

# Absorption Rate

## About Absorption Rate Report

There are 2 kinds of **Absorption Rate** as follows:

1. Absorption Rate based on Closed Sales (%)  
Absorption Rate based on Closed Sales (%) = the number of properties sold divided by the number of properties for sale (in percentage).  
For instance, if there are 1,000 active listings and 100 of them sold in a given month, the rate of absorption would be 10%. 10% of the market is being sold in that given month.
2. Absorption Rate based on Pended Sales (%)  
Absorption Rate based on Pended Sales (%) = the number of properties pended divided by the number of properties for sale (in percentage).

Our monthly update reports the Absorption Rate based on Closed Sales in Central Ohio in order to provide the most valuable, consistent report. Contact Rita Boswell to get the Absorption Rate based on Pending Sales

**Rate of Absorption** measures the inverse of **Months of Inventory** and represents how much of the current active listings (as a percentage) are being absorbed (sold or pended) each month. Absorption Rate is presented as a percentage (%) of the current inventory.

## How to Use Months of Inventory Report?

Refer to the For Sale vs Sold Report to see the number of properties for sale, pended and sold that are used to calculate the Months of Inventory report. As a rule of thumb, an absorption rate of less than 16.67% indicates a strong buyer market while an absorption rate level greater than 33.33% indicates a seller's market.

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