

Eller College of Management

Mare Pasture

An Economic Feasibility Study

Cyrus Khosh-Chashm

Todd Anchondo

Ignacio De La Torre

Athanasios Gerokostopoulos

Matt Payne

1. Executive Summary

Introduction

This report presents the results of research conducted by the Mare Pasture team regarding the economic feasibility of a new urbanist community located near Willcox, Arizona.

The objectives of this project were:

- 1) Assessing the Willcox area buyer profile
- 2) Suggesting price and size ranges for residential units in Mare Pasture
- 3) Describing the Baby Boomer profile and how it affects Mare Pasture
- 4) Presenting the second home buyer profile and how it affects Mare Pasture
- 5) Describing the possible potential of tourism on the project

Evaluation Process

The scope of the project was narrowed to focus on a few key areas of analysis. The most important of these are:

- 1) Researching and evaluating local demographic data.
- 2) Assessing the development of other communities.
- 3) Researching and evaluating outside demand.

Vital to every stage of the process was conducting all research and analysis under the umbrella of the Evaluation Criteria described by Mare Pasture LLC. The criteria included the following considerations:

- Building to preserve the ranching culture of the area
- Creating a unique community built in the correct way from the start
- Considering the local community's concerns

- Developing a vibrant downtown with walk able spaces, and consideration of environmental concerns

Findings

The research and analysis lead the team to several key findings:

- 1) **Local demand is insufficient to support the development of Mare Pasture.**
- 2) **Outside demand will constitute the majority of the community's make up.**
- 3) **Tourism offers some potential promise considering the area's many attractions, but like outside demand, the potential effect that tourism has on Mare Pasture has to be studied in greater detail.**
- 4) **To start building with a clear and simple vision so that you do not expose yourself to too many risks.**

Recommendations

The team makes the following recommendations that are to be acted upon in a sequential order:

- 1) **Build an equestrian community starting with the equestrian center and trails shaping a clear and simple vision.**
- 2) **Do not build a downtown area in the first phase of development.** However, if a downtown area is included as part of a later phase, it should include both commercial and residential units.

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2. Introduction

The purpose of this report is to present the research and results of the Mare Pasture team regarding the economic feasibility of the development of a new community located near Willcox, Arizona. Mare Pasture Development LLC and the Tejido Group tasked the Eller MBA team with evaluating the local real estate market near Willcox, Arizona, evaluating demand for a proposed community south of Willcox, and suggesting preliminary courses of action for Mare Pasture Development LLC.

Project Background

East of Tucson and 15 minutes southeast of Willcox, Arizona, a 1088 acre plot of land has been proposed as the site for a new urbanist community. New urbanism consists of many elements, some of which include: 1) a town or a city that has a discernable center, 2) a variety of dwellings in terms of style and cost, 3) the distance between houses in the town center and the street is minimized, and other defining characteristics.¹ The intention of Mare Pasture Development LLC for this project is to recognize that growth will eventually arrive to this area, and that the way to deal with that growth is to develop sustainable communities in the new urbanist style. These communities are intended to increase the value of the area and, rather than infringe upon the culture of ranching that has existed within John Riggs' family for generations, communities like Mare Pasture will feed the continued existence of fully functioning ranches.

The Tejido Group, led by Dr. Mark Paul Fredrickson of the University of Arizona's College of Architecture and Landscape Architecture, is a team of graduate architecture students creating project designs and community plans based on the principles of new urbanism. The Mare Pasture team from the Eller College of Management partnered with the Tejido Group to offer qualitative and quantitative ideas and research regarding the development of Mare Pasture.

¹ http://www.kzoo.edu/educ/syllabi/new_urbanism.pdf

Scope Summary

The Mare Pasture team narrowed the analysis to five major areas of study:

- 1) Assessment of local demand
- 2) Assessment of outside demand
- 3) How tourism affects the project
- 4) Phasing considerations
- 5) Equestrian community findings

Goals and Objectives

The team has met the following project goals:

- 1) Creating a local buyer profile
- 2) Assessing the Willcox area buyer profile
- 3) Suggesting price and size ranges for residential units in Mare Pasture
- 4) Describing the Baby Boomer profile and how it affects Mare Pasture
- 5) Presenting the second home buyer profile and how it affects Mare Pasture
- 6) Describing the possible potential of tourism on the project
- 7) Recommending preliminary courses of action

3. Evaluation process

Process Description

The analysis, conclusions, and recommendations suggested were the result of a deliberate process characterized by the following key steps:

- Understanding the Evaluation Criteria (described below)
- Conducting a site visit
- Collaboration with the Tejido Group
- Meeting Willcox area professionals
- Demographic research
- Secondary research
- Assessing the development of other communities
- Research assessing outside demand for a community like Mare Pasture
- Conclusions and Recommendations

Note: Outside communities were extremely reticent to share their knowledge and experience and did not provide a reason for not sharing this information. Consequently, the team's recommendations are largely based on assessing the local market through research gained from local primary sources as well as available secondary sources.

Evaluation Criteria

The company's stated goal is to build a unique community in Arizona that includes, but is not limited to, the principles of new urbanism. The client made the following points clear:

- One of the primary goals of developing Mare Pasture is to create a community that has enough investment return so that John Riggs (the landowner) can use that return to preserve the culture of ranching in the area.
- The project aims to build a sustainable community. In other words, Mare Pasture will not be another extension of urban sprawl consisting solely of residential or urban units.

- The concerns and values of the local community will have to be considered and incorporated at every stage of the community's development.
- The community will have a distinct and vibrant downtown that will serve as the community's anchor. The downtown will consist of a combination of residential, commercial, and cultural elements.
- The community will have well defined pedestrian walkways and generally be catered to pedestrian needs.
- Environmental concerns will dictate many of the decisions made and nothing that conspicuously harms the environment will constitute any part of the community.

All of these factors were considered at every stage of the analysis and always explained to the various primary sources used. The explanation was given so that any information received accurately reflected the realities of the project.

4. Findings

Findings for Local Demand

The data revealed that local demand is insufficient as the primary customer base for the community.

The findings and analysis were based on data gathered from primary and secondary research using:

- 1) Population analysis²
- 2) Age distribution analysis³
- 3) Income analysis⁴
- 4) Local real estate market analysis⁵

² See Appendix D for additional population data

³ See Appendix D for additional age distribution data

⁴ See Appendix B for additional income data

- 5) The local employment profile⁶
- 6) The city government perspective

This analysis looks at current projections and includes some projections the team formulated based on additional research. Finally, the area’s employment environment and the local government perspective are explored and analyzed.

Population Analysis

Table 1. Population for Arizona, Cochise County and Willcox

2007	Arizona	Cochise County	Willcox
Population	6,198,390	131,392	10,608

Population figures and growth rates were considered for Arizona, Cochise County, and the greater Willcox area. Willcox is the smallest demographic area and the 2007 population figures reflect Willcox’s size as compared to Cochise County and the State. However, it is important to combine the raw population figures with population growth rates.

⁵ See Appendix B for additional local real estate data

⁶ See Appendix B for additional employment data

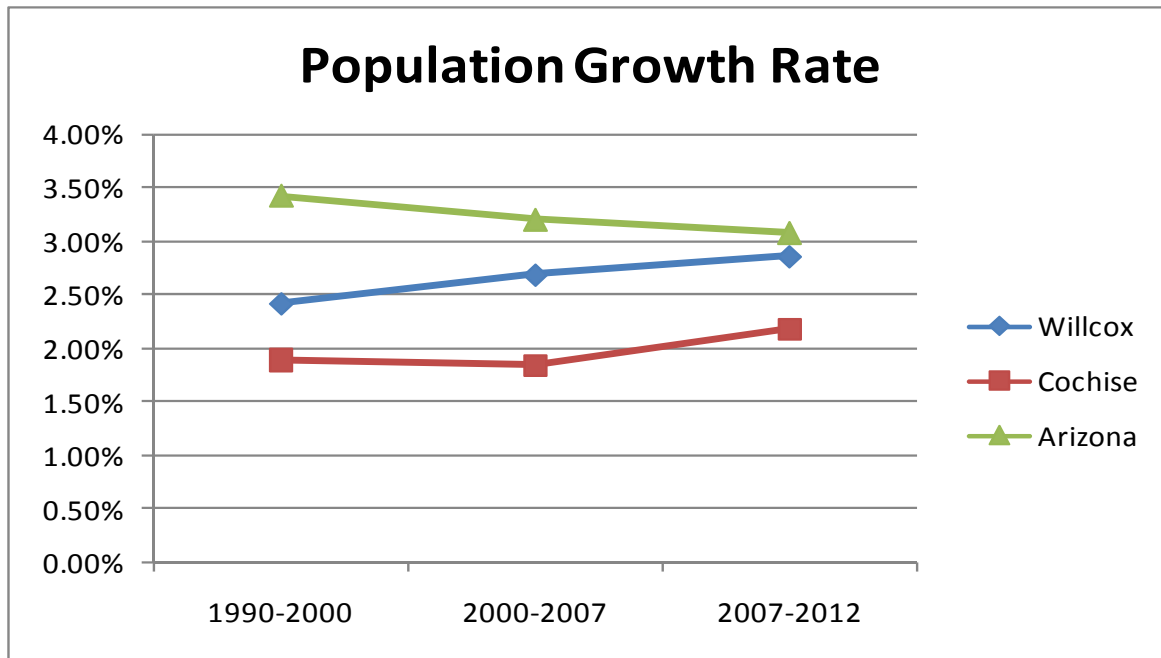


Figure 1. Population Growth Rate (U.S. Census)

The population growth rates cover the period from 1990-2012. Although Arizona’s growth rate has decreased from 3.5% (1990-2000) to 3.0% (2007-2012), the overall population of the State is still growing. The projected growth rate in Arizona translates to 900,000 people moving to the state by 2012.

Cochise County, on the other hand, experienced an increase in its population growth rate. Although Cochise County’s growth rate increase was less than ½ percent during the same period, the upward trend is relatively promising in that it may signal a consistent growth trend in the area. This growth trend in Cochise County was confirmed by Robert Carreira, Director of the Cochise College Center for Economic Research and local professionals; however, it is unclear if that growth directly affects the Willcox area and more specifically, Mare Pasture. The Willcox area growth rate is relatively insignificant because even though it reveals an upward trend, the population of the area has hovered at around the same 10,000 level mark for the past 40 years.⁷

Opportunities Related to Population Findings

⁷ J. Riggs (personal communication, 6 February 2008).

The addition of 900,000 people to Arizona in the next 4 years represents a potential target group for the development. However, it was beyond the scope of this report to probe the buying habits of these 900,000 people. The 900,000 people are a significant signal, however, of the substantial potential of Arizona as a location to proceed with the development of a community like Mare Pasture.

The potential for growth in Cochise County has to be further explored to determine its true effect on the Willcox area, and more specifically, Mare Pasture. Cities such as Benson are seen as the low cost alternative to Tucson.⁸ Furthermore, cities like Sierra Vista and Douglas are experiencing major expansion.⁹ Consequently, the opportunity may exist for Mare Pasture to develop at the beginning of Cochise County's major expansion and enjoy some of that growth.

Concerns Related to Population Findings

Apart from the historical immobility of Willcox's population growth, Mare Pasture is located in a low-growth, low-population area. That combination immediately creates a challenge in terms of incorporating local demand into the community because the population base simply does not exist, nor do the prospects for the population base expanding seem promising. This is especially ominous because of the prediction that Cochise County's expansion is projected to end at the borders of the Willcox area.¹⁰ The next step of the analysis looks at age distribution.

Age Distribution Analysis

Age distribution was considered for the city of Willcox because this is the area most relevant to local demand.

⁸ I. Bernal (personal communication, 29 February 2008)

⁹ R. Carreira (personal communication, 16 February 2008)

¹⁰ *Id.*

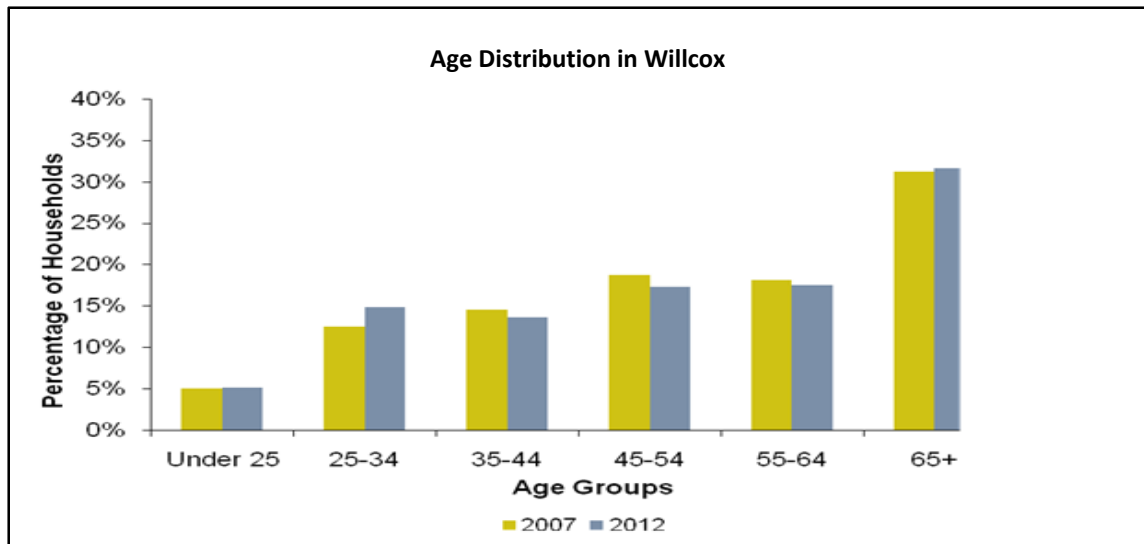


Figure 2. Age Distribution in Willcox (Robert Charles Lesser Company)

Two categories were assessed: age distribution in 2007 and the projected distribution in 2012. The results revealed heavily skewed figures towards an older population.

Currently in Cochise County, 23,348 households are over the age of 55 years old.¹¹ This represents 46% of the County.¹² By the year 2012 this number is expected to increase to 27,212 which will be 49% of the population.¹³ Over the next four years, 3,864 senior households are expected to be added to the area.

Willcox has 1,909 households over the age of 55 which represents 49% of the population.¹⁴ This number is projected to increase to 2,124 by 2012, which will represent 49.2% of the population.¹⁵ This translates into 215 households, which is less than 10% of the increase in the area.

Opportunities Related to Age Distribution Analysis

According to U.S. Census data, the population of people over the age of 55 has higher incomes and is able to afford higher priced homes. The increase of this segment of the population in Cochise County,

¹¹ U.S. Census Bureau

¹² *Id.*

¹³ *Id.*

¹⁴ *Id.*

¹⁵ U.S. Census Bureau

and especially Willcox, may provide a potential marketing target for the community. The specifics of the buying habits of this population need to be studied in greater detail for a better understanding of its potential for Mare Pasture.

Concerns Related to Age Distribution Analysis

Although an older population provides a higher income base, an increasingly older population for both Cochise County and Willcox narrows the possibilities in terms of commercial and residential options because those options will have to cater to this older segment. The increasingly older makeup of the age distribution also leans towards the low growth potential of the area because it hints at a decreasing employment pool of younger people. Vital to an understanding of the current capability of the local market is an income analysis.

Income Analysis

Table 2. Income Figures for Arizona, Cochise County, and Willcox (Citydata.com)

2007	Arizona	Cochise County	Willcox
Household Income	44,282	40,604	36,213
Per Capita Income	31,458	22,187	12,000

Mean household and per capita income were considered for Arizona, Cochise County, and the greater Willcox area. Household income represents the level of income for all people living in the same household.

The mean income level for the state was the highest at \$44,282 followed by Cochise County at \$40,604 and Willcox at \$36,213.¹⁶ The same trend was revealed by per capita income with the State per capita income being \$31,458 followed by Cochise County at \$22,187 and Willcox at \$12,000.¹⁷ In both

¹⁶ U.S. Census Bureau

¹⁷ *Id.*

categories, Willcox is substantially below both the Cochise County and State levels. In particular, the per capita disparity between Willcox and Cochise County is \$10,187 and the disparity between Willcox and Arizona is \$19,458.

Even though the per capita income and household income was low for the average person in Cochise County and Willcox, the average household income in 2007 for seniors over the age of 55 in Cochise County was \$48,266.¹⁸ The average income for people over 55 years old in Willcox is \$49,973, which is slightly higher than Cochise County.¹⁹

Opportunities Related to Income Analysis

The average income of \$49,973 of people over 55 years of age make them eligible for homes in the low to middle range in Mare Pasture.

Concerns Related to Income Analysis

Low income levels, in combination with low population levels, are the primary reason for local demand being insufficient to fully support the development of Mare Pasture.

Local Real Estate Market Analysis

Homes are on the market in the Willcox area, on average, for 120 days.

¹⁸ *Id.*

¹⁹ *Id.*

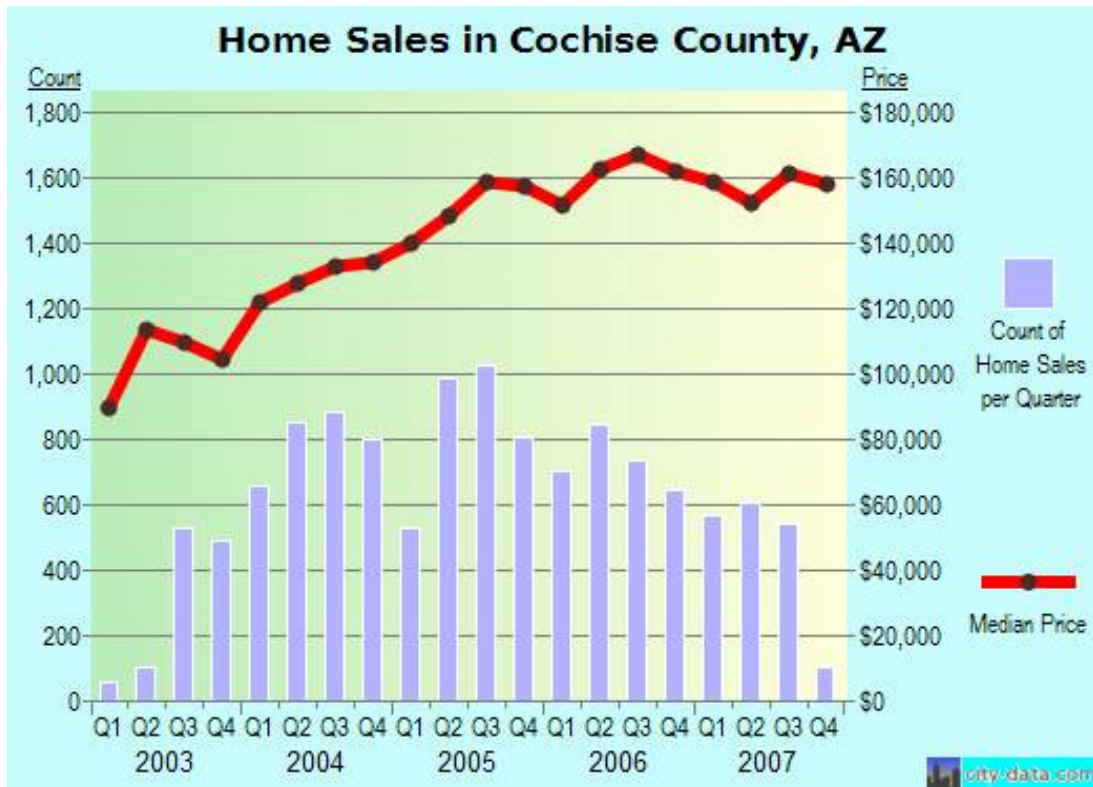


Figure 3. Home Sales in Cochise

The number of houses sold in Cochise County increased from 2003 to 2005 when it peaked at the third quarter of 2005 at 1,000 houses. Subsequently, there is a decreasing trend until the end of 2007. However the median price of houses has steadily increased over the five year period to around \$160,000.

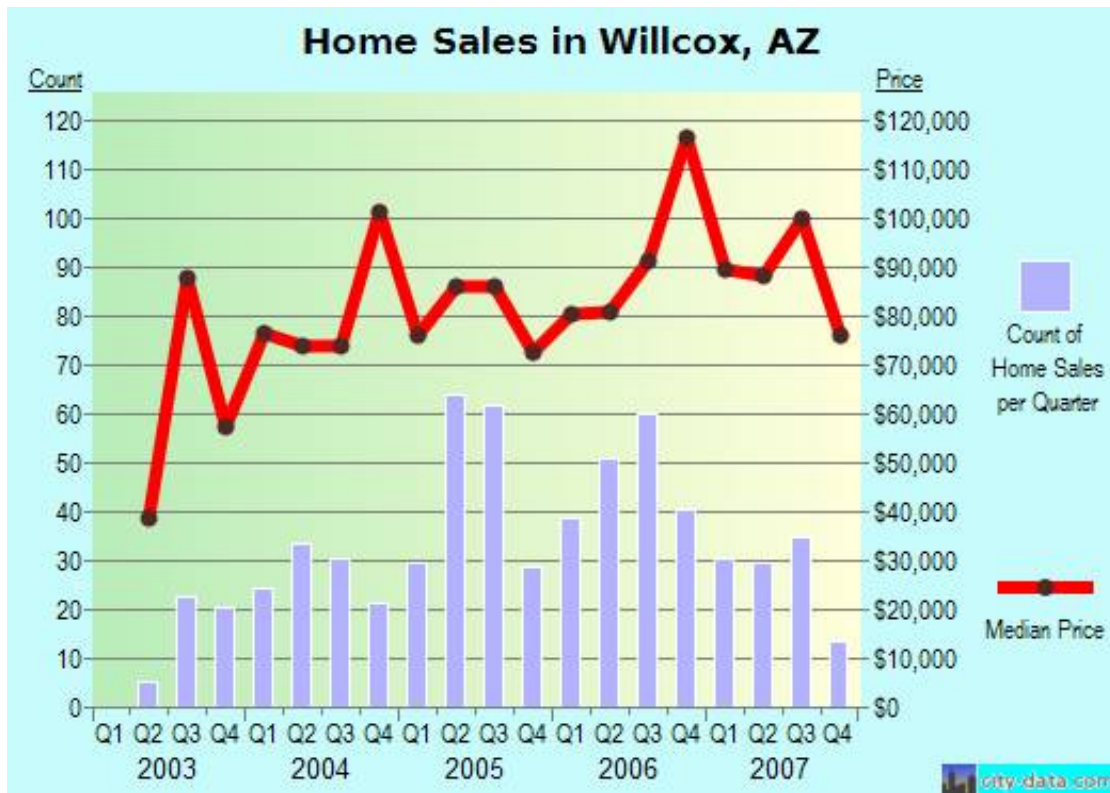


Figure 4. Home Sales in Willcox

Willcox has the same trend as Cochise County in terms of number of house sales; with the number of sales increasing from 2003 until 2005 when it peaked, and decreasing from 2005 to 2007. However, unlike Cochise County, the median price of homes has been volatile over the 5 year period. One possible explanation for this volatility is the small number of houses sold (with the maximum being 65 in the second quarter of 2005) because it increases the variability of the prices.

The real estate market, for the purposes of this analysis, can be divided into three groups: low, middle, and high income.²⁰ The ranges for each group are:

- Low: less than \$90,000
- Middle: \$90,000-\$150,000
- High: over \$150,000

²⁰ C. Layton, K. Mendez, N. Guerrero, S. Ousley, G. Lindsey, and M. Fowler (personal communications, 29 February 2008).

Low Priced Homes

Most homes in the Willcox area are lower priced homes. The graph below shows the percentage of homes by price in the area. Even though this information is dated (2000) it is still likely to be reasonably accurate for 2008 because of the low growth rate of Willcox's population. The graph shows how Willcox residential real estate tends to be significantly lower priced than the overall Arizona comparison.

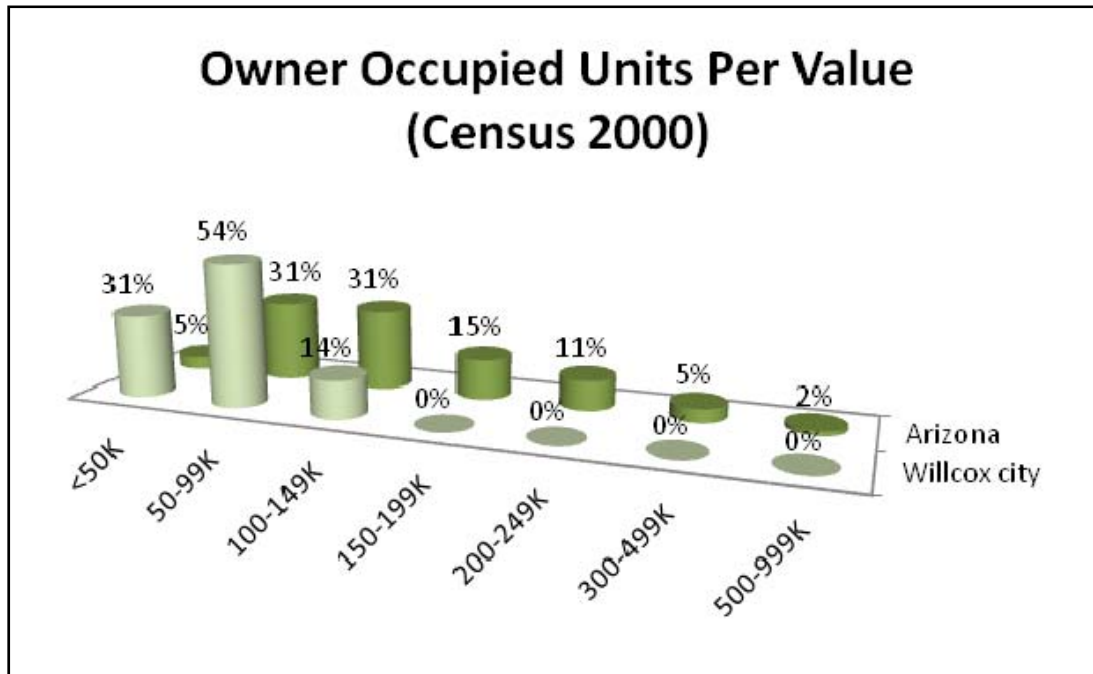


Figure 5. Owner Occupied Units Per Value

Low priced homes are usually priced at under \$90,000 and are usually 3 bedroom manufactured homes on less than a quarter acre.²¹ Generally, the first choice for families with the lowest incomes is to participate in the crowded rental market. The rental units may last less than a week on the market given that there are a large number of renters that live in the area temporarily and who maintain demand for rental housing above of available supply.²² The high demand for rentals offers a potentially promising avenue of creating demand for possible rental units in Mare Pasture.

²¹ C. Layton and G. Lindsey (personal communications, 29 February 2008)

²² *Id.*

If capital were available, dedicating a small portion of any high-density development to rentals could become a long term income stream; additionally, this exposure to Mare Pasture might be the first step to attract these renters as future home buyers.

This segment might include retirees that depend on a fixed income and want to minimize their housing expenses, or new families that replace rental expenses with a loan for one of these houses.

Middle Priced Homes

The vast majority of residential real estate transactions in Willcox range between \$90,000 and \$150,000.²³ Properties in this price range usually have three bedrooms and two bathrooms as even couples without children express their interest in home offices and guest rooms.²⁴ The number often mentioned as the price ceiling by real estate professionals in the area is \$150,000.²⁵ Properties above this ceiling normally sell to buyers from outside the area.²⁶

The members of this purchasing segment (\$90,000-\$150,000) are the constituents most likely to be influenced by the city government policy decisions; including annexation, public works, new infrastructure development, and any measure taken to stimulate economic growth. The chart below explains how the team confirmed the price ceiling mentioned by experts in the local real estate industry:

²³ *Id.* at footnote 20.

²⁴ K. Mendez and S. Ousley (personal communication, 29 February 2008)

²⁵ *Id.* at footnote 23

²⁶ *Id.* at footnote 23.

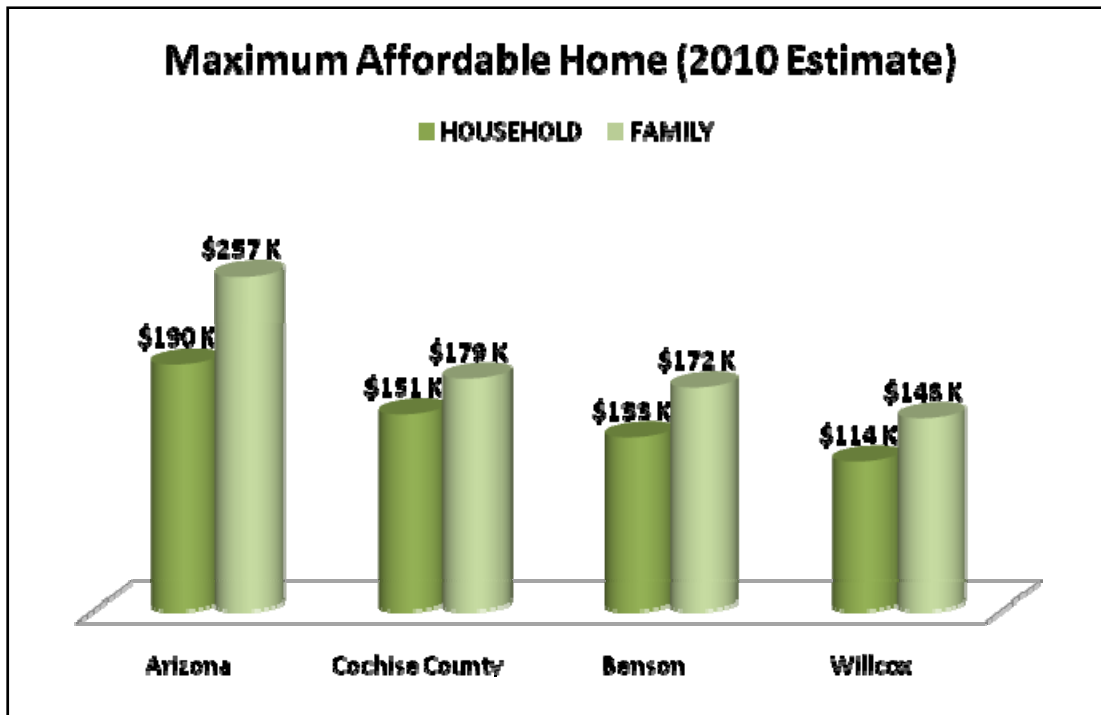


Figure 6. Maximum Affordable Home (Mare Pasture Team)

CHART: The image above explains the maximum affordable home based on general lending standards and assuming 30% of gross income assigned to housing expense, a 7% interest rate; and a 30 year mortgage. Team estimate based on forecasted income levels.

High Priced Homes

Any homes priced over \$300,000 spend a long time on the market and about half of them are second homes.²⁷ The higher-priced groups of homes are usually on a parcel ranging in size from 1500-2000 square feet.²⁸ Home buyers seeking to buy homes in the \$150,000 to \$200,000 range typically seek 3 bedrooms and 2 bathrooms on 5 acres.²⁹ The buyers of these higher-end homes usually want at least 4 acres and equestrian facilities because in the Willcox area, equestrian facilities are in higher demand than other amenities such as swimming pools.³⁰

²⁷ G. Lindsey and M. Fowler (personal communication, 29 February 2008).

²⁸ *Id.*

²⁹ *Id.*

³⁰ *Id.* at footnote 20.

Although open space is important, most buyers would prefer not having to maintain a large area of land if there is a central equestrian facility, especially second home buyers.³¹ Most buyers are retirees and of those retirees, 70% are from outside the area.³² Almost all the higher end homes are sold to out of state home buyers.³³ There is an increasing trend of outside buyers.³⁴

Buyer Profile Summary

	Low Priced Homes	Mid Priced Homes	High End Homes
Inside / Out of State	<i>Local Demand</i>	<i>Both</i>	<i>Out of state</i>
Age Range	<i>Under 55</i>	<i>Under 65</i>	<i>Over 45</i>
Income Range	<i>\$36,213</i>	<i>\$40,604</i>	<i>Over \$80K</i>
Retired	<i>No</i>	<i>Both</i>	<i>Both</i>

Forecast of Local Real Estate Demand

Beyond gathering and analyzing demographic information and information about the real estate market, the team further analyzed the real estate market by creating a housing demand forecast model. The model is based on census data for the city and the Cochise Center for Economic Research (CER) forecast of employment growth. Some key components of the model are:

- **Employment Growth Rate:** how many new payroll positions are added each year; estimated at 1.5% within this model.
- **Per Capita Income Growth Rate:** Estimated at 2.3% for Cochise County; it determines the model estimations of future per capita income.
- **Maximum Affordable Housing Expense:** Based on lending best practices mortgage, payments should not exceed 33% of a household’s income; this amount combined with the average per capita income determine the maximum monthly mortgage payment that individuals in Willcox could make.

³¹ D. Hall and M. Fowler (personal communication 29 February and 31 March, 2008).

³² *Id.* at footnote 20.

³³ *Id.*

³⁴ G. Lindsey (personal communication 29 February 2008).

Based on these parameters and an average house value of \$150,000, the model attempts to approximate the demand for new housing derived from new payroll positions. The chart below shows that the cumulative total of new houses required to meet the forecasted demand by 2020, given all the stated assumptions, are 205. The model does not take into account those individuals that even when earning more money, still choose to rent or who chose to buy from units outside Mare Pasture. It is important to note that beyond 2010, the chart shows cumulative results which explain what looks like a dramatic increase.

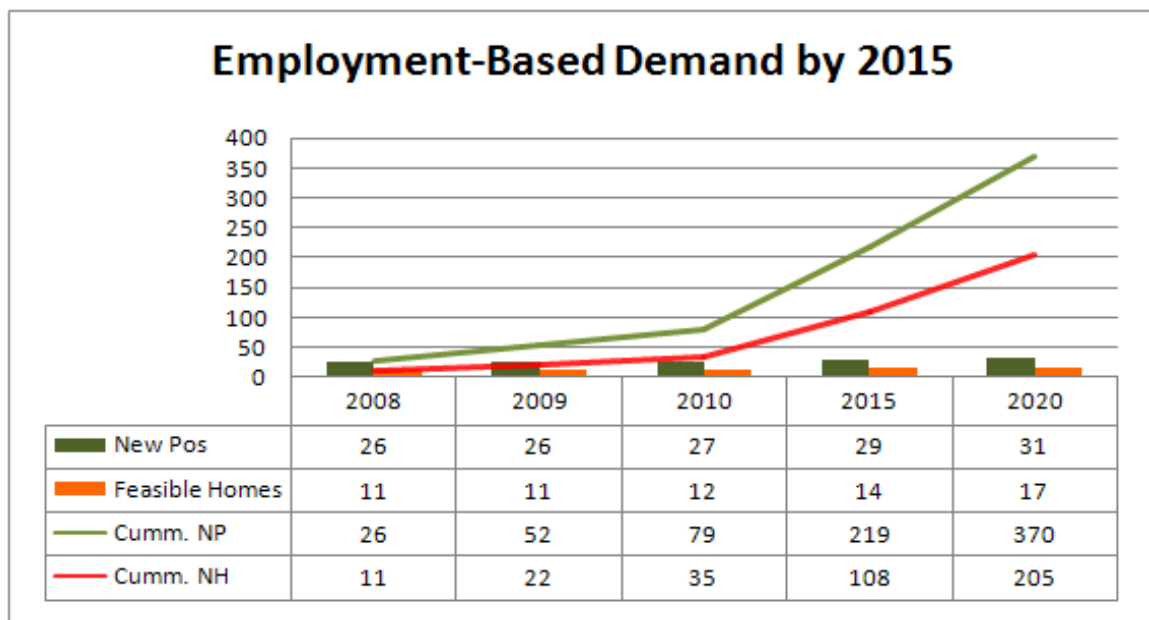


Figure 7. Employment-Based Demand by 2015

However, the importance of Willcox's future economic development policies cannot be understated; the model was modified to incorporate two facts obtained from secondary sources:

- The Border Patrol is planning to double its presence in Willcox by adding one hundred new agents to their current operation³⁵ (This event was modeled as adding 300 positions because agents earn three times the average Willcox per capita income at their time of hiring³⁶, and in

³⁵ G. Lindsey (personal communication 29 February 2008).

³⁶ *Border Patrol Agent Job*. Retrieved 5 March 2008 from: <http://federalgovernmentjobs.us/jobs/Border-Patrol-Agent-1106328.html>

Section 4.2.5, the employment situation of Border Patrol officers will be discussed in more detail).

- The city has been approached by a call center operator to establish a facility in the area which would bring in new jobs; city officials rejected the proposal for various reasons.

The effect of these two events on demand for local housing is reflected in the graph below (beyond 2010, the chart shows cumulative demand generated by new employment):

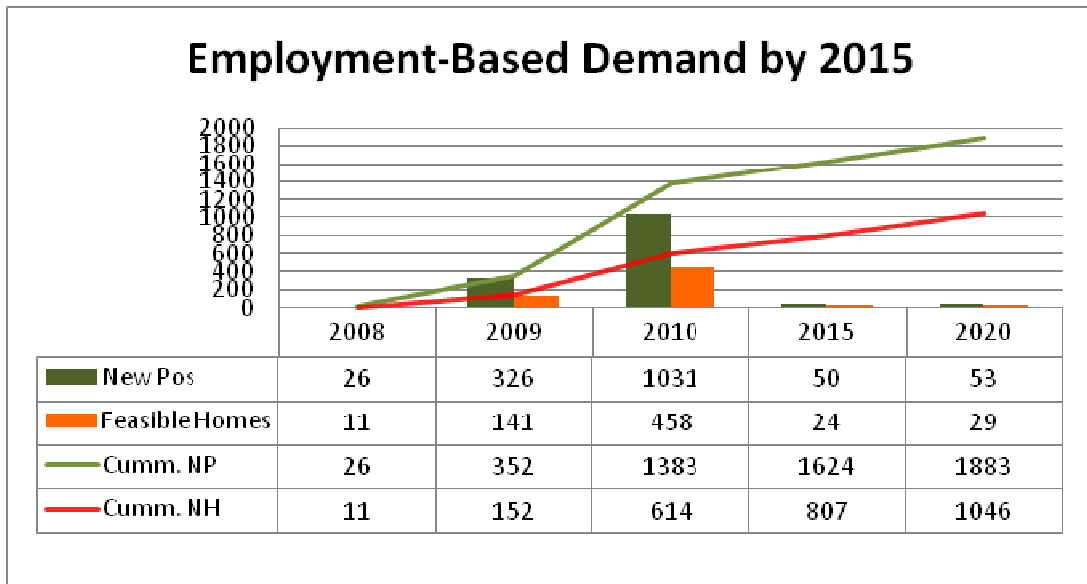


Figure 8. Employment-Based Demand 2015

The Local Employment Profile

Willcox has always been an agriculturally-based area.³⁷ This has consequently led to employment problems as the demand for agricultural products from the Willcox area has decreased over time.³⁸

³⁷ R. Calvert (personal communication 29 February 2008).

³⁸ *Id.*

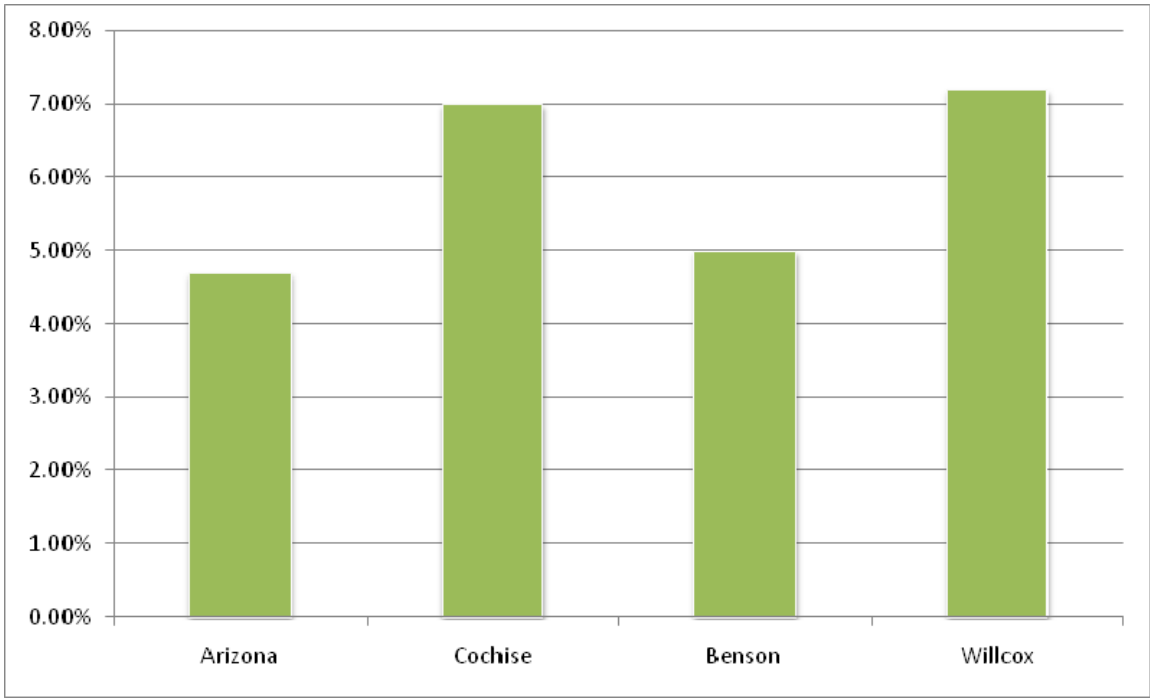


Figure 9. Unemployment Rates (Citydata.com)

Arizona has the lowest unemployment rate at 4.7%. Cochise County’s rate and Willcox, in comparison to Arizona, jump to 7% and 7.2% respectively. However, Willcox’s rate is said to be overstated because the rate is the proportion of people unemployed over the age of 16 and many of those people are still in school.³⁹

People in the area are employed in the following fields:

³⁹ K. Smith, (personal communication 29 February 2008).

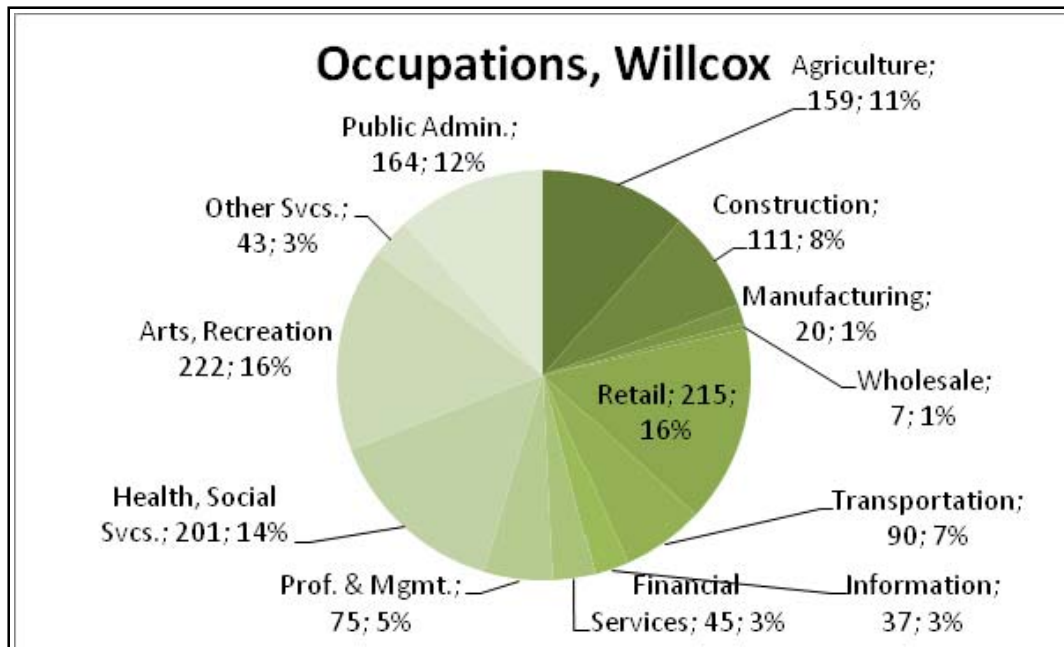


Figure 10. Occupation Distribution in Willcox (U.S. Census)

The area's major employers are:

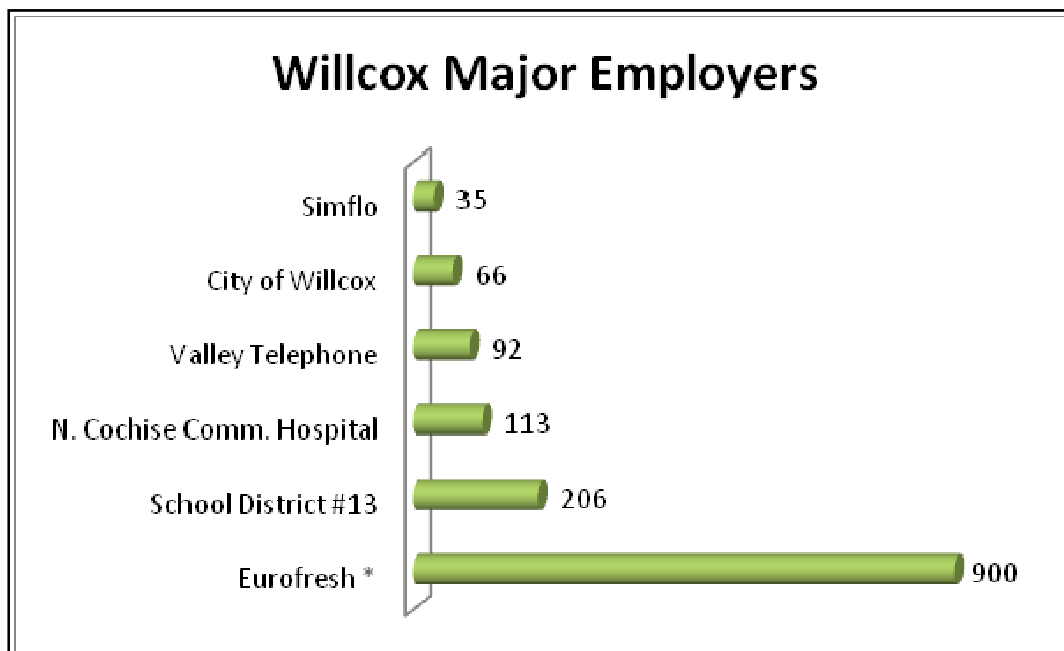


Figure 11. Willcox Major Employers (Arizona Chamber of Commerce)

Other employers include:

- The Border Patrol
- Arizona Electric Power Cooperative

- Sulphur Spring Valley Electric Company
- Willcox Public School
- Tip Griffen Trucking Center
- Safeway⁴⁰

Initial research goals included an assessment of all the major employers, however, during the research it was revealed that beyond obtaining information from a few sources, further research was largely unnecessary. It was unnecessary because the interest in employers stemmed not from an interest in the qualities of those businesses, but rather, the income levels of their employees and assessing whether those income levels are sufficient to invest in Mare Pasture.

Although Eurofresh is the area's largest employer, five major factors made it largely irrelevant to our analysis:

- 1) The income levels of their employees are very low and are unlikely to be sufficient to invest in Mare Pasture
- 2) Eurofresh employees mainly live either in Tucson or in low income housing provided by the company near the company's location.
- 3) Eurofresh is located beyond Cochise County and its distance from Mare Pasture, combined with the housing already provided by the company, makes Mare Pasture an even less viable alternative to Eurofresh employees.
- 4) Eurofresh buses in employees from Tucson every day and many of the employees being bused in prefer living with their families in Tucson.
- 5) For many Eurofresh employees, their residency or citizenship status is apparently uncertain which made engaging in conversations about their financial situation difficult.⁴¹

⁴⁰ *Willcox Community Profile*. Retrieved 4 February 2008 from the Arizona Department of Commerce Website: <http://www.azcommerce.com/doclib/commune/willcox.pdf>

However, an employment profile of the Willcox area was compiled by speaking to Simflo Pumps and also obtaining information from local professionals about the Border Patrol.

Simflo Pumps

Simflo Pumps offered a comprehensive picture of the employment landscape in the Willcox area.

“Simflo Pumps is a full line manufacturer of vertical turbine and submersible pumps.”⁴²

Simflo employs 36 people and most employees in the company earn \$8 per hour.⁴³ Eventually those employees can move into sales positions where they earn \$16-\$18 per hour, while the highest earning employees earn \$80,000 per year.⁴⁴

Simflo also provides a schooling program for its employees whereby the employees can attend Eastern Arizona College at Thatcher or Cochise College in Sierra Vista and earn a college degree.⁴⁵

Border Patrol

Housing demand information from Border Patrol agents and their families is difficult to determine. The Border Patrol does not release information publicly on new hire numbers, locations for the new hires, and staffing amounts at station locations for national security reasons.⁴⁶ However, the team was able to gather some general information about Border Patrol agents:

- The Border Patrol building in Willcox is doubling in size and will include an equestrian facility.
- New hire Border Patrol agents are on probation for the first 90 days.
- After the probationary period, agents can be moved around to other locations for up to two years. Because of this, most agents rent for the first two years of service.

⁴¹ *Id.* at footnote 35.

⁴² Simflo Website. Retrieved 2 March 2008 from

⁴³ *Id.* at footnote 32.

⁴⁴ *Id.*

⁴⁵ *Id.*

⁴⁶ Tucson Sector Border Patrol Spokesperson (personal communication, 15 February 2008)

- After two years, job placement becomes stable and agents are then more likely to purchase a home.⁴⁷

Opportunities Related to the Willcox Employment Market

The opportunities related to employment should be looked at in terms of current and prospective options.

Currently, residents such as Border Patrol officers offer the most viable local option for investment in Mare Pasture. Their relatively higher annual incomes ranging from \$40,000-\$60,000 mean that they are better candidates to obtain larger loans and, thereby, qualify for higher priced homes.⁴⁸ Also, local area residents employed in management positions may also be able to qualify for the higher priced homes.⁴⁹

Looking prospectively, Ronnie Calvert pointed to the following factors that may improve the Willcox employment market:

- 1) Community businesses operating at higher capacity rates with the introduction of skilled workers
- 2) Retirees possibly providing the skilled workforce that is lacking in the area.⁵⁰

Moreover, if serious changes occur in employment conditions such as attracting new businesses or marketing employment opportunities in businesses operating at below capacity, the area may be able to attract an economic class that may be able to purchase a unit in Mare Pasture. Even if new employees are unable to purchase anything in Mare Pasture, the improved conditions would provide stable sources of income which would allow those employees to spend some of their money on the new recreational outlets existing in Mare Pasture. The importance of this local expenditure cannot be overstated because

⁴⁷ *Id.* at footnote 20.

⁴⁸ *Id.*

⁴⁹ *Id.*

⁵⁰ *Id.*

if the bulk of the eventual buyers of units in Mare Pasture are second home buyers, a local driver must exist (at least in the community's early stages) to sustain the commercial units.

Concerns Regarding the Willcox Employment Market

However, in addition to the high unemployment rate, several obstacles point to serious and fundamental problems that exist in the Willcox employment market. The most serious of which is substantial local opposition to factories.⁵¹ This opposition ranges from city government to individual members of the community.⁵²

City government has not grown the business base in the community.⁵³ This was revealed by the fact the city turned down the offer of a 1000 employee call center for logistic reasons and because the city is only seeking to attract businesses of 50 employees or less.⁵⁴

Some of the other fundamental problems faced by current and prospective employers in the area are:

- The lack of skilled workers
- The lack of desire to obtain the necessary skills required for higher-paying positions- exemplified by the extremely low number of Simflo workers engaging in the opportunity to gain higher education
- "Brain Drain"- Willcox's best and brightest almost all leave the area upon graduating from high school.
- Very high health insurance costs.⁵⁵

The local employment market reflects the depressed reality of the Willcox market. The high unemployment rate, although possibly overstated, still reveals some serious problems in the

⁵¹ *Id.* at footnote 37.

⁵² *Id.*

⁵³ M. Leighton, J. Stoddard, and R. Graham (personal communication 29 February 2008).

⁵⁴ *Id.* at footnote 54.

⁵⁵ *Id.* at footnote 37.

employment market. The combination of problems such as brain drain, lack of skilled workers, drug problems, and the lack of city government showing the necessary initiative reveal that the Willcox employment market is not well positioned to grow in the future. Consequently, the current Willcox employment base does not present a sizeable future group of buyers into Mare Pasture. The Evaluation Criteria (Section 3.3) for the community requires local investment in Mare Pasture, however, the reality of the local employment market dictates that if employment conditions do not seriously change, local buyers will be a small minority.

City Government Perspective

The city government perspective is best considered under two categories: 1) the positive factors city government promoted regarding the area and 2) the difficulties faced by the city in attracting business.

Positive Factors

- Industries like warehousing distribution can be supported. FedEx has shown interest.
- Excellent Internet capability as a result of a strong fiber optic network.
- There is a large demand for moderate housing.
- Substantial vineyard expansion.
- The area has many tourist destinations and is popular among European tourists.⁵⁶

Positive Factor Analysis

The forecasting model revealed the vital necessity of an employment driver to create local demand for housing. Consequently, if an industry like warehousing distribution can be attracted to the area, a realistic demand driver for Mare Pasture will be created.

⁵⁶ *Id.* at footnote 54.

Most real estate investors expect access to the Internet in almost any area where they invest a substantial amount of their incomes, hence, the area's excellent Internet capability means buyers can set potential buyers at ease regarding Internet service.

Difficulties Faced

- The city is looking for businesses with 50 employees or less.
- The city faces a dilemma of whether to build homes first in order to attract employment, or whether to first attract employment and then attend to the housing needs of the new employees.
- There is a lack of a skilled labor force.
- There is a lack of affordable medium range housing (\$125,000 - \$150,000).⁵⁷

Whatever the reason may be, a city looking for businesses with 50 employees or less cannot be described as seeking to grow its employment market. This is an especially serious problem for Mare Pasture LLC, especially when considering the city turning down the opportunity to open a 1000 employee call center.

Key Conclusions

The findings of this report reveal that, even though there are a few potential areas worthy of further local research, local demand by itself is insufficient as a demand driver to build Mare Pasture for the following reasons:

- 1) The population growth rate of the area is insignificant because the area's population has remained the same for the past 40 years.
- 2) Close to 50 % of the local population are over the age of 55 which signifies a low growth potential.
- 3) The low income levels mean that most locals will not be able to afford units in Mare Pasture.

⁵⁷ *Id.* at footnote 57.

- 4) The local real estate market revealed that homes are in a lower price range and most locals buy in that lower range.
- 5) The employment profile revealed that Willcox's employers generally has low skilled positions with low incomes that means most employees will be unable to afford most units in Mare Pasture.
- 6) City government is not ideally positioned to take advantage of growth opportunities that could lead to more jobs in the area, which in turn would lead to potential Mare Pasture customers.

The fact that local demand is insufficient, combined with the finding that outside buyers will constitute the majority of the community's residents and the fact that equestrian services are in high demand amongst outside buyers into the area, suggest catering to that outside demand by building an equestrian community.

Findings for Outside Demand

The Growth of Baby Boomers

A Baby Boomer is a person born between 1946 and 1964.⁵⁸ There are 78 million Baby Boomers in the United States, and it is expected that the ratio of seniors to working-age residents will grow 30% in each of the next two decades.⁵⁹ This Baby Boomer generation has been a dominant force in the housing market for decades.⁶⁰

⁵⁸ Myers, D. & Ryu, S.. Aging Baby Boomers and the Generational Housing Bubble. *Journal of the American Planning Association*, 74, 1.

⁵⁹ *Id.*

⁶⁰ *Id.* at 2.

Retirees are the fastest growing group in the United States and in Arizona. They account for 15.5% of the state's overall population.⁶¹ Arizona captures 80% of the retirees from the Midwestern and Plain States.⁶² Twenty three thousand five hundred retirees who spend an excess of \$350 million and create a demand for 11,500 housing units come to Arizona each year.⁶³ Evidence shows that retirees are choosing areas beyond the traditional choices of states like Florida. For example, Yuma, Arizona is the number one choice for retirees choosing small metropolitan cities, while Phoenix is the number two choice among cities that have a population of over 1 million.⁶⁴

Opportunities Regarding Baby Boomer Analysis

Due to Arizona's reputation for providing excellent weather, abundant outdoor activities, and reasonably priced housing combined with a moderate cost of living, the state represents an ideal destination for Baby Boomers. With the yearly influx of Baby Boomers into Arizona, Mare Pasture may present an attractive option for Baby Boomers wanting to live in a new urbanist community.

Concerns Regarding Baby Boomer Analysis

One of the main problems that may exist in Mare Pasture is the lack of a medical facility nearby. The nearest hospital is Northern Cochise Community Hospital in Willcox. The hospital is approximately 15 miles away from Mare Pasture and if Baby Boomers make up a sizeable portion of the community, they will definitely require emergency services.

Second Home Buyer Profiles

The second home market (consisting of vacation and investment home sales) accounted for 33% of all existing and new-home sales in 2007. 21% of homes were purchased for investment and 12% for

⁶¹ Wilkinson, T. Boomers walk parent's path to retirement. *Christian Science Monitor*, Vol 91, Issue 118, p. 1, EBSCO HOST Research Databases.

⁶² *Id.* at 3.

⁶³ *Id.* at footnote 63.

⁶⁴ Stohr, K. Go West, Not-So-Young Man. *U.S. News & World Report*, Vol. 136, Issue 21, p.5.

vacation.⁶⁵ The median price for a vacation home was \$195,000 in 2007 and \$150,000 for homes purchased for investment.⁶⁶ Fifty-nine percent of vacation homes purchased in 2007 were detached single-family homes, 29 percent condos, 7 percent townhouses, and 5 percent other.⁶⁷

The typical vacation-home buyer in 2007 was 46 years old, had a median household income of \$99,100, and purchased a property that was a median of 287 miles from their primary residence.⁶⁸ In listing the reasons for purchasing a vacation home, 84% of buyers wanted to use the home for vacations or as a family retreat; 30% to use as a primary residence in the future; 26% to diversify investments; 25% to rent to others; 16% for the tax benefits; 14% for use by a family member, friend or relative; and 6% because they had extra money to spend.⁶⁹ Their getaways were usually either within 100 miles of their primary residences (47%) or more than 500 miles away (43%).⁷⁰ The biggest consideration for vacation home buyers was that the properties should lie near recreation facilities such as beaches, mountains, or golf courses.⁷¹

Opportunities Regarding the Second Home Buyer Analysis

The buying habits of second home buyers provide a variety of options for the residential units in Mare Pasture both in terms of housing use and price. These mixed use and price options tie into the original goal of the community being a mixed use, mixed income community. It is especially promising that 43% of second home buyers lived more than 500 miles away from their primary homes. Consequently, Mare Pasture's remote location will not present a problem to that portion of the market.

⁶⁵ Second-Home Sales Accounted For One-Third of Transactions in 2007, Retrieved April 17, 2008 from National Association of Realtors, Web Site: <http://www.realtor.org>

⁶⁶ *Id.* at footnote 65.

⁶⁷ *Id.*

⁶⁸ *Id.*

⁶⁹ *Id.*

⁷⁰ *Id.*

⁷¹ *Id.*

Furthermore, Mare Pasture offers substantial outdoor activities and close access to mountains. For example, horse enthusiasts looking for more affordable homes would consider Mare Pasture an attractive option. More thorough descriptions of some of the local area attractions are provided in the Tourism section of this report.

Concerns Regarding Second Home Buyer Analysis

The main concern regarding second home buyers is that the main consideration of these buyers is to have access to attractions such as beaches, access to mountains like there would be in somewhere like Aspen, and golf courses. Although Willcox has a golf course and there are mountains nearby, Mare Pasture will still be a remote desert community and currently does not have the attractions in place to attract most second home buyers. Consequently, the issue of the remote location of the community will have to be seriously considered.

It should be noted that the findings for second home buyers are general findings and are not specific to Mare Pasture. Further research is required to determine the relationship between second home buyers and Mare Pasture.

The Potential Effect of Tourism on the Community

The Magic Circle of Cochise refers to the main area of tourist attractions near the Willcox area. The area offers a wide variety of tourist activities and cultural experiences. The primary tourism draws to the area are:

- Wings Over Willcox- three day festival that is very popular amongst bird watchers that attracts many visitors to the area.⁷²
- Bird Watching- The Magic Circle of Cochise attracts 500 species of birds to the area which draws many tourists to the area.⁷³

⁷² Retrieved 1 March 2008 from: <http://www.wingsoverwillcox.com>

- Rex Allen Days- Willcox's most famous person, Rex Allen, has a festival held in his honor every year on the first weekend in October. Rex Allen was known as the Arizona Cowboy who was a star of many western movies. The festival attracts 7000-8000 people every year, with a large number of German tourists attending the event.⁷⁴
- The Chiricahua National Monument- described as a forest of rock spires, this attraction is perhaps the area's most beautiful site with hiking trails and camping sites, not to mention an 8 mile paved road to enjoy the site's beauty from inside a car. This area was home to the Chiricahua Apaches and Buffalo Soldiers.⁷⁵
- Dos Cabezas Peaks- the closest attraction to Mare Pasture. The Dos Cabezas peaks are part of the larger Dos Cabezas mountain range. The peaks are prominent twin spires that can be viewed from the entire Willcox area. The Dos Cabezas mountain range covers 11,700 acres and has mountains ranging from 4,080 to 7,587 feet.⁷⁶
- Cochise Stronghold- a monument dedicated to the famous Apache chief, Cochise who hid in a canyon in the area. The site has hiking trails, rock climbing, petroglyphs, and picnic and camping facilities.⁷⁷
- U-Pick-It Industry- people can pick produce such as cherries, apples, squash, and other fruits and vegetables. This season runs from October to July.⁷⁸
- Fort Bowie- the site commemorates the battle between the Chiricahua Apaches and the U.S. Army, and it is the site where Geronimo surrendered in 1886.⁷⁹
- Tombstone, Bisbee, and other Western attractions.⁸⁰

⁷³ Willcox Area Information. Retrived 1 March 2008 from: <http://www.ctsd.k12.az.us/demographics.htm>

⁷⁴ Visiting Willcox. Retrieved 25 March 2008 from: <http://www.willcoxchamber.com/visiting.asp>

⁷⁵ Retrieved 25 March 2008 from: <http://www.nps.gov/chir/>

⁷⁶ Dos Cabezas Peaks. Retrieved 21 March 2008 from:

<http://www.summitpost.org/mountain/rock/153570/dos-cabezas-peaks.html>

⁷⁷ *Id.* at footnote 75.

⁷⁸ *Id.* at footnote 75.

⁷⁹ *Id.*

As shown above, the Willcox area offers a wide variety of tourist attractions and Mare Pasture is ideally located to cater to the needs of tourists in the area because of its proximity to all the main attractions. However, beyond the benefit of Mare Pasture's proximity, a study commissioned by the Arizona Office of Tourism explored some of the specifics of Arizona tourism such as tourism drivers and tourist profiles. The location of Mare Pasture should be considered within the context of the results of this study because the study reveals the habits of the tourists visiting Arizona and their tastes.

Typical Arizona tourists are:

- Married couples
- 56 years old
- Have no children at home
- Are well educated
- Whether retired or working full time, enjoy fair-to-high household income
- Travel in couples although the median party size was 3⁸¹

The highest dollar share per trip age group for tourists was 34-54, followed by those 55 years and older.⁸²

Out of 19 million state visitors to Arizona, 1.55 million are mainly drawn by cultural heritage interests.⁸³

80.6% have visited Arizona an average of eight times and the median number of their visits was five previous visits.⁸⁴ Of the visitors, 58% "said they were highly motivated to visit Arizona either to learn

⁸⁰ *Id.*

⁸¹ Cultural Heritage Tourism Study. *Arizona Humanities Council*. Retrieved on 6 February 2008.

⁸² *Id.*

⁸³ *Id.* at footnote 82.

⁸⁴ *Id.*

about Arizona’s history and culture or experience other cultures” and “the data also confirmed that cultural heritage attractions enhance the quality of life for residents.”⁸⁵

Cultural heritage visitors have substantial experience visiting cultural heritage sites and demand more authentic high quality experiences.⁸⁶ They have a desire to learn, understand, and appreciate culture in an environment that reflects the area they are visiting.⁸⁷ They also enjoy shopping and thereby contribute to Arizona’s economy.⁸⁸ Out-of-state travelers spend \$2 billion per year in Arizona, while in-state visitors to cultural sites add approximately \$6 million.⁸⁹

Most state visitors are from California.⁹⁰ One third of Arizona tourists went on trips which involved at least one overnight.⁹¹ Visitors to Southern Arizona are most likely to be from the Midwest, Canada, New Mexico, California, Colorado, and Texas.⁹² Tourists from inside and outside Arizona reported high levels of satisfaction with their visits to various sites in Arizona.⁹³

In state visitors mainly rely on newspaper articles to obtain information about cultural attractions. *Id.* And approximately 50% of cultural heritage visitors stay in hotels or motels; only 11% stay in resorts.⁹⁴ Interestingly, tourism also made the residents of areas where tourist attractions are located feel closer to their area’s cultural heritage and created a more fulfilling lifestyle for those residents.⁹⁵

How Tourism Affects Mare Pasture

⁸⁵ *Id.*

⁸⁶ *Id.*

⁸⁷ *Id.*

⁸⁸ *Id.*

⁸⁹ *Id.*

⁹⁰ *Id.*

⁹¹ *Id.*

⁹² *Id.*

⁹³ *Id.*

⁹⁴ *Id.*

⁹⁵ *Id.* at footnote 84.

The Mare Pasture community, specifically the fully developed Mare Pasture community, provides a viable base for tourists to enjoy the many cultural heritage attractions of the Magic Circle of Cochise. Furthermore, the attractions of the area can be used as a primary marketing tool to attract visitors. These visitors are vital to ensure the success of commercial units such as restaurants. Moreover, if commercial options such as hotel are explored, attracting visitors is essential. However, the motivations of tourists need to be further explored. Some of those motivations are explained below.

One of Mare Pasture's benefits as an authentic experience is the presence of Native American ruins on the site. Although they are small, the ruins nonetheless would likely give a stamp of authenticity to any efforts to promote the area as a cultural experience. The authenticity of the experience is vital for the options Mare Pasture offers. The area attractions are mainly cultural attractions and, consequently, the options have to reflect the area's cultural depth and they have to be of a high quality.

However, high quality options present certain challenges. Namely, higher quality commercial options may be too expensive for local residents and, therefore, if a substantial part of the community is composed of second home buyers, there may not be enough traffic to support the long term viability of Mare Pasture's businesses.

Although it was beyond the scope of this report, the marketing of the Mare Pasture area as a tourist base or attraction to areas such as California, the Midwest, and Canada must be carefully considered.

Key Findings

Outside demand will constitute the majority of the community's residents. This may involve a mix of primary and secondary home buyers. Furthermore, Baby Boomers present a promising target group for marketing the new community. Also, the community has the potential to attract tourists visiting southern Arizona if an authentic cultural experience is offered.

Phasing Considerations

Braulio Casas, the town architect for Seaside, Florida expressed optimism regarding the Mare Pasture development. When asked by the team about the enormous draw that is the ocean, he responded by saying that everywhere has its own beach and it is up to whoever who designs the community to create and equivalent draw. He also stressed the need to mitigate risk.

The first step in mitigating that risk, according to him, is starting the community with a clear and simple vision. Seaside, for example, was built with the very clear and simple vision of its main street being one of the community's main focal points. To complement that vision, two civic land marks were built facing each other, and both have a view of the main street and provide a view of the entire town. However, they are views from different vantage points.

First, the pavilion, that is located on the beach, looks onto the main street (County Road 30-A) and provides a view of the Post Office and the entire Town. Second, the Post Office faces the ocean, but is located on the main street and also offers views of the whole town.

One of the points Mr. Casas raised was that the usefulness of starting simple was that mistakes can be made and adjusting to those mistakes is easier if you build with a simple and clear vision. Although the temptation may be to build with many different ideas, the chances of success are improved if one strong idea is the community's foundation. After the community gains an identity and captures demand, some of the other ideas such as the development of a downtown or a hotel can be seriously considered and built.

Another phasing consideration is the development of commercial units. In discussion with Rex Ross, the Director of Verrado (a new urbanist community near Phoenix, AZ) Revenue Management, and Matthew J. Schoaf, the Builder Relations Manager, the team was informed that simply building a new urbanist community is not enough to create demand. Both Mr. Ross and Mr. Schoaf stated that their proximity to Phoenix and Phoenix area suburbs was Verrado's main demand draw. The team specifically asked about potential commercial units in the prospective downtown area, and both men voiced their skepticism about the lack of a sufficient population to support commercial units in a development like Mare Pasture at this incipient stage.

Equestrian Community Findings

This is especially relevant because Diane Hall, a real estate agent specializing in equestrian communities in Northern California, specifically mentioned a few important considerations for the development of an equestrian community:

If the decision is made to build an equestrian community, the community should build with the intention of always remaining as an equestrian community and have discernable trails. The reason for this is that equestrian communities are often built without discernable trails, and the eventual result is that people not seeking equestrian services change the community's equestrian theme and push out the people who originally bought into the equestrian concept because they do not want to deal with issues such as waste cleanup and other waste related issues. The added danger the team sees, especially in light of Ms. Hall's opinion, is the dilution of the community's overall vision. That dilution of the vision will in turn lead to difficulty in marketing the community and slowly turn the community into just another area with homes.

5. Recommendations

Based on the findings and the conclusions above, the team suggests two principal recommendations for the first stage of development:

- 1) **Build an equestrian community starting with the equestrian center and trails shaping a clear and simple vision.**
- 2) **Do not build a downtown area in the first phase of development.** However, if a downtown area is included as part of a later phase, it should include both commercial and residential units.

Recommendation 1

Mare Pasture should first be built as an equestrian community. One of Mare Pasture's most powerful potential assets is its equestrian theme. That theme is immediately evoked by its name, but more importantly the findings of this report suggest that the best choice for Mare Pasture is to become an equestrian community. The real estate agents in the area all stressed the desire of people buying property in the area to have horse facilities. They stressed this desire to the extent of mentioning that the majority of the buyers seeking equestrian facilities are more concerned about the equestrian facilities than their own homes.

Moreover, the suggestion of Braulio Casas to start with a simple theme lends itself nicely to building an equestrian community because it is a theme with a clear focus. Furthermore, one possible option for a focal point for the community is the equestrian center. Mare Pasture's equestrian center can be for Mare Pasture what the Post Office is to Seaside.

Recommendation 2

Although the team believes that Mare Pasture's long term goal of being a new urbanist community will eventually require a downtown, it does not believe there is sufficient evidence to suggest the development of the downtown at this stage.

The findings show that in addition to local demand being insufficient to build Mare Pasture, outside buyers, who will make up the main part of Mare Pasture, desire equestrian facilities. The findings, however, do not show the real numbers behind that outside demand. Without evidence of a large enough consumer base, it would be too great of a risk to suggest the development of a downtown. More research will have to be conducted on what potential buyers into the community are demanding. That research may very well reveal the viability of a downtown, but the findings in this report are not sufficient to make such a recommendation. When considering Mr. Casas's advice about starting with a clear and simple vision in conjunction with the opinions of Mr. Ross and Mr. Schoaf and this report's findings, the team believes that the development of a downtown at this stage, without additional research, would be an enormous and unnecessary financial risk at this stage of the process.

However, this recommendation of not creating the downtown at the earliest stage of development does not mean that the team is precluding the eventual creation of the downtown. Although the team believes- in light of the evaluation criteria and the potential marketing benefits- in the eventual development of a downtown, it recommends that the downtown concept only be used as a marketing tool to entice equestrian community buyers at the first stage.

If the further research confirms the viability of an equestrian community in conjunction with a downtown, then based on this report's findings, the team makes the following recommendations

Local Demand:

- 1) Build high density lower priced units in the new urbanist downtown to capture local demand because it stimulates the downtown and keeps it alive.
- 2) Encouraging business owners to live in residential units above their businesses by offering a discounted package on home and retail space.
- 3) Cater to the needs of local residents for commercial units such as restaurants, movie theater, bowling alley, etc.
- 4) Build units in the \$90,000-\$150,000 range for locals with a combination of apartments and smaller town homes.
- 5) Target rental units to locals based on the high demand for rentals.
- 6) Target Baby Boomers

Outside Demand

- 1) Market to people attracted to outdoors
- 2) Market to bird watchers
- 3) Target the 23,500 Baby Boomers who come to Arizona every year
- 4) Build units in the \$150,000-\$300,000 range
- 5) Offer energy efficient alternatives

Recommendations for Other Factors Required

- 1) A medical facility, especially for the older population
- 2) Gas Station
- 3) Grocery Store
- 4) Professionals such as teachers, nurses, policemen, and firefighters are offered steep discounts with requirements to occupy the units for 10 years
- 5) Authentic high quality western themed hotel targeting tourists seeking a quality experience

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APPENDIX B: FORECASTS AND EMPLOYMENT INFORMATION

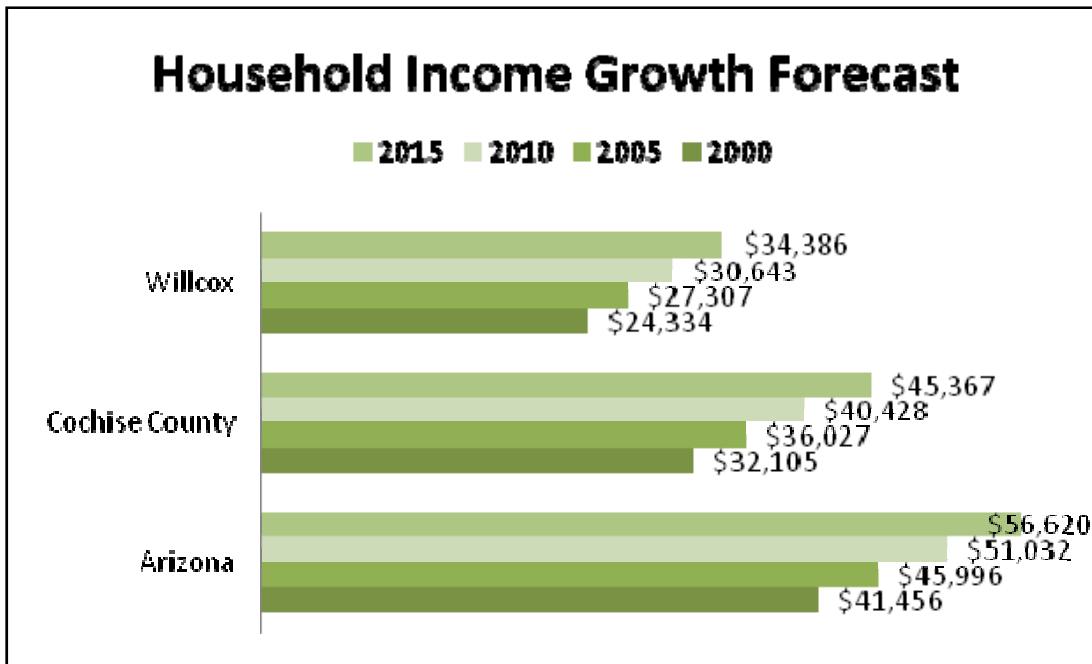


CHART: Household income growth, Willcox and Cochise County grow income at a slightly faster pace than Arizona and the U.S., this is a natural trend as their economy slowly evolves from agriculture to services and industry.

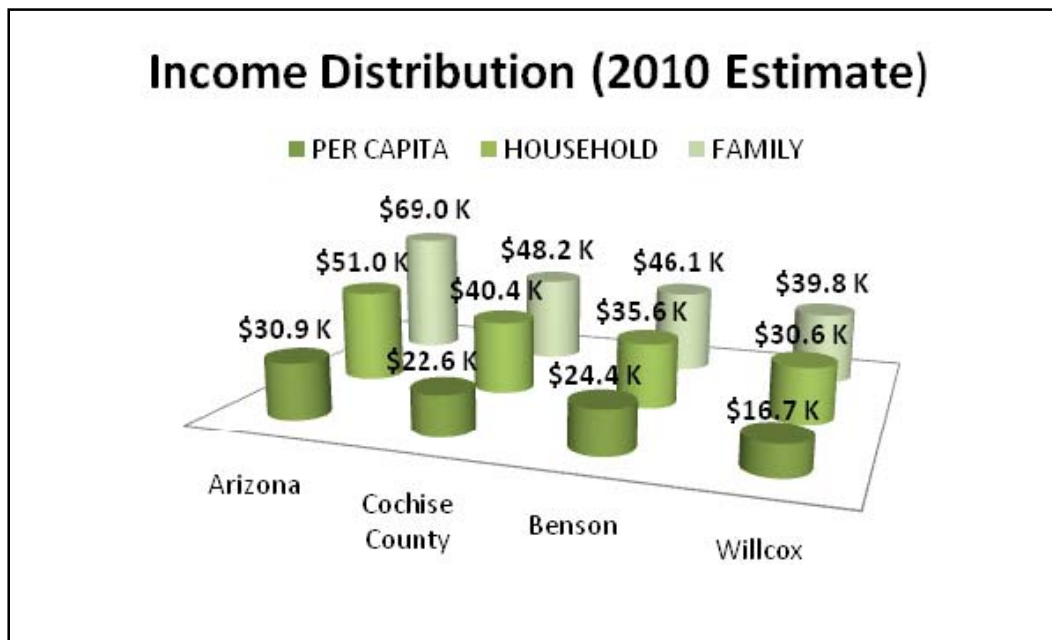
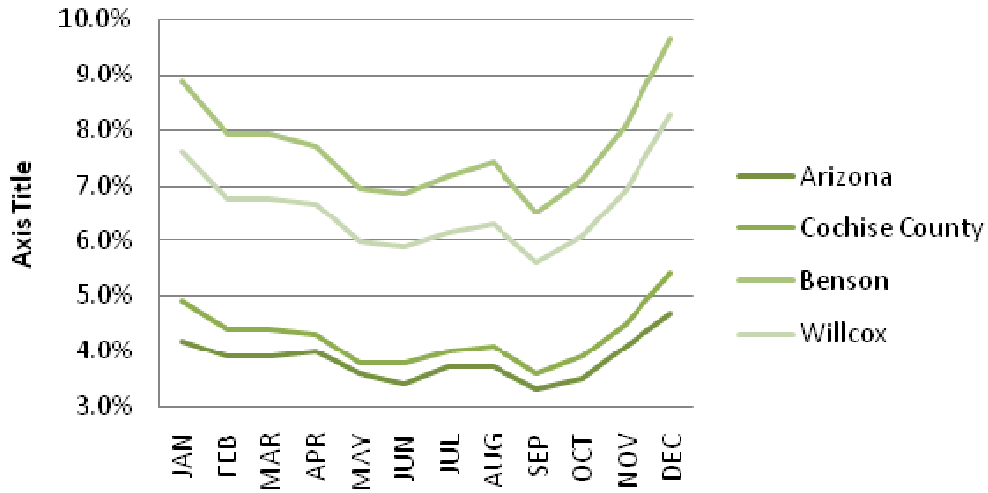
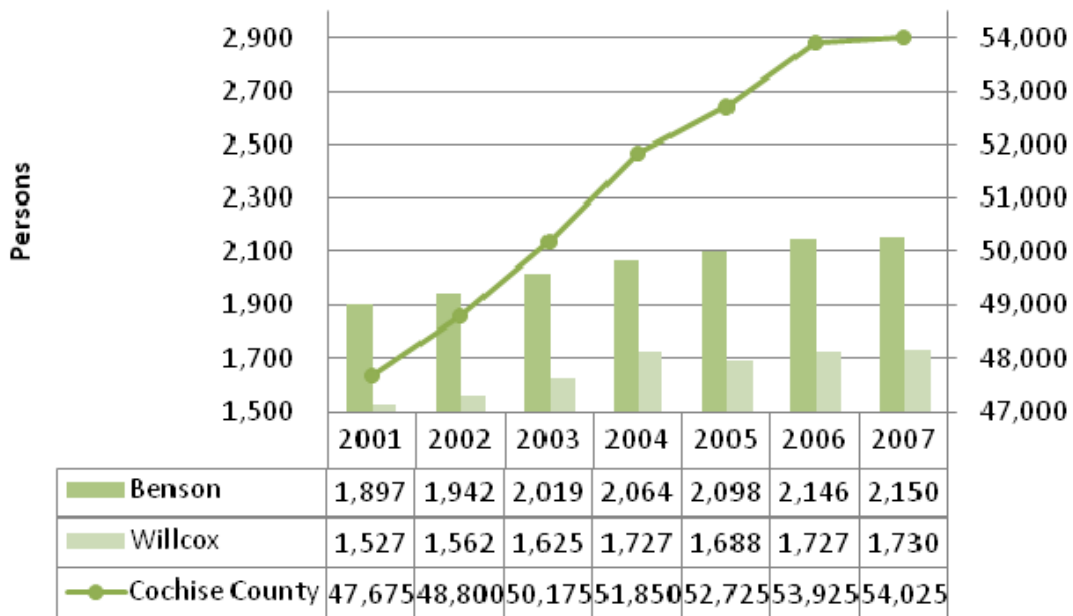


CHART: Income distribution forecast for year 2010

Unemployment Rate, 2007



Cochise County Employed Personnel



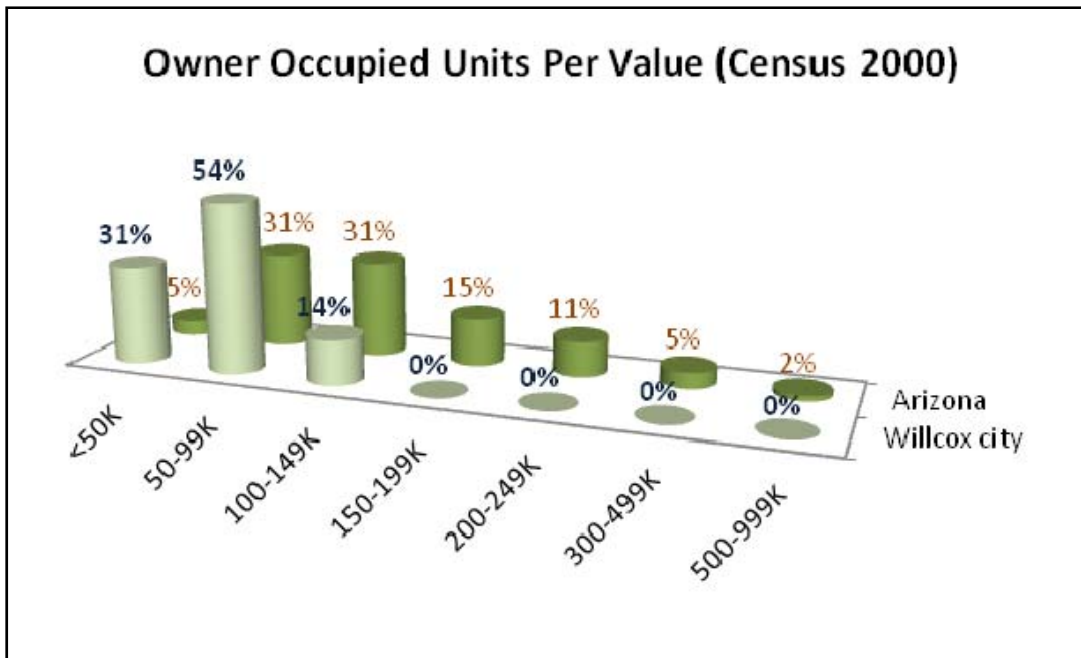


CHART: Even though this data is very dated and even in 2000 it was likely to be downward biased, we decided to graph it to show how Willcox residential real estate tends to be significantly lower priced than the overall Arizona comparison.

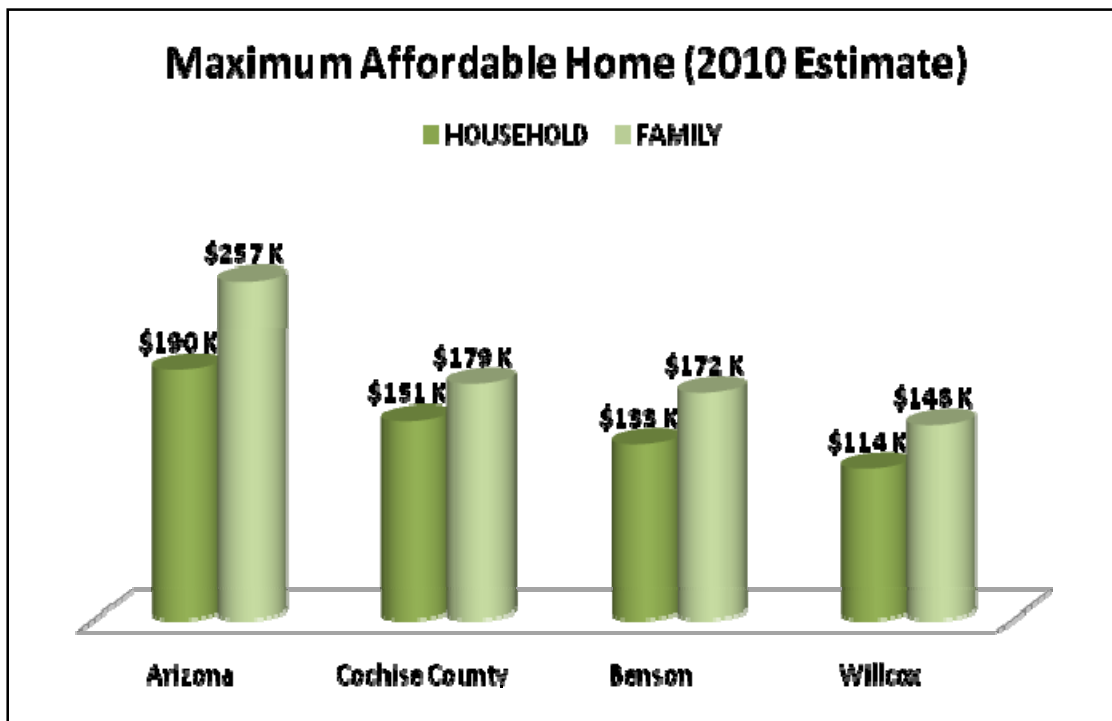


CHART: Maximum affordable home based on 30% of Gross Income, 7% Interest Rate and a 30 Year Mortgage. Team estimate based on forecasted income levels.

APPENDIX C: CONTACT DIRECTORY

Willcox Real Estate Agents

Company Name Rafter "S" Real Estate
Company Contact Cheryl Layton
Title Realtor
Address 130 N. Haskell Ave., Willcox, AZ 85643
Telephone 520-507-2122
Email dsousley@vtc.net
Website <http://www.willcoxproperties.com/>

Company Name Rafter "S" Real Estate
Company Contact Kathy Mendez
Title Realtor
Address 130 N. Haskell Ave., Willcox, AZ 85643
Telephone 520-507-2138
Email dsousley@vtc.net
Website <http://www.willcoxproperties.com/>

Company Name Rafter "S" Real Estate
Company Contact Nancy Guerrero
Title Realtor
Address 130 N. Haskell Ave., Willcox, AZ 85643
Telephone 520-384-4872
Email dsousley@vtc.net
Website <http://www.willcoxproperties.com/>

Company Name Rafter "S" Real Estate
Company Contact Sandra Ousley
Title Realtor
Address 130 N. Haskell Ave., Willcox, AZ 85643
Telephone 520-384-2356
Email dsousley@vtc.net
Website <http://www.willcoxproperties.com/>

Company Name Willcox Real Estate Co.
Company Contact Gerald "Sam" Lindsey
Title Sales Associate
Address 916 W. Rex Allen Drive, Willcox, AZ 85643
Telephone 520-384-2838
Email wreco@vtc.net
Website <http://www.willcoxrealestate.com/>

Company Name Fowler Farm & Ranch Realty
Company Contact Marilyn Fowler
Title Realtor

Address 2177 W Airport Rd., Willcox, AZ
Telephone 520- 384-3828

Benson Real Estate Agent

Company Name Long Realty
Company Contact Irma Bernal
Title Realtor
Address 642 W 4th St., Box 1583, Benson, AZ 85602
Telephone 520- 686-3593
Email IrmaB@LongRealty.com
Website <http://irmab.longrealty.com/>

Willcox City Officials

Company Name City of Willcox
Company Contact Michel Leighton
Title City Manager
Address 101 S. Railroad Ave. Suite B, Willcox, AZ 85643
Telephone 520-384-4271 Ext. 4201
Email mleighton@willcoxcity.org
Website http://www.cityofwillcox.org/html/city_manager.html

Company Name City of Willcox
Company Contact Jeff Stoddard
Title Supervisor & Building Manager
Address 101 S. Railroad Ave. Suite B, Willcox, AZ 85643
Telephone 520-384-6419
Email jstoddard@willcoxcity.org
Website <http://www.cityofwillcox.org>

Company Name City of Willcox
Company Contact Ruth Graham
Title Finance Director
Address 101 S. Railroad Ave. Suite B, Willcox, AZ 85643
Telephone 520-384-4271
Email rgraham@willcoxcity.org
Website <http://www.cityofwillcox.org/html/finance.html>

Local Willcox Businesses

Company Name Willcox Chamber of Commerce and Agriculture
Company Contact Kathy Smith
Title Executive Director
Address 1500 N Circle I Road, Willcox, AZ 85643
Telephone 520-384-2272
Email chamberdir@vtc.net
Website <http://www.willcoxchamber.com/index.asp>

Company Name Simflo Pumps Inc.
Company Contact Ronnie Calvert

Title Vice President, General Manager
Address 754 E. Maley, P.O. Box 849, Willcox, AZ 85644
Telephone 520- 384-2273
Email rcalvert@simflo.com
Website <http://www.simflo.com/>

Real Estate Developers

Company Name Principal Opticos Architecture, Inc.
Company Contact Leo Braulio Casas, AIA NCARB
Title Town Architect
Address P. O. Box 4869, Seaside, FL 32459
Telephone 850-231-0922
Email leo.casas@opticosdesign.com
Website www.opticosdesign.com

Company Name City of Verrado
Company Contact Jack McSweeney
Title Planning Manager
Address 21029 West Main St., Buckeye, AZ 85396
Telephone 623-388-4229
Website <http://www.verrado.com/>

Other Contacts

Company Name RE/MAX Gold
Company Contact Diane Hall
Title Realtor
Address 851 Pleasant Valley Road, Diamond Springs, CA 95619
Telephone 530-620-5066
Email Diane@ranchandvines.com
Website <http://www.ranchandvines.com/>

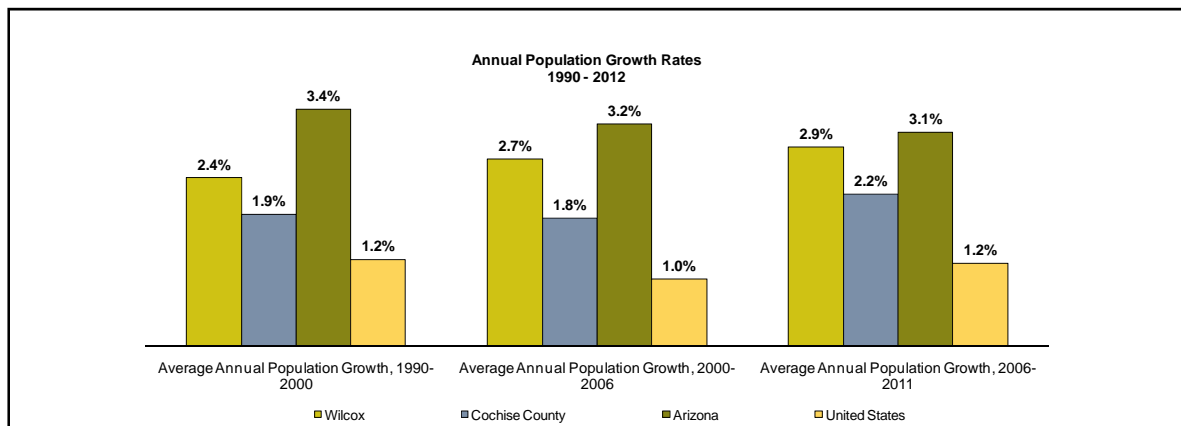
Company Name Cochise College Center for Economic Research
Company Contact Robbert Carreira
Title Director
Address 901 North Colombo Avenue, Sierra Vista, AZ 85635-2317
Telephone 520-515-5370
Email carreirar@cochise.edu
Website <http://www.cochise.edu/deptsdirs/organizations/cer/index.asp>

Company Name U.S. Border Partol
Company Contact Not Given
Title Tucson Area Spokesperson for Border Patrol
Address 2430 S. Swan Rd., Tucson AZ 85711
Telephone 520-748-3000

APPENDIX D: U.S. CENSUS DATA

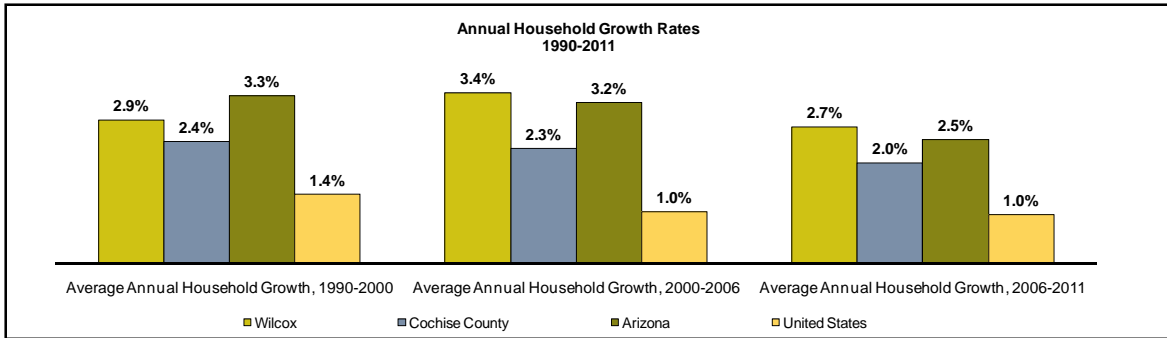
POPULATION TRENDS WILCOX, COCHISE COUNTY, AZ, UNITED STATES 1990 - 2012

CHARACTERISTIC	WILCOX	COCHISE COUNTY	ARIZONA	UNITED STATES
POPULATION				
1990 Population	7,121	97,624	3,665,228	248,709,873
2000 Population	9,046	117,755	5,130,632	281,421,906
2007 Population	10,608	131,392	6,198,390	298,021,266
2012 Population	11,876	143,242	6,998,547	312,383,955
Pop. Growth Rate, 1990 - 2000	2.4%	1.9%	3.4%	1.2%
Pop. Growth Rate, 2000 - 2007	2.7%	1.8%	3.2%	1.0%
Pop. Growth Rate, 2007 - 2012	2.9%	2.2%	3.1%	1.2%



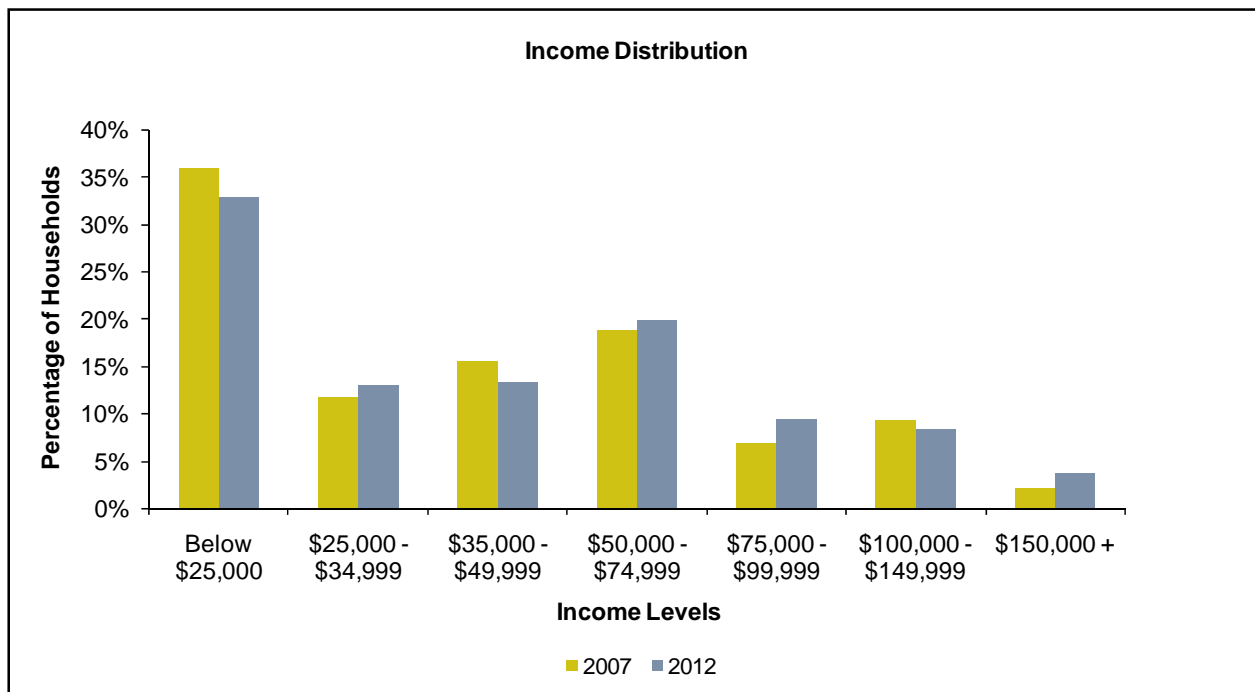
HOUSEHOLD AND INCOME TRENDS WILCOX, COCHISE COUNTY, AZ, UNITED STATES 1990 - 2012

CHARACTERISTIC	WILCOX	COCHISE COUNTY	ARIZONA	UNITED STATES
HOUSEHOLDS				
1990 Households	2,332	34,546	1,368,843	91,947,410
2000 Households	3,092	43,893	1,901,327	105,480,101
2007 Households	3,779	50,291	2,297,734	112,267,302
2012 Households	4,321	55,558	2,595,854	117,920,981
Hshld. Growth Rate, 1990 - 2000	2.9%	2.4%	3.3%	1.4%
Hshld. Growth Rate, 2000 - 2007	3.4%	2.3%	3.2%	1.0%
Hshld. Growth Rate, 2007 - 2012	2.7%	2.0%	2.5%	1.0%
2000 Household Size	2.66	2.55	2.64	2.59
2007 Household Size	2.59	2.50	2.65	2.58
2000 Median Household Income	\$29,193	\$32,699	\$41,164	\$42,729
2007 Median Household Income	\$36,213	\$40,604	\$48,132	\$48,775



AGE OF HOUSEHOLDER BY INCOME WILCOX 2007 - 2012

HOUSEHOLD INCOME	2007 ESTIMATE							2012 PROJECTION							CHANGE (2007 - 2012)		
	Under 25	25-34	35-44	45-54	55-64	65+	TOTAL	Under 25	25-34	35-44	45-54	55-64	65+	TOTAL	TOTAL ANN.	AVG.	ANN. %
Below \$25,000	110	50	185	175	245	624	1,389	108	73	156	162	270	649	1,418	29	6	0.4%
\$25,000 to \$34,999	14	86	41	79	88	144	452	19	93	55	78	87	224	556	104	21	4.2%
\$35,000 to \$49,999	61	109	95	116	77	142	600	41	99	59	116	70	184	569	-31	-6	-1.1%
\$50,000 to \$74,999	8	161	131	232	112	83	727	43	220	152	196	118	128	857	130	26	3.3%
\$75,000 to \$99,999	1	29	40	57	67	75	269	7	79	66	109	74	72	407	138	28	8.6%
\$100,000 to \$149,999	0	34	50	56	81	135	356	1	30	61	74	95	97	358	2	0	0.1%
\$150,000 +	0	13	21	10	30	6	80	0	46	41	13	44	12	156	76	15	14.3%
Total Households	194	482	563	725	700	1,209	3,873	219	640	590	748	758	1,366	4,321	448	90	2.2%



APPENDIX E: TOURISM DATA

Survey Sites

Site	Location	Type
Desert Caballeros Western Museum	Wickenburg	Western art/history
Heard Museum	Phoenix	Native American culture
Pueblo Grand Museum	Phoenix	Native American culture
Taliesin West	Scottsdale	Arizona history/architecture
Casa Malpais Ruins	Springerville	Native American culture
Jerome State Historic Park	Jerome	Arizona history
John Wesley Powell Museum	Page	Arizona history
Museum of Northern Arizona	Flagstaff	Native American culture
Sharlot Hall Museum	Prescott	Arizona history
Amerind Foundation Museum	Dragoon	Native American culture
Arizona Historical Society Museum	Tucson	Arizona history
Bisbee Mining and Historical Museum	Bisbee	Arizona history
Pima Air and Space Museum	Tucson	Arizona/Aerospace history
Mission San Xavier del Bac	Tucson	Arizona history/Native American & Hispanic culture
Pueblo Grande Museum Indian Market	Phoenix	Native American art/culture
International Mariachi Conference Fiesta Garibaldi	Tucson	Hispanic culture
Sharlot Hall Folk Art Festival	Prescott	Arizona/western history

Travel party	In-state %	Out-of-state %	Total %
Spouse/partner	61.9	68.8	65.6
Friends	26.2	16.8	21.1
Child(ren)	16.9	15.8	16.4
Other relatives	11.6	10.6	11.1
Alone	9.7	11.3	10.7
Parents	7.0	4.0	5.4
Grandchild(ren)	4.0	2.4	3.2
Other	1.7	1.5	1.6
Business Associates	0.6	1.2	0.9

Sources	In-state %	Out-of-state %	Total %
Previous experience	35.3	33.0	34.0
Friends/relatives	21.0	34.8	28.4
Other	11.5	13.3	12.5
Newspaper article	15.0	0.3	7.1
Other web site	2.6	4.1	3.4
Travel club	2.0	2.7	2.4
<i>Arizona Highways</i> magazine	3.1	1.2	2.1
Travel guide/tour book	1.8	2.3	2.1
Convention & Visitors Bureau	2.4	1.4	1.8
Television	1.8	0.9	1.3
Another magazine	0.9	1.4	1.2
AOT information packet	0.8	1.5	1.2
AOT web site	1.0	1.4	1.2
Travel agent	0.3	1.2	0.8
Arizona History Traveler/ Arizona Heritage Traveler Web Site	0.1	0.6	0.4
Activities	In-state %	Out-of-state %	Total
Visit family and friends	15.8	33.4	25.6
Cultural, arts, heritage activities	31.2	11.5	20.2
Attend an event/festival	14.3	5.6	9.5
Natural area activities	8.2	10.5	9.5
Driving to view scenery	8.2	8.4	8.3
Visit the Grand Canyon	1.8	10.5	6.6
Other	8.0	5.6	6.6
Business or convention	1.8	5.8	4.0
Shopping	4.2	0.0	1.9
Stay at a resort/spa	0.1	3.1	1.8
Watch sports events	1.2	1.6	1.4
Entertainment	1.4	1.1	1.2
Play golf	0.7	1.3	1.0
Sports activities	1.4	0.8	1.0
Adventure activities	1.1	0.5	0.8
Stay at a dude/guest ranch	0.1	0.1	0.1

Reasons for visiting	In-state	Out-of-state	
Have fun	94.8%	3%	
See interesting sites	91.6%	91.6%	
View scenery	81.3%	91%	
Spend time with family & friends	81.5%	78.8%	
Experience new & different places	81.1%	82.7%	
Take it easy/rest/relax	76.7%	78%	
Get away from everyday life	77.5%	77.7%	
Experience nature	69.6%	79.7%	
For the nice weather	65.6%	75.3%	
Experience other cultures	77.9%	73%	
Do many different things/activities	73%	74.3%	
Learn about AZ history/culture	87.1%	71.8%	
Be physically active	63.6%	66%	
Be entertained	68.2%	54.4%	
Activities	In-state %	Out-of-state %	Total %
Cultural, arts, heritage activities	71.0	81.8	76.8
Driving to view scenery	40.1	74.1	58.6
Shopping	36.6	49.2	43.4
Visit family and friends	26.0	56.2	42.5
Natural area activities	25.8	56.0	42.2
Attend an event/festival	22.7	16.4	19.3
Visit the Grand Canyon	5.6	27.2	17.5
Entertainment	12.	18.4	15.6
Other	14.0	10.6	12.2
Stay at a resort/spa	3.3	19.0	11.8
Play golf	3.3	9.3	6.2
Watch sports events	2.3	7.2	4.9
Business or convention	2.2	7.0	4.8
Adventure activities	2.4	5.3	4.0
Sports activities	1.8	3.4	2.7
Stay at a dude/guest ranch	0.2	0.9	0.6

Activity	In-state %	Out-of-state %	Total %
Visited a museum	62.2	79.3	71.6
Visited a historic site	51.9	74.5	64.1
Ate local or ethnic food	39.0	55.7	47.8
Shopped for arts/crafts	37.3	54.5	46.3
Visited an archaeological site	19.2	38.7	29.8
Attended a culturally themed special event/festival	30.1	16.2	22.6
Visited a Native American reservation	11.3	29.6	21.3
Attended a culturally oriented concert	7.1	5.4	6.1
Went to a theater performance	2.8	7.3	4.9
Other	4.9	3.4	4.0

COCHISE COLLEGE CENTER FOR ECONOMIC RESEARCH

Cochise County Housing Market Summary – 2007

Existing Single Family Residential Home Sales

Prepared By: Robert Carreira, Director

INTRODUCTION

This report provides a summary of recent trends (2004-2007) in existing single family residential home sales in Cochise County. Data included are the volume of sales, median price, median price changes, average selling price as a percent of asking price, average price per square foot, average price per square foot changes, and average number of days on the market.

The report provides data for all of Cochise County, as well as specific breakdowns for Benson, Bisbee, Douglas, Huachuca City, Sierra Vista, and Tombstone. Also included are breakdowns of data by area of the county as follows:

- **Northwest Cochise County** (includes Benson, Cascabel, Dragoon, Pomerene, St. David, and surrounding areas)
- **Southwest Cochise County** (includes Sierra Vista, Huachuca City, Tombstone, Hereford, Nicksville, Palominas, Whetstone, and surrounding areas)
- **Northeast Cochise County** (includes Willcox, Bowie, Cochise, Dragoon, Dos Cabezas, Kansas Settlement, Paradise, Pearce, Portal, San Simon, Sunizona, Sunsites, and surrounding areas)
- **Southeast Cochise County** (includes Douglas, Bisbee, Apache, Bisbee Junction, Double Adobe, Elfrida, McNeal, Naco, and surrounding areas)

Data in this report include site-built, manufactured, and mobile homes, as well as townhouses and condominiums. The report includes only sales of homes that were listed on the Southeast Arizona Multiple Listing Service (SAMLs). For most areas of the county, these sales account for the vast majority of existing home sales. In Benson and Northern Cochise County, some realtors list properties exclusively on the Tucson MLS, thus this area of the county is underrepresented in this report. In Benson and Northern Cochise County, the volume of home sales is likely to be considerably understated. Other data, such as median home prices, selling/asking price analysis, price per square foot, and the average number of days on the market likely constitute a representative sample and thus should provide valid and reliable measures for the Benson and Northern Cochise County areas.

2007 COCHISE COUNTY HOUSING MARKET DATA COMPARISONS: ALL AREAS							
<i>Area</i>	<i>Volume</i>	<i>Median Price</i>	<i>Median Price Change</i>	<i>Average Sold/Ask Price</i>	<i>Average Price per Sq. Ft.</i>	<i>Average Price per Sq. Ft. Change</i>	<i>Average Days on Market</i>
Cochise County	1,400	\$195,000	1.3%	96.1%	\$115.68	-3.4%	136
Northwest Cochise County	46	\$210,309	27.5%	97.0%	\$123.38	20.7%	178
Southwest Cochise County	1,117	\$208,000	1.6%	96.5%	\$121.18	-3.1%	136
Northeast Cochise County	15	\$110,000	-38.9%	92.3%	\$81.05	-31.7%	159
Southeast Cochise County	222	\$107,000	-3.6%	94.1%	\$88.43	-7.1%	129
Benson	43	\$218,035	32.1%	97.0%	\$126.02	24.9%	182
Bisbee	101	\$140,000	13.4%	94.3%	\$117.81	-0.8%	149
Douglas	106	\$90,000	-1.1%	94.0%	\$62.73	-10.0%	107
Huachuca City	71	\$133,000	6.4%	96.7%	\$95.29	-9.6%	115
Sierra Vista	861	\$213,000	0.5%	96.7%	\$125.30	-2.3%	133
Tombstone	36	\$132,956	-15.3%	92.4%	\$98.31	-24.1%	162

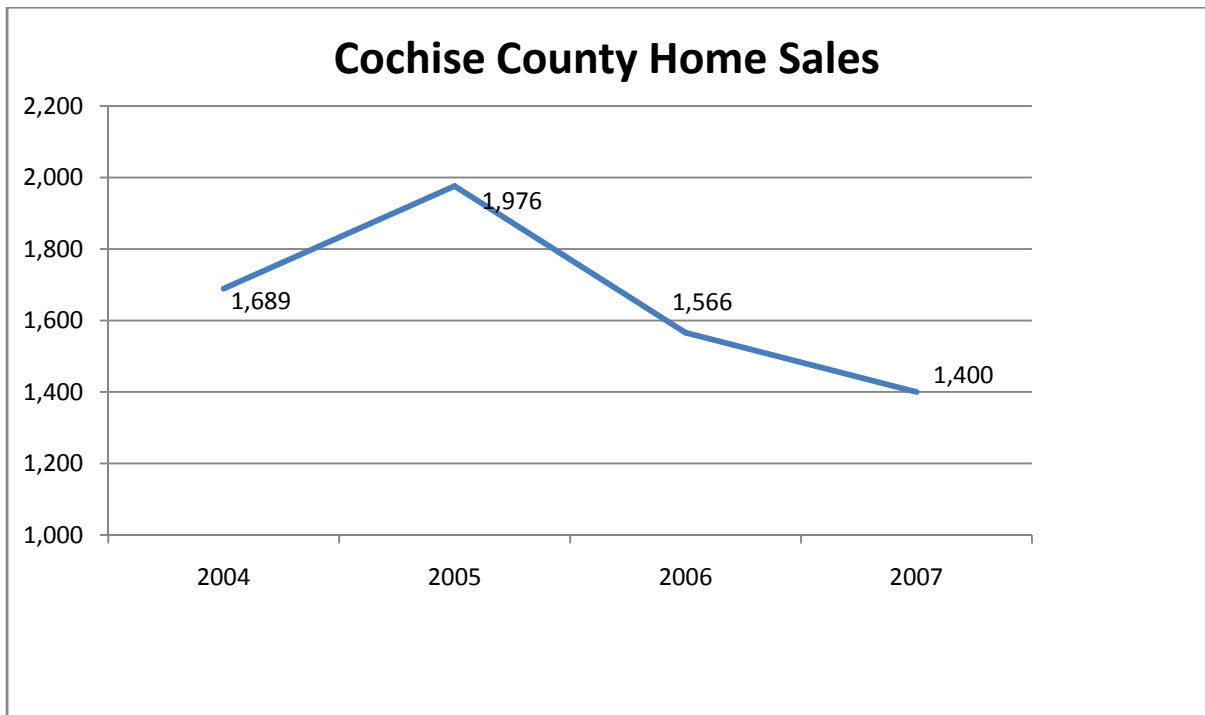
Note. Includes site-built, manufactured, and mobile homes, as well as townhouses and condominiums; includes only those homes listed on the Southeast Arizona Multiple Listing Service.
Source: Southeast Arizona Multiple Listing Service and Cochise College Center for Economic Research

Cochise County

Existing home sales in Cochise County peaked in 2005, when 1,976 homes were sold. This was up 17 percent from 1,689 in 2004. In 2006, the volume of homes sold dropped 20.7 percent to 1,566. The year 2007 saw home sales drop another 10.6 percent to 1,400. The volume of homes sold in 2007 was 29.1 percent below the peak in 2005.

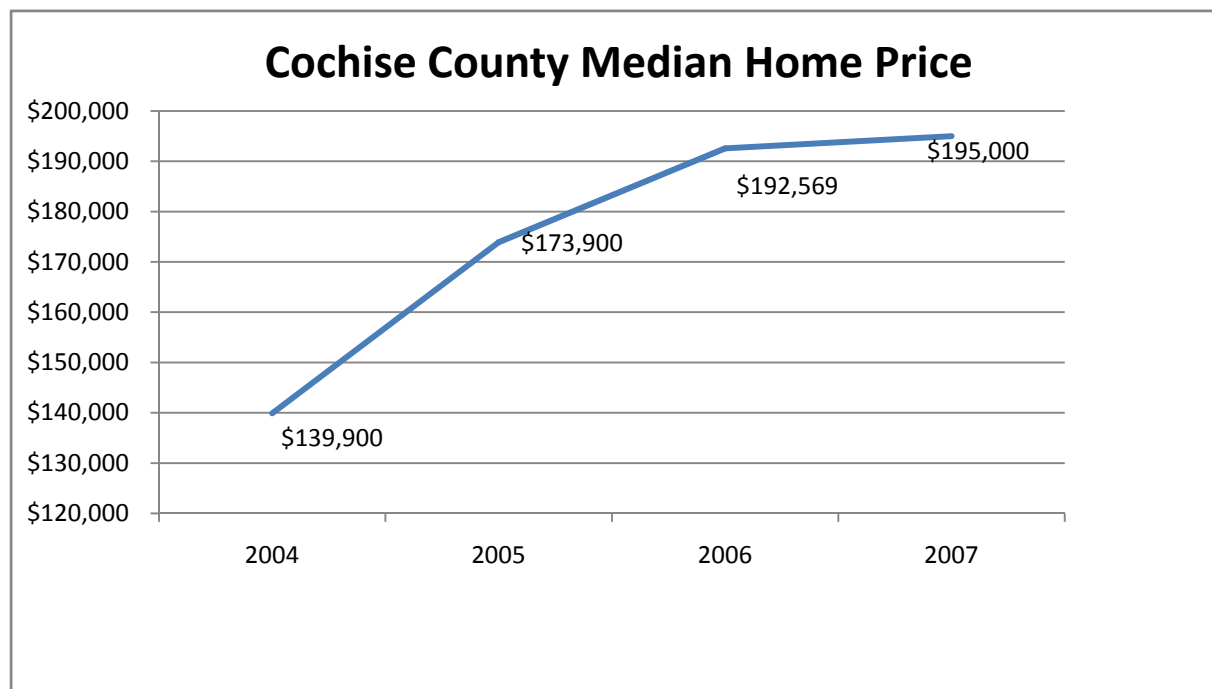
The median price of a home sold in Cochise County in 2007 was \$195,000, up 1.3 percent from 2006. Although the median price was up slightly, the average price per square foot (heated/cooled) was down 3.4 percent from \$119.78 to \$115.68, suggesting the median home price increase was due to larger homes being sold in 2007 than in the previous year. From 2004 through 2007, the median price of a home sold in Cochise County increased 39.4 percent. The average price per square foot increased 31.9 percent during the same period.

The average home in Cochise County sold for 96.1 percent of the asking price in 2007, down from 97.5 percent in 2006. In 2007, the average home sold in Cochise County was on the market for 136 days, up from 116 days in 2006.



Note. Includes site-built, manufactured, and mobile homes, as well as townhouses and condominiums; includes only those homes listed on the Southeast Arizona Multiple Listing Service.

Source: Southeast Arizona Multiple Listing Service and Cochise College Center for Economic Research



Note. Includes site-built, manufactured, and mobile homes, as well as townhouses and condominiums; includes only those homes listed on the Southeast Arizona Multiple Listing Service.

Source: Southeast Arizona Multiple Listing Service and Cochise College Center for Economic Research

COCHISE COUNTY HOUSING MARKET DATA							
Year	Volume	Median Price	Median Price Change	Average Sold/Ask Price	Average Price per Sq. Ft.	Average Price per Sq. Ft. Change	Average Days on Market
2004	1,689	\$139,900	--	97.3%	\$87.70	--	114
2005	1,976	\$173,900	24.3%	98.1%	\$106.89	21.9%	111
2006	1,566	\$192,569	10.7%	97.5%	\$119.78	12.1%	116
2007	1,400	\$195,000	1.3%	96.1%	\$115.68	-3.4%	136

Note. Includes site-built, manufactured, and mobile homes, as well as townhouses and condominiums; includes only those homes listed on the Southeast Arizona Multiple Listing Service.

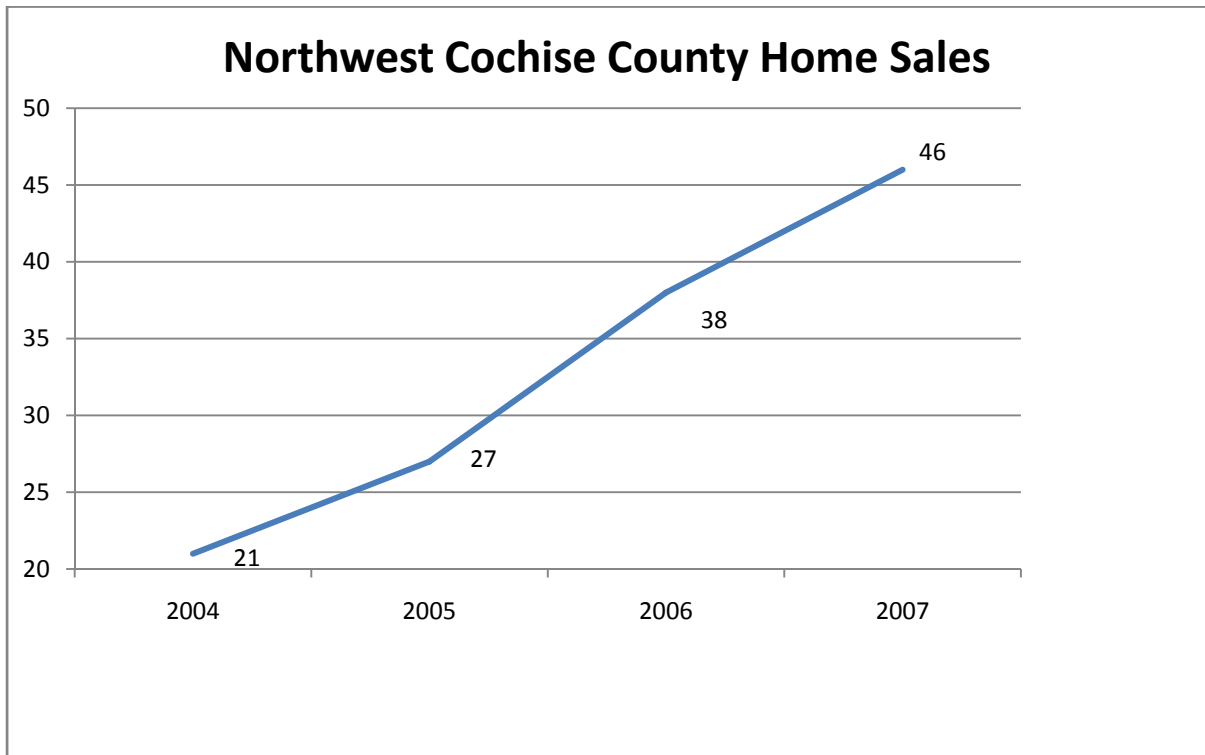
Source: Southeast Arizona Multiple Listing Service and Cochise College Center for Economic Research

Northwest Cochise County

Northwest Cochise County includes the City of Benson, as well as the unincorporated areas of Cascabel, Dragoon, Pomerene, St. David, and surrounding areas. *(Note: Data include only those homes listed on SAMLs. Some realtors in Northwest Cochise County list homes on the Tucson MLS, rather than*

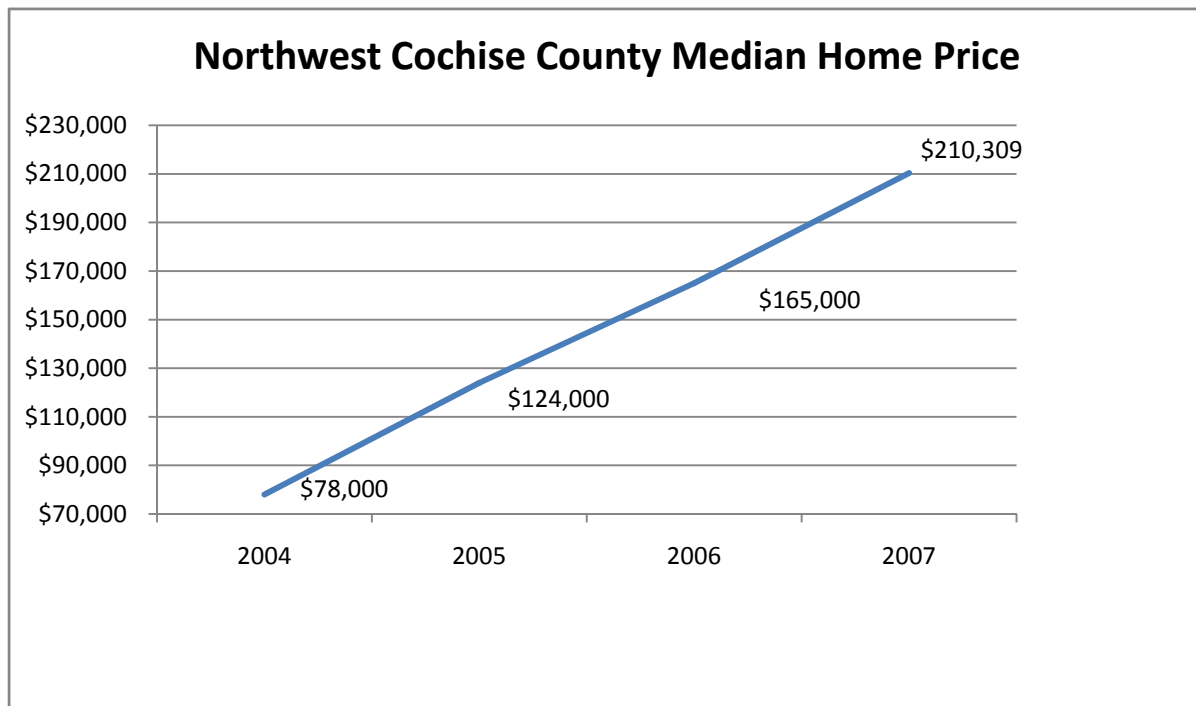
SAMLS; thus, the Northwest Cochise County market is represented at a lower level than markets in other areas of the county.) In 2007, 46 homes were sold in Northwest Cochise County. This was up from 38 in 2006 and 27 in 2005. The median price of a home sold in Northwest Cochise County in 2007 was \$210,309, up 27.5 percent from 2006. The average price per square foot (heated/cooled) was up 20.7 percent from \$102.22 to \$123.38. From 2004 through 2007, the median price of a home sold in Northwest Cochise County increased 169.6 percent. The average price per square foot increased 43 percent during the same period, indicating that the majority of the increase in the median price was the result of larger homes being sold in recent years than in previous years.

The average home in Northwest Cochise County sold for 97 percent of the asking price in 2007, up considerably from 95 percent in 2006. In 2007, the average home sold in Northwest Cochise County was on the market for 178 days, up from 134 days in 2006.



Note. Includes site-built, manufactured, and mobile homes, as well as townhouses and condominiums; includes only those homes listed on the Southeast Arizona Multiple Listing Service.

Source: Southeast Arizona Multiple Listing Service and Cochise College Center for Economic Research



Note. Includes site-built, manufactured, and mobile homes, as well as townhouses and condominiums; includes only those homes listed on the Southeast Arizona Multiple Listing Service.

Source: Southeast Arizona Multiple Listing Service and Cochise College Center for Economic Research

NORTHWEST COCHISE COUNTY HOUSING MARKET DATA							
Year	Volume	Median Price	Median Price Change	Average Sold/Ask Price	Average Price per Sq. Ft.	Average Price per Sq. Ft. Change	Average Days on Market
2004	21	\$78,000	--	94.9%	\$86.25	--	151
2005	27	\$124,000	59.0%	95.2%	\$87.74	1.7%	122
2006	38	\$165,000	33.1%	95.0%	\$102.22	16.5%	134
2007	46	\$210,309	27.5%	97.0%	\$123.38	20.7%	178

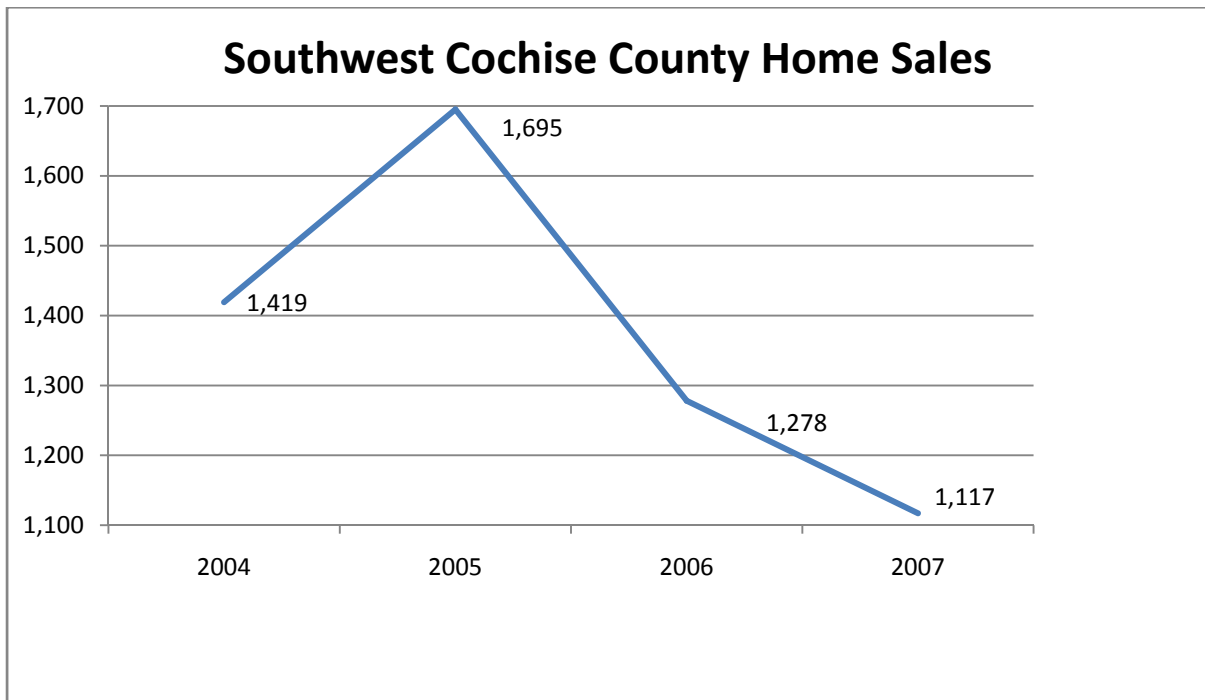
Note. Includes site-built, manufactured, and mobile homes, as well as townhouses and condominiums; includes only those homes listed on the Southeast Arizona Multiple Listing Service.

Source: Southeast Arizona Multiple Listing Service and Cochise College Center for Economic Research

Southwest Cochise County

Southwest Cochise County includes the cities of Sierra Vista and Tombstone, the Town of Huachuca City, and the unincorporated areas of Hereford, Nicksville, Palominas, Whetstone, and surrounding areas. In 2007, 1,117 homes were sold in Southwest Cochise County. This was down from 1,278 in 2006 and 1,695 in 2005, the peak year of the housing boom. The median price of a home sold in Southwest Cochise County in 2007 was \$208,000, up 1.6 percent from 2006. Although the median price was up slightly, the average price per square foot (heated/cooled) was down 3.1 percent from \$125.00 to \$121.18, indicating that the modest increase in the median price was the result of larger homes being sold in 2007 than in the previous year. From 2004 through 2007, the median price of a home sold in Southwest Cochise County increased 38 percent. The average price per square foot increased 31.5 percent during the same period.

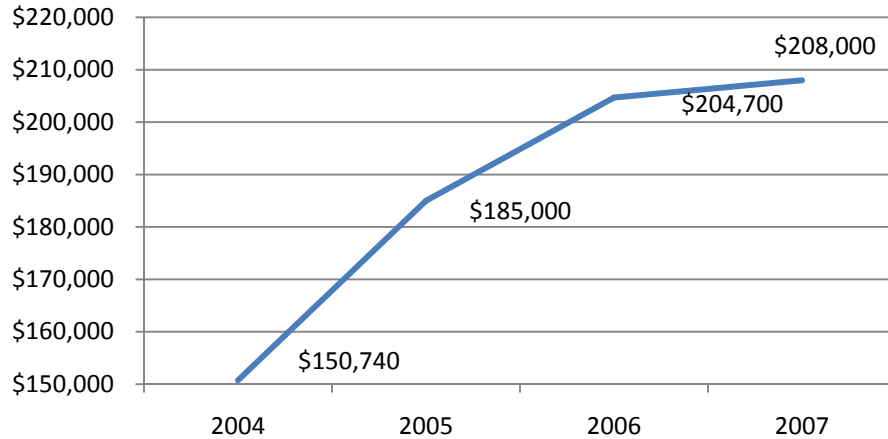
The average home in Southwest Cochise County sold for 96.5 percent of the asking price in 2007, down from 97.8 percent in 2006. In 2007, the average home sold in Southwest Cochise County was on the market for 136 days, up from 111 days in 2006.



Note. Includes site-built, manufactured, and mobile homes, as well as townhouses and condominiums; includes only those homes listed on the Southeast Arizona Multiple Listing Service.

Source: Southeast Arizona Multiple Listing Service and Cochise College Center for Economic Research

Southwest Cochise County Median Home Price



Note. Includes site-built, manufactured, and mobile homes, as well as townhouses and condominiums; includes only those homes listed on the Southeast Arizona Multiple Listing Service.

Source: Southeast Arizona Multiple Listing Service and Cochise College Center for Economic Research

SOUTHWEST COCHISE COUNTY HOUSING MARKET DATA

Year	Volume	Median Price	Median Price Change	Average Sold/Ask Price	Average Price per Sq. Ft.	Average Price per Sq. Ft. Change	Average Days on Market
2004	1,419	\$150,740	--	98.0%	\$92.14	--	105
2005	1,695	\$185,000	22.7%	98.8%	\$111.79	21.3%	104
2006	1,278	\$204,700	10.6%	97.8%	\$125.00	11.8%	111
2007	1,117	\$208,000	1.6%	96.5%	\$121.18	-3.1%	136

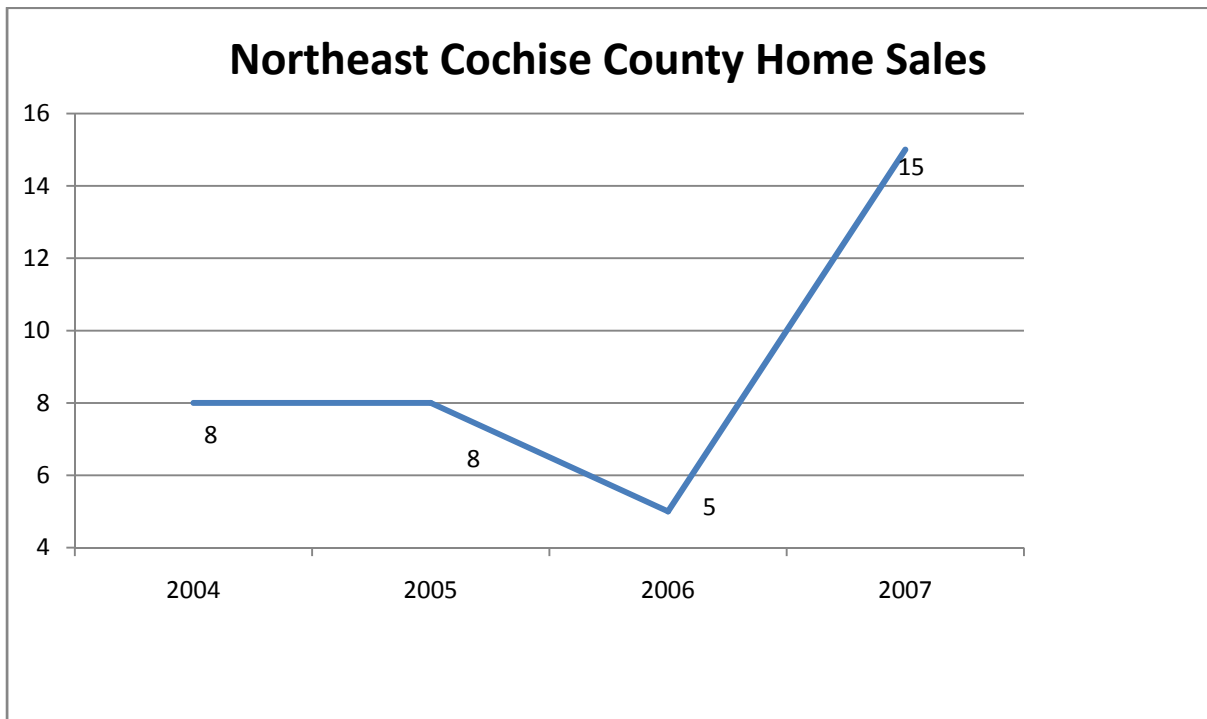
Note. Includes site-built, manufactured, and mobile homes, as well as townhouses and condominiums; includes only those homes listed on the Southeast Arizona Multiple Listing Service.

Source: Southeast Arizona Multiple Listing Service and Cochise College Center for Economic Research

Northwest Cochise County

Northeast Cochise County includes the City of Willcox, as well as the unincorporated areas of Bowie, Cochise, Dagoon, Dos Cabezas, Kansas Settlement, Paradise, Pearce, Portal, San Simon, Sunizona, Sunsites, and surrounding areas. *(Note: Data include only those homes listed on SAMLs. A large proportion of home sales in Northeast Cochise County are not listed on SAMLs; thus, the Northeast Cochise County market is represented at a lower level than markets in other areas of the county.)* In 2007, 15 homes sold in Northeast Cochise County were listed on SAMLs. This was up from 5 in 2006. The median price of a home sold in Northeast Cochise County in 2007 was \$110,000, down 38.9 percent from 2006. The average price per square foot (heated/cooled) was down 31.7 percent from \$118.75 to \$81.05. From 2004 through 2007, the median price of a home sold in Northeast Cochise County increased 18.9 percent. The average price per square foot increased 30.8 percent during the same period.

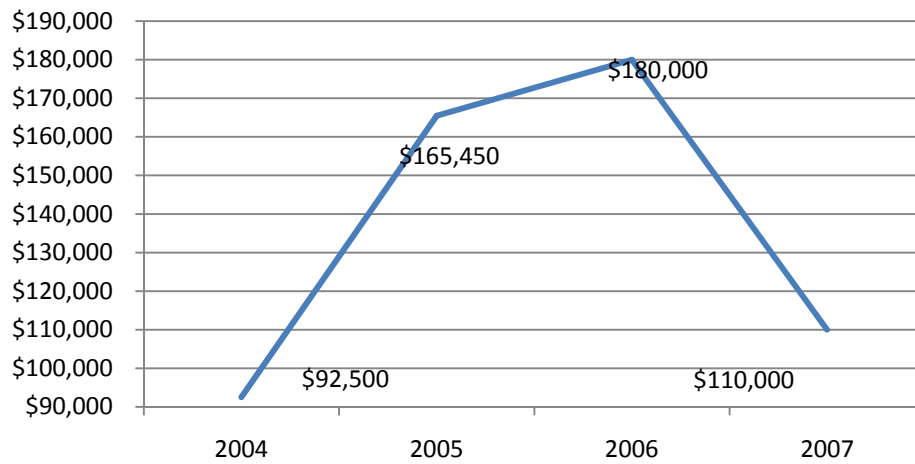
The average home in Northeast Cochise County sold for 92.3 percent of the asking price in 2007, down from 95.6 percent in 2006. In 2007, the average home sold in Northeast Cochise County was on the market for 159 days, down from 176 days in 2006. It is important to note that the data for Northeast Cochise County are based on a very small number of home sales, and thus are heavily influenced by each sale.



Note. Includes site-built, manufactured, and mobile homes, as well as townhouses and condominiums; includes only those homes listed on the Southeast Arizona Multiple Listing Service.

Source: Southeast Arizona Multiple Listing Service and Cochise College Center for Economic Research

Northeast Cochise County Median Home Price



Note. Includes site-built, manufactured, and mobile homes, as well as townhouses and condominiums; includes only those homes listed on the Southeast Arizona Multiple Listing Service.

Source: Southeast Arizona Multiple Listing Service and Cochise College Center for Economic Research

NORTHEAST COCHISE COUNTY HOUSING MARKET DATA

Year	Volume	Median Price	Median Price Change	Average Sold/Ask Price	Average Price per Sq. Ft.	Average Price per Sq. Ft. Change	Average Days on Market
2004	8	\$92,500	--	92.3%	\$61.98	--	188
2005	8	\$165,450	78.9%	94.0%	\$79.80	28.8%	200
2006	5	\$180,000	8.8%	95.6%	\$118.75	48.8%	176
2007	15	\$110,000	-38.9%	92.3%	\$81.05	-31.7%	159

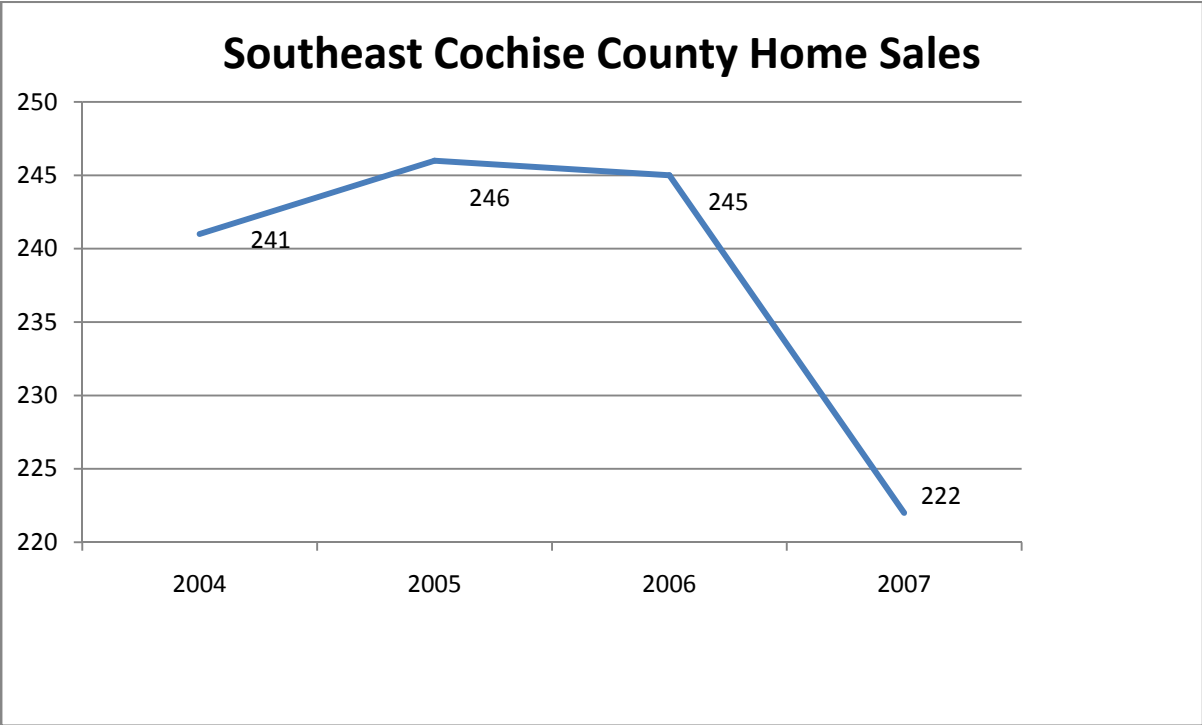
Note. Includes site-built, manufactured, and mobile homes, as well as townhouses and condominiums; includes only those homes listed on the Southeast Arizona Multiple Listing Service.

Source: Southeast Arizona Multiple Listing Service and Cochise College Center for Economic Research

Southeast Cochise County

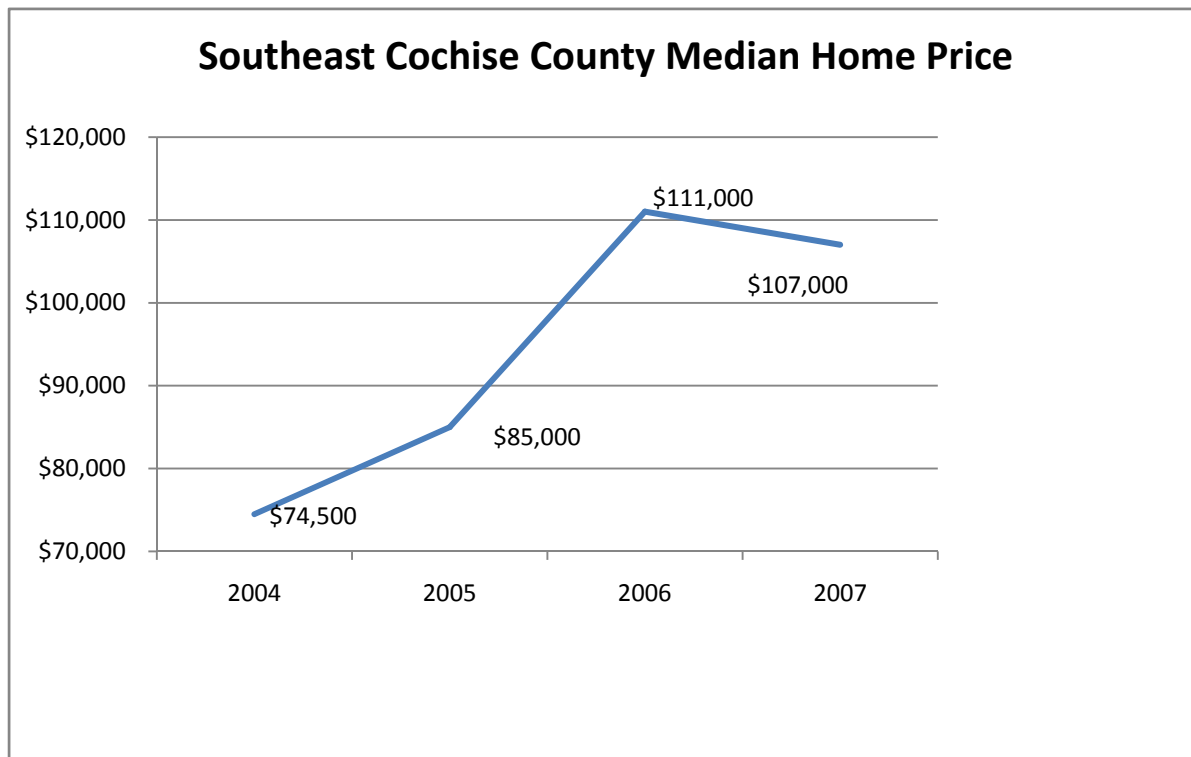
Southeast Cochise County includes the cities of Douglas and Bisbee, as well as the unincorporated areas of Apache, Bisbee Junction, Double Adobe, Elfrida, McNeal, Naco, and surrounding areas. In 2007, 222 homes were sold in Southeast Cochise County. This was down from 245 in 2006. The median price of a home sold in Southeast Cochise County in 2007 was \$107,000, down 3.6 percent from 2006. The average price per square foot (heated/cooled) was down 7.1 percent from \$95.19 to \$88.43. From 2004 through 2007, the median price of a home sold in Southeast Cochise County increased 43.6 percent. The average price per square foot increased 42.1 percent during the same period.

The average home in Southeast Cochise County sold for 94.1 percent of the asking price in 2007, down from 95 percent in 2006. In 2007, the average home sold in Southeast Cochise County was on the market for 129 days, down from 136 days in 2006.



Note. Includes site-built, manufactured, and mobile homes, as well as townhouses and condominiums; includes only those homes listed on the Southeast Arizona Multiple Listing Service.

Source: Southeast Arizona Multiple Listing Service and Cochise College Center for Economic Research



Note. Includes site-built, manufactured, and mobile homes, as well as townhouses and condominiums; includes only those homes listed on the Southeast Arizona Multiple Listing Service.

Source: Southeast Arizona Multiple Listing Service and Cochise College Center for Economic Research

SOUTHEAST COCHISE COUNTY HOUSING MARKET DATA							
Year	Volume	Median Price	Median Price Change	Average Sold/Ask Price	Average Price per Sq. Ft.	Average Price per Sq. Ft. Change	Average Days on Market
2004	241	\$74,500	--	93.3%	\$62.24	--	158
2005	246	\$85,000	14.1%	94.2%	\$75.99	22.1%	156
2006	245	\$111,000	30.6%	95.0%	\$95.19	25.3%	136
2007	222	\$107,000	-3.6%	94.1%	\$88.43	-7.1%	129

Note. Includes site-built, manufactured, and mobile homes, as well as townhouses and condominiums; includes only those homes listed on the Southeast Arizona Multiple Listing Service.

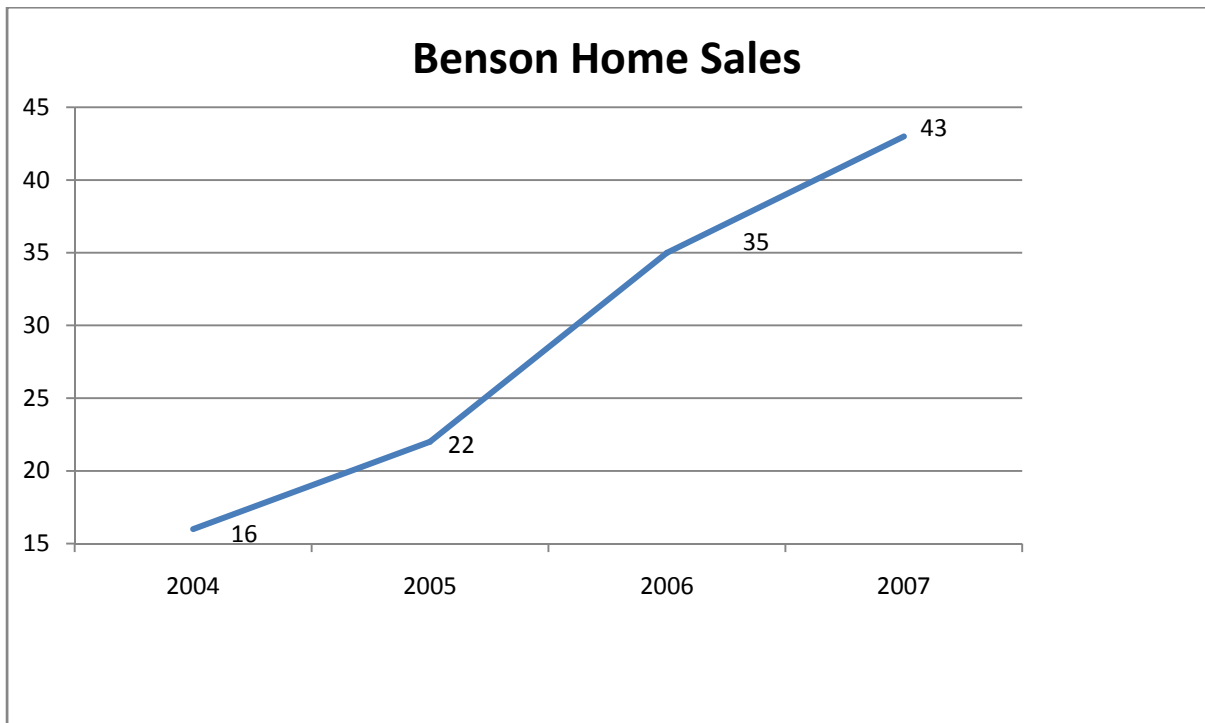
Source: Southeast Arizona Multiple Listing Service and Cochise College Center for Economic Research

Benson

(Note: Data include only those homes listed on SAMLs. Some realtors in Benson list homes on the Tucson MLS, rather than SAMLs; thus, the Benson market is represented at a lower level than markets in other areas of the county.) Despite the countywide decline in home sales, sales in Benson have increased steadily over the past few years. In 2007, 43 homes were sold that were listed on SAMLs. This was up from 35 in 2006 and 22 in 2005.

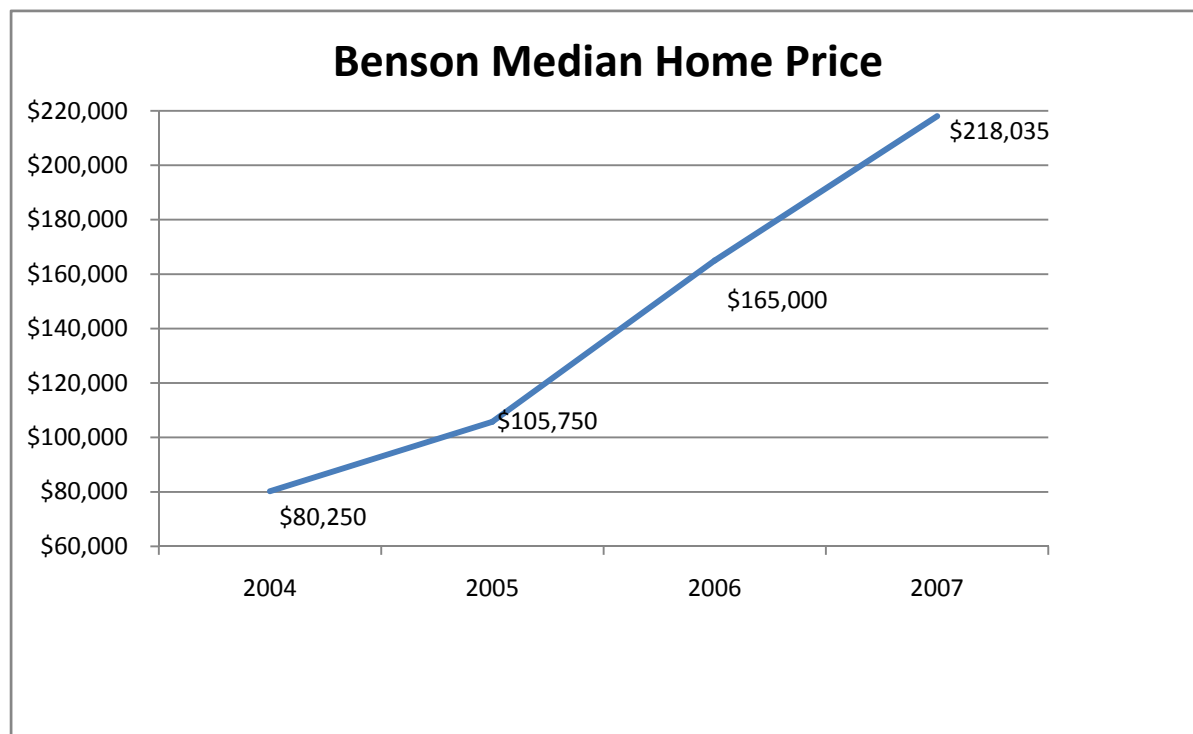
The median price of a home sold in Benson in 2007 was \$218,035, up 32.1 percent from 2006. The average price per square foot (heated/cooled) was up 24.9 percent from \$100.89 to \$126.02, indicating that part of the price increase was due to larger homes being sold in 2007 than in the previous year. From 2004 through 2007, the median price of a home sold in Benson increased by 171.7 percent. The average price per square foot increased 37.6 percent during the same period, indicating that the majority of the price increase in recent years is a reflection of larger homes being sold.

The average home in Benson sold for 97 percent of the asking price in 2007, up from 95.3 percent in 2006. In 2007, the average home sold in Benson was on the market for 182 days, up considerably from 135 days in 2006.



Note. Includes site-built, manufactured, and mobile homes, as well as townhouses and condominiums; includes only those homes listed on the Southeast Arizona Multiple Listing Service.

Source: Southeast Arizona Multiple Listing Service and Cochise College Center for Economic Research



Note. Includes site-built, manufactured, and mobile homes, as well as townhouses and condominiums; includes only those homes listed on the Southeast Arizona Multiple Listing Service.

Source: Southeast Arizona Multiple Listing Service and Cochise College Center for Economic Research

BENSON HOUSING MARKET DATA							
Year	Volume	Median Price	Median Price Change	Average Sold/Ask Price	Average Price per Sq. Ft.	Average Price per Sq. Ft. Change	Average Days on Market
2004	16	\$80,250	--	95.4%	\$91.57	--	156
2005	22	\$105,750	31.8%	94.6%	\$73.36	-19.9%	94
2006	35	\$165,000	56.0%	95.3%	\$100.89	37.5%	135
2007	43	\$218,035	32.1%	97.0%	\$126.02	24.9%	182

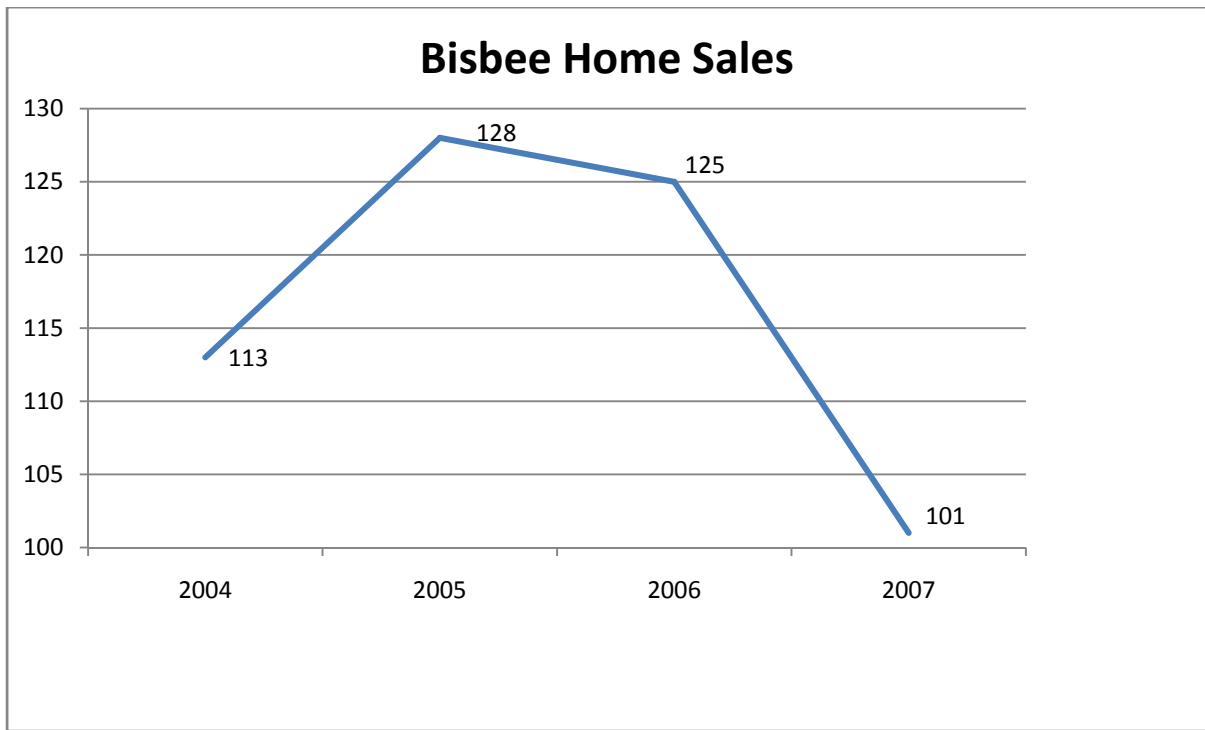
Note. Includes site-built, manufactured, and mobile homes, as well as townhouses and condominiums; includes only those homes listed on the Southeast Arizona Multiple Listing Service.

Source: Southeast Arizona Multiple Listing Service and Cochise College Center for Economic Research

Bisbee

In 2007, 101 homes were sold in Bisbee. This was down from 125 in 2006 and 128 in 2005. The median price of a home sold in Bisbee in 2007 was \$140,000, up 13.4 percent from 2006. Although the median price was up, the average price per square foot (heated/cooled) was down 0.8 percent from \$118.75 to \$117.81, suggesting the median home price increase was due to larger homes being sold in 2007 than in the previous year. From 2004 through 2007, the median price of a home sold in Bisbee increased 54.7 percent. The average price per square foot increased 40.2 percent during the same period, indicating that much of the price increase in recent years is a reflection of larger homes being sold.

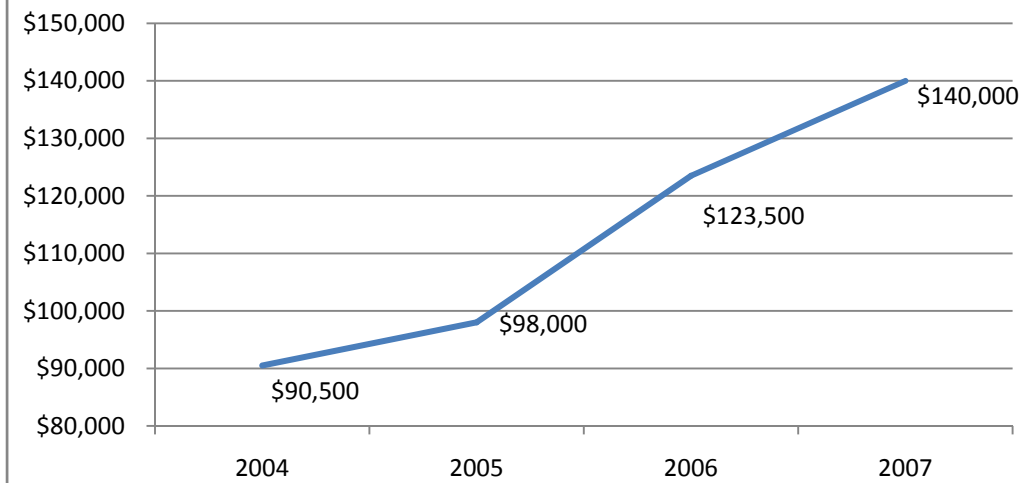
The average home in Bisbee sold for 94.3 percent of the asking price in 2007, down from 95.6 percent in 2006. In 2007, the average home sold in Bisbee was on the market for 149 days, up from 126 days in 2006.



Note. Includes site-built, manufactured, and mobile homes, as well as townhouses and condominiums; includes only those homes listed on the Southeast Arizona Multiple Listing Service.

Source: Southeast Arizona Multiple Listing Service and Cochise College Center for Economic Research

Bisbee Median Home Price



Note. Includes site-built, manufactured, and mobile homes, as well as townhouses and condominiums; includes only those homes listed on the Southeast Arizona Multiple Listing Service.

Source: Southeast Arizona Multiple Listing Service and Cochise College Center for Economic Research

BISBEE HOUSING MARKET DATA

<i>Year</i>	<i>Volume</i>	<i>Median Price</i>	<i>Median Price Change</i>	<i>Average Sold/Ask Price</i>	<i>Average Price per Sq. Ft.</i>	<i>Average Price per Sq. Ft. Change</i>	<i>Average Days on Market</i>
2004	113	\$90,500	--	95.0%	\$84.03	--	164
2005	128	\$98,000	8.3%	94.3%	\$96.29	14.6%	119
2006	125	\$123,500	26.0%	95.6%	\$118.75	23.3%	126
2007	101	\$140,000	13.4%	94.3%	\$117.81	-0.8%	149

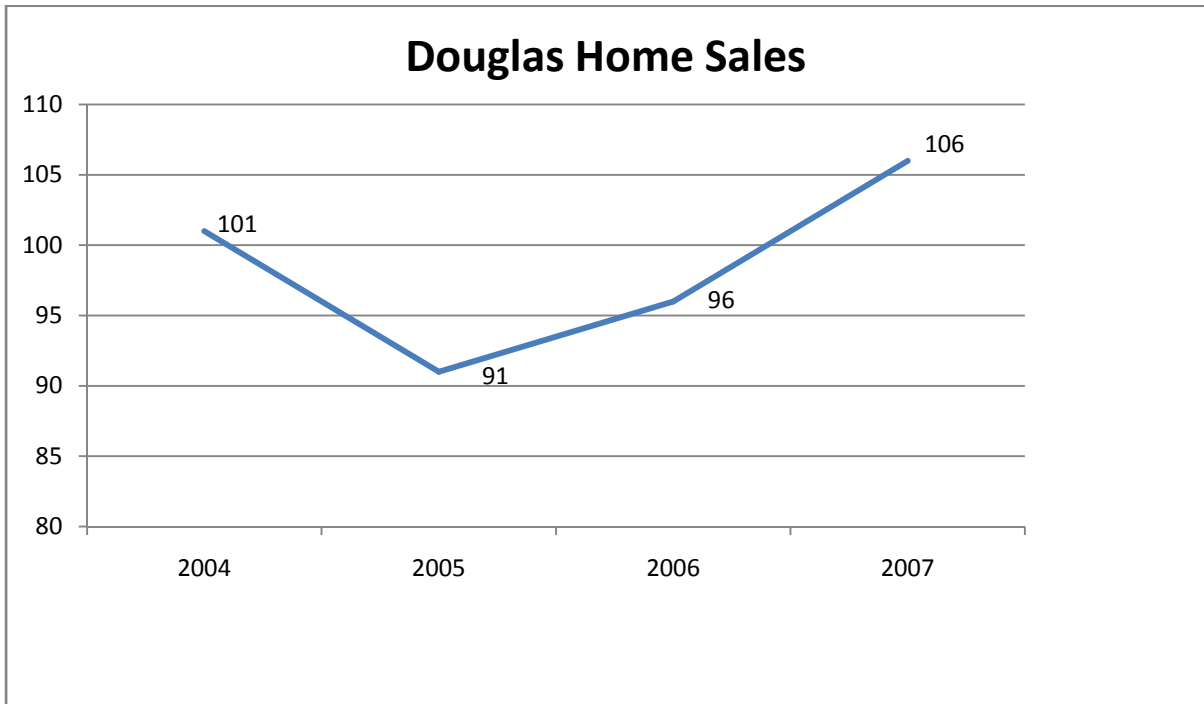
Note. Includes site-built, manufactured, and mobile homes, as well as townhouses and condominiums; includes only those homes listed on the Southeast Arizona Multiple Listing Service.

Source: Southeast Arizona Multiple Listing Service and Cochise College Center for Economic Research

Douglas

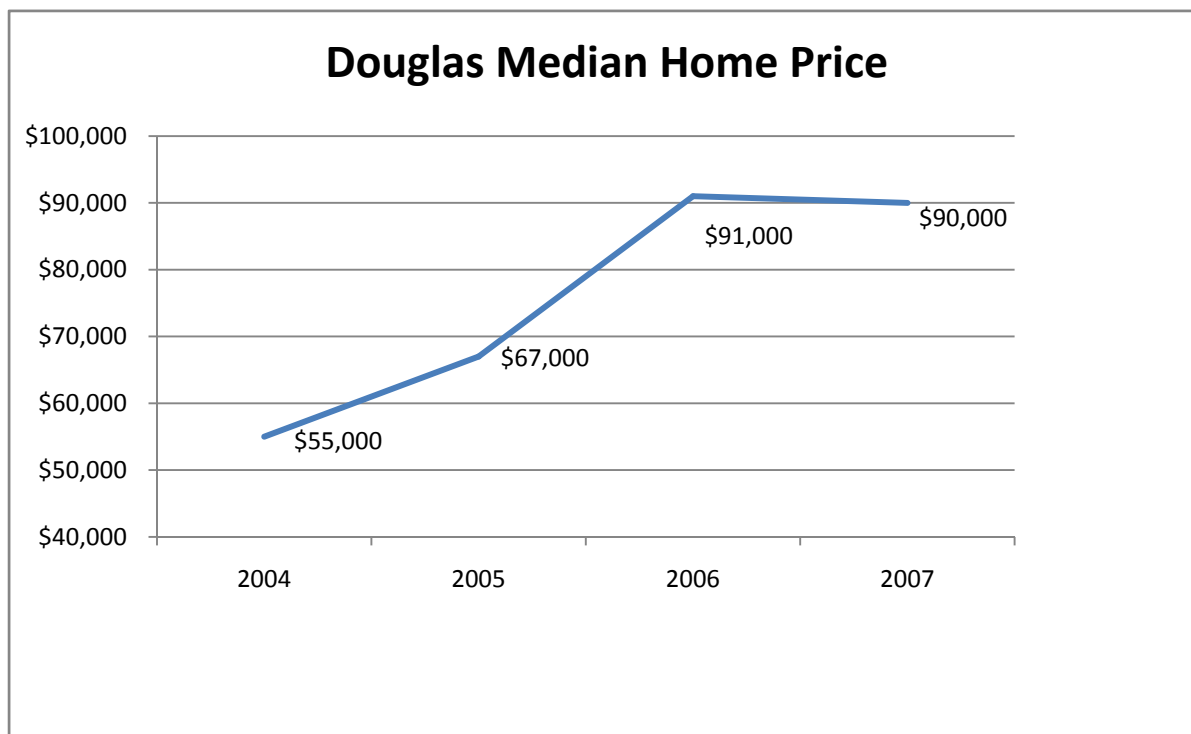
Despite the countywide decline in home sales, sales in Douglas have increased steadily over the past few years. In 2007, 106 homes were sold in Douglas. This was up from 96 in 2006 and 91 in 2005. The median price of a home sold in Douglas in 2007 was \$90,000, down 1.1 percent from 2006. The average price per square foot (heated/cooled) was down 10 percent from \$69.71 to \$62.73. From 2004 through 2007, the median price of a home sold in Douglas increased 63.6 percent. The average price per square foot increased 54.3 percent during the same period, indicating that much of the price increase in recent years is a reflection of larger homes being sold.

The average home in Douglas sold for 94 percent of the asking price in 2007, down slightly from 94.2 percent in 2006. In 2007, the average home sold in Douglas was on the market for 107 days, down from 125 days in 2006.



Note. Includes site-built, manufactured, and mobile homes, as well as townhouses and condominiums; includes only those homes listed on the Southeast Arizona Multiple Listing Service.

Source: Southeast Arizona Multiple Listing Service and Cochise College Center for Economic Research



Note. Includes site-built, manufactured, and mobile homes, as well as townhouses and condominiums; includes only those homes listed on the Southeast Arizona Multiple Listing Service.

Source: Southeast Arizona Multiple Listing Service and Cochise College Center for Economic Research

DOUGLAS HOUSING MARKET DATA							
<i>Year</i>	<i>Volume</i>	<i>Median Price</i>	<i>Median Price Change</i>	<i>Average Sold/Ask Price</i>	<i>Average Price per Sq. Ft.</i>	<i>Average Price per Sq. Ft. Change</i>	<i>Average Days on Market</i>
2004	101	\$55,000	--	91.7%	\$40.65	--	143
2005	91	\$67,000	21.8%	93.4%	\$50.13	23.3%	196
2006	96	\$91,000	35.8%	94.2%	\$69.71	39.1%	125
2007	106	\$90,000	-1.1%	94.0%	\$62.73	-10.0%	107

Note. Includes site-built, manufactured, and mobile homes, as well as townhouses and condominiums; includes only those homes listed on the Southeast Arizona Multiple Listing Service.

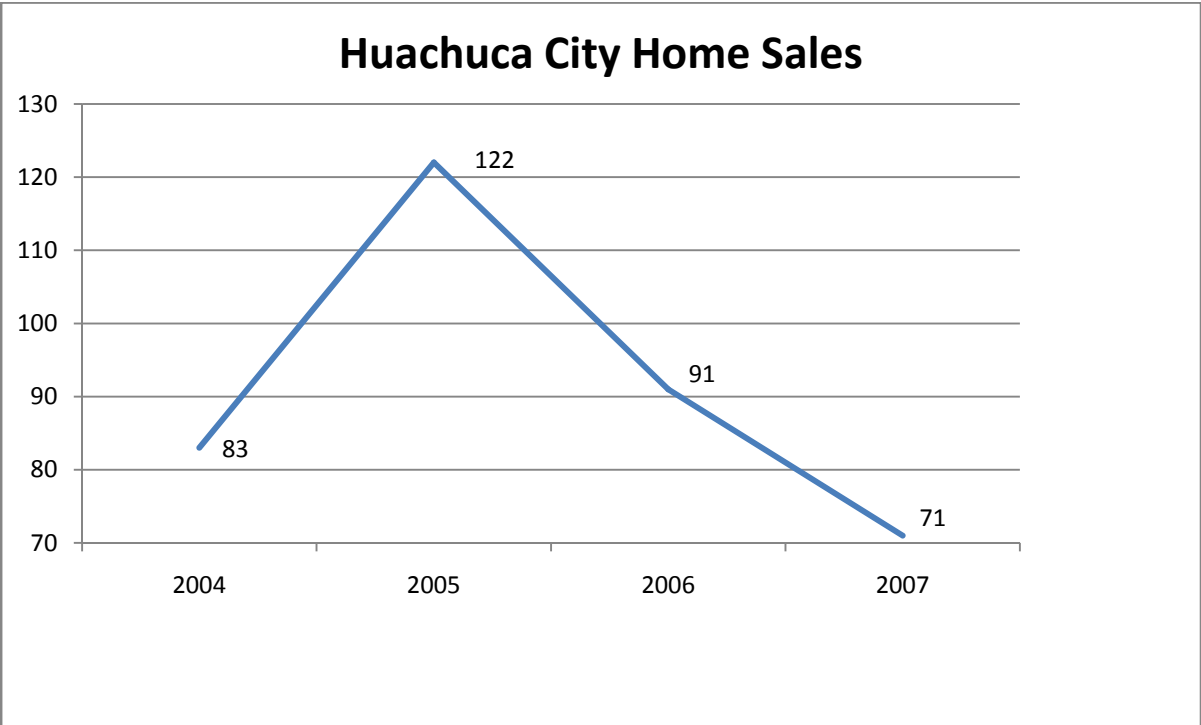
Source: Southeast Arizona Multiple Listing Service and Cochise College Center for Economic Research

Huachuca City

In 2007, 71 homes were sold in Huachuca City. This was down from 91 in 2006 and 122 in 2005. The median price of a home sold in Huachuca City in 2007 was \$133,000, up 6.4 percent from 2006. Although the median price was up, the average price per square foot (heated/cooled) was down 9.6 percent from \$105.37 to \$95.29. From 2004 through 2007, the median price of a home sold in Huachuca

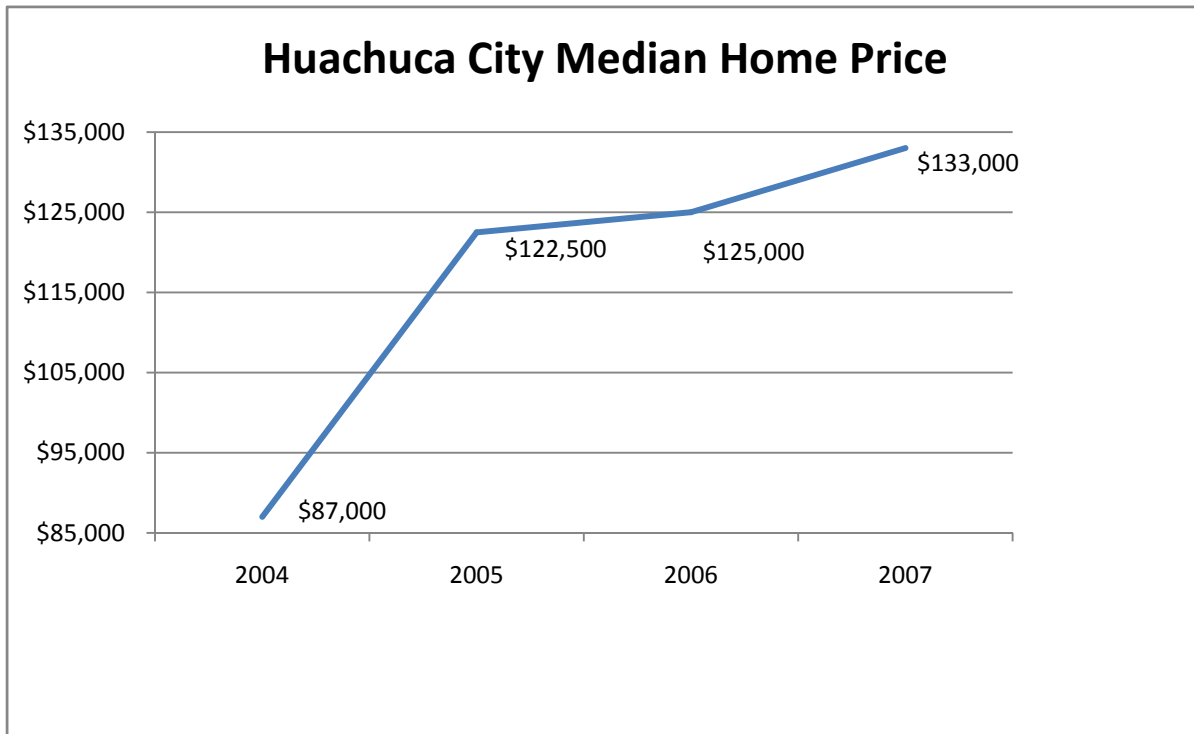
City increased 52.9 percent. The average price per square foot increased 39.7 percent during the same period, indicating that much of the price increase in recent years is a reflection of larger homes being sold.

The average home in Huachuca City sold for 96.7 percent of the asking price in 2007, down from 97.7 percent in 2006. In 2007, the average home sold in Huachuca City was on the market for 115 days, up from 96 days in 2006.



Note. Includes site-built, manufactured, and mobile homes, as well as townhouses and condominiums; includes only those homes listed on the Southeast Arizona Multiple Listing Service.

Source: Southeast Arizona Multiple Listing Service and Cochise College Center for Economic Research



Note. Includes site-built, manufactured, and mobile homes, as well as townhouses and condominiums; includes only those homes listed on the Southeast Arizona Multiple Listing Service.

Source: Southeast Arizona Multiple Listing Service and Cochise College Center for Economic Research

HUACHUCA CITY HOUSING MARKET DATA							
Year	Volume	Median Price	Median Price Change	Average Sold/Ask Price	Average Price per Sq. Ft.	Average Price per Sq. Ft. Change	Average Days on Market
2004	83	\$87,000	--	96.1%	\$68.21	--	116
2005	12 2	\$122,500	40.8%	97.7%	\$91.39	34.0%	91
2006	91	\$125,000	2.0%	97.7%	\$105.37	15.3%	96
2007	71	\$133,000	6.4%	96.7%	\$95.29	-9.6%	115

Note. Includes site-built, manufactured, and mobile homes, as well as townhouses and condominiums; includes only those homes listed on the Southeast Arizona Multiple Listing Service.

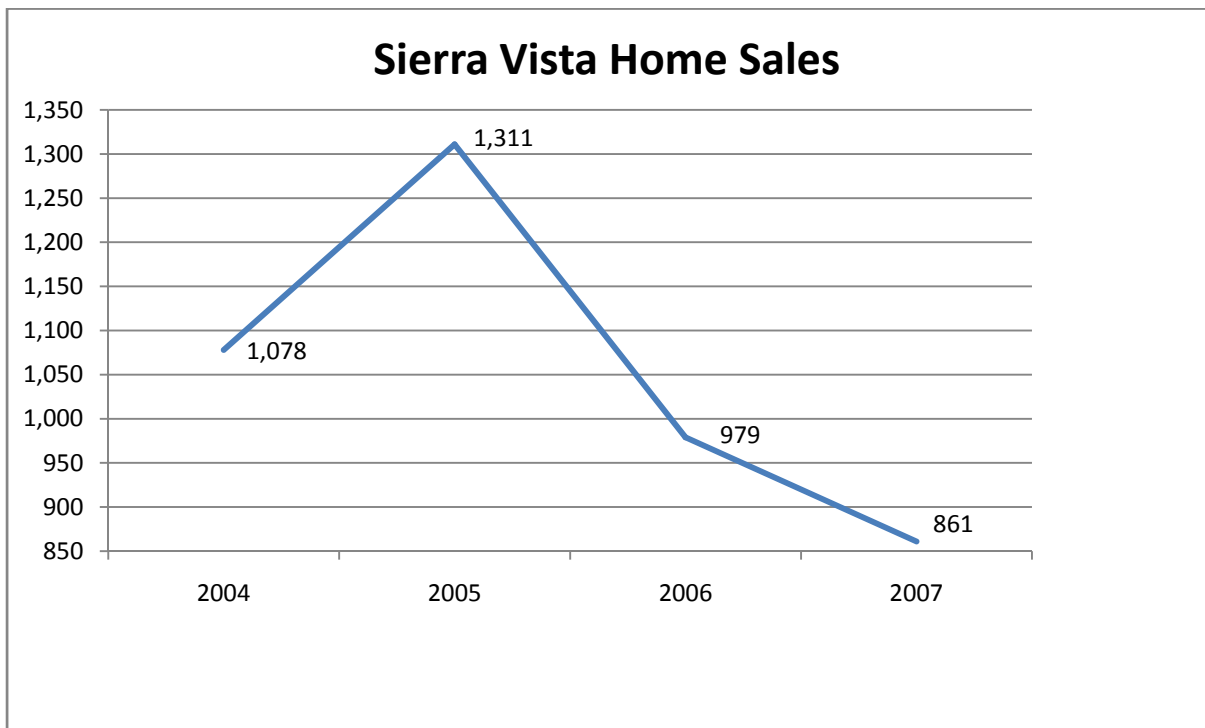
Source: Southeast Arizona Multiple Listing Service and Cochise College Center for Economic Research

Sierra Vista

In recent years, home sales in Sierra Vista have accounted for nearly two-thirds of the total home sales in Cochise County. However, this proportion has decreased in recent years. In 2005, home sales in Sierra Vista accounted for 66.3 percent of the countywide total. This dropped to 62.5 percent in 2006,

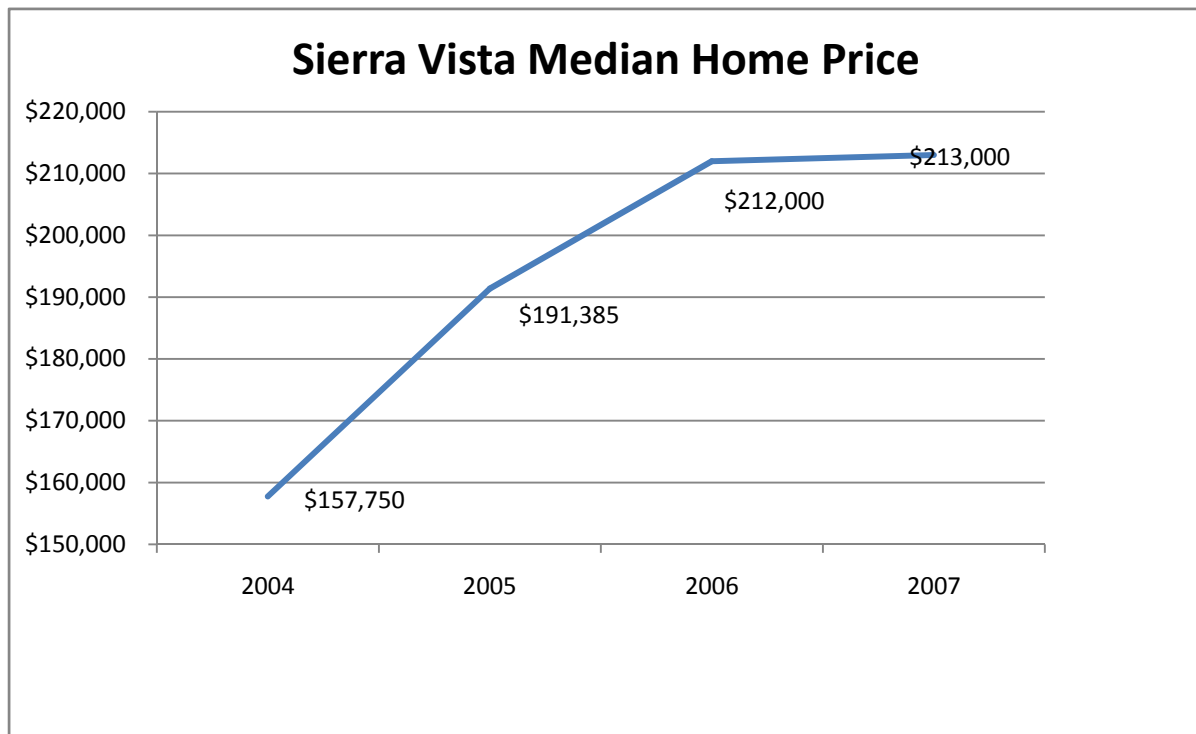
and 61.5 percent in 2007. In 2007, 861 homes were sold in Sierra Vista. This was down 12.1 percent from 979 in 2006; and down 34.3 percent from the housing boom peak of 1,311 in 2005. The median price of a home sold in Sierra Vista in 2007 was \$213,000, up 0.5 percent from 2006. Although the median price was up slightly, the average price per square foot (heated/cooled) was down 2.3 percent from \$128.22 to \$125.30, indicating that the median price increase in 2007 was a reflection of larger homes being sold that year than in the previous year. From 2004 through 2007, the median price of a home sold in Sierra Vista increased 35 percent. The average price per square foot increased 31.8 percent during the same period.

The average home in Sierra Vista sold for 96.7 percent of the asking price in 2007, down from 97.9 percent in 2006. In 2007, the average home sold in Sierra Vista was on the market for 133 days, up from 110 days in 2006.



Note. Includes site-built, manufactured, and mobile homes, as well as townhouses and condominiums; includes only those homes listed on the Southeast Arizona Multiple Listing Service.

Source: Southeast Arizona Multiple Listing Service and Cochise College Center for Economic Research



Note. Includes site-built, manufactured, and mobile homes, as well as townhouses and condominiums; includes only those homes listed on the Southeast Arizona Multiple Listing Service.

Source: Southeast Arizona Multiple Listing Service and Cochise College Center for Economic Research

SIERRA VISTA HOUSING MARKET DATA							
Year	Volume	Median Price	Median Price Change	Average Sold/Ask Price	Average Price per Sq. Ft.	Average Price per Sq. Ft. Change	Average Days on Market
2004	1,078	\$157,750	--	98.5%	\$95.08	--	96
2005	1,311	\$191,385	21.3%	99.0%	\$115.13	21.1%	101
2006	979	\$212,000	10.8%	97.9%	\$128.22	11.4%	110
2007	861	\$213,000	0.5%	96.7%	\$125.30	-2.3%	133

Note. Includes site-built, manufactured, and mobile homes, as well as townhouses and condominiums; includes only those homes listed on the Southeast Arizona Multiple Listing Service.

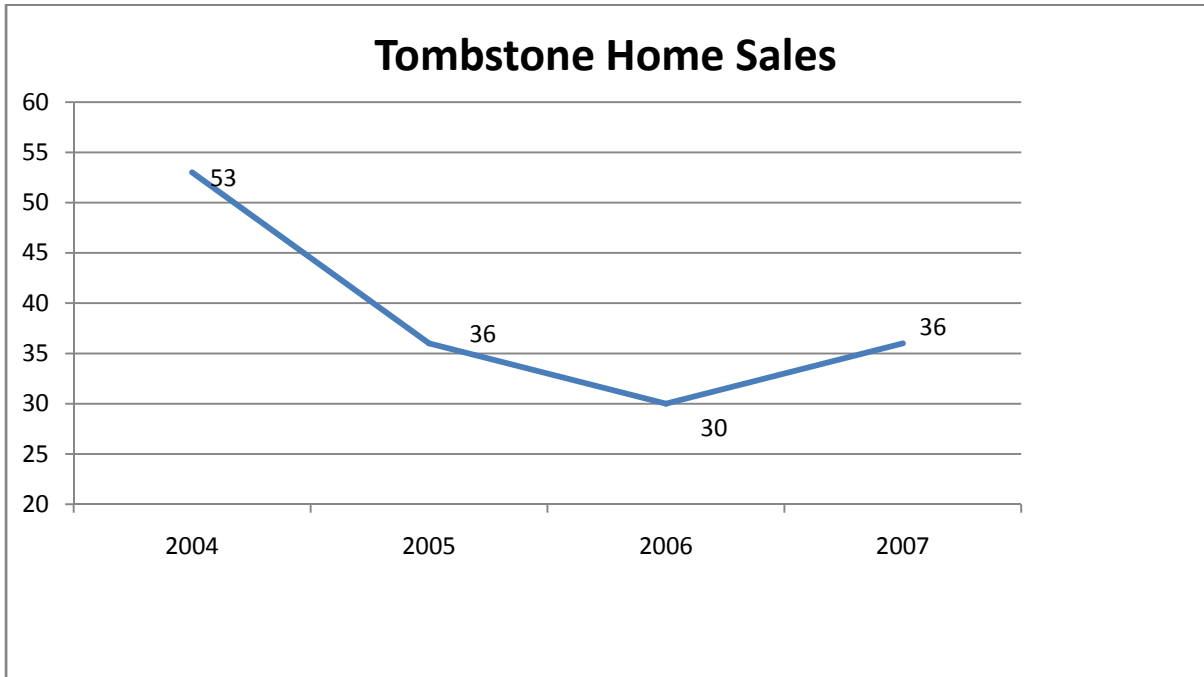
Source: Southeast Arizona Multiple Listing Service and Cochise College Center for Economic Research

Tombstone

In 2007, 36 homes were sold in Tombstone. This was up from 30 in 2006 and was the same level as 2005, which was the peak year of the countywide housing boom. Sales in Tombstone peaked a year earlier in 2004, which saw 53 homes sold. The median price of a home sold in Tombstone in 2007 was \$132,956, down 15.3 percent from 2006. The average price per square foot (heated/cooled) was down 24.1 percent from \$129.49 to \$98.31. From 2004 through 2007, the median price of a home sold in

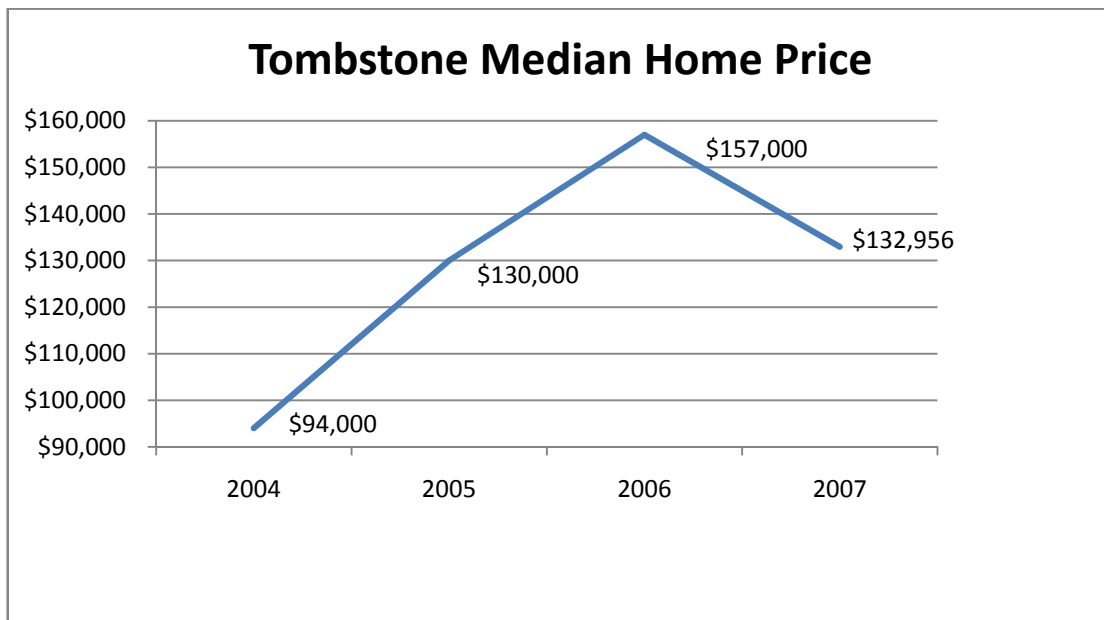
Tombstone increased 41.4 percent. The average price per square foot increased 38.5 percent during the same period.

The average home in Tombstone sold for 92.4 percent of the asking price in 2007, down considerably from 94.6 percent in 2006. In 2007, the average home sold in Tombstone was on the market for 162 days, up from 134 days in 2006.



Note. Includes site-built, manufactured, and mobile homes, as well as townhouses and condominiums; includes only those homes listed on the Southeast Arizona Multiple Listing Service.

Source: Southeast Arizona Multiple Listing Service and Cochise College Center for Economic Research



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Source: Southeast Arizona Multiple Listing Service and Cochise College Center for Economic Research

TOMBSTONE HOUSING MARKET DATA

<i>Year</i>	<i>Volume</i>	<i>Median Price</i>	<i>Median Price Change</i>	<i>Average Sold/Ask Price</i>	<i>Average Price per Sq. Ft.</i>	<i>Average Price per Sq. Ft. Change</i>	<i>Average Days on Market</i>
2004	53	\$94,000	--	94.2%	\$71.00	--	169
2005	36	\$130,000	38.3%	95.5%	\$101.24	42.6%	140
2006	30	\$157,000	20.8%	94.6%	\$129.49	27.9%	134
2007	36	\$132,956	-15.3%	92.4%	\$98.31	-24.1%	162

Note. Includes site-built, manufactured, and mobile homes, as well as townhouses and condominiums; includes only those homes listed on the Southeast Arizona Multiple Listing Service.

Source: Southeast Arizona Multiple Listing Service and Cochise College Center for Economic Research

Willcox

Housing market data for Willcox is not included in a separate section of this report due to the limited representation of Willcox home sales on the Southeast Arizona Multiple Listing Service. Willcox home sales are combined with those in Bowie, Cochise, Dragoon, Dos Cabezas, Kansas Settlement, Paradise, Pearce, Portal, San Simon, Sunizona, and Sunsites in the Northeast Cochise County section of this study.