

Tallahassee Real Estate

An analytical view of the Tallahassee Housing Market

Volume 16, Number 3

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

March
Housing Reports
have been
completed and
are posted at

[Recent Housing
Reports](#)



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2016 Begins With Strong Start

Tallahassee enjoys consecutive months of gains in year over year home sales

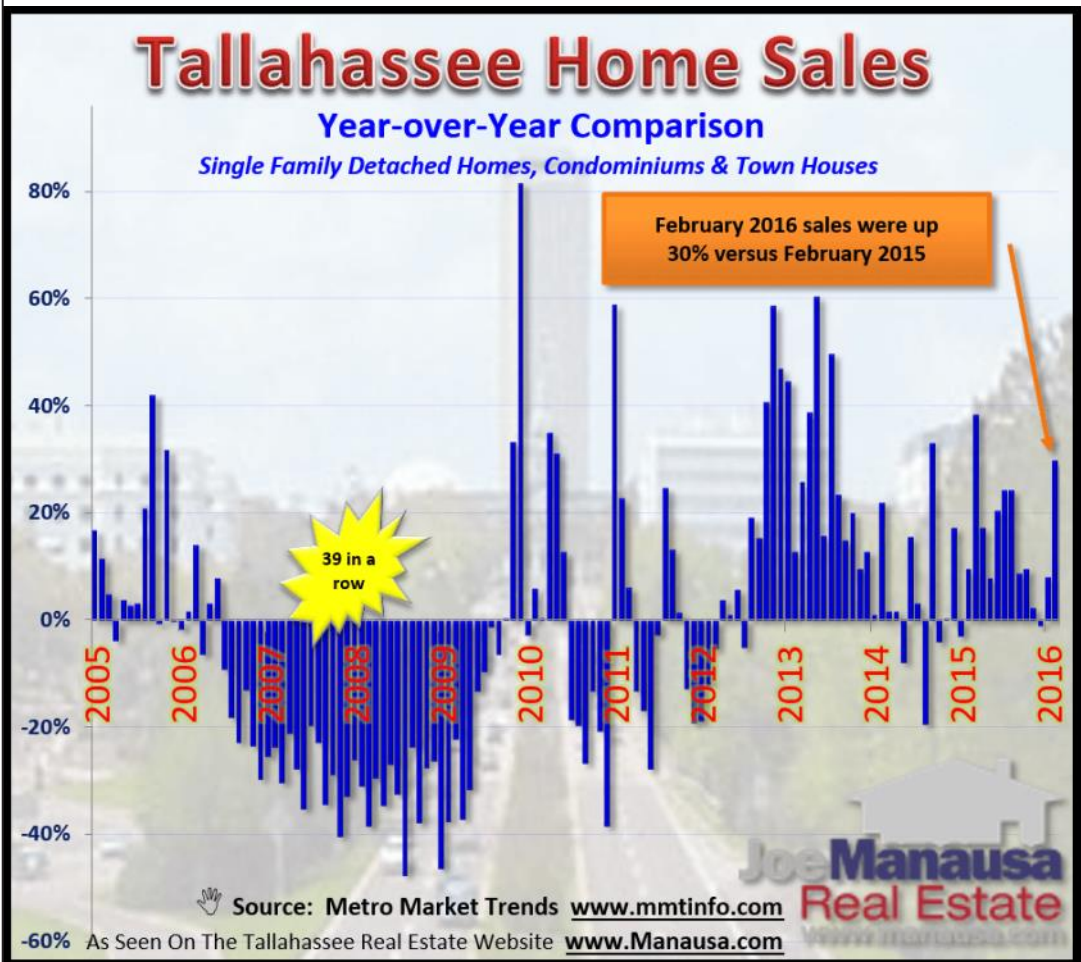
The year over year home sales report compares each month to its counterpart one year prior. Thus far in 2016, we've seen strong gains each month.

In the graph below, positive months are seen rising above the horizontal axis, while negative months fall below it. For the past two years, there have been significantly more positive months than

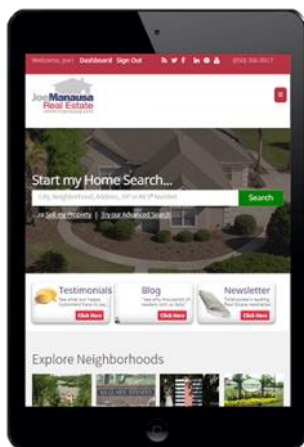
negative months.

The number of homes sold in February was 30% more than what was reported in February 2015, and only one in the past twelve months has reported a declining trend.

This is good news for a housing market that still lags far behind the Florida and US housing market recovery rates.



BEST SEARCH



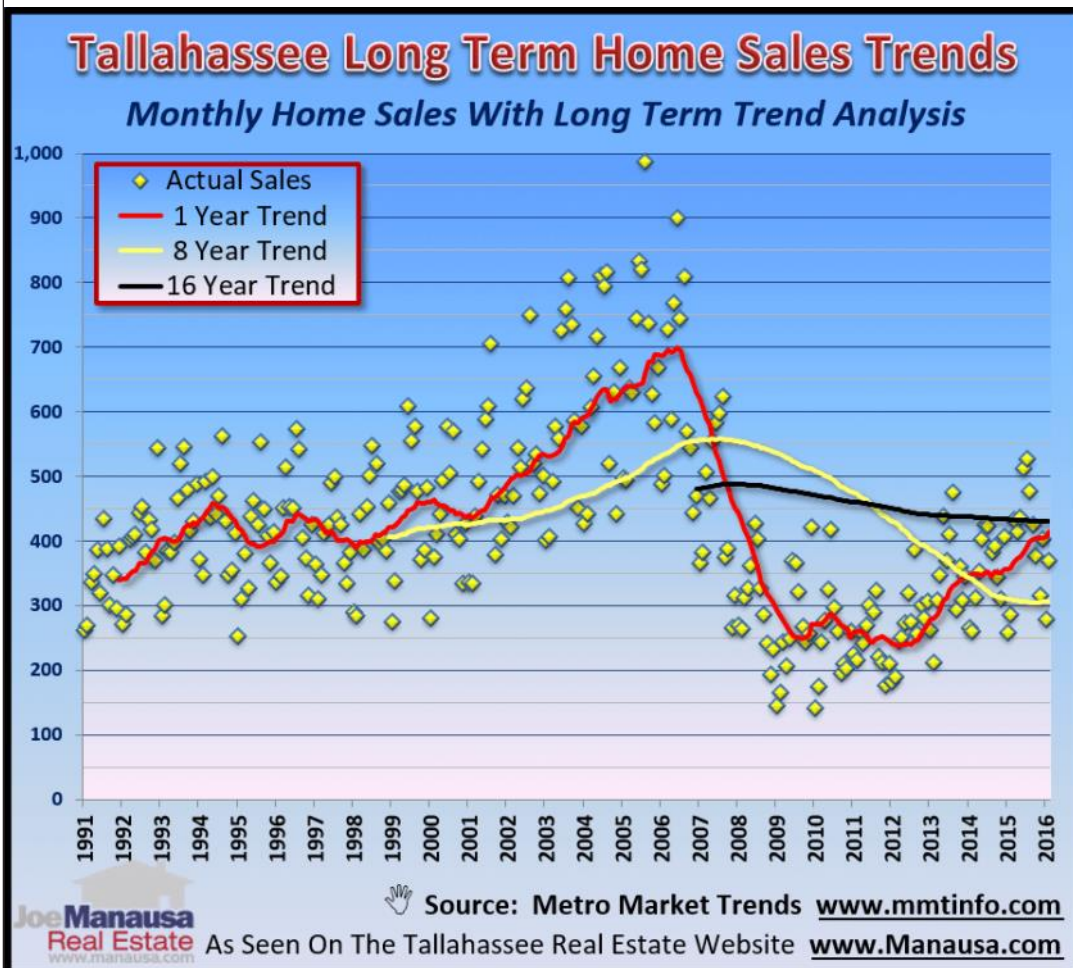
www.manausa.com
[Seller Resource](#)



Video For Buyers



Unit Sales Chart Forecasts Continued Growth



Unit sales are on the rise in Tallahassee, and all but the longest trend lines have made the turn to higher grounds.

In the graph above, the number of homes sold each month (single family detached homes, condominiums, and townhouses) are plotted with a yellow diamond.

The red line shows that over the past year, the number of homes selling each month is rising fast.

The yellow line shows that over the past eight years, the number of homes selling each month is no longer falling, while the

black line shows that over the past sixteen years, the number of homes selling each month is on the decline.

With the majority of recent months showing sales above the yellow line, I expect the eight year trend to start rising.

This is significant because our data seems to suggest an eight year cycle as being “normal,” and a regression to the mean analysis indicates a market that will be strengthening for the foreseeable future (8 more years?).

After years of “bearish” reports, it is exciting to be a bull again.

February YTD Home Sales Best Since '07

Free Report

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

Category	Nov 2015	Nov 2014	Nov 2013	Nov 2012	Nov 2011	Nov 2010	Nov 2009	Nov 2008	Nov 2007	Nov 2006	Nov 2005	Nov 2004	Nov 2003	Nov 2002	Nov 2001	Nov 2000	Nov 1999	Nov 1998	Nov 1997	Nov 1996	Nov 1995	Nov 1994	Nov 1993	Nov 1992	Nov 1991
Single Family Detached	125	110	105	100	95	90	85	80	75	70	65	60	55	50	45	40	35	30	25	20	15	10	5	0	0
Condominiums	10	15	20	25	30	35	40	45	50	55	60	65	70	75	80	85	90	95	100	105	110	115	120	125	130
Townhouses	5	10	15	20	25	30	35	40	45	50	55	60	65	70	75	80	85	90	95	100	105	110	115	120	125
Total	140	135	130	125	120	115	110	105	100	95	90	85	80	75	70	65	60	55	50	45	40	35	30	25	20

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[Search Homes](#)

SF versus MF

The number of homes that have sold through February of this year is better than all previous years going back to 2008

The number of homes that have sold through February of this year is better than all previous years going back to 2008 (nine years).

The graph below breaks up residential home sales into two groups. The dark red bars measure the number of single family detached homes sold each month, while the lighter red columns measure the combined total of condominium and townhouse sales each month.

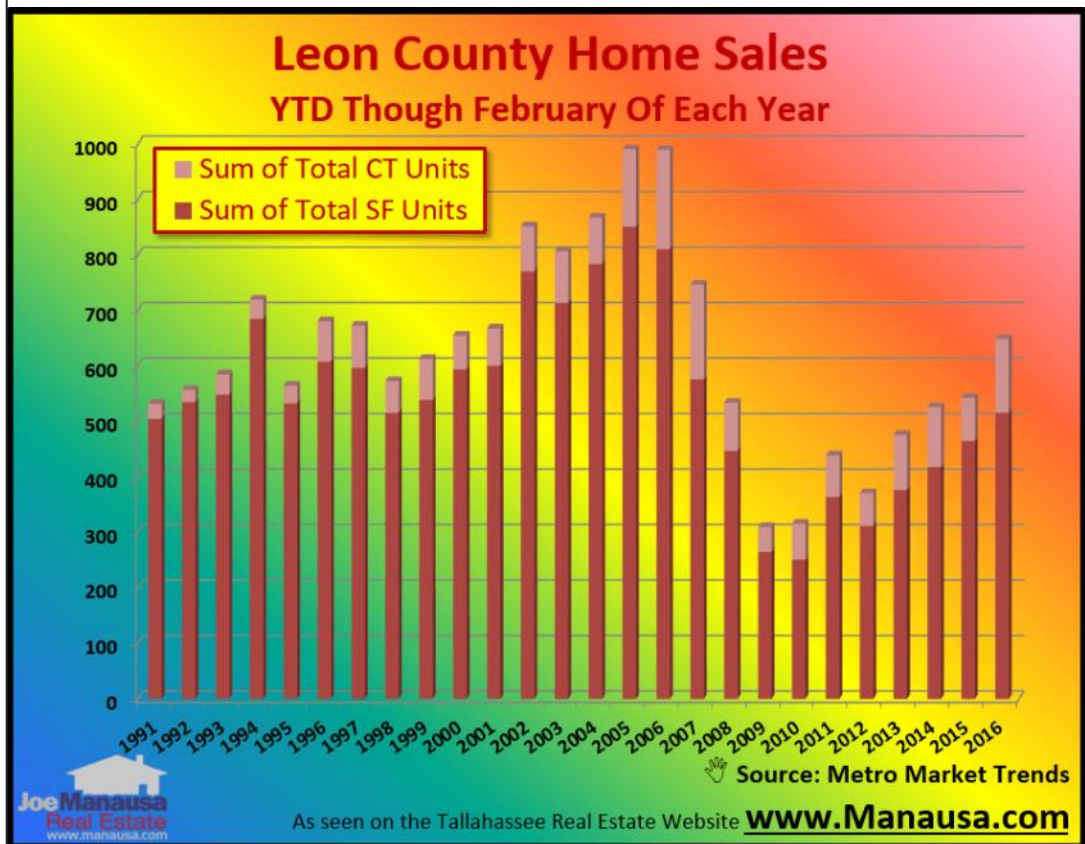
The fact that this year has set a nine year record is very good news. But there is something even more exciting that we can gain from the information in the graph below.

Our current level of sales is consistent

with what was recorded in the Tallahassee real estate market in the 1990s. This strongly suggests a lot of upside potential for growth. Why?

Because there are a lot more people living in Tallahassee than there were in the 1990s. In fact, our population has risen nearly 50% since the beginning of the 1990s, and we would expect "more people" to be buying "more houses."

The fact that we have been selling fewer houses for the past ten years leads me to believe that there is both pent up demand as well as pent-up supply that has been waiting on the sidelines for values to return. The fact that sales are on the rise leads me to believe that rising values will continue and will pull more seller/buyers into the market.



Home Values Are Lower Than “Normal”

History Repeated

Current home values are the same as we saw at the beginning of 2005, and again at the beginning of 2011.

Home Search

[Betton Homes](#)

[The “Bobbins”](#)

[Buckhead](#)

[Midtown](#)

[Bull Run](#)

[Glen At Golden Eagle](#)

[Golden Eagle](#)

[Highgrove](#)

[Indian Head Acres](#)

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[Ox Bottom Manor](#)

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[Distressed Properties](#)

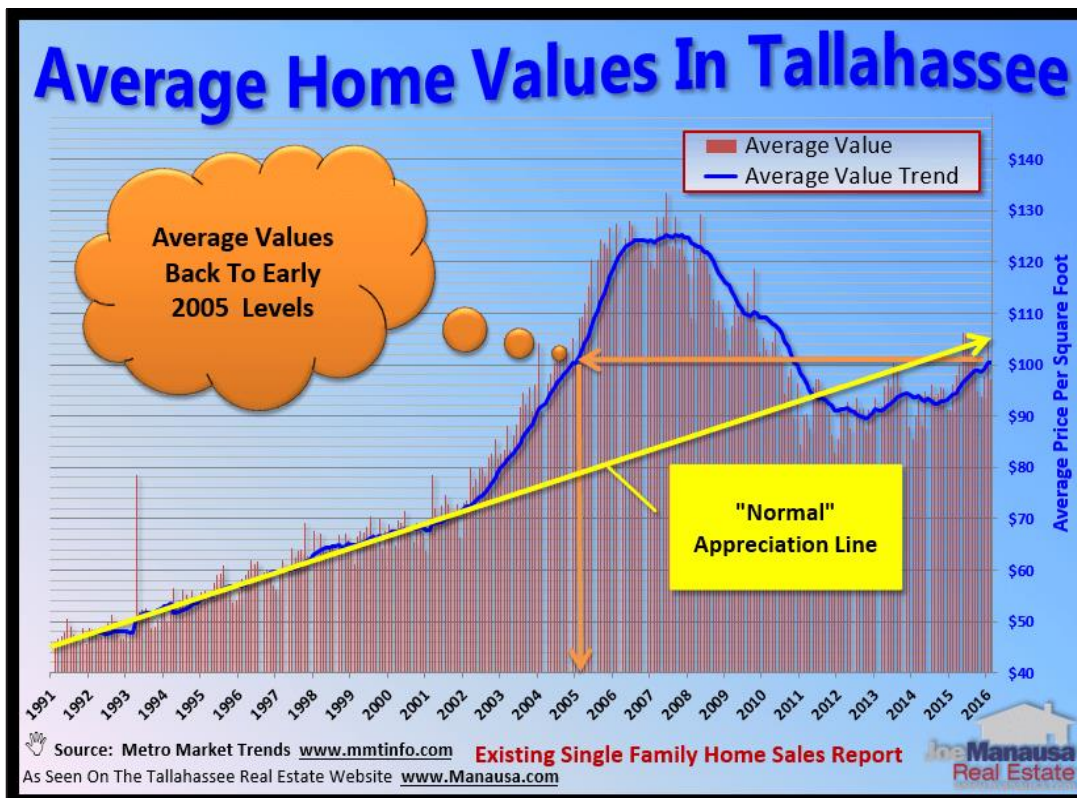
[Arms Length Homes](#)

[Golf Course Homes](#)

[Short Sales](#)

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[Waterfront Homes](#)



Home values in Tallahassee are the same today as they were back in 2005, a year of rapid appreciation due to the end run of the housing market expansion phase.

In the graph above, average home values are recorded for each month for 26 years (red columns shown as price per square foot of heated and cooled space).

The blue line shows the one-year trend (average) home value.

The orange arrows show that current home values are the same as we saw at the beginning of 2005, and again at the beginning of 2011.

A simple way to use this information is to consider that anybody who purchased a home in 2011 (or in 2005) likely has

seen the market return to the same level as when they purchased.

From 1991 through 2001, values moved in a very consistent and predictable manner. But when the tech bubble burst in the stock market, money poured into real estate all across the US, and housing markets went berserk.

Tallahassee was no exception, we saw speculative home building soar to try to meet the demand that was crazy everywhere.

Values Before Housing Bubble

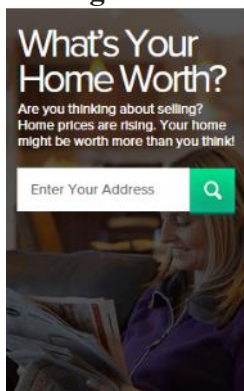
The yellow line represents the “average” rate of home value growth in the 1990s. By extending it forward, we get a glimpse of where values would be today had there been no housing market explosion fifteen years ago. [\[CONTINUED\]](#)

Home Not Sold?



[Get Answers Now](#)

Selling A Home?



Under Valued

Current home values are lower than where they likely would have been today had there been no housing market bubble.

How Long Will Home Values Remain Lower?

The previous page showed that current home values are lower than where they likely would have been today had there been no housing market bubble. So a big question is just how long will home values be lower than our historically normal rate of appreciated growth?

The graph below uses the same information as did the graph on the previous page. Home values are shown each month, measured in price per square foot of heated and cooled space.

The yellow line shows the predicated values based upon the 1990s average, while the blue line shows average home values for the previous twelve months.

I have created a box that measures the time that home values were higher than the predicted rate, and it covers nine

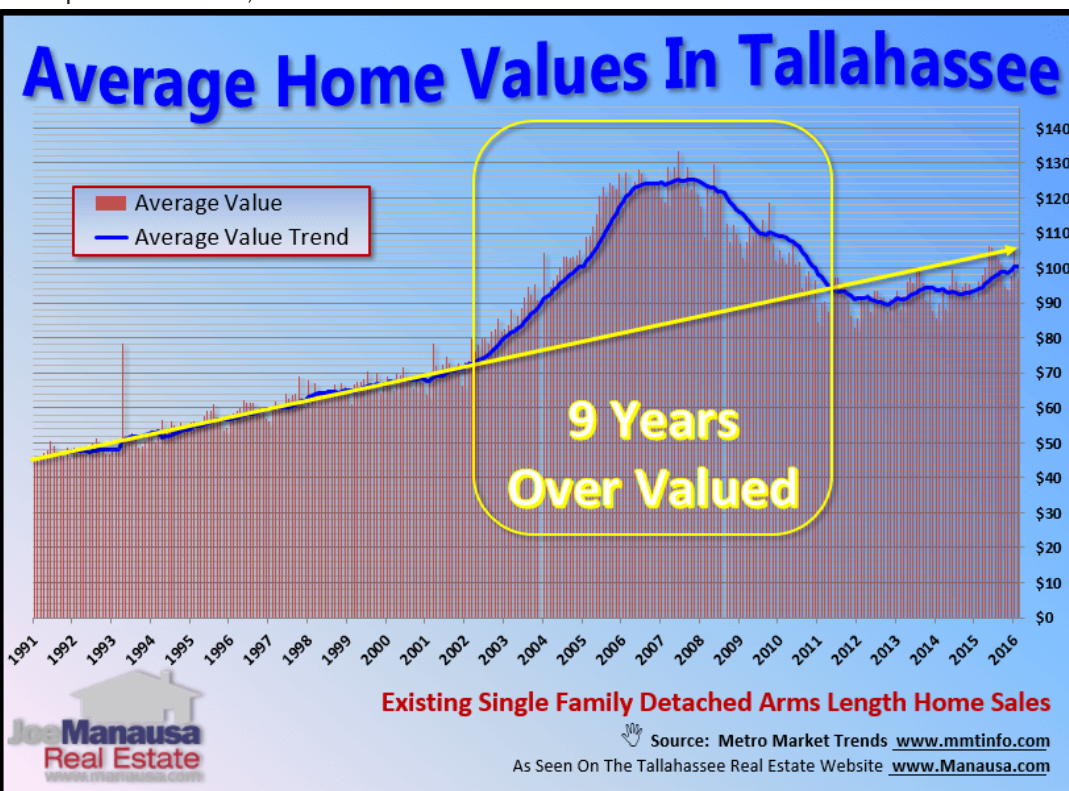
years.

Does this mean we should expect nine years of home values recorded below the expected rate?

My short answer is "I don't know, it's above my pay grade!"

My instinct is that the answer is yes for homes at the higher end of the price range in Leon County, and no for those at the lower end.

Homes that no longer have to compete with newly built homes (because builders cannot build for the price/value of these homes) will appreciate at a faster than historically normal rate, while those at the higher end will face all the competition from the newly built homes and likely appreciate at a slower rate for another five years or more.





GOOD NEWS

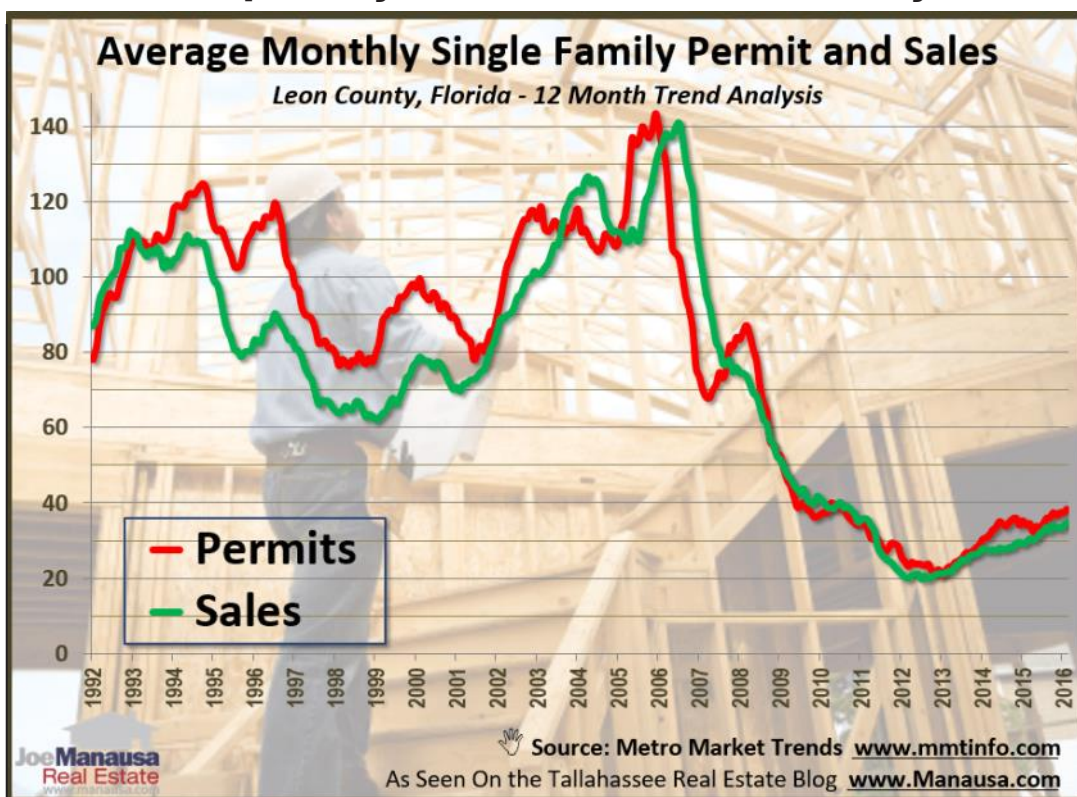
The number of permits being issued for new homes is only marginally higher than the current rate of new home sales



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.](#)

Keep An Eye On New Home Inventory



New construction homes have the ability to slow the rate of growth of our market if supply gets out of hand.

Currently, I see no sign of this happening, as the number of permits being issued for new homes is only marginally higher than the current rate of new home sales.

In the graph above, the one-year trend of newly issued permits is shown in red, while the one-year trend of new construction home sales is shown in green.

With home values on the rise for most parts and most price ranges in Leon County, more existing homeowners are regaining their equity which will finally allow them to sell their homes.

I believe that the part of market that is

most distressed is the local homeowners who need to sell a home before they can buy. This means they represent both pent-up supply and pent-up demand.

In the 1990s when values rose on a steady basis, homeowners did not have to wait much longer than 3 years to recapture their initial investment if they decided to move.

But declining home values in many of the previous ten years has forced homeowners to wait. The fact that they are waiting is the primary clog in the market.

So long as new home construction continues to serve the niche of buyers who want “new homes only” and does not add to the inventory of homes, we should see the housing market continue to enjoy a growing number of buyers.



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 - March 2016

Chart Information	NE	NW	SE	SW	ALL
\$0 - \$100,000	2.4	6.4	5.7	6.4	5.7
\$100,000 - \$150,000	3.5	6.9	7.3	7.1	5.8
\$150,000 - \$200,000	3.3	6.0	5.6	5.1	4.2
\$200,000 - \$250,000	4.7	8.0	4.8	32.0	5.3
\$250,000 - \$300,000	5.5	9.2	3.2	12.0	5.6
\$300,000 - \$350,000	6.0	6.9	2.9	No Sales	5.6
\$350,000 - \$400,000	6.8	4.3	12.0	24.0	7.1
\$400,000 - \$450,000	6.4	4.8	24.0	No Sales	6.8
\$450,000 - \$500,000	9.2	6.0	12.0	No Sales	9.8
\$500,000 - \$550,000	7.5	12.0	12.0	No Sales	7.8
\$550,000 - \$600,000	12.7	No Sales	36.0	No Sales	15.0
\$600,000 +	16.3	54.0	16.0	No Sales	17.7
All Price Ranges	5.0	6.7	6.0	7.0	5.7

Information in the report above shows relative home supply (months of supply based upon the current rate of sales). For example, there are 4.7 months of supply of homes priced between \$200K and \$250K in the Northeast, but 8.0 months of supply of the same priced homes in the Northwest.

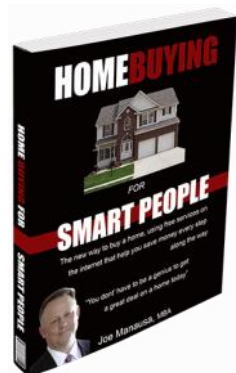
Sell A Home



Buyers Welcome

We consider a market with 6.0 months of supply of homes a balanced market, so we're about to see market equilibrium

A Smarter Way



FREE LIST OF HOMES

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

Relative Supply Of Homes On Steady Decline



Each month 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

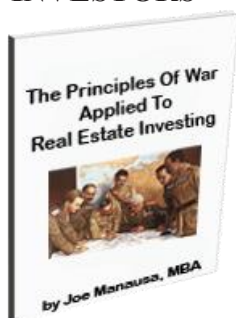
month (also measured on the right vertical axis).

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 has dropped just below 6.1 months of supply.

We consider a market with 6.0 months of supply of homes a balanced market, so we can pretty much 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****Buckhead Real Estate Sales Report**

There is a pocket of new and newer homes in Buckhead that appears to be thriving even as the rest of the Tallahassee real estate market recovers.

This Buckhead real estate sales report shows a neighborhood that is recording its highest values ever and inventory (including new home construction) is selling. [\[Read more\]](#)

Highgrove Real Estate Report

If you want to be close to town and live in a larger home, then make sure you include Highgrove among your list of neighborhoods in Tallahassee to view.

With homes from 2,000 square feet to over 5,000 square feet and mostly built in the 1980s or early '90s, Highgrove was the pinnacle of executive living in Tallahassee during its infancy.

Today, it represents several things for potential buyers. [\[Read more\]](#)

Camelot Park Home Sales Report

It's been a slow start in 2016 for Camelot Park home sales, but that doesn't mean this popular downtown neighborhood is struggling.

The change from the banner year that was posted in 2015 is only due to reduced inventory, not due to the fact that buyers have altered their opinions on home values in Camelot Park. [\[More\]](#)

Foxcroft Housing Report

Foxcroft is a popular small Northeast Tallahassee neighborhood which happens to be coming off its best year for home sales since 2005.

This year will be good too, but I suspect fewer homes will be available for buyers.

[\[Read more\]](#)

NE Tallahassee Leads Home Sales

Northeast Tallahassee is selling homes. With more than one half of all homebuyers currently choosing homes in the NE quadrant of Leon County, the supply and demand for housing is getting better here than what we are finding in the other quadrants.

[\[Read more\]](#)

What You Should Know About Buying A Home With A Pool

I have studied how swimming pools impact home prices for many years, and what I have found is that market cycles have an impact on the difference between homes with pools and those that are without pools.

[\[Read more\]](#)

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