



MARKET AT A GLANCE



OCCUPANCY RATE **95.8%**
Up **60 bps** since 2Q19



EFFECTIVE RENT **\$823**
Up **3.8%** since 2Q19

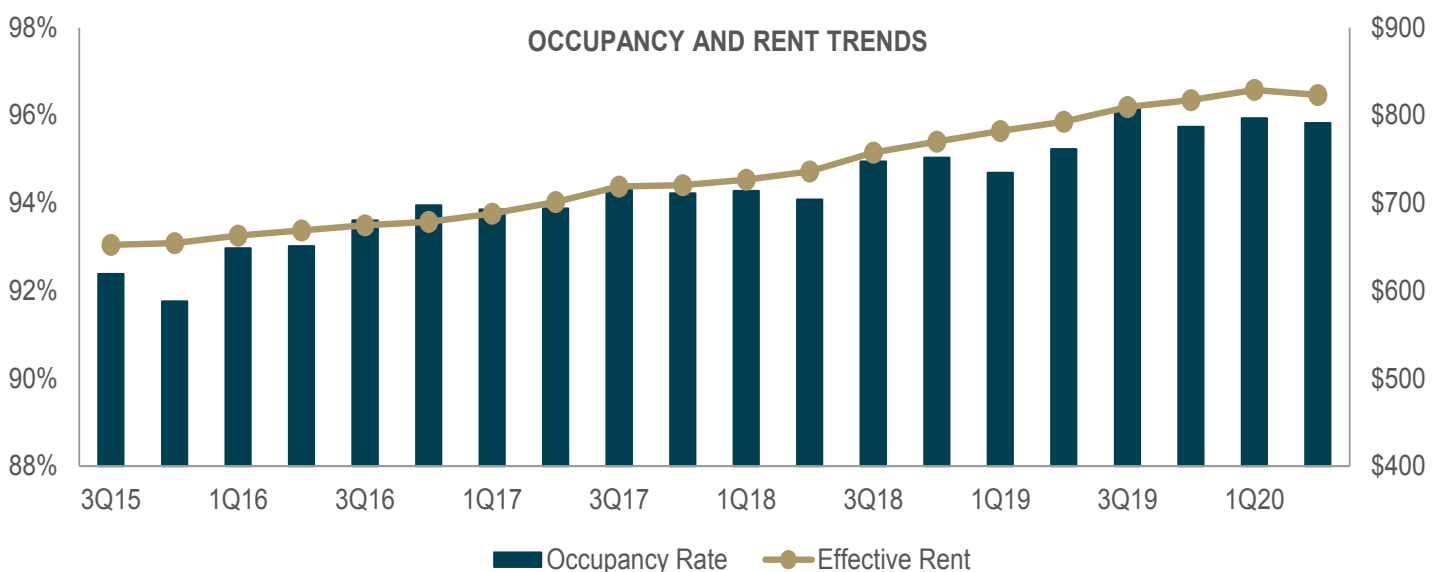


TOTAL INVENTORY **81,234**

OCCUPANCY AND RENT TRENDS

TUCSON APARTMENTS CONTINUE TO DRAW NEW RENTERS IN SECOND QUARTER

Limited deliveries amid sustained rental demand kept apartment occupancy high in the Tucson market during the second quarter. At an average of 95.8% in the second quarter, apartment occupancy lowered 10 basis points as employment contracted 2.8%. Even with the dip, occupancy was 170 basis points higher than the five-year average. Tucson occupancy was also 50 basis points higher than the national average in second quarter 2020. Underpinning the healthy apartment occupancy was housing demand created by a rapidly expanding population amid limited residential construction. Also during the second quarter, apartment operators elevated concessions to entice new renters. On average, concessions raised 60 basis points quarter over quarter to 3.0% of asking rent. This move contributed to effective rent lowering 0.7% to an average of \$823 per month in the second quarter. Operators adding renters, albeit at lowering leasing costs, benefited apartment owners. Examining CMBS and Fannie Mae loans in Tucson, none were in 30+ day delinquency status during the second quarter. A portend for the market was the rise of surveyed CMBS and Fannie Mae loans granted forbearance. By the end of the second quarter, the share rose to 2.8%.



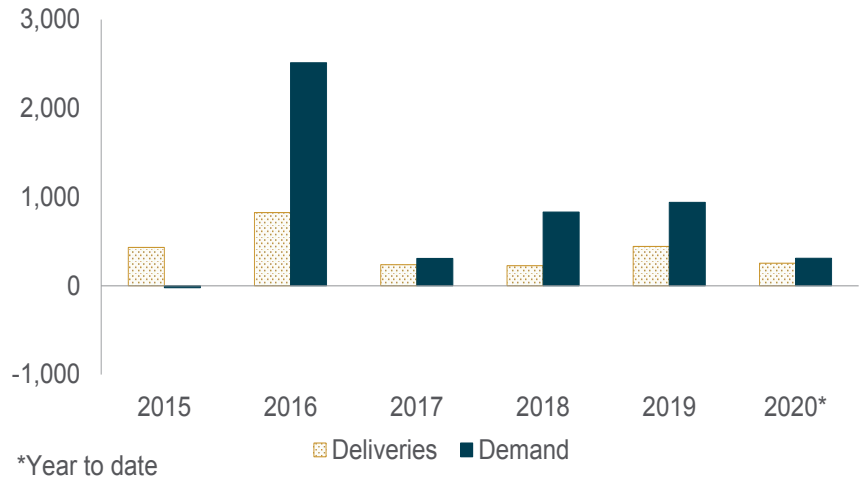
DELIVERIES AND DEMAND



DELIVERIES 255
Units YTD



NET ABSORPTION 310
Units YTD



ECONOMIC TRENDS

2019 4.5% **UNEMPLOYMENT*** 2020 8.7%
420 BPS CHANGE

2019 389.8k **EMPLOYMENT**** 2020 378.8k
-2.8% CHANGE

2019 17.8k **EXISTING SFH SALES**** 2020 16.2k
-9.0% CHANGE

2019 1.0m **POPULATION**** 2020 1.1m
1.3% CHANGE

2019 2.07% **10-YEAR TREASURY**** 2020 0.73%
-130 BPS CHANGE

*May; **June



SUBMARKET BREAKDOWN

SUBMARKET NAME	OCCUPANCY			EFFECTIVE RENT			NET ABSORPTION		DELIVERED UNITS	
	2Q20	Q-o-Q Change (BPS)	Y-o-Y Change (BPS)	2Q20	Q-o-Q Change	Y-o-Y Change	2Q20	Annual	2Q20	Annual
Airport/Drexel Heights/Sahuarita	96.6%	0	30	\$729	1.6%	8.6%	-1	24	0	0
Casas Adobes/Oro Valley	95.3%	-10	-40	\$1,023	-3.5%	0.2%	-17	-60	0	0
Catalina Foothills	95.4%	-70	80	\$913	-3.1%	-1.5%	-49	182	0	132
Central Tucson/University	95.8%	-10	80	\$748	1.1%	5.2%	33	170	52	52
East Central Tucson	95.9%	-10	160	\$736	0.4%	6.3%	-17	261	0	0
Southeast Tucson	95.9%	-30	50	\$797	-0.2%	5.3%	-49	78	0	0
West Tucson	96.1%	90	0	\$873	0.1%	3.4%	159	225	102	236
TOTALS	95.8%	-10	60	\$823	-0.7%	3.8%	58	880	154	420

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