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Market Trends-2nd Quarter 2005

REAL ESTATE BUBBLE...OR NOT?

There is much discussion about the "real estate bubble." Is it happening...now, and in "my" market, etc? It is prudent to consider, particularly at times of buying and selling, the condition of the real estate market. So, what is really happening with valuation (the "bubble")?

Richard DeKaser, Chief Economist for National City Corp., a financial holding company, recently decided the issue needed to be studied. Real estate markets are fluid; they change over time, yet have maintained positive growth over the decades. And, the same continues to happen. Valuation of property can be influenced by many forces; demand, supply, cost of money, economic conditions of an area or region, the average incomes of an area or region, etc. Such factors can combine to create the dynamics of housing valuation, because they affect each of us directly, and we create the supply and demand.

Mr. DeKaser found, by examining the top 99 markets in the U.S., there are locations that have overvaluation (the "bubble"), undervaluation, and markets that seem to be fairly valued considering all the factors. For instance, if you buy a home in Chico, CA, you will be paying a premium of 43% in that market. This is not really surprising to those of us familiar with the California housing markets. Regardless, according to his study one pays a premium of 43% to purchase in Chico. They may still be paying a premium 10 years from now. But, if you buy a home in Salt Lake City, UT., the housing is undervalued by 23%. Salt Lake City might appear as a bargain, but remember the fundamentals of that market place are driving the devaluation. And, that may be the same 10 years from now. It all depends on the shifting fundamentals and the balance of supply and demand.

Los Angeles is overvalued by 32%, San Diego by 28%, Las Vegas by 24%, and Denver by 14%. Salt Lake City was the most undervalued market at <23%>, Memphis is <20%>, Buffalo is <11%>, and Hartford, CN, is <5%>.

What about Southern Arizona? TUCSON is the winner of the entire study, as it resides at the 0% point. The report makes an example of TUCSON as a "perfect" market. Like "Goldilocks' porridge in Tucson is Just Right."

Home Insurance Savings Tips

Set higher deductibles to lower your premiums.

Most companies offer discounts for smoke detectors, burglar alarms, third-party alarm monitoring systems, dead bolts, fire extinguishers, Neighborhood Watch programs.

Earn "multiple coverage" discounts by using one carrier for all of your insurance.

Premiums will be higher if fire stations and fire hydrants are too far away.

Going without a claim for three to five years may warrant a discount. Most companies reward longevity of service. Some companies offer discounts if you've paid off the mortgage.

Discounts often apply if your home was built or rebuilt within the past 10-15 years.

Check out non-smoker, early retirement, and live-in-housekeeper discounts.

Mortgage Rates

30yr. Fixed: 5.99

15yr. Fixed: 5.35

1yr. adj: 3.47

30yr Jumbo: 6.14

The Long Advantage

Whether you're new to Tucson or a native, it's nice to have a trusted source refer you to that local business or service you need. The Long Advantage Program does just that – it's a resource list with some of Tucson's finest businesses, collected from the Associates and Employees of Long Realty.

With suggestions from carpets to cars, we can help. And with your Long Advantage card you also save money! Each of these businesses offers you a special discount or benefit exclusive to the program, just for showing your personalized card. We created this program to show how much we appreciate your choosing Long Realty.

Do you have the Long Advantage?

