

Best Tucson Permit Volume in 10 Years Last Year



Aaron Mendenhall (middle) receiving trophy from CCIM Regional Director and James Robertson, Jr, CCIM, former President Southern Arizona CCIM Chapter

TUCSON, Arizona – Aaron Mendenhall, an Associate with Chapman Lindsey Commercial Real Estate was this year's winner of the Southern Arizona CCIM Forecast in the residential land use category. Mendenhall had predicted a year prior 2,949 permits while the actual number was 2,928 permits, a difference of only 21 permits.

According to **Ginger Kneup**, publisher of Bright Future Real Estate Research, homebuilders pulled 241 new home permits in January, the highest volume in ten years. This is also nearly a 70% increase year-over-year.

For comparison, Phoenix experienced a 12% year-over-year increase in permits.

Resale inventories remain tight, particularly in critical move-up price ranges where new homes compete best. The [Tucson Association of Realtors](#) reported an increase in total sales of about 14% for January concurrently with a near 25% fall in active listings.

Builders need to have inventory homes underway for the selling season to better capture buyers out of the resale market. Again, given the strong selling season of 2016, builders have more confidence to seed inventory homes in anticipation of an even better Spring this year.

It is likely that permit trends will continue to be strong in the near term as about 350 more lots in eight communities are delivered for Spring. Model and inventory home seeding for new communities always boosts permit counts. Nonetheless, accounting for current permitting trends and lots under development, it is likely that we will enter 2018 with about 1,000 fewer finished lots. Home builders will sell more lots in 2017 than they will bring to market in total. The Spring market will be well-supplied across price points and meet the expected strong demand. Lot inventories later in the year will feel pressure.

This led Mendenhall to predict that 2017 will see 3,878 permits while 2018 is predicted to fall back as the more affordable (and higher volume) lots thin significantly.

Other predictions in the land category competition were slightly more conservative, **Thrac Paulette** of Cantera Real Estate forecasts a total of 3,276 permits in 2017 while **John Carroll** of Land Advisors Organization predicts 2,700 permits this year.

To learn more, **Mendenhall** can be reached at 520.747.4000, **Paulette** is at 520.904.5055 and **Carroll** can be contacted at 520.514.7454.