

Encouraging signs in Tucson housing

By Christie Smythe

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It's like the constant refrain heard on long car trips — "are we there yet?"

Or rather: "Are we at the bottom yet?"

Real estate observers in Tucson have been asking that question all this year as sales reports continue to show declines.

While the market is by no means in an upswing, the latest report from the Tucson Association of Realtors offers some hints that the bottom might be in sight.

Sales and prices, though down, dropped at a lower rate in July than in months past, said the report released Tuesday by the association's Multiple Listing Service. The glut of listings, once as high as 10,387, fell below 8,000 in July for the first since since March 2006, the report said.

"We're in a mode of stabilizing right now," said Tom Sloyan, Tucson Association of Realtors president. "My feeling is we probably have hit bottom and we're going to be stabilizing for probably the next year or so."

The inventory drop is a particularly encouraging sign, said Marshall Vest, director of the Economic and Business Research Center at the University of Arizona's Eller College of Management.

"As long as we have large inventories, we'll continue to have downward pressure on prices," Vest said. "I don't think we have hit bottom yet. But things should start looking better early next year."

Highlights from the report:

The median price is holding steady

The median, or middle, price for homes sold in Tucson has stayed put at around \$200,000 for most of 2008. July's median price was \$199,900. This could help relieve buyers of some of their concerns about the market, Marshall Vest said.

"Buyers need to have some assurance that prices are not going to fall the day after they buy their house."

However, the median sale price merely reflects the middle value of homes that are selling and does not necessarily describe whether homes are appreciating or depreciating, Vest said. It's also still down about 8 percent from July last year, the Realtors report said.

The number of listings is going down

The number of homes on the market fell to 7,876 — still too much, but less of an oversupply than in months past. The market hit a peak of 10,387 in April 2007.

A healthy portion of the drop came from homes that were removed from the market rather than sold. That could mean some homeowners have given up trying to sell their properties until the market improves, Sloyan said.

Before the market can get back on track, inventory levels need to fall back into balance with the number of sales, Vest said. As of July, it would take about eight months to sell off the inventory. A healthier market has a supply of about four to six months, he said.

Drop in sales not as drastic

The number of sales per month has been consistently lower this year than last year. But the drop in July was less than in months past. A total of 945 homes were sold last month, down 20 percent from last year. But June sales showed a year-over-year drop of 25 percent. May posted a year-over-year drop of nearly 28 percent.

"I think that is an excellent sign," said Kimberly Clifton, president of the Tucson Association of Realtors MLS. "We're very happy to see the stabilization."

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