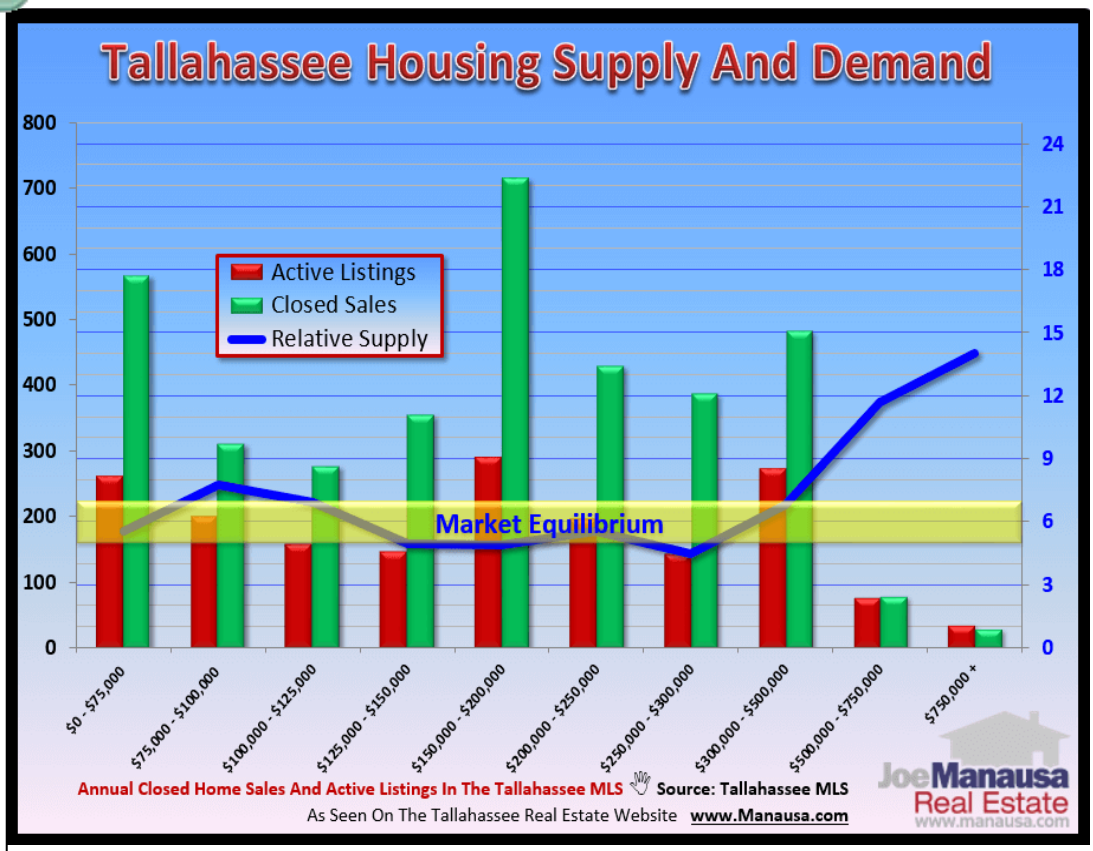
the Weekly Special
Tallahassee Real Estate

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Supply Of Homes Has Created Duel Market



This is the time of year when seasonal forces change the appearance of supply and demand in the housing market.

We measure demand (green bars in the graph above) by recording the total number of sales over the past year, and we then compare it with current supply (red bars) in order to calculate relative supply (blue line, recorded as months of supply).

Since we normally see inventory fall this time of year, we typically see the relative supply of homes decline too. It is at this time of year when it is most easy to misunderstand the true relationship between supply and demand.

Homes priced from $125,0000 to $200,000 currently have relative supply levels that fall below 5.0 months of supply. By any standard, this would be considered a seller's market.

But the influx of homes for sale that will occur in the Spring will push homes in this price range back into the "balanced range" for several months. After that, it is very likely we will see a shift to a long term seller's market for these homes.

It is not likely that builders will be able to do much to change this, so expect a split market between high end and median priced homes.

I suspect the multi-family construction market to continue to be a growing segment within the new construction market as it supplies lower end growth.

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