

# Tucson Land Update

*With Special Focus on the Southwest Area*

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## Tucson Land News

- Although Tucson's commercial land market remains strong, demand for residential land has weakened over the past 90 days. National Builders have canceled many land transactions and in some cases have walked away from multi-million dollar earnest money deposits. According to the Tucson MLS, there are over 9000 homes currently on the market, an increase of well over 100% compared to this time last year. Recovery is not expected to begin until current inventory is absorbed. According to one industry leader, over one third of this inventory is vacant. The high carry costs of a vacant home will potentially lead to a decline in residential home values. The only questions that remain are how much will values decline and how soon will our market turn the corner. Some in the business believe the current residential dip will be a temporary 6 month correction. Others feel the market will not bottom out for another 12 to 18 months. Chapman Lindsey recently studied the last 5 residential permit downturns which date back to 1980. The average correction for total permits (includes apartments, attached, and detached housing) lasted 2.6 years with a 41% decrease in permits from the market top to the market bottom of each cycle. Excluding apartments and attached product, the average decrease in permits was 32%. If the current outlook for steady job and population growth holds, the Tucson Residential land market should be back on its feet sooner rather than later.
- Plans to build luxury homes on more than 1,600 acres surrounding the Biosphere 2 property north of Tucson have been called off. Fairfield Homes, a local developer, had signed a contract to buy the tract 16 miles north in Pinal County and planned to close the deal sometime this fall with Decisions Investments Corp. Fairfield's tentative plan was to develop a master-planned community with residential lots no smaller than about an acre and homes costing at least \$300,000. *Arizona Daily Star 10/4/06*
- A planned canyon community is giving nature plenty of room. Three Canyons, roughly 50 miles south of Tucson and just north of Patagonia, will include 198 homesites on 1,760 acres. About 95 percent of the land will be preserved permanently as open space. Custom homes built at the development will start around \$800,000 and run up to about \$2 million. *Arizona Daily Star 9/26/06*
- The Saguaro Springs development, a 2,500-home subdivision west of Continental Ranch and Continental Reserve, is closer to reality now that the Marana Town Council has approved an agreement that will accept drainage from the project. The developers have been negotiating with the State Land Department for two years to obtain the right of way needed to make improvements to the channel. *Arizona Daily Star 9/7/06*
- Oro Valley is in preliminary discussions to annex 45 square miles of state trust land in a move that would cause it to straddle the Pima-Pinal County line and double in size. The town currently encompasses 34 square miles. *Associated Press 6/15/06*

## Southwest Area Land News

- Land near Ryan Airfield has recently been gobbled up for master planned communities as Ryan Airfield is now undergoing a building boom. The 60-year-old facility continues to experience growth as 30 companies now serve over 200 private and 60 training aircraft that fly from the airfield's three runways. Ryan Airfield is now the sixth busiest general aviation airport in Arizona, with 125 employees and \$10 million in direct economic impact. Expect more in the future. The airfield dedicated a new terminal in July 2005, and jet fuel sales are rising at a rate of 40 percent a year, as more helicopters and business jets choose to operate from this airfield. *Inside Tucson Business 5/8/06*



**Caption describing picture or graphic.**



**Caption describing picture or graphic.**

## Tucson Rezoning News



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## About Our Company

CHAPMAN LINDSEY Commercial Real Estate Services, L.L.C. was formed in 1991 by successful real estate professionals who wanted to better serve their clients. As a full service commercial real estate company, CHAPMAN LINDSEY offers brokerage and leasing services with an emphasis in vacant land sales. CHAPMAN LINDSEY's four partners combine over 72 years of commercial real estate experience to provide a focus of expertise in the areas of land, investment properties, property leasing, acquisition and disposition services, and tenant representation.

*The company is an active member of the Southern Arizona CCIM (Certified Commercial Investment Member) Chapter.*