



2023 Forecast—Slow And Steady Repair

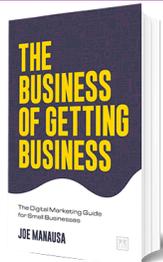


How Rates Impact Housing Market



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Entering into my 32nd year selling homes in Tallahassee, I face one of the toughest years to forecast home sales that I can remember.

Demand is down 40% since mortgage interest rates doubled at the end of the first quarter in 2022, yet the supply of homes for sale remains just above an all-time low.

Home affordability has undergone a metamorphosis over the past few years, going from “as good as it gets” to the worst its been since 1991 (the year I started selling homes in Tallahassee).

The graph above plots the total number of homes sales recorded in the MLS each year since 2002, and I have provided my estimate of what to expect in 2023. The light blue bar at the far right, topped with a yellow area, provides

my expectation for the number of home sales in Tallahassee in 2023. The yellow area represents my range of uncertainty, mostly based upon sensitivity to mortgage interest rates.

The yellow estimate would rise far higher if I had any faith in our local builders ability to deliver much needed housing units to the market in 2023.

Assuming my forecast is correct, we can expect the number of homes sold in Tallahassee in 2023 to fall between 3,800 and 4,200 homes. This would rank 2023 right in the middle of the past 22 years based upon the number of homes sold.

A strong increase in newly built homes would raise the top end of my forecast, but based on what I’m seeing with new permits, I don’t expect it in 2023.

