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Analysis of the
**TUCSON, ARIZONA
HOUSING MARKET**

as of September 1, 1968

(A supplement to the August 1, 1966 analysis)

**DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT**

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**A Report by the
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION
WASHINGTON, D. C. 20411**

May 1969

DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

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ANALYSIS OF THE

TUCSON, ARIZONA, HOUSING MARKET

AS OF SEPTEMBER 1, 1968

(A supplement to the August 1, 1966 analysis)

Field Market Analysis Service
Federal Housing Administration
Department of Housing and Urban Development

Foreword

As a public service to assist local housing activities through clearer understanding of local housing market conditions, FHA initiated publication of its comprehensive housing market analyses early in 1965. While each report is designed specifically for FHA use in administering its mortgage insurance operations, it is expected that the factual information and the findings and conclusions of these reports will be generally useful also to builders, mortgagees, and others concerned with local housing problems and to others having an interest in local economic conditions and trends.

Since market analysis is not an exact science, the judgmental factor is important in the development of findings and conclusions. There will be differences of opinion, of course, in the interpretation of available factual information in determining the current and future absorptive capacity of the market and the requirements for maintenance of a reasonable balance in demand-supply relationships.

The factual framework for each analysis is developed as thoroughly as possible on the basis of information available at the time (the "as of" date) from both local and national sources. Unless specifically identified by source reference, all estimates and judgments in the analysis are those of the authoring analyst and the FHA Market Analysis and Research Section. Of course, estimates and judgments made on the basis of information available on the "as of" date may be modified considerably by subsequent market developments.

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ANALYSIS OF THE
TUCSON, ARIZONA, HOUSING MARKET
AS OF SEPTEMBER 1, 1968

(A supplement to the August 1, 1966 analysis)

Summary and Conclusions

1. The economy of the Tucson Housing Market Area (HMA) is heavily dependent on government defense and aerospace contracts and on military and military-connected civilian employment. This dependence tends to give a high degree of instability to the area.
2. There was an average of about 87,300 nonagricultural wage and salary workers in the Tucson HMA in the twelve-month period ending July 31, 1968, up from 85,000 during the corresponding period ending in July 1967. Manufacturing employment decreased by 400 jobs during the more recent period, however. A 2,700-job decrease in manufacturing caused a decline in total wage and salary employment from 78,300 in 1963 to 75,700 in 1964. There were increases every year after 1964, peaking with a 5,700-job increase between 1965 and 1966. Wage and salary employment is expected to increase by approximately 5,600 (2,800 annually) during the two-year period ending September 1, 1970.
3. The rate of unemployment declined from 6.5 percent of the work force in 1964 to 3.9 percent in 1967. The growth rate of the economy slowed, and unemployment increased to 4.1 percent during the twelve-month period ending July 31, 1968.
4. The 1968 median annual income of all families in the Tucson HMA is estimated at \$7,100, after the deduction of federal income taxes; the median after-tax income of renter households of two persons or more is \$5,800. The median after-tax income of all families is expected to increase to \$7,500 in 1970, and the median renter household income will increase to \$6,100.
5. The population of the Tucson HMA is estimated at 344,200 as of September 1, 1968, reflecting average increments of 9,850 (2.9 percent) a year since August 1966. During the next two years, the population of the Tucson HMA is expected to increase by about 8,500 (2.5 percent) annually.
6. There were about 106,200 households in the Tucson HMA as of September 1, 1968, reflecting average increases of 3,900 (3.8 percent) a year since August 1966. The number of households is expected to increase by about 3,200 annually during the September 1968-September 1970 period.

7. There were about 115,400 housing units in the Tucson HMA as of September 1968, reflecting a net gain of 3,700 units (1,775 annually) since August 1966. There was a sharp decline in construction activity in the Tucson HMA during the 1963-1966 period. There were about 5,875 housing units authorized by building permits in 1963. The number of units authorized decreased each successive year, to about 1,225 in 1966. There was a recovery in 1967, to about 1,575 units. The recovery appears to have continued into 1968; there were almost as many units authorized during the first seven months of 1968 as in all of 1967.
8. There were about 9,200 vacant housing units in the Tucson HMA in September 1968. About 5,200 of these vacant units were available for rent or for sale, an over-all available vacancy rate of 4.5 percent. About 1,300 units were available for sale only, a sales vacancy rate of 1.8 percent; 3,900 units were available for rent, a rental vacancy rate of 9.8 percent. Both the sales and rental vacancy rates represent substantial reductions from the 1966 level, when the rates were reported as 3.2 percent and 18.9 percent, respectively.
9. Barring unanticipated changes in the economic, demographic, and housing factors taken into consideration in this analysis, there will be an annual demand for about 2,900 additional units of privately-financed housing in the Tucson HMA during the two-year period ending September 1, 1970. About 1,800 single-family houses (excluding trailers) and 1,100 units of housing in multifamily structures will be demanded annually. About 250 units of the demand for multifamily housing is potential demand at the lower rents achievable only with below-market-interest-rate financing or other public benefits. This demand estimate is exclusive of public low-rent housing, rent-supplement accommodations, and other types of housing provided by direct subsidy.

The demand for single-family houses is expected to approximate the price range distribution shown on page 21. The forecast demand for 850 units of market-interest-rate-financed multifamily housing is distributed by unit size and rent on page 22.

ANALYSIS OF THE
TUCSON, ARIZONA, HOUSING MARKET
AS OF SEPTEMBER 1, 1968

(A supplement to the August 1, 1966 analysis)

Housing Market Area

The Tucson, Arizona, Housing Market Area (HMA) is defined as being coterminous with the Tucson Standard Metropolitan Statistical Area (Pima County, Arizona) as defined by the Bureau of the Budget. Located in southern Arizona, the southwestern boundary of Pima County is the Mexican border. Approximately two-thirds of the county area is comprised of Indian reservations and national forests and monuments.

The population of the Tucson HMA was about 322,200 as of the date of the last FHA market analysis.^{1/} Pima County ranks second in population in Arizona, accounting for about one-fifth of the state population. Over three-fourths of the population in the HMA live in Tucson.

Economy of the Area

Character

The Tucson area has grown with an economy based on tourism and retirement, government (mostly military and military-related and educational), copper mining, and manufacturing.

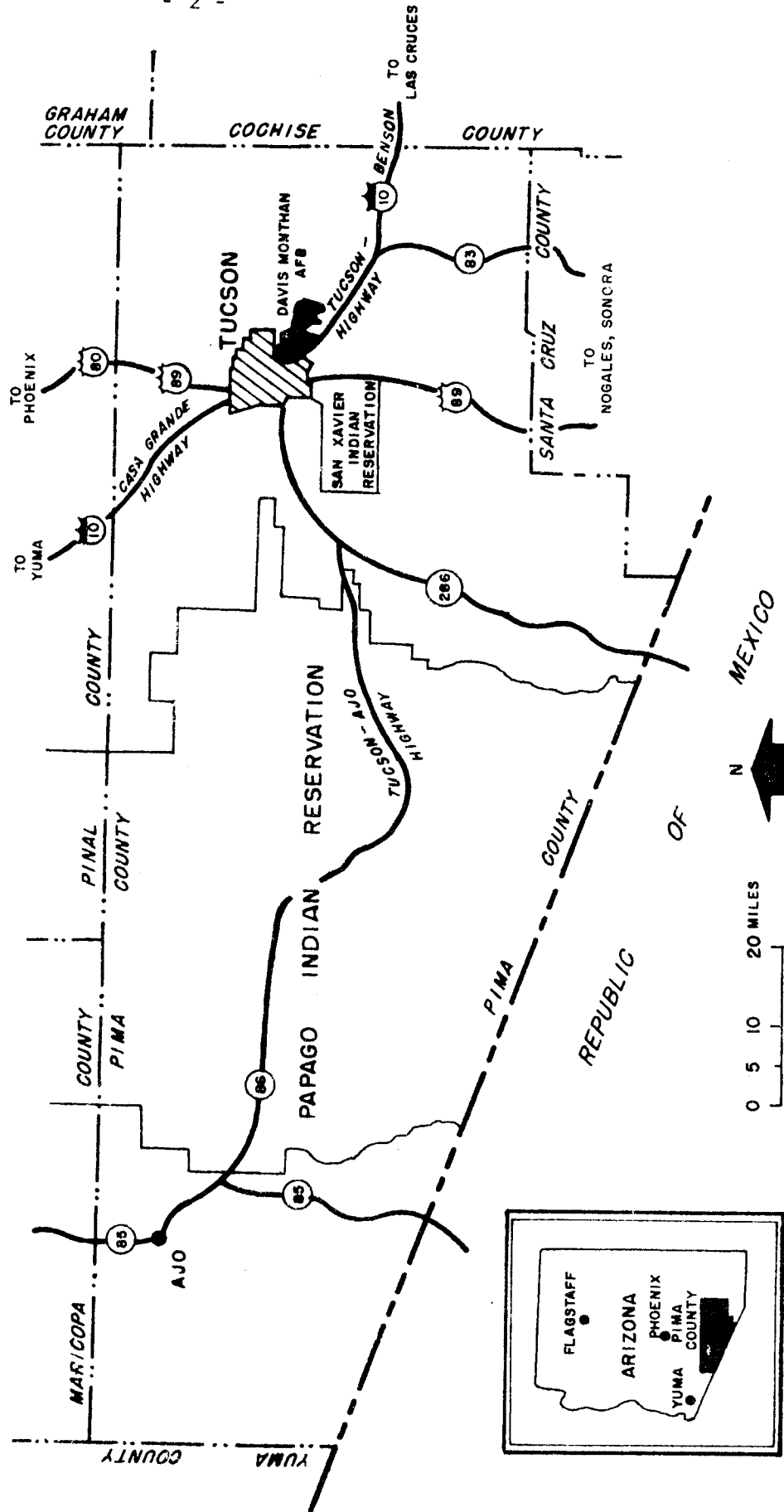
Employment

Recent Estimate and Past Trend. The civilian work force of the Tucson HMA averaged 107,500 persons during the twelve-month period ending July 31, 1968. There were 102,500 persons employed, of whom 100,700 were nonagricultural workers; 87,300 were nonagricultural wage and salary employees.

Although manufacturing employment comprised only 9.5 percent of total nonagricultural wage and salary employment in the latest 12-month period, fluctuations in the number of manufacturing jobs

^{1/} All estimates of demographic and housing data as of August 1966 are from the previous analysis, adjusted where appropriate to reflect more recent information.

TUCSON, ARIZONA, HOUSING MARKET AREA



have influenced strongly the over-all level of wage and salary employment in recent years. A reduction of 2,700 jobs in manufacturing employment in 1964 caused a net decrease of 2,600 in total wage and salary jobs, a decline from an average of 78,300 in 1963 to 75,700 in 1964.

A recovery from the 1964 decline took place in 1965, with a small net increment (300 jobs) in wage and salary employment. There were substantial increases in 1966 and 1967 (5,700 and 4,200, respectively). The rate of gain appears to have slowed in recent months; average wage and salary employment in the 12 months ending July 31, 1968, was only 2,300 above the average for the corresponding period ending July 31, 1967.

The table below summarizes trends in nonagricultural wage and salary employment during the 1963-1968 period. See table II for a more detailed description of trends by industry.

Average Annual Nonagricultural Wage and Salary Employment
Tucson, Arizona, HMA, 1963-1968
(in thousands)

<u>Year</u>	<u>Wage and salary employment</u>			<u>Change in total from preceding date</u>
	<u>Manu- facturing</u>	<u>Nonmanu- facturing</u>	<u>Total</u>	
1963	9.3	69.0	78.3	-
1964	6.6	69.1	75.7	-2.6
1965	6.3	69.7	76.0	.3
1966	7.7	74.0	81.7	5.7
1967	8.8	77.1	85.9	4.2
<u>12-month period ending July 31</u>				
1967	8.7	76.3	85.0	-
1968	8.3	79.0	87.3	2.3

Source: Employment Security Commission of Arizona.

Major Industries. During the 12 months ending July 31, 1968, 8,300 workers were employed in manufacturing industries. The principal products manufactured in the Tucson HMA are ordnance (missile systems), food, and printed matter.

Changes in the level of employment in the main basic support manufacturing industry, missile systems production, have caused most of the fluctuations in total manufacturing employment.

The installation of Titan II missiles at sites near Tucson caused employment increases in manufacturing and in construction during the early 1960's. The completion of the missile sites precipitated a 2,700-job decline in average manufacturing employment to 6,600 in 1964, the lowest level since the mid-1950's. There was a further decline to 6,300 in 1965. Recovery took place in 1966 and 1967, principally because of increased missile production. Manufacturing employment in 1967, at 8,800, was near the levels of the early 1960's. However, between the 12-month period ending July 31, 1967 and the corresponding period ending July 31, 1968, there was a 400-job decline in average manufacturing employment.

Over 80 percent of all "basic" employment (jobs which bring income in from outside the area) is in nonmanufacturing industries. The most important source of basic economic support is government employment, which averaged 24,300 in the 12-months ending July 31, 1968. Government is the only employment sector in which growth has been continuous since 1963, when it averaged 18,900 jobs. Both federal (Davis-Monthan Air Force Base) and state (University of Arizona) government employment are important to the area. The importance of the federal government to the economy of the area is somewhat understated in table II; much of the manufacturing production in the area is under government contract, and uniformed military personnel, an important source of income, are not included in the table. Also, employment at Fort Huachuca, a large army post in neighboring Cochise County, is not included. Many civilian employees at Fort Huachuca live in the Tucson area, commuting the 75 miles to the fort daily.

Because of the importance of tourism and the attractiveness of the Tucson area for winter homes and retirement, much of the employment in trade (19,100) and services (16,200) is basic to the HMA.. Employment in both of these categories, after small declines during the 1963-1965 period, has increased steadily.

Mining employment is becoming increasingly important to the Tucson HMA. Mining jobs averaged 4,100 during the 12 months ending July 31, 1968, up from 3,200 in calendar year 1963. Copper mining accounts for about 3,700 of the total. About one-third of the mining jobs are at Ajo, 130 miles west of Tucson; most of the remainder are within commuting distance of Tucson. A labor-management dispute caused a 400-job reduction in mining employment during the twelve-month period ending July 1968 from the preceding twelve-month period. The strike has been settled.

There are six large mines in the HMA which account for approximately 90 percent of all employment in copper mining. Most of the over-all gain in mining employment occurred at the newest mine in the HMA. The mine is still under development south of Tucson. A seventh large mine is to be completed in the HMA in 1970. The new mine may add over 400 mining jobs in the area, some of which will be realized during construction of the mine.

Employment in construction averaged 6,400 during the 12 months ending July 1968. Construction jobs had peaked at 9,800 in 1962, when the Titan II missile sites were being installed. The subsequent decrease in construction employment was a factor in the over-all decline in the economy of the area.

Employment in both the "transportation, communications, and utilities" (5,300) and the "finance, insurance, and real estate" (3,600) groupings has remained at about the same level since 1963.

Principal Employment Sources

Civilian. The Hughes Aircraft Company is the largest manufacturing employer in the Tucson HMA. The Hughes plant in Tucson manufactures missile weapons systems. Employment at the plant in July 1968 was less than one-half the number of workers at Hughes during the early 1960's, when the plant was much more intensively utilized. Production was cut back in 1963, and employment dropped sharply. There was partial recovery, but lay-offs began again in 1967. As of the date of this report, further lay-offs are planned, but the company has indicated that rehiring will bring employment to above the July 1968 level, probably in 1970.

The other manufacturing employers in the Tucson HMA are relatively small compared to Hughes. The second-largest manufacturing firm is the Kreuger Manufacturing Company, a manufacturer of air conditioning equipment parts. According to the 1968 Arizona Directory of Manufacturers, Kreuger employed 400 persons. Tucson Newspapers, Incorporated, was listed as the third-largest manufacturer, with 375 employees.

The most important civilian nonmanufacturing employer in the Tucson HMA is the University of Arizona. As of mid-1968, the academic plant of the university employed about 5,100 persons (including approximately 1,200 part-time workers). In addition, there were about 1,900 persons engaged in "sponsored research" through the university. Most of the research is funded by the aerospace programs of the federal government; the desert terrain around Tucson is suitable for research on equipment to be used for moon exploration.

There are several large mining companies which employ a total of about 3,200 people in copper mining, including the Phelps-Dodge Corporation, The Anaconda Company, and the Duval Corporation. The Southern Pacific Railroad Company employs a large number of persons. The other large civilian nonmanufacturing employers in the Tucson HMA provide the ancillary activities typical of a metropolitan center (utilities, local government, medical care, etc.).

Military. The fundamental mission of the Davis-Monthan Air Force Base is unchanged from the 1966 market analysis. This Strategic Air Command installation houses missile, reconnaissance, and training wings, related support activities, and the storage and disposal center for obsolescent military aircraft.

As of March 1968, there were about 9,800 persons assigned to Davis-Monthan, including 1,650 civilian civil service employees and 8,150 uniformed military personnel. The number of civilians working at the base is about the same as in 1966, but the military strength reflects an increase of 1,300 above 1966. Support for the military effort in southeast Asia is reflected in the increased number of military personnel assigned to Davis-Monthan. The primary mission of the training wing is the qualification of pilots and crewmen for operation of the F-4C aircraft. Most of the students are sent to southeast Asia when qualified.

Although Fort Huachuca is outside the Tucson HMA, recent developments at the installation have had a bearing on the Tucson economy. Fort Huachuca is the location of the Electronic Proving Ground of the Army. Civilian employment at Huachuca appeared to have stabilized at about 1,800 in the mid-1960's. The headquarters of the Strategic Communications Command (STRATCOM) was moved to Huachuca in 1967, and civilian civil service employment increased to about 2,750 as of March 1968, excluding around 500 contract and nonappropriated fund personnel. An estimated 700 of the civilian employees live in Tucson.

The assigned military strength of Fort Huachuca has increased substantially also, from about 4,100 in June 1966 to 9,150 in June 1968. Most of the increase is attributable to the establishment of the Army Combat Surveillance School in September 1966, however, rather than the movement of STRATCOM. Most of the students at the school are junior-grade enlisted personnel. Almost all of the personnel eligible for military housing live on the post.

Unemployment

Reflecting the reduction in employment, unemployment increased from 5.8 percent of the work force in 1963 to 6.5 percent in 1964. The rate of unemployment declined every year thereafter, to 3.9 percent in 1967. The growth rate of the economy slowed in 1967, and unemployment increased to 4.1 percent during the 12-month period ending July 31, 1968.

Future Employment Prospects

Forecasts of employment in an area heavily dependent on government defense and aerospace contracts and on military and military-connected civilian employment are hazardous. Even a minor change in military alignments, procedures, or policies, or an alteration in aerospace programs could change completely what may appear to be a reasonable expectation of future employment. The Tucson economy has a strong tourist and retirement sector which, barring a severe national recession, will continue to grow, but it appears that the principal determinants of near-term future employment in the area are changes in manufacturing, government, military, and mining jobs.

The forecast of future employment is based on an assumption that manufacturing employment will stabilize at lower levels and then increase by 500 to 1,000 jobs during the September 1968-September 1970 period. Near stable military and military-connected civilian employment is assumed. The expansion in mining employment is expected to proceed as planned, adding about 1,000 mining jobs; there will be some additional increase in construction jobs during the period when facilities for the mine are being built. If the above assumptions hold, increases in the other sectors of non-manufacturing employment will be sufficient to provide an increase in total wage and salary employment of about 5,600 (2,800 annually) during the two-year forecast period of this report.

Income

The 1968 median annual income of all families in the Tucson HMA is estimated at \$7,100, after deduction of federal income taxes, and the median after-tax income of renter households of two persons or more at \$5,800. About 28 percent of all families and 40 percent of the renter households have annual after-tax incomes of less than \$5,000. Approximately 14 percent of all families and seven percent of the renter households have after-tax incomes in excess of \$12,500. The median after-tax income of all families is expected to increase to about \$7,500 in 1970 and the median income of renter households will increase to \$6,100 (See table III.)

during the 1966-1968 period, and a lower rate of population growth will result. The forecast of population assumes continued in-migration of substantial proportions, however. Given a continuation of the slow decline in net natural increase evidenced in recent years, the projection of population increase during the September 1968-September 1970 period suggests an average annual net in-migration of about 6,000 persons to the Tucson HMA annually. This rate is below that of the 1966-1968 period, but above the over-all rate of in-migration during the 1960-1966 period.

Households

September 1, 1968 Estimate and Past Trends. There were about 106,200 households (occupied housing units) in the Tucson HMA as of September 1968, reflecting average annual increments of about 3,900 (3.8 percent) since August 1966. The number of households had increased by about 3,275 (3.7 percent) annually during the 1960-1966 period.

Approximately 81,450 (77 percent) of the households in September 1968 were in Tucson. There were increases of about 2,575 (3.3 percent) yearly in the number of Tucson households during the 1966-1968 period. Only about 150 of the total increase resulted from annexations. The households in the remainder of the HMA increased by about 1,325 (5.7 percent) yearly during the period, to total 24,750 in September 1968.

The table below is a summary of trends in the number of households since 1960, including a forecast to 1970.

Household Trends Tucson, Arizona, HMA, 1960-1968

<u>Date</u>	<u>Number of households</u>	<u>Average annual change from preceding date</u>	
		<u>Number^{a/}</u>	<u>Percent</u>
April 1960	77,426	-	-
August 1966	98,100	3,275	3.7
September 1968	106,200	3,900	3.8
September 1970	112,600	3,200	3.0

^{a/} Rounded.

Sources: 1960 Census of Housing and estimates by Housing Market Analyst.

Estimated Future Households. The lower rates of net natural increase will tend to limit the size of the population increment during the forecast period of this report to lower levels than in preceding years, despite sizeable numbers of in-migrants. A moderation in the number of added households will result. Based on the expected population increments and on anticipated household formation and changes in population per household, the number of households will increase by about 3,200 (3.0 percent) annually during the September 1968-September 1970 period.

Housing Market Factors

Housing Supply

September 1, 1968 Estimate and Past Trends. There were about 115,400 housing units in the Tucson HMA as of September 1968, reflecting a net gain of 3,700 units since August 1966 (see table V). About 3,700 housing units were completed during the period; there was a loss of about 700 units from demolitions and all other causes, which was off-set by the net in-movement of 700 trailers. During the 1960-1966 period, the housing supply had increased by an average of over 4,175 units annually. The decrease in the rate of addition to the inventory reflects the over-built condition of the housing market which developed in the mid-1960's, and the mortgage credit stringencies of 1966 and afterward.

Residential Building Activity. There was a sharp decline in construction activity in the Tucson HMA during the 1963-1966 period. All of the Tucson HMA is covered by building permit systems. There were 5,886 units of privately-financed housing authorized by building permits in 1963. The number of units authorized decreased each successive year to 1,235 in 1966. There was a recovery in 1967 to 1,582 units. The recovery appears to have continued into 1968; there were almost as many units authorized in the first seven months of 1968 (1,566) as in all of 1967.

The number of both single-family houses and multifamily units authorized decreased in the mid-1960's. Single-family houses authorized decreased somewhat less markedly than did the number of multifamily units, however, and recovered sooner than multifamily unit authorizations. The number of single-family houses authorized decreased from 2,394 units in 1963 to 792 units in 1966. Single-family houses authorized increased to 1,300 in 1967. There were 1,051 single-family units permitted in the first seven months of 1968, compared to 745 in the corresponding period in 1967.

There were 3,492 units in multifamily structures authorized in 1963. The number of multifamily units permitted decreased each successive year to 1967, when only 282 privately-financed units were authorized, or about eight percent of the number authorized in 1963. There was an increase in 1968, however; 515 multifamily units were authorized in the first seven months of 1968, more than any annual total since 1965.

The table below is a summary of housing units authorized during the 1963-1968 period. See table VI for a trend of housing authorizations by area.

Private Housing Units Authorized by Building Permits
Tucson, Arizona, HMA
1963-1968

<u>Year</u>	<u>Single-family</u>	<u>Multifamily</u>	<u>Total</u>
1963	2,394	3,492	5,886
1964	1,849	1,301	3,150
1965	1,232	722	1,954
1966	792	443	1,235
1967	1,300	282	1,582
<u>First seven months</u>			
1967	745	214	959
1968	1,051	515	1,566

Sources: Bureau of the Census and local building officials and records.

Units Under Construction. Based on a postal vacancy survey conducted during July 1968, building permit data, and information obtained locally, there were an estimated 700 housing units under construction in the Tucson HMA as of September 1, 1968. About 300 of the units were in multifamily structures, principally located in Tucson. About 300 of the 400 single-family units under construction were in Tucson.

Demolitions and Conversions. There were about 700 housing units lost from the housing inventory during the August 1966-September 1968 period due to demolitions, conversions, and all other causes.

Tenure of Occupancy

The trend toward owner-occupancy which marked the 1950's and early 1960's has been reversed, at least temporarily. About 65.6 percent of the April 1960 occupied inventory was owner-occupied. The ratio increased to 67.8 percent as of August 1966, but declined to 66.3 percent in September 1968. Much of the increase in the rate of renter household change during the 1966-1968 period may have been caused by the abundance of available rental accommodations.

Vacancy

Past Trends. As of August 1966, there were approximately 13,600 vacant housing units in the Tucson HMA. Of these, about 9,600 were available for rent or for sale, an over-all available vacancy rate of 8.6 percent. Both the 1966 sales vacancy rate (3.2 percent) and the rental vacancy rate (18.9 percent) were above the rates of vacancy indicated in the 1960 Census of Housing (2.8 percent and 11.1 percent, respectively).

Postal Vacancy Surveys.^{1/} The results of a postal vacancy survey conducted during July 1968 are summarized in table VII. The survey covered about 93,650 deliveries to residences and apartments, equal to about 88 percent of the HMA housing inventory. There were 3,825 vacant units enumerated, equal to 4.1 percent of all units covered. According to the survey, there were about 2,325 vacant residences, equal to 2.9 percent of all deliveries to residences. About 1,500 (12.3 percent) of the apartments covered were vacant.

There were five postal vacancy surveys conducted in the delivery area of the Tucson Post Office in the 1966-1968 period. The table below summarizes the vacancy rates indicated in the surveys.

Summary of Findings of Postal Vacancy Surveys
Tucson, Arizona, Post Office Delivery Area
1966-1968

<u>Type of delivery</u>	<u>Dates of survey and vacancy rates</u>				
	<u>March</u> <u>1966</u>	<u>June</u> <u>1966</u>	<u>July</u> <u>1967</u>	<u>March</u> <u>1968</u>	<u>July</u> <u>1968</u>
Total deliveries	5.9	8.5	5.8	2.6	4.1
Residences	4.0	4.7	3.5	2.0	2.9
Apartments	16.0	27.9	18.3	5.9	12.3

Sources: Postal Vacancy Surveys conducted by the Tucson Post Office.

Although the economy of the Tucson area has become somewhat more diversified in recent years, tending to stabilize the year-around level of occupancy, occupancy still is highly seasonal. The peak period of occupancy occurs during the late fall, winter, and early spring seasons. Vacancies are at the maximum in mid-summer. The level of vacancy in September is somewhat below the seasonal peak,

^{1/} See Appendix A, paragraph 7.

but is above the annual average. The date of current estimates must be taken into consideration in appraisal of vacancy rates appropriate for reasonable year-around sales and rental market balance.

The series of postal vacancy surveys in the table above indicates decreasing rates of vacancy in both the in-season month (March) and in the months which are out of season (June and July). In-season vacancies decreased from 5.9 percent in 1966 to 2.6 percent in 1968, and out-of-season vacancies decreased from 8.5 percent in 1966 to 4.1 percent in 1968. The rates of vacancy in both residences and apartments decreased during the 1966-1968 period. Summer 1968 residence and apartment vacancy rates of 2.9 percent and 12.3 percent, respectively, are well below the respective rates of 4.7 percent and 27.9 percent in the summer of 1966.

The seasonality of vacancy is somewhat more pronounced in apartments than in residences. The rate of apartment vacancy from the postal vacancy survey in July 1968 was more than double the rate in the March count, while the vacancy rate in residences was 45 percent higher.

Other Vacancy Indicators. Some information on trends in apartment vacancies is provided by the vacancy surveys conducted bi-monthly by the FHA. The surveys include units in projects of ten units or more in the city of Tucson. The surveys exclude public housing and housing built with the lower rents achievable with FHA Section 221(d)(3)(BMIR) financing. The surveys cover the same group of units, but the number varies between surveys because some projects may not report every month.

The July 1968 survey covered 128 apartment projects with 5,413 housing units. There were 643 vacant units at the time of the survey, equal to 11.9 percent of the total units. The survey conducted during July 1967 had indicated a vacancy rate of 21.4 percent. The lowest rate of vacancy reported by any of the surveys (2.7 percent) was in March 1968.

The table below is a summary of the surveys conducted during 1967 and 1968. The table indicates a reduction in vacancies during 1968. The table illustrates the seasonality of vacancy in Tucson; the lowest vacancy rate occurred in March and the highest in July.

Summary of Findings of Apartment Surveys
Tucson, Arizona, 1967-1968

Month	1967			1968		
	Units	Vacancies		Units	Vacancies	
		Number	Percent		Number	Percent
January	5,573	731	13.1	5,872	388	6.6
March	5,549	499	9.0	5,336	142	2.7
May	5,595	1,055	18.9	5,382	458	8.5
July	5,648	1,211	21.4	5,413	643	11.9
September	5,568	992	17.8	-	-	-
November	5,605	661	11.8	-	-	-

Source: Phoenix FHA Insuring Office.

September 1, 1968 Estimate. On the basis of postal vacancy survey results and information obtained locally, it is judged that there were about 9,200 vacant housing units in the Tucson HMA as of September 1, 1968. About 5,200 of these vacant units were available for rent or for sale, an over-all available vacancy rate of 4.5 percent. About 1,300 units were available for sale only, a sales vacancy rate of 1.8 percent; 3,900 units were available for rent, a rental vacancy rate of 9.8 percent. Both the sales and rental vacancy rates reflect substantial reductions from the rates reported in the 1966 market analysis.

The sales and renter vacancy rates appear to be relatively high, but much of the vacancy reflects the seasonality of occupancy. The September vacancy rates appear to reflect a housing inventory only moderately above the size required to accommodate the peak season population and maintain year-around market balance.

Sales Market

General Market Conditions. The market for sales housing in the Tucson HMA has firmed appreciably. Most of the surplus of sales housing which existed at the time of the 1966 market analysis has been eliminated. Recognizing the improved conditions, the local building industry is planning greatly-increased promotion and construction activity.

The market for existing as well as new sales units has tightened. Sales of existing properties have increased, and prices have risen substantially. The average (arithmetic mean) price of units sold through member realtors of the Tucson Multiple Listing Service declined from \$15,200 in 1964 to \$14,750 in 1965.

There were increases after 1965, to \$17,000 in 1967, or an increase of \$2,250 in two years. Sales prices averaged \$17,450 during the twelve-month period through July 1968. The ratio of sales to new listings taken by the MLS rose from 30 percent in 1964 to 44 percent in the twelve-month period ending in July 1968.

Unsold Inventory of New Sales Units. Some insight into the market for new sales housing is provided by the annual FHA Unsold Inventory Surveys. The surveys are conducted annually and cover subdivisions in which there were five or more units completed in the previous calendar year.

According to the surveys, the construction of speculatively-built sales units, after declining on the soft markets of the mid-1960's, is again increasing. The survey conducted during January 1968 covered a total of over 800 units completed in 1967, of which 320 (40 percent) were speculatively-built. Only eleven percent of the 1967 speculative completions were unsold at year end. Two units had been completed for over one year and were unsold. There were 170 houses under construction in the surveyed subdivisions on the date of enumeration, of which over one-half were unsold.

The surveys conducted in the early 1960's had enumerated many more speculative completions than in the most recent survey. There were 630 units built speculatively in 1963. The weak market led to a decline to about 180 in 1965.

The surveys have indicated a rapidly-rising trend in prices of new construction. By interpolating from table VIII, a median sales price of about \$14,900 can be determined for 1965 completions. The median increased to \$17,500 in 1966 and to \$18,750 in 1967. The majority of the housing over-supply which became acute in the mid-1960's was in the low- and moderate-price ranges. There was little or no need for the construction of additional inexpensive housing, and the construction of higher-priced units tended to increase the median.

Rental Market

The rental market of the Tucson HMA is in better condition than at any time in the recent past. Much of the very large surplus of rental housing which resulted from the over-building during the 1961-1964 period has been eliminated. Nevertheless, the number of available rental vacancies as of September 1968 remained somewhat above the level desirable for market balance and the optimum success of existing apartment projects.

The number of renter households has been increasing more rapidly since 1966 than previously. Renter households increased by almost 2,025 a year during the 1966-1968 period, compared to an average of 790 during the 1960-1966 period. The improved economy helped to increase in-migration, including many renters. The mortgage money stringency which developed in 1966 and afterward may have helped to reduce some of the surplus of rental housing. The increased cost and difficulty of purchase may have encouraged some would-be buyers to postpone purchase in favor of the plentiful rental accommodations.

Many of the apartment projects in the Tucson HMA have filled by giving concessions (rent reductions, free month's rent for accepting a lease, free furniture, lower rents during off-season, etc.). Most of the projects in the area are now at or near acceptable levels of occupancy, but these concessions are still available in many projects.

Vacancies are still high in several projects of rental housing designed for the elderly.

In contrast to the over-built condition of the market for market-rate rental housing, the market for low- and moderate-rent housing appears to have remained sound. The managements of both public housing (low rent) and housing with FHA 221(d)(3) mortgage insurance (moderate rent) report that occupancy has remained near 100 percent during all of the past two years.

Urban Renewal

The Pueblo Center Redevelopment Project (Ariz. R-8) is in execution. The 79-acre area, in the oldest part of Tucson, contained about 140 families and 120 individuals in 1966. About 19 families and 60 individuals are yet to be relocated. The project area, which contained a mixture of commercial and residential uses, is to be redeveloped with a government office complex, a convention center, commercial buildings, and public parks.

The Menlo Park First Concentrated Code Enforcement Area (Ariz. E-1) consists of 112 acres west of the Santa Cruz River in the vicinity of West Congress and Grande Streets. Execution of the project, which is aimed at bringing all of the 350 housing units up to the city-established standards, is just beginning. Most of the units will be rehabilitated. There will be few demolitions. The project is to be completed by 1970.

The Menlo Park Second Code Enforcement Area (Ariz. E-2) consists of 98 acres east of Menlo Park One. There are 280 housing units in the area. About 15 of the units may be demolished. The project is scheduled for completion by mid-1971.

Public Housing

The Tucson Housing Authority has 360 units under management--160 units of low-rent housing and 200 units especially designed for elderly occupants. Another 96 units of elderly housing will be available within one year in the Martin Luther King project now under development in downtown Tucson. Eighty units of low-rent housing will be completed within one year, also, in the Robert F. Kennedy project. Vacancies in the existing public housing are only frictional and the management reported a waiting list of over 570 active applications for admission.

The Tucson Housing Authority is also attempting to purchase two existing apartment projects containing a total of 120 units for low-rent housing. The purchases have been legally contested, however.

Demand for Housing

Quantitative Demand

Barring unanticipated changes in the economic, demographic, and housing factors taken into consideration in this analysis, there will be an annual demand for the construction of about 2,900 units of privately-financed housing in the Tucson HMA during the September 1968-September 1970 period. About 1,800 single-family houses (excluding trailers) and 1,100 multifamily units will be demanded annually. About 250 units of the annual demand for multifamily housing is potential demand at the lower rents achievable only with below-market-interest-rate financing or other public benefits. This demand estimate is exclusive of public low-rent housing, rent-supplement accommodations, and other types of housing provided by direct subsidy.

The above demand estimates are based on the rate of in-migration and family formation which might be associated with an annual increase of about 2,800 wage and salary jobs. If economic expansion should proceed at a rate substantially different from this estimate, demand might be adjusted accordingly. It is important to note, however, that increases in households do not vary directly with the rates of economic change over the short-term. Factors which can moderate in-migration to the HMA include changes in the proportion of the population which participates in the work force and the relative conditions in other competing labor market areas. A variable in the Tucson area is the number of retirees and seasonal population that will be attracted to the area.

Much of the need for housing in the Tucson HMA after 1964 was satisfied through absorption of the surplus of housing which had accumulated in the early 1960's. The construction of new housing during the 1965-1967 period was limited to fewer than 2,000 units each year. The rate of construction must increase to accommodate adequately the number of additional households expected during the forecast period of this report (about 3,200 annually). Care must be taken, however, that the improved condition of the housing market does not foster a climate of over-optimism which might lead to too high a rate of construction, as occurred in the early 1960's.

As in the past, a substantial part of the demand for housing (about 450 units annually) during the forecast period will be satisfied through the sale and occupancy of mobile homes.

Qualitative Demand

Single-Family Houses. Based on recent market experience, the 1,800 units of annual demand for single-family houses will be distributed by price as shown in the table below.

Estimated Annual Demand for New Single-Family Houses
Tucson, Arizona, HMA
September 1968-September 1970

<u>Price range</u>	<u>Single-family houses^{a/}</u>	
	<u>Number</u>	<u>Percent</u>
Under \$12,500	130	7
\$12,500 - 14,999	150	8
15,000 - 17,499	300	17
17,500 - 19,999	340	19
20,000 - 22,499	270	15
22,500 - 24,999	140	8
25,000 - 29,999	200	11
30,000 and over	<u>270</u>	<u>15</u>
Total	1,800	100

a/ See Appendix A, paragraph 9.

Multifamily Housing. The monthly rents or charges at which 850 multifamily units annually built with market-interest-rate financing might be absorbed best are indicated for various size units in the following table. Part of the demand for multifamily units may be satisfied through the construction of units in multifamily structures for sale to owner-occupants (cooperative or condominium).^{1/}

^{1/} See Appendix A, paragraphs 10 and 11.

Estimated Annual Demand for New Private Multifamily Housing
at Rents Achievable with Market-Interest-Rate Financing
Tucson, Arizona, HMA
September 1968-September 1970

Monthly gross rents ^{a/}	Units by number of bedrooms			
	<u>Efficiency</u>	<u>One bedroom</u>	<u>Two bedrooms</u>	<u>Three or more bedrooms</u>
\$100 - \$119	40	-	-	-
120 - 139	30	170	-	-
140 - 159	20	100	180	-
160 - 179	10	50	120	25
180 - 199	-	10	45	20
200 and over	-	-	15	15
Total	100	330	360	60

^{a/} Gross rent is shelter rent plus the cost of utilities; it is also the rental equivalent of monthly charges for multifamily units marketed as condominiums or cooperatives.

The 250 units of annual demand at rents achievable only with below-market-interest-rate financing or other public benefits (not included in the table above) will be distributed by unit size as follows: 10 efficiencies, 60 one-bedroom units, 100 two-bedroom units, and 80 units with three bedrooms or more.^{1/}

^{1/} See Appendix A, paragraph 12.

APPENDIX A
OBSERVATIONS AND QUALIFICATIONS
APPLICABLE TO ALL FHA HOUSING MARKET ANALYSES

1. When the rural farm population constitutes less than five percent of the total population of the HMA, all demographic and housing data used in the analysis refer to the total of farm and non-farm data; if five percent or more, all demographic and housing data are restricted to non-farm data.
2. All average annual percentage changes used in the demographic section of the analysis are derived through the use of a formula designed to calculate the rate of change on a compound basis.
3. Because of the change in definition of "farm" between 1950 and 1960 censuses, many persons living in rural areas who were classified as living on farms in 1950 would have been considered to be rural, nonfarm residents in 1960. Consequently, the decline in the farm population and the increase in nonfarm population between the two census dates is, to some extent, the result of this change in definition.
4. The increase in nonfarm households between 1950 and 1960 was the result, in part, of a change in the definition of "farm" in the two censuses.
5. The increase in the number of households between 1950 and 1960 reflects, in part, the change in census enumeration from "dwelling unit" in the 1950 census to "housing unit" in the 1960 census. Certain furnished-room accommodations which were not classed as dwelling units in 1950 were classed as housing units in 1960. This change affected the total count of housing units and the calculation of average household size as well, especially in larger central cities.
6. The basic data in the 1960 Census of Housing from which current housing inventory estimates are developed reflect an unknown degree of error in "year built" occasioned by the accuracy of response to enumerators' questions as well as errors caused by sampling.
7. Postal vacancy survey data are not entirely comparable with the data published by the Bureau of Census because of differences in definition, area delineations, and methods of enumeration. The census reports units and vacancies by tenure, whereas the postal vacancy survey reports units and vacancies by type of structure. The Post Office Department defines a "residence" as a unit representing one stop for one delivery of mail (one mailbox). These are principally single-family homes, but include row houses and some duplexes and structures with additional units created by conversion. An "apartment" is a unit on a stop where more than one delivery of mail is possible. Postal surveys omit vacancies in limited areas served by post office boxes and tend to omit units in subdivisions under construction. Although the postal vacancy survey has obvious limitations, when used in conjunction with other vacancy indicators, the survey serves a valuable function in the derivation of estimates of local market conditions.
8. Because the 1950 Census of Housing did not identify "deteriorating" units, it is possible that some units classified as "dilapidated" in 1950 would have been classified as "deteriorating" on the basis of the 1960 enumeration procedures.
9. The distribution of the qualitative demand for sales housing differs from any selected experience such as that reported in FHA unsold inventory surveys. The latter data do not include new construction in subdivisions with less than five completions during the year reported upon, nor do they reflect individual or contract construction on scattered lots. It is likely that the more expensive housing construction and some of the lower-value homes are concentrated in the smaller building operations, which are quite numerous. The demand estimates reflect all home building and indicate a greater concentration in some price ranges than a subdivision survey would reveal.
10. Monthly rentals at which privately owned net additions to the aggregate rental housing inventory might best be absorbed by the rental market are indicated for various size units in the demand section of each analysis. These net additions may be accomplished by either new construction or rehabilitation at the specified rentals with or without public benefits or assistance through subsidy, tax abatement, or aid in financing or land acquisition. The production of new units in higher rental ranges than indicated may be justified if a competitive filtering of existing accommodations to lower ranges of rent can be anticipated as a result of the availability of an ample rental housing supply.
11. Distributions of average annual demand for new apartments are based on projected tenant-family incomes, the size distribution of tenant households, and rent-paying propensities found to be typical in the area; consideration also is given to the recent absorptive experience of new rental housing. Thus, they represent a pattern for guidance in the production of rental housing predicated on foreseeable quantitative and qualitative considerations. However, individual projects may differ from the general pattern in response to specific neighborhood or sub-market requirements. Specific market demand opportunities or replacement needs may permit the effective marketing of a single project differing from these demand distributions. Even though a deviation from these distributions may experience market success, it should not be regarded as establishing a change in the projected pattern of demand for continuing guidance unless a thorough analysis of all factors involved clearly confirms the change. In any case, particular projects must be evaluated in the light of actual market performance in specific rent ranges and neighborhoods or sub-markets.
12. The location factor is of especial importance in the provision of new units at the lower-rent levels. Families in this user group are not as mobile as those in other economic segments; they are less able or willing to break with established social, church, and neighborhood relationships. Proximity to or quick and economical transportation to place of work frequently is a governing consideration in the place of residence preferred by families in this group.

Table I

Civilian Work Force Components
Tucson, Arizona, Housing Market Area, 1963-1968
 (annual averages in thousands)

<u>Component</u>	<u>Year</u>					<u>12 months ending July 31</u>	
	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1967</u>	<u>1968</u>
Civilian work force	<u>98.6</u>	<u>96.3</u>	<u>96.5</u>	<u>100.5</u>	<u>105.1</u>	<u>103.8</u>	<u>107.5</u>
Unemployed	5.7	6.3	6.0	4.1	4.1	3.8	4.5
Percent of work force	5.8%	<u>6.5%</u>	6.2%	4.1%	3.9%	3.7%	4.1%
Employed	<u>92.8</u>	<u>90.0</u>	<u>90.2</u>	<u>96.3</u>	<u>101.0</u>	<u>99.9</u>	<u>102.5</u>
Agricultural	1.8	1.8	1.7	1.7	1.8	1.8	1.8
Nonagricultural	<u>91.0</u>	<u>88.2</u>	<u>88.5</u>	<u>94.6</u>	<u>99.2</u>	<u>98.2</u>	<u>100.7</u>
Wage and salary	78.3	75.7	76.0	81.7	85.9	85.0	87.3
Other ^{a/}	12.7	12.5	12.5	12.9	13.3	13.2	13.4
Persons involved in labor- management disputes	.1	<u>b/</u>	.3	.1	.3	<u>b/</u>	.5

^{a/} Includes self-employed, unpaid family workers, and domestics.

^{b/} An average of fewer than 100.

Source: Employment Security Commission of Arizona.

Table II

Nonagricultural Wage and Salary Employment
Tucson, Arizona, Housing Market Area, 1963-1968
 (annual averages in thousands)

	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>12 months ending July 31</u>	
						<u>1967</u>	<u>1968</u>
Wage and salary employment	<u>78.3</u>	<u>75.7</u>	<u>76.0</u>	<u>81.7</u>	<u>85.9</u>	<u>85.0</u>	<u>87.3</u>
Manufacturing	9.3	6.6	6.3	7.7	8.8	8.7	8.3
Nonmanufacturing	<u>69.0</u>	<u>69.1</u>	<u>69.7</u>	<u>74.0</u>	<u>77.1</u>	<u>76.3</u>	<u>79.0</u>
Mining and quarrying	3.2	3.3	3.4	4.0	4.3	4.5	4.1
Construction	6.5	5.9	5.5	5.6	5.8	5.6	6.4
Trans., comm., and utilities	5.4	5.3	5.2	5.1	5.3	5.3	5.3
Trade	17.4	17.1	17.3	18.1	18.7	18.5	19.1
Finance, ins., and real est.	3.7	3.8	3.6	3.5	3.5	3.5	3.6
Services and misc.	13.9	13.9	13.7	14.6	15.7	15.3	16.2
Government	18.9	19.8	21.0	23.1	23.8	23.6	24.3

Source: Employment Security Commission of Arizona.

Table III

Estimated Percentage Distribution of All Families and Renter Households
By Annual Income After Deduction of Federal Income Tax
Tucson, Arizona, Housing Market Area, 1968 and 1970

<u>Annual after-tax</u> <u>incomes</u>	1968		1970	
	<u>All</u> <u>families</u>	<u>Renter</u> <u>households^{a/}</u>	<u>All</u> <u>families</u>	<u>Renter</u> <u>households^{a/}</u>
Under \$ 2,000	6	7	6	6
\$ 2,000 - 2,999	6	10	5	9
3,000 - 3,999	7	11	7	11
4,000 - 4,999	9	12	8	11
5,000 - 5,999	9	13	9	12
6,000 - 6,999	12	11	10	11
7,000 - 7,999	10	10	10	11
8,000 - 8,999	8	8	9	8
9,000 - 9,999	7	5	7	5
10,000 - 12,499	12	6	12	8
12,500 - 14,999	6	2	9	3
15,000 and over	<u>8</u>	<u>5</u>	<u>8</u>	<u>5</u>
Total	100	100	100	100
Median income	\$7,100	\$5,800	\$7,500	\$6,100

^{a/} Excludes one-person renter households.

Source: Estimated by Housing Market Analyst.

Table IV

Trends in Population and Households
Tucson, Arizona, Housing Market Area
1960-1968

<u>Area</u>	<u>April 1960</u>	<u>August 1966</u>	<u>September 1968</u>	<u>Average annual changes^{a/}</u>			
				<u>1960-1966</u>		<u>1966-1968</u>	
				<u>Number</u>	<u>Percent^{b/}</u>	<u>Number</u>	<u>Percent^{b/}</u>
HMA total population	<u>265,660</u>	<u>323,700</u>	<u>344,200</u>	<u>9,175</u>	3.1	<u>9,850</u>	2.9
Tucson	<u>212,892</u>	<u>243,000</u>	<u>253,200</u>	<u>4,750</u>	2.1	<u>4,900</u>	2.0
Remainder	<u>52,768</u>	<u>80,700</u>	<u>91,000</u>	<u>4,400</u>	6.7	<u>4,950</u>	5.8
HMA total households	<u>77,426</u>	<u>98,100</u>	<u>106,200</u>	<u>3,275</u>	3.7	<u>3,900</u>	3.8
Tucson	<u>63,303</u>	<u>76,100</u>	<u>81,450</u>	<u>2,025</u>	2.9	<u>2,575</u>	3.3
Remainder	<u>14,123</u>	<u>22,000</u>	<u>24,750</u>	<u>1,250</u>	7.0	<u>1,325</u>	5.7

^{a/} Rounded; may not add to totals.

^{b/} Percentages derived through the use of a formula designed to calculate the rate of change on a compound basis.

Sources: 1960 Censuses of Population and Housing and estimates by Housing Market Analyst.

Table V

Trends in the Housing Inventory
Tucson, Arizona, Housing Market Area
1960-1968

<u>Component</u>	<u>April 1960</u>	<u>August 1966^{a/}</u>	<u>September 1968</u>
Total housing inventory	<u>85,216</u>	<u>111,700</u>	<u>115,400</u>
Occupied units	<u>77,426</u>	<u>98,100</u>	<u>106,200</u>
Owner-occupied	50,810	66,500	70,400
Percent	65.6%	67.8%	66.3%
Renter-occupied	26,616	31,600	35,800
Vacant units	<u>7,790</u>	<u>13,600</u>	<u>9,200</u>
Available vacant	<u>4,778</u>	<u>9,600</u>	<u>5,200</u>
For sale only	1,446	2,200	1,300
Sales vacancy rate	2.8%	3.2%	1.8%
For rent	3,332	7,400	3,900
Rental vacancy rate	11.1%	18.9%	9.8%
All other vacant	3,012	4,000	4,000

^{a/} Revised.

Sources: 1960 Census of Housing; 1966 and 1968 estimated by Housing Market Analyst.

Table VI

New Privately-Financed Housing Units
Authorized by Building Permits
Tucson, Arizona, Housing Market Area, 1963-1968

	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>First seven mos.</u>	
						<u>1967</u>	<u>1968</u>
HMA total units	<u>5,886^{a/}</u>	<u>3,150</u>	<u>1,954</u>	<u>1,235^{b/}</u>	<u>1,582</u>	<u>959</u>	<u>1,566^{c/}</u>
Single-family	2,394	1,849	1,232	792	1,300	745	1,051
Multifamily	3,492	1,301	722	443	282	214	515
Tucson	<u>2,274</u>	<u>1,495</u>	<u>692</u>	<u>497</u>	<u>631</u>	<u>402</u>	<u>700</u>
Single-family	527	309	213	175	408	239	307
Multifamily	1,747	1,186	479	322	223	163	393
Remainder of HMA	<u>3,612</u>	<u>1,655</u>	<u>1,262</u>	<u>738</u>	<u>951</u>	<u>557</u>	<u>866</u>
Single-family	1,867	1,540	1,019	617	892	506	744
Multifamily	1,745	115	243	121	59	51	122

^{a/} Excludes 9 units of public housing.

^{b/} Excludes 202 units of public housing.

^{c/} Includes 98 units of privately-built "turnkey" public housing.

Sources: Bureau of the Census, Construction Reports C-40 and C-42; local building officials and records.

Table VII

Tucson, Arizona, Area Postal Vacancy Survey

July 17, 1968

Postal area	Total residences and apartments						Residences						Apartments						House trailers					
	Total possible deliveries	Vacant units			Under const.		Total possible deliveries	Vacant units			Under const.		Total possible deliveries	Vacant units			Under const.		Total possible deliveries	Vacant No.	%			
		All	C	Used				New	All	C				Used	New	All						C	Used	New
The Survey Area Total	93,669	3,825	4.1	3,473	352	634	81,495	2,323	2.9	2,050	273	331	12,174	1,502	12.3	1,423	79	303	7,456	384	5.2			
Tucson	91,640	3,797	4.1	3,445	352	634	79,497	2,300	2.9	2,027	273	331	12,143	1,497	12.3	1,418	79	303	7,444	381	5.1			
Main Office	2,555	117	4.6	117	-	-	2,088	94	4.5	94	-	-	467	23	4.9	23	-	-	-	-	-			
Stations:																								
Annex	15,702	827	5.3	789	38	47	13,350	486	3.6	448	38	33	2,352	341	14.5	341	-	14	3,890	238	6.1			
East Broadway	12,899	415	3.2	410	5	66	11,324	273	2.4	270	3	3	1,575	142	9.0	140	2	63	146	7	4.8			
Emery Park	9,204	325	3.5	280	45	82	8,729	254	2.9	213	41	21	475	71	14.9	67	4	61	1,178	35	3.0			
Rincon	11,857	348	2.9	203	145	191	11,354	323	2.8	178	145	191	503	25	5.0	25	-	-	6	-	-			
Speedway	18,370	1,018	5.5	939	79	116	13,885	363	2.6	356	7	12	4,485	655	14.6	583	72	104	1,174	65	5.6			
University	12,666	563	4.4	526	37	120	11,035	350	3.2	314	36	59	1,631	213	13.1	212	1	61	250	22	8.8			
Branches:																								
South Tucson	7,832	179	2.3	176	3	12	7,177	152	2.1	149	3	12	655	27	4.1	27	-	-	800	14	1.8			
Davis-Monthan AFB	555	5	0.9	5	-	-	555	5	0.9	5	-	-	-	-	-	-	-	-	-	-	-			
Ajo	2,029	28	1.4	28	-	-	1,998	23	1.2	23	-	-	31	5	16.1	5	-	-	12	3	25.0			

The survey covers dwelling units in residences, apartments, and house trailers, including military, institutional, public housing units, and units used only seasonally. The survey does not cover stores, offices, commercial hotels and motels, or dormitories; nor does it cover boarded-up residences or apartments that are not intended for occupancy.

The definitions of "residence" and "apartment" are those of the Post Office Department, i.e., a residence represents one possible stop with one possible delivery on a carrier's route; and apartment represents one possible stop with more than one possible delivery.

The estimates of total possible deliveries to residences, apartments, and house trailers were made by the postal carriers. The data in this table, therefore, are not strictly comparable to the corresponding data for surveys conducted prior to 1966. The combined totals, however, are as recorded in official route records.

Source: FITA postal vacancy survey conducted by collaborating postmasters.

Table VIII

Absorption of New Housing Unit Completions in Selected Subdivisions^{a/}
Tucson, Arizona, Housing Market Area
January 1, of 1966, 1967, and 1968

<u>Sales price</u>	<u>Total units</u>	<u>Pre- sold</u>	<u>Speculative construction</u>			
			<u>Total</u>	<u>Sold</u>	<u>Unsold</u>	
					<u>Number</u>	<u>Percent</u>
(Units completed in 1965)						
Under \$12,500	138	79	69	56	13	19
\$12,500 - 14,999	107	55	52	48	4	8
15,000 - 17,499	119	76	43	43	0	0
17,500 - 19,999	78	67	11	11	0	0
20,000 - 22,499	(
22,500 - 24,999	63	59	4	4	0	0
25,000 - 29,999	12	12	0	0	0	0
30,000 and over	19	17	2	1	1	50
Total	546	365	181	163	18	10
(Units completed in 1966)						
Under \$12,500	78	34	44	35	9	20
\$12,500 - 14,999	108	41	67	65	2	3
15,000 - 17,499	106	74	32	28	4	12
17,500 - 19,999	113	80	33	26	7	21
20,000 - 22,499	(
22,500 - 24,999	103	83	20	20	0	0
25,000 - 29,999	33	28	5	4	1	20
30,000 and over	45	24	21	13	8	38
Total	586	364	222	191	31	14
(Units completed in 1967)						
Under \$12,500	59	18	41	41	0	0
\$12,500 - 14,999	75	43	32	27	5	16
15,000 - 17,499	165	102	63	56	7	11
17,500 - 19,999	217	117	100	95	5	5
20,000 - 22,499	98	81	17	8	9	53
22,500 - 24,999	97	70	27	25	1	4
25,000 - 29,999	70	36	34	27	7	21
30,000 and over	23	17	6	6	0	0
Total	804	484	320	286	34	11

^{a/} Covers all subdivisions in which five or more units were completed in the preceding year.

Sources: Annual Unsold Inventory Surveys conducted by the Phoenix FHA Insuring Office.

DEPARTMENT OF HOUSING
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