



TAR SCORECARD

December 2015

TAR/MLS Inventory New Constuction Foreclosures Land

Brule-Fisher's leadership put spotlight on TAR

Soon after taking office last January, President Nicole Brule-Fisher turned the spotlight onto TAR as a key civic leader. At 5 a.m. Jan. 16 in front of a pack of TV news cameras and media at the 25th Annual TAR Soccer Shootout, she talked about the Association's focus on making Tucson a better community.

From there, she carried forward TAR's other community endeavors that included, in part, a \$50,000 scholarship to the UA's Masters in Real Estate Development; TAR's new local artists-in-residence program; and fund-raising efforts through its YPN that supported the Juvenile Diabetes Research Foundation.

"During the year, there was a lot accomplished for which I am very proud. TAR is continually committed to giving back to the community," she said.

TAR also finished its water conservation and water harvesting project that demonstrates to the members and the community what can be done to preserve water. That "sustainability" accomplishment was packaged into a guest editorial in the *Arizona Daily Star* that reached over 100,000 readers.

Again, the focus was on TAR "looking to the future" to educate and change the way the community thinks about housing and development.

"I am exceptionally proud that our Association is setting the pace and demonstrating what it means to be a good steward of our precious resources," she said.

Nationally, Brule-Fisher cast TAR in a positive light when the *Wall Street Journal* called about "boomerang" buyers. Her upbeat message to 3 million people on behalf of TAR and its members was that they already were returning to Tucson's housing market.

Learning curve is every year

As president of the region's largest trade association, there is a learning curve every year for incoming officers. TAR must maintain/enhance its commitment to members and does so with quality programming, services and continuing education.

TAR also continually studies regulations and works to protect private property rights through its government affairs program.

"By the time one begins to feel some degree of comfort in the position of president, the year is just about finished. There is always so much to learn in the real estate industry and this year highlighted that for me every day," she said. "Giving back to the industry that has given me so very much was natural."

Market Trend Scorecard

Category	Nov 2015	Nov 2014	Trend	2015 YTD	2014 YTD	Trend
Units sold	909	917	-0.9%	13,313	12,108	10%
Sales volume	\$190.4M	\$189.7M	0.4%	\$2.8B	\$2.5B	13.8%
Median sales price	\$169,000	\$165,000	2.4%	\$170,854	\$165,461	3.3%
Average sales price	\$209,485	\$206,882	1.3%	\$209,997	\$206,829	1.5%
Avg. days on market	60	58	+2			
Avg. selling price/SF	\$112	\$107	4.2%			
New listings	1,749	1,809	-3.3%			
Active listings	5,096	5,820	-12.4%			
Total under contract	1,824	1,465	24.5%			

Full report at
www.tucsonrealtors.org

Data is informational only, based on the flow of business at a set point in time through the TAR Multiple Listing Service (TAR/MLS). The data is substantively correct; yet does not represent full inclusion nor accuracy of all real estate activity in the market.

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RESIDENTIAL FORECLOSURES

In Pima County

Trustees Sale Notices (Foreclosure Filings)

	2015	Historic	Total	Avg/mo
Jan	294	2014	3,586	299
Feb	309	2013	5,569	464
Mar	290	2012	9,287	774
Apr	336	2011	9,433	786
May	247	2010	11,663	972
June	272	2009	12,184	1,015
July	277	2008	8,956	746
Aug	232	2007	4,814	401
Sept	290	2006	2,842	237
Oct	246	2005	2,674	223
Nov	204	2004	3,053	254
Dec				
Total	2,997			
Avg/mo	272			

In the foreclosure process, Trustees Notices advise homeowners in default on their mortgages when their home will be sold at public auction.

Trustees Deeds (Foreclosed Homes Sold)

	2015	Historic	Total	Avg/mo
Jan	163	2014	2,526	210
Feb	150	2013	3,593	299
Mar	195	2012	5,818	485
Apr	194	2011	6,956	580
May	158	2010	6,793	566
June	166	2009	5,826	486
July	188	2008	4,215	351
Aug	160	2007	1,564	130
Sept	179	2006	627	52
Oct	185	2005	792	66
Nov	139	2004	1,294	108
Dec				
Total	1,877			
Avg/mo	171			



Source: Pima County Recorder

Tucson Retail Market Sector: Ring up 2016 at the registers

Retailers just went through a holiday selling season like none in the past. Black Friday was and no longer will be the end-all gauge for how the holiday season will go. Lines were blurred and people spent money in stores, on-line and delivered, bought on-line and picked up in store, cross-shopped on mobile devices while in the store and got best pricing, etc.

It's a frenetic world and retailers are trying to keep up.

Deciding where to put stores and how big will be the hot topics in every retailer board room in January. Decision-making on locations is slow; no one wants to make mistakes in an ever-changing environment.

Tucson is poised to see more new construction in areas that don't have the space retailers need and in its core, redevelopment of obsolete structures in prime locations will continue at a fast clip. Vacancy rates have shown some decline and to gauge "health" in the overall market, rental rates need to stabilize and rise. Tucson has all the elements for future growth.

Here's a snapshot of what is planned for 2016:

- Fry's Food & Drug will build 2 large stores at 79,000-SF and 100,000-SF
- Walmart Neighborhood Market will construct a couple new 41,000-SF stores in centers that have had vacant boxes

- A new power center will start site work and building at I-19/Irvington
- New retail will reformat old centers at prime locations such as Oracle/Limberlost and Oracle/Orange Grove
- New eateries will offer fresh concepts and stale, older concepts will shutter
- Discount retail will continue to lead in growth: look to peripheral areas to get new stores
- The new Tucson Premium Outlet center will put additional pressure on Foothills Mall
- Medical is going retail: look for more dentists, clinics and physicians opening in traditional retail settings for more patient convenience and exposure
- Two of the vacant Hagen stores will reopen as a Safeway and an Albertsons
- Investors will continue to see Tucson as a good place to buy centers with cap rates higher than the coastal regionals
- Tucson will continue to benefit from the Mexican shopper coming to our market
- Regional mall "core" hubs will continue to see obsolete properties redeveloped

Source: Nancy A. McClure, First Vice President of CBRE, who was recently named to Real Estate Forum's list of Women of Influence in the Southwest. She can be reached at (520) 323-5117 or nancy.mcclure@cbre.com

TAR SCORECARD

SINGLE-FAMILY RESIDENTIAL PERMITS

By Municipality in the Tucson MSA

		NOV	YTD	TREND
Marana	2015	21	587	25.2%
	2014	17	469	
Pima County	2015	51	596	-15.2%
	2014	38	703	
Tucson (City)	2015	20	259	-29%
	2014	49	365	
Sahuarita	2015	19	208	25.3%
	2014	20	166	
Oro Valley	2015	9	129	2.9%
	2014	6	126	
S. Pinal County	2015	14	198	15.8%
	2014	11	171	
Total	2015	134	1,977	-1%
	2014	141	2,000	

November: It's always like this

The low volume of permits in November is nothing to panic about. Consumers are not out shopping for new homes; it's always like this.

However, many homes that did sell were at the higher end, pushing up both the Median and Average selling prices. About 25% of closings were priced at \$350,000 and up.

The November new home Average selling price of \$306,098 and the Median selling price of \$270,890 approached the highest monthly prices ever recorded in each sector.

YTD new home closings are 1,774 units, 124 more (+7.5%) than last year's pace. The market's fundamentals remain solid going into 2016 and consumer interest will return to home buying after the holiday season.

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Mortgage Rates Scorecard

As of Dec. 21, 2015

TERM	RATE	APR	1-YR. AGO	12-MO. HIGH	12-MO. LOW
30-Year	4.13%	4.375%	4.5%	4.5%	3.38%
15-Year	3.5%	3.75%	3.38%	3.88%	2.75%
5/1 ARM	3.75%	4.0%	3.25%	3.88%	2.63%

Rates have 1% origination fee and 0% discount
 \$417,000 maximum conforming loan amount (FNMA/FHLMC)
 Source: Randy Hotchkiss, Hotchkiss Financial #MB0905432
SAMLMA: Southern Arizona Mortgage Lenders Association
 Randy Hotchkiss, 2015 President



Financing Scorecard

Method	Nov 2015	Nov 2014	Trend
Conventional	34.7%	38.2%	-3.5%
Cash	32.2%	26.3%	5.9%
FHA	19.7%	19.7%	N/C
VA	9.9%	11.1%	-1.2%
Other	3.5%	4.7%	-1.2%

2016 price gains of 3%-4%

Next year, the Tucson region and Arizona housing markets can expect moderate price gains of between 3% to 4%. Although the inventory of single-family homes will still be tight, sustained job creation and the low interest rate environment will maintain the ongoing recovery of home values, according to the latest National Association of REALTORS® Confidence Index.

First-time home buyers are projected to account for 30% of sales, basically unchanged from recent trending. Overall, the housing market recovery will be sustained not only by job growth and attractive mortgage rates, but also boosted by the availability of 3% down payment conventional mortgages and the reduction of mortgage insurance premiums for FHA-insured loans.

Existing concerns will carry into next year, such as tight inventories, lower affordability, tight mortgage access, and slow/overly conservative appraisals.

The REALTORS® Confidence Index is a key indicator of housing market strength based on monthly surveys of 50,000 real estate practitioners. The survey asks their expectations for sales, prices and market conditions.

Home and commercial sectors solid

2015 home sales to exceed \$3 billion

It's been a long road back for the real estate industry, fighting through foreclosures, job losses and The Great Recession. But as the region's economy has recovered, the housing market has slowly healed.

For 2015, sales volume likely will surpass \$3 billion for the first time since 2007. Year-to-date, home sales have increased 10% over a year ago.

Through November, 13,313 resale homes have sold compared to 12,108 for the same year-ago period. Closings have averaged 1,210 per month compared to 1,145 monthly sales in 2014.

By year-end, total sales should be in the range of 14,500 units. The 2014 total was 13,739 sales.

Of the 909 homes sold in November, the best-selling price point was from \$200,000 to \$249,900 with 118 sales, a 13% market share. Closings from \$160,000 to \$179,999 captured another 10.7% share with 97 sales. In the luxury sector, 5 homes sold at \$1 million or more.

In November, the top-selling zip codes were:

- 85756: Large area southeast of the airport between I-10 and I-19 where 26 of 63 listings (41.3%) sold.
- 85706: Large area north of the airport between I-10 and I-19 where 19 of 60 listings (31.7%) sold.
- 85730: Large area east of Davis-Monthan AFB to Houghton Road where 36 of 127 listings (28.4%) sold.

“Start Fresh, Buy New” campaign

Home builders across southern Arizona are pooling their resources to create a marketing campaign for 2016 that promotes the benefits of new home ownership.

The “Start Fresh, Buy New” program is an educational campaign created on behalf of the entire residential construction industry to teach the public about the advantages of new-built homes. It originated through the National Association of Home Builders in 2012 and is gaining traction in many major markets.

Locally, KB Home and the Southern Arizona Home Builders Association are leading this cooperative effort to bring more buyers into the new home market.

Finally: Feds hike interest rate. Now what?

By all accounts, the Federal Reserve's move to raise interest rates is a sound and strong first step to restore more-normal conditions to the nation's monetary policies. The increase of 0.25% was the first increase in almost a decade and reflected the Fed's confidence in the economy.

As *Scorecard* has reported, the hike had been anticipated for months and is projected to have minimal short-term impact on the housing market. The real estate industry's attention and concerns will now shift ahead: where are mortgage rate hikes headed in 2016?



About The TAR Scorecard

Scorecard outlines a broad view of the region's real estate and housing market. It reports trends in subsectors that, when viewed separately, may not appear to be related. Over time however, the data ultimately converges to cause turning points throughout the entire market. TAR does not interpret any statistics and data is used with permission of the contributors. Scorecard is published online monthly at www.tucsonrealtors.org/statistics.html with print copies in our lobby.

About the Tucson Association of REALTORS®



The Tucson Association of REALTORS® (TAR) represents 4,800 real estate professionals in Southern Arizona. The TAR Multiple Listing Service (TAR/MLS) is a cooperative real estate database of listings and sales information. TAR/MLS is a wholly owned subsidiary of TAR. **TAR website:** <http://www.tucsonrealtors.org/> **MLS website:** <http://www.tucsonrealtors.org/mls>



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