

*You*  
were Asking



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## ABSORPTION RATE

Watching real estate trends is an important aspect of a Realtor's job. In order to price out a home, a good handle on what the market is actually doing is paramount to the strategy employed to achieve a successful sale and not watch a home get stagnant.

The absorption rate shows the rate at which the inventory of homes for sale are being sold. A declining figure means the inventory is decreasing as more homes are being sold than are coming onto the

market (signifying a seller's market). A rising absorption rate implies that there are more homes coming onto the market than there are buyers willing to buy at the market prices (a buyer's market).

So the question every time a Realtor prices a home really is "Is the current inventory level shrinking or growing"? To a lot of sellers, the response to that would be, "I don't much care. My house is worth 'X' and that is what I want. Of course, there are times (a Seller's

market) where the market will still absorb what a willing buyer will deem to be an overpriced home. That has recently happened in the Spring market that just ended.

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