

# Arizona Daily Star®

www.dailystar.com® www.azstarnet.com®

Published: 03.12.2008

## Home price median here below \$200K

**Drop beneath mark may motivate Tucsonans to buy, analysts say**

**By Christie Smythe**

ARIZONA DAILY STAR

The Tucson real estate market hit a milestone in February: The median price dipped below \$200,000 for the first time in almost three years.

The median price dropped to \$199,900, down about 9 percent from \$219,500 in the same month last year, said a report issued Tuesday by the Tucson Association of Realtors Multiple Listing Service.

Industry observers said the dip below the \$200,000 mark might help motivate buyers and give sellers a long-overdue reality check.

On the buyers' side, "\$199,900 sounds better than \$200,000," said Chip Rock, owner of Re/Max Majestic Realty. "Perception is reality."

The message that prices are moving downward may finally start to sink in for many sellers, said Marshall Vest, director of the Economic and Business Research Center at the University of Arizona's Eller College of Management.

"There's a lot of sellers who have kept hanging on with the idea of, 'Well, if I wait long enough, I'll get my price,'" Vest said.

The median price, or midpoint price of all homes sold, hit a peak of \$226,465 in November 2005 after a steep run-up. In 2006 and 2007, the median price ranged from about \$210,000 to around \$226,000.

While the median price dropped in February, the average increased slightly to \$262,155 from \$259,516 in the same month of 2007. The number of sales fell about 29 percent from February 2007, to 710.

Rick Hodges, chief executive officer of the Tucson Association of Realtors, said the association didn't take much notice of the median price change in February.

"The monthly blips that occur we don't look real closely at," he said, adding that the organization focuses on the "long-term trends."

"We're not experiencing what the rest of the country is as far as depreciation," he said.

Still, some experts expect prices to keep falling here. A report released in February by Global Insight and National City Corp. said Tucson home prices were moderately overvalued in the fourth quarter of last year, ranking the city No. 40 out of 330 metropolitan areas in level of overvaluation.

Vest said he expects prices will fall to late-2004 levels before the market improves. The median price in 2004 ranged from \$148,000 to \$177,000, according to the Realtors' statistics.

Industry analysts have said previously that Tucson needs to work through an oversupply of listings before the housing market can get back to normal and prices can rise again.

Listings totaled 9,168 in February, the same number as in January, the Realtors report said. However, the listing inventory fell about 7 percent compared with February 2007.

### A return to 2005

The median home price in Tucson dropped below \$200,000 in February, for the first time in almost three years.

- February 2008 median price: \$199,900.

- Highest median price, in November 2005: \$226,465.

- April 2005 median price: \$196,000.

Source: Tucson Association of Realtors Multiple Listing Service

Last month, local new-home-market consultant John Strobeck issued a report showing that the median price for resale homes had dropped below \$200,000 in January, falling to \$195,000, while the median price for new homes was \$226,577.

"It's going the right way for a buyer," Strobeck said about the median price. "As a market condition, it needs to go down."

On the bright side, the Realtors noted that 6,534 homes on the market in Tucson meet the recently expanded loan limits of the Federal Housing Administration's mortgage program, which has been touted as a way to help buyers who no longer can qualify for conventional loans because of tightened restrictions.

The FHA, which insures mortgages for low- and middle-income borrowers, raised the maximum loan amount in Pima County to \$316,250 from \$239,850.

"The increase is definitely going to help substantially," MLS President Kim Clifton said. "People that should be buying homes are going to be able to buy homes."

### **A return to 2005**

The median home price in Tucson dropped below \$200,000 in February, for the first time in almost three years.

- February 2008 median price: \$199,900.
- Highest median price, in November 2005: \$226,465.
- April 2005 median price: \$196,000.

Source: Tucson Association of Realtors Multiple Listing Service

- *Contact reporter Christie Smythe at 434-4083 or [csmythe@azstarnet.com](mailto:csmythe@azstarnet.com).*

All content copyright © 1999-2008 AzStarNet, Arizona Daily Star and its wire services and suppliers and may not be republished without permission. All rights reserved. Any copying, redistribution, or retransmission of any of the contents of this service without the expressed written consent of Arizona Daily Star or AzStarNet is prohibited.