



TAR SCORECARD

October 2015

TAR/MLS Inventory New Constuction Foreclosures Land

TRID may trip up pace of October home sales

TRID is a game-changer. It is the biggest rules change the real estate industry has seen in decades. Going forward, it will cause a “delay of game” for home buyers.

In reaction to the 2007-08 financial and housing crisis, new mortgage application regulations were created under the Dodd-Frank Act. (Those rules became effective earlier this month.) Basically, home buyers now get more-detailed mortgage information (rates and fees) from lenders, plus more time to review the documents before closing.

The Consumer Financial Protection Bureau (CFPB) is responsible for enforcing the new rules that encompass TILA (Truth in Lending Act) and RESPA (Real Estate Settlement Procedures Act). The Federal government’s clever acronym for this fusion is TRID: TILA-RESPA Integrated Disclosure Rule.

The early consensus is that the federally mandated disclosures better serve consumers and the paperwork is streamlined and simpler.

However, with any new game-changer, the key players (brokers, lenders, title companies) are being more cautious. Some are still in learning-curve mode.

According to NAR, about 20% of the industry is not yet fully trained nor prepared for TRID. And many of those who are trained and ready are concerned about compliance because parts of TRID are ambiguous.

Reset the closing clock

Under the new rules, buyers will quickly learn that certain mortgage modifications could delay their closings. This, for example, includes changes to the sales price, a too-low appraisal, or changing from an adjustable to fixed-rate mortgage.

In each situation, the closing clock resets.

TRID also is a game-changer for sellers. Since they have no role with the buyers’ lenders, they have to simply watch and wait from the sidelines. That delay can be a financial hurdle for a seller who needs the money to pay for their new home.

There is a lot of pressure to get TRID right. That liability is going to affect the borrower, seller and every player in the real estate market.

As a result, TRID may trip up the pace of home sales beginning in October through year-end.

Market Trend Scorecard

Category	Sept 2015	Sept 2014	Trend	2015 YTD	2014 YTD	Trend
Units sold	1,203	1,038	15.9%	11,216	10,131	10.7%
Sales volume	\$248.7M	\$209.2M	18.9%	\$2.4B	\$2.1B	15.2%
Median sales price	\$172,000	\$165,000	4.2%	\$172,591	\$165,343	4.4%
Average sales price	\$206,766	\$201,530	2.6%	\$209,451	\$203,495	2.9%
Avg. days on market	61	59	+2			
Avg. selling price/SF	\$111	\$108	2.8%			
New listings	2,072	2,129	-2.7%			
Active listings	4,909	5,437	-9.7%			
Total under contract	1,774	1,683	5.4%			

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		2005	2,674	223
Nov		2004	3,053	254
Dec				
Total	2,547			
Avg/mo	283			

As part of 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		2005	792	66
Nov		2004	1,294	108
Dec				
Total	1,553			
Avg/mo	173			



Source: Pima County Recorder

Best sellers' hot spots shifting

For over a year, neighborhoods in the immediate vicinity of the Tucson International Airport have been hot spots for resale homes. Typically, 2 of 3 or all 3 best-selling zip codes for the month were around the airport.

In September, that trend ended. The NW and mid-town east sectors emerged as best-sellers, based on the percent of listings sold; with a minimum of 20 units.

Based on TAR/MLS, the top three zip codes were:

- **85741:** In NW along Ina Road between La Cholla Blvd. and I-10 where 42 of 80 listings (52.5%) sold.
- **85706:** The area immediately north of the Airport where 36 of 74 listings (48.7%) sold.
- **85710:** East of Park Place Mall between Speedway and Golf Links, east to Harrison Road; where 82 of 195 listings (42%) sold.

Of the 1,203 homes sold, the best-selling price point was \$200,000 to \$249,900 with 149 sales, a 12.4% market share. Closings from \$120,000 to \$139,999 captured another 11.4% share with 137 sales.

The \$200,000 to \$249,900 range also had the highest inventory at 607 units.

Foreclosures bump up

Trustees Sale Notices -- foreclosure filings, default notices, public auctions and bank repossessions -- increased slightly in September. It was another month of up-and-down activity in the path back to a stable, normal housing market.

According to RealtyTrac, the top 5 zip codes for foreclosures in September were:

- 85736: One in every 432 homes
- 85742: One in every 939 homes
- 85757: One in every 1,158 homes
- 85743: One in every 1,231 homes
- 85735: One in every 1,410 homes

The 85736 zip code area is the large area southeast of Three Points, primarily east of SR 286.

Year-to-date, 1,932 foreclosed homes have been sold in the Tucson metro region, 114 fewer than the same year-ago period.

In September, the Median Selling Price of a foreclosure was \$127,050, about \$5,500 more than a year ago. The Average Selling Price was \$137,662, a \$7,200 gain YOY, according to Bright Future Real Estate Research.

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SINGLE-FAMILY RESIDENTIAL PERMITS

By Municipality in the Tucson MSA

		SEPT	YTD	TREND
Pima County	2015	64	472	-23%
	2014	51	616	
Marana	2015	53	505	+25%
	2014	27	404	
Tucson (City)	2015	22	211	-19%
	2014	38	261	
Sahuarita	2015	23	171	+25%
	2014	19	137	
Oro Valley	2015	6	105	-7%
	2014	15	113	
S. Pinal County	2015	20	172	+21%
	2014	10	142	
Total	2015	188	1,636	-2%
	2014	160	1,673	

Permits back on track

The pace of new home permits picked up in September to achieve a gain of nearly 18% over Sept. 2014. The strong activity closed the YTD gap to only 2% behind last year.

At mid-year, volumes had been about 5% behind the 2014 pace.

Permits have become much more focused in master-planned communities as many projects that opened early in the Housing Recovery are closed or near build-out.

To note, Maracay Homes pulled its first permit at Center Point Vistoso (aka The Donut Hole) and plan to open in January with 151 lots.

YTD new home closings are 1,408; 87 more (+6.6%) than last year's pace.



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Mortgage Rates Scorecard

As of Oct. 19, 2015

TERM	CURRENT	APR	1-YR. AGO	12-MO. HIGH	12-MO. LOW
30-Year	4%	4.25%	4.5%	4.5%	3.38%
15-Year	3.25%	3.5%	3.38%	3.88%	2.75%
5/1 ARM	3.88%	4.125%	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	Sept 2015	Sept 2014	Trend
Conventional	35.8%	39.7%	-3.9%
Cash	25.9%	26.7%	-0.8%
FHA	22.8%	16.2%	6.6%
VA	13.1%	12.3%	0.8%
Other	2.5%	5.1%	-2.6%

Loans for Boomerang Buyers

As home owners who lost their homes to a foreclosure or short sale re-enter the market, there are various loan options available to them.

Since the housing crash, Conventional Loan market share has gradually recovered. Locally, lows hit around 29% market share in late 2009 and have settled in at the upper mid-30% range today.

For boomerang buyers, FHA guidelines state:

Bankruptcy: Chapter 7 – May apply for FHA loan after the bankruptcy has been discharged for 2 years.
Chapter 13 – May apply after the bankruptcy has been discharged for 1 year.

Foreclosure: May apply 3 years after the sale/deed transfer date.

Short Sale/Deed in Lieu: May apply 3 years after foreclosure's sale date. FHA processes a short sale the same as a foreclosure.

Credit: Re-established with a 640 minimum score.

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TUCSON ECONOMY UPDATE

Largest land sale in decades closes

Jobs gain as seasonal workers return

SEPT. NET: + 9,200 jobs (*non-farm*)

They're back... seasonal re-hires. The area's employment picture brightened in September thanks to the return of seasonal workers, mostly in education, government, and leisure and hospitality.

Following summer layoffs, Leisure/Hospitality re-gained about 400 jobs in September and government re-gained about 8,500 jobs as schools re-hired staff.

YOY data, which provides better insight into job trending, appears to be stabilizing. Since Sept. 2014, Service Providers have added 5,400 net jobs. Other key gains are in Professional & Business Services (+1,800); Education & Health Services (+1,500); Financial (+300); and Information (+200).

Notable YOY declines are in Construction (-400 jobs) Trade/Transportation/Utilities (-200); and Aerospace Manufacturing (-100).

Overall, Private Sector job creation is at +3,900 jobs YOY. As of October 1, there were about 27,000 unemployed people looking for work.

Tucson Unemployment Rate Scorecard

Sept. 2015	Month/Month	Year/Year
5.7%	6.1%	6.1%

For \$42M, Horton buys Saguaro Bloom

D.R. Horton now owns all of the Saguaro Bloom 700-acre, master-planned community in the Northwest sub-market. It cost \$42 million and is the largest residential land sale in the metro Tucson area in decades.

Originally called Saguaro Springs by a California development group, Scottsdale-based Grayhawk Development took over the abandoned project in 2009 through foreclosure. Grayhawk has since repositioned and enhanced the community. Grayhawk brought in first-phase infrastructure and re-platted many of the lots for additional open space, parks and trails.

In 2012, D.R. Horton was the first builder to purchase home sites (265) in Saguaro Bloom. The builder now owns the remaining 575 acres for another tentative 2,200 home sites. The acquisition includes 344 partially improved lots with the rest block-platted and approved for an additional 1,853 home sites.

The surrounding area's unique natural appeal includes a regional park system, adjacent Tucson Mountains, and close proximity to significant shopping and dining opportunities for residents to enjoy.

Will White (Land Advisors) helped broker the deal and called it "a huge event... historically significant."

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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.
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