

TUCSON, AZ

2023 MARKET AT A GLANCE

Occupancy Rate

94.1%



DOWN 50 BPS YOY

Effective Rent

\$1,235



UP 3.8% YOY

Rent Share of Wallet

22.2%



UP 10 BPS YOY

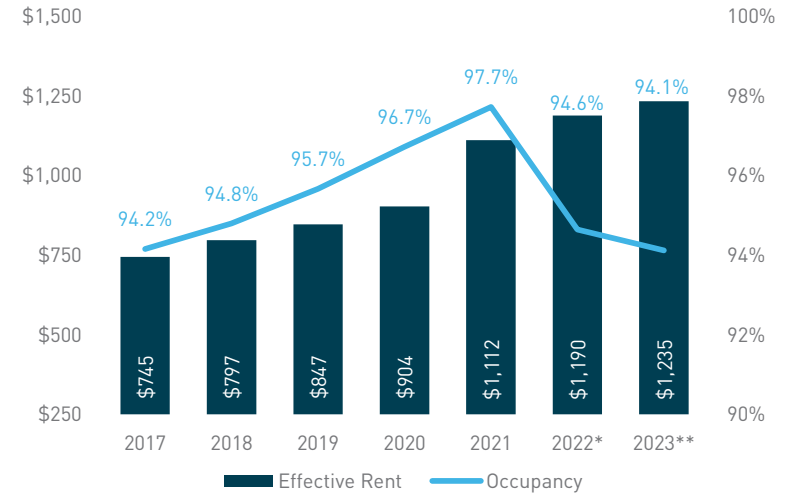
Apartment Leasing Expected to Ascend with More Inventory and Continued Hiring

Vigorous apartment demand is expected as Tucson payrolls are forecast this year to approach the pre-pandemic peak. Employers are projected to add 3,900 positions over the next 12 months, for 1.0% growth. Hiring in the education and health services and the government sectors will account for a significant share of these jobs. These two sectors serve as pillars of the local economy, comprising nearly two out of every five jobs in the metro. Part of the additions will come as Banner Health, Tucson Medical Center, and Carondelet Health Network continue to target nurses and graduate nurses as staffing levels are still trailing the health care needs of the metro. A vital pipeline for these workers is the University of Arizona, which graduated approximately 2,200 registered nurses over the last decade. Job creation will not be limited to high-paying nursing positions, as employers like Kohler and Advanced Financial Company have committed to hire hundreds this year. Broad-based hiring will underpin apartment demand as nearly 1,200 net units are forecast to be absorbed this year, outpacing the pre-pandemic cycle annual average of 880 units absorbed from 2010 to 2019. Facilitating leasing activity will be the addition of more than 1,700 units in 2023. Nearly half of those deliveries will be in the highly sought-after Casas Adobes/Oro Valley submarket. On average, apartments command the highest rents for the metro in the upscale residential community. The new product is expected to draw in affluent renters as leasing activity is projected to lead all submarkets in 2023.

Unless noted otherwise, data and images pertaining to rent, occupancy, employment, unemployment, income, price per unit, and cap rate are year-end figures. Absorption and construction figures are full-year totals, unless noted otherwise. Numbers for 2022 are projected values, 2023 figures are forecast projections. The apartment sales information represents transactions of apartment properties with a sales price of \$2.5 million or more, unless otherwise indicated.

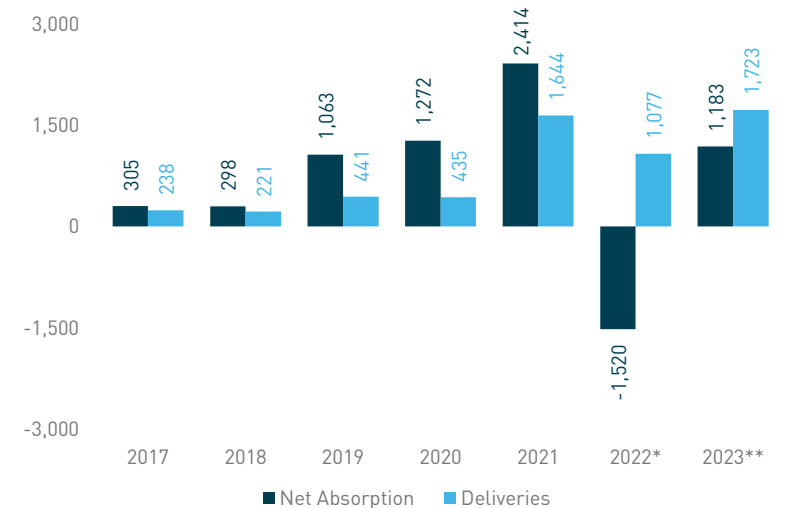
Apartment Trends

Effective Rent & Occupancy



*Projected **Forecast

Absorption & Deliveries

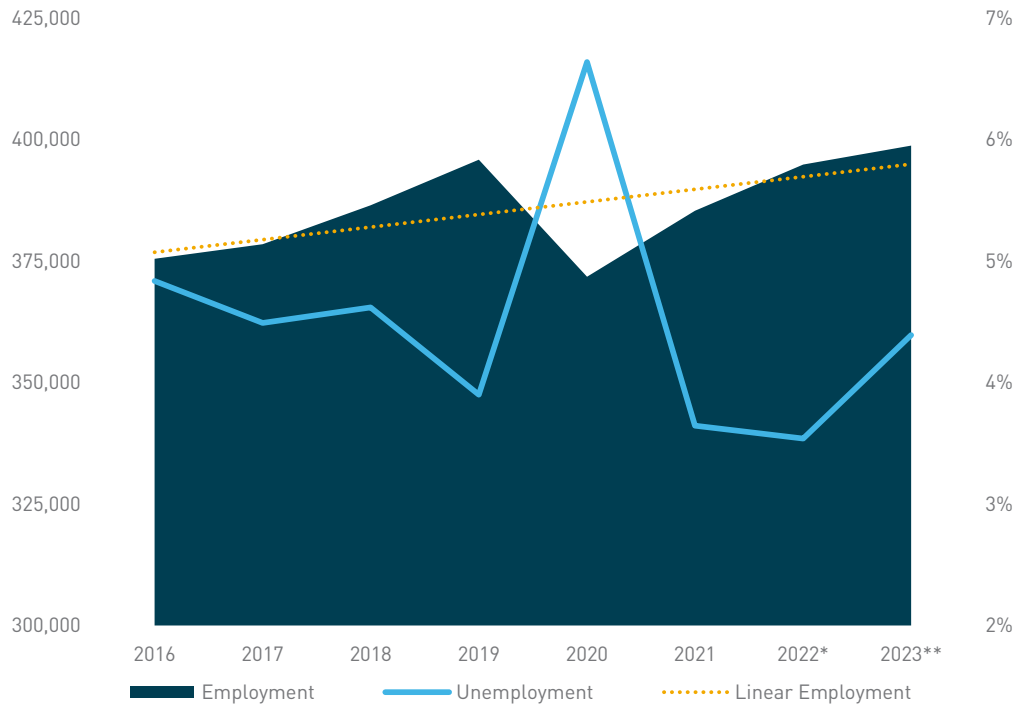


*Projected **Forecast

TUCSON, AZ

Employment Trends

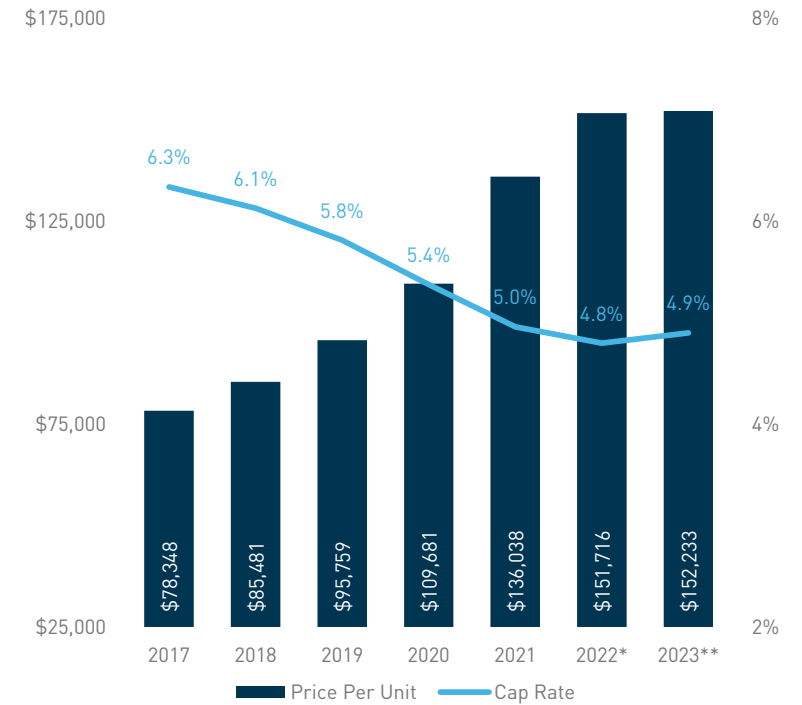
Market Employment Trends



*Projected **Forecast

Sales Trends

Price Per Unit & Cap Rate



*Projected **Forecast

Employment

398,800



UP 1.0% YOY

Unemployment

4.4%



UP 90 BPS YOY

Median Household Income

\$66,731



UP 3.4% YOY

Price Per Unit

\$152,233



UP 0.3% YOY

Cap Rate

4.9%



UP 10 BPS YOY