

# Market Absorption Rate Formula

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## INVENTORY

The total number of homes for sale within a defined market segment.

## ABSORPTION RATE

The rate at which homes will sell within a given period of time. Unit sales per month.

Example:

**48 sales in 6 months divided by 6 months = 8 Sales per Month**

## Months of Inventory

Time required to sell **ALL** existing homes – **divide inventory** by **absorption rate**:

**88 Current Inventory divided by 8 sales per month = 11 months of inventory**

**Your pricing strategy** – Homes priced lower within the defined market segment will sell first!

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***Thank You!*** 😊