

What is the Absorption Rate in Real Estate?

The absorption rate will give you an idea of how long it should take for your home to sell.

To Calculate the absorption rate you will need the following information:

- Defined Market= neighborhood, zip code, city, or metropolitan statistical area (it is a good practice to further divide the market by price range)
- Specific Timeframe
- The total number of listings that sold in your defined market over your specific timeframe
- The Number of homes currently listed in your defined market




*Of Existing homes sold
In the past 30 days*



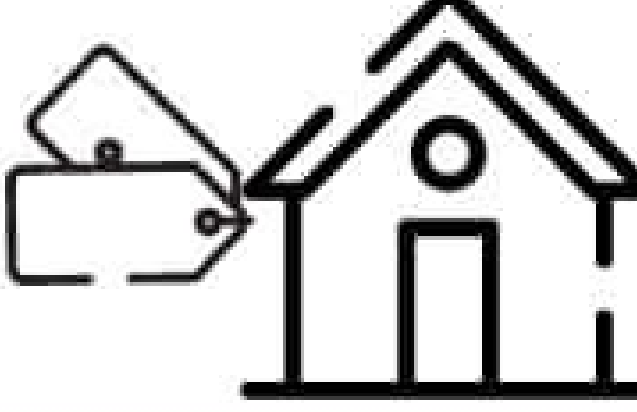
*Of Homes currently
Listed for sale*

=




*Absorption
Rate*

To calculate the Number of Months of Inventory, simply flip the calculation for the absorption rate:




*Of Homes currently
Listed for sale*



*Of Existing homes sold
In the past 30 days*

=



*Of Months
Of Inventory*

What the absorption rate can tell you about current market conditions:

Absorption rate > 20% = Seller's Market

Absorption rate between 15% - 20% = Balanced Market

Absorption Rate < 15% = Buyer's Market

