Tucson’s Economy Sails Into Uncertain Waters

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Laura Shaw, Senior Vice President, Sun Corridor Inc.

Jennifer Pullen, Senior Research Economist, University of Arizona, Eller College of Management, Economic and Business Research Center
Meeting Details

- MAP Talks will be recorded
  - See the MAP Dashboard website for recordings
- Conference mode
  - Everyone muted except presenter
- How to ask a question
  - Enter question into chat or Q&A
  - Email anytime to vhrice@arizona.edu
Arizona Daily Star

Tucson economy: MAP Dashboard

Tucson fared better than U.S., middling among peers for 2020 job losses

Tucson's employment declined by 4.6% in 2020, driven by the economic impact of the pandemic. That was a loss of 43,000 jobs. In comparison, Phoenix's employment declined by 7.9% and state-wide jobs dropped by 3.1%. When compared to peer western metropolitan statistical areas, Tucson's job loss fell near the middle ranking, behind Salt Lake City, which posted the smallest loss in employment of 2.1%. Las Vegas, one of the hardest hit metropolitan areas in the U.S., posted a 12.4% decline in jobs. Las Vegas has been hit especially hard by the pandemic due to its large share of jobs in leisure and hospitality. While Tucson was hit hard last year, the recovery has begun and prospects look brighter for the second half of 2021 and 2022.
Tucson’s Home Prices Skyrocketed Last Year: What’s Next?

Home Prices in Tucson Increased by 24.9% in 2021

Jennifer Pullen, Senior Research Economist, University of Arizona, Eller College of Management, Economic and Business Research Center, MAP Dashboard Coordinator
What’s Happening with Housing?

• Median Sales & Rental Pricing
• Affordability
  – Home ownership
  – Renters
  – Housing cost burden
• Inventory
Median Home Price
Growth Rate in the Price of a Single-Family Home

- Austin
- Tucson
- Phoenix
- Salt.Lake.City
- Denver
- Las.Vegas
- Colorado.Springs
- Portland
- Albuquerque
- U.S.
- San.Diego
- San.Antonio
- El.Paso

Percent

National Association of Realtors via MAP (mapazdashboard.arizona.edu)
House Prices Have Begun to Drop
Average Rent for One-and-Two Bedroom Apartments

Apartment List National Rent Report via MAP (mapazdashboard.arizona.edu)
Housing Affordability (2nd Quarter 2022)

Off the Gauge: San Diego at 6.9%

Map az dashboard. arizona.edu
## Housing Affordability (2nd Quarter 2022)

### NAHB-Wells Fargo

<table>
<thead>
<tr>
<th></th>
<th>2019Q4</th>
<th>2022Q2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sierra Vista</td>
<td>83.1</td>
<td>54.2</td>
</tr>
<tr>
<td>Yuma</td>
<td>82.1</td>
<td>43.3</td>
</tr>
<tr>
<td>Lake Havasu</td>
<td>69.6</td>
<td>42.9</td>
</tr>
<tr>
<td>U.S.</td>
<td>63.2</td>
<td>42.8</td>
</tr>
<tr>
<td>Tucson</td>
<td>71.2</td>
<td>40.6</td>
</tr>
<tr>
<td>Prescott</td>
<td>55.9</td>
<td>28.5</td>
</tr>
<tr>
<td>Flagstaff</td>
<td>58.2</td>
<td>22.8</td>
</tr>
<tr>
<td>Phoenix</td>
<td>64.9</td>
<td>22.3</td>
</tr>
</tbody>
</table>
### Housing Affordability Trends

#### NAHB-Wells Fargo

<table>
<thead>
<tr>
<th></th>
<th>Phx</th>
<th>Tus</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019Q4</td>
<td>64.9</td>
<td>71.2</td>
<td>63.2</td>
</tr>
<tr>
<td>2020Q4</td>
<td>65.7</td>
<td>74.2</td>
<td>63.3</td>
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<tr>
<td>2022Q1</td>
<td>43.9</td>
<td>66.0</td>
<td>56.9</td>
</tr>
<tr>
<td>2022Q2</td>
<td>22.3</td>
<td>40.6</td>
<td>42.8</td>
</tr>
</tbody>
</table>
Percent of Housing Cost Burdened Households (2020)

- Salt Lake City
- Phoenix
- San Antonio
- Albuquerque
- Tucson
- Denver
- Austin
- Colorado Springs
- El Paso
- Portland
- Las Vegas
- San Diego

U.S. Census Bureau via MAP (mapazdashboard.arizona.edu)
Percent of Housing Cost Burdened Households (2020)

Percent of Housing Cost Burdened Households by Tenure (2020)

- Tucson
- Arizona
- United States

Owner | Renter
---|---
20% | 50%
20% | 50%
20% | 50%

U.S. Census Bureau via MAP (mapazdashboard.arizona.edu)
Housing Cost Burdened Households (2020)

Renters

- Total
- Asian or Pacific Islander
- Black
- Latino
- Mixed/Other
- Native American
- White

Percent

U.S.
- Nevada
- Washington
- El Paso
- San Antonio
- Arizona
- New Mexico
- Albuquerque
- Las Vegas
- San Diego
- California
- Oregon
- Austin
- Phoenix
- Colorado
- Texas
- Colorado Springs
- Portland
- Idaho
- Utah
- Denver
- Salt Lake City

National Equity Atlas via MAP (mapazdashboard.arizona.edu)
# Housing Cost Burdened Households (2020)

## Housing Cost Burden by Income (2020)

<table>
<thead>
<tr>
<th>INCOME</th>
<th>TUCSON</th>
<th>ARIZONA</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $20,000</td>
<td>40.7%</td>
<td>33.3%</td>
<td>33.5%</td>
</tr>
<tr>
<td>$20,000 - $34,999</td>
<td>29.6%</td>
<td>28.8%</td>
<td>26.3%</td>
</tr>
<tr>
<td>$35,000 - $49,999</td>
<td>16.1%</td>
<td>19.0%</td>
<td>16.3%</td>
</tr>
<tr>
<td>$50,000 - $74,999</td>
<td>9.6%</td>
<td>13.2%</td>
<td>13.6%</td>
</tr>
<tr>
<td>$75,000 or more</td>
<td>4.0%</td>
<td>5.8%</td>
<td>10.4%</td>
</tr>
</tbody>
</table>
Arizona Housing Permits

Seasonally Adjusted Annual Rates

Phoenix MSA

Tucson MSA
Housing Inventory Turns the Corner

Active Listings, Smoothed with Trend/Cycle
Key Takeaways

• Home prices increased rapidly in 2021 but have since declined. There’s a little uncertainty to what’s next.
• Housing affordability dropped significantly and will likely remain depressed
• Inventory has increased from historic lows
• Multi-family permit activity is up but single-family activity remains suppressed