



TUCSON REAL ESTATE UPDATE

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October statistics from the Tucson Association of REALTORS[®] (TAR) Multiple Listing Service (MLS) continue to indicate a very strong buyers' market but, they also show some beginning signals of stabilization in the overall housing market. Sellers can take some encouragement from the fact that home sales volume was \$292,204,727 – up almost 7% from the previous month. The number of units sold increased slightly from the previous month by about 1.7% to 1,095. And the median price of a home in Tucson rose very slightly from September to October by about 0.7% to \$211,500. The average time on market continues to increase however – due to the large inventory of properties currently available. That statistic is now up to 57 days. Compare that to 31 days average time on market in October 2005. And again, though the rate seems to be slowing somewhat, the inventory of properties for sale continues to increase. There were 9,336 active listings in October 2006. That is up only less than one half percent from the previous month, but it is 75% more than in October 2005.

Well, so much for the “big picture” – let's look at a small snapshot of real estate activity. In order to meet the publishing deadline, I am writing this at 5:00 am on the morning of November 26. Therefore, the monthly summary numbers for November are not yet available. And, that being a Sunday morning, the MLS statistics that are updated every 15 minutes for the previous 24 hours are not going to be typical of the rest of the days of the week. However, the number of residential properties sold during that period is 8 – ranging in price (sold) from \$178,000 to \$460,000. Four of the properties were located in northwest Tucson, one in southeast, one in northeast, and one in the extreme south of the Tucson metropolitan area. And, by the way, there were 42 new listings during that 24 hour period.

Seven of these properties sold for slightly less than what they were originally listed for. For example, the most expensive one ended up selling for 93% of its original list price. It was on the market 55 days (very close to the current average). Also of interest, this property was advertising that the seller would pay \$3,000 toward buyers closing costs (as was another of these 8 properties.) This incentive to buyers has become very popular and can be very effective. In this example, it is not known that the \$3,000 credit carried through the negotiations along with the final sale price – but it is likely. Interestingly enough, the least expensive of these properties actually sold for more (\$178,000) than it was listed for (\$175,000) – shades of last year. It was only on the market for 17 days. It is only speculation, but maybe that extra \$3,000 was negotiated in as a credit to the buyers closing costs.

Perhaps more sellers should give consideration to offering some incentives to buyers. Helping with closing costs may be the strongest thing you could do.

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