.9	9.6	22.0	No Sales	15.5
\$750,000+	20.0	No Sales	No Sales	No Sales	23.4
All Price Ranges	7.1	8.2	7.4	10.3	7.6

Information in the report above shows relative home supply (months of supply based upon the current rate of sales). For example, there are 6.3 months of supply of homes priced between \$250K and \$300K in the Northeast, but 14.6 months of supply of the same priced homes in the Northwest.

One In Three Homes For Sale “Already Sold”

Selling Homes

The current 7.6 months of supply is lower than the 10.2 months of supply reported this time last year.

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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 is falling. The current 7.6 months of supply is lower than the 10.2 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.

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****Why Foreclosures Are Still Abundant In Tallahassee**

By my simple math, the average time it takes for foreclosures in Tallahassee to go from a lis pendens filing to a foreclosure sale is 2.5 years. To put that into perspective, it means that the newest foreclosures in Tallahassee (September 2013) had the initial action (on average) filed in March 2011. [\[Read more\]](#)

Home Values Returning In Killearn Estates

Thus far in 2013, there have been 73 homes sold in Killearn Estates, with an average sales price of \$220,000 and a value of \$103 per square foot. That means you are getting a 2,130 square foot home for just over \$200K in a highly desirable NE Tallahassee neighborhood.

Currently, there are 51 [homes for sale in Killearn Estates](#), and those that are priced well and marketed well are selling fast. [\[Read more\]](#)

Piney Z Home Values Are On The Mend

For so many years, our reports on this popular NE Tallahassee neighborhood showed declining home sales (even as others started to turn), so I am happy to show proof positive that Piney Z in Tallahassee is on the mend.

Thus far in 2013, there have been 38 home sales in Piney Z with an average price of \$217K, an average value of \$107 per square foot, and an average size of 1,920 square feet. [\[Read more\]](#)

Sluggish Golden Eagle Plantation Offers Great Buying Opportunities

With all the positive reports emerging from the Tallahassee real estate market, it is unfortunate to find the struggling neighborhood of Golden Eagle Plantation in NE Tallahassee.

Through mid September 2013, there have been 29 homes sold in Golden Eagle at an average price of \$399,500 (\$123 per square foot). Golden Eagle represents the “high volume of the high end” communities in Tallahassee. [\[Read more\]](#)

How To Fix Your Credit So You Can Buy A Home

The credit repair process is so important to the recovery of the housing market that we have conducted a one-year case study to evaluate the viability of credit repair companies.

Today's update certainly provides evidence that there is more than smoke and mirrors involved in the credit repair process. [\[Read more\]](#)

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