

TUCSON REAL ESTATE UPDATE

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The 2006 Residential Statistics Report from the Tucson Association of REALTORS[®] Multiple Listing Service (MLS) has been published. It is **not** printed on the side of a burst bubble. Contrary to what many stubborn, uniformed people may be saying, the facts clearly show that 2006 was one of best years in Tucson's real estate history. Let's look at the facts.

Here is the data for all types of residential property for the last three years that worked its way through the MLS system. This does not include privately handled transactions and some new construction.

| | <u>2004</u> | <u>2005</u> | <u>2006</u> |
|---------------------|-----------------|-----------------|-----------------|
| Total Sales Volume | \$3,491,483,000 | \$4,707,529,000 | \$4,301,214,514 |
| Total Sales Units | 17,016 | 18,566 | 16,058 |
| Average Sales Price | \$205,188 | \$253,556 | \$267,855 |

I repeat: no bubble busting has occurred. And, unless something changes dramatically on a massive and disastrous scale, there is no bubble to burst. Currently we still have a huge inventory which gives individual property sellers the feeling that their activity level is suppressed – and it is. There are slightly fewer buyers now than there was during the boom of 2005. (If I could think of a stronger term than “boom” I would use it. The run up in 2004 and 2005 was unprecedented and is not expected to be experienced again in the foreseeable future.) The statistic resulting from the combination of increased inventory and fewer buyers is the average number of days on market – it has increased from 33 in 2005 to 50 in 2006. And, apparently what many buyers who are sitting back “waiting to see what happens”, don't get is this cold hard fact: “It don't get no better than this hun”. The selection to choose from will probably never be better than it is at this moment. There are still close to 9,000 residential properties listed in the MLS.

National and local real estate experts all seem to be of the same opinion, despite what much of the big media is trying to say to sell their publications. Most real estate markets are going to continue to do just fine. And, some fortunate few (including Tucson) are actually going to continue growing modestly.

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