

# TUCSON METRO AREA AND SOUTHERN ARIZONA

---

Location:	Southwestern United States Tucson, Arizona and Southern Arizona Counties: Pima, Santa Cruz, Southern Pinal
Rank Among other US cities:	32nd largest city (population 541,811) 52nd largest Metropolitan area (population 1,023,321) 2nd largest city in Arizona
Airports:	Tucson International Airport
Air Base:	Davis Monthan Air Base
Institutions of High Learning:	University of Arizona University of Arizona Medical School University of Arizona Law School Pima Community Collage
Primary Industries and Major Employers:	Raytheon University of Arizona Davis Monthan Air Base IBM Texas Instruments  1,200 businesses provide over 50,000 high tech jobs. Tourism brings in \$2 billion annually.

The Tucson Metropolitan and Southern Arizona market include the most populous portion of Pima County. The area includes Tucson, Oro Valley, Marana, Vail, Sahuarita, Green Valley, and Santa Cruz County to the south.

Currently the unemployment rate is 9.5%. This is up from 7% a year ago.

Median sales prices in 2009, peaked at \$177,750 in February; the following months were all over the board, and as of December 2009 at \$154,262 they are still declining. The average sales price for homes dropped from \$242,066 in 2008 to \$211,524 in 2009. This is a 12.5% drop in average sales price.

Building Permits for single unit housing were down 31% in 2009 (2,077 permits) compared to 2008 (3,018 permits).

Home unit sales were up 10.24% in 2009 over 2008. There were 11,661 home sales, an increase of 1,083 homes compared to 2008.

Active listings in MLS decreased from 9,677 active listings in March 2009 to 9,230 active listings in March 2010.

Tucson's real estate market is steady. The outlying areas, which typically ride the coat tails of the Tucson market, are very slow. Areas to the south (Sahuarita and Green Valley) are showing declining home values well over 10% compared to a year ago. These areas followed Tucson when prices were increasing and have been the first to decline as inventory has increased and demand for homes has dropped off.

There were two sales of properties over \$3,000,000 in all of 2009. Properties are not selling. Inventory levels are at 194 months supply. The market for homes from \$2,000,000 to \$3,000,000 had 6 sales in the past year and currently has 120 months of inventory.

# TUCSON AND SOUTHERN ARIZONA continued

---

The market for homes from \$1,000,000 to \$2,000,000 had 76 sales in the past year and currently has 35 months of inventory. The market for homes from \$500,000 to \$1,000,000 had 451 sales in the past year and currently has 21.7 months of inventory. The market for homes from \$200,000 to \$500,000 is an active segment of the Tucson market. This market segment had 3,653 sales in the past year and currently has 9.8 months of inventory. Builder incentives, downward pressure from REO, foreclosures, and short sales have taken its toll on this market segment. This market segment is entry level in some market areas and has more sales activity. The market for homes from \$100,000 to \$200,000 is entry level in some market areas and move up in other market areas. This segment gets attention since the median sale price is in this segment. There were 5,032 sales in the past year and currently 6.8 months of inventory.

The market for homes under \$100,000 had 1,592 sales in the past year and currently has 4.8 months of inventory.

Sellers continue to have unrealistic expectations for their properties. The number of listings that are withdrawn and expire exceed the number of sold properties for the same period in many of the market segments. The MLS statistic for days on market is unrealistic due to the MLS not tracking the individual property, only the MLS#. As a result, the average market time is not accurate. It is hard to factor in the effect of properties being listed multiple times at successively lower prices.

Many analysts feel that Tucson's steady growth will continue to be a stimulus that will keep the real estate market moving forward.

The age restricted communities and active adult communities (Green Valley, Quail Creek, Saddlebrooke, Sun City Vistoso) are slow. Buyers originate from other areas of the country. These prospective buyers cannot sell their homes so that they can buy a property in the age restricted markets. This has caused a ripple effect in these markets. These markets are also feeling the pinch and are having to lay off work forces and cut prices as well.

The effect of the national economy and problems in the banking industry continue to cast a black cloud over the real estate market. Increasing foreclosure activity is putting downward pressure on prices. The southwest had been one of the first real estate markets to rebound during previous housing recessions. Tucson's continued growth hopefully will translate into a more active housing market than areas that have less growth. High tech industries and tourism remain strong. Tucson is home to the largest gem and mineral show in the world. The Accenture Match Play Golf Championship gives the Tucson area world wide attention. Tucson has an annual rodeo with schools closing for two days during this week. Tucson has a workforce with a broad range, from blue collar to high tech and white collar workers. Short term, we weather the same storm as the rest of the country. Long term, the outlook is for continued growth.



*For additional or more current information on the residential market in the Tucson area, visit [www.rac.net](http://www.rac.net) and select "The RAC Report," or contact the following RAC member:*

**Ronald P. Slovan, SRA, Slovan Associates, Inc.**

Phone: (520) 885.9052 ♦ Fax: (520) 886.7592 ♦ [RonaldSlovan@RAC.net](mailto:RonaldSlovan@RAC.net) ♦ [www.tucsonappraisers.com](http://www.tucsonappraisers.com)