

## Tallahassee Housing Market Watch Q4



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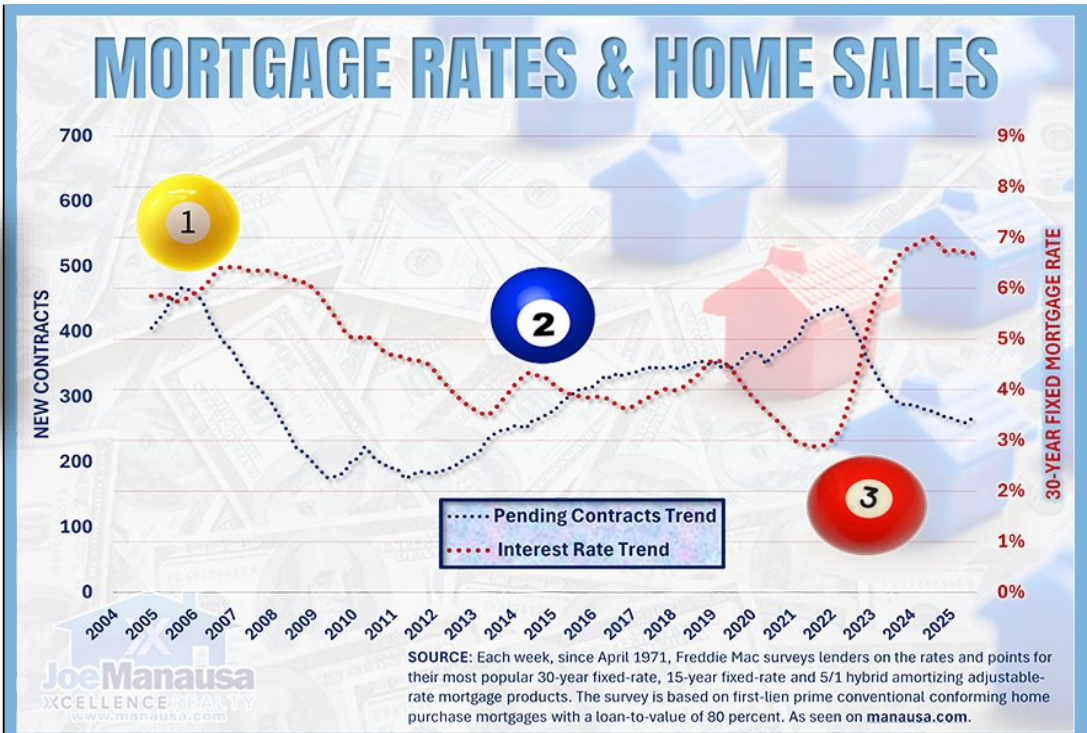
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If you want to understand what is really happening in the Tallahassee housing market right now, you only need to look at one chart.

Today's graph shows the relationship between mortgage rates and pending home contracts going back nearly two decades. The pattern is crystal clear. When mortgage rates fall, buyer activity rises. When rates climb, buyer activity slows.

During 2021, record-low rates below 3 percent created a surge of contracts. By 2023, when rates rose above 7 percent, activity fell sharply. Today, with rates in the mid-6 percent range, the market is cooler but still moving.

What makes this important for Tallahassee is how it ties to supply and demand. Rates influence demand, not supply. Supply is tight because we have underbuilt for more than 15 years relative to household formation and population growth, especially in entry level

homes. That means today's low supply feels balanced against today's lower demand.

The risk, however, comes if rates fall quickly. Demand could roar back, while supply remains stuck. That imbalance is what could trigger another run-up in prices.

For now, the Tallahassee housing market remains steady. Buyers have a little more negotiating power, and sellers who price realistically can still get deals done. But the chart makes one thing clear: mortgage rates are the lever that will determine where the market goes next.

If you are thinking about a move in the next six to twelve months, now is the time to watch rates carefully.

The moment they shift, the balance in our market could shift with them.