



MARKET AT A GLANCE



OCCUPANCY RATE **96.5%**
Up 30 bps since 3Q19



EFFECTIVE RENT **\$851**
Up 5.1% since 3Q19

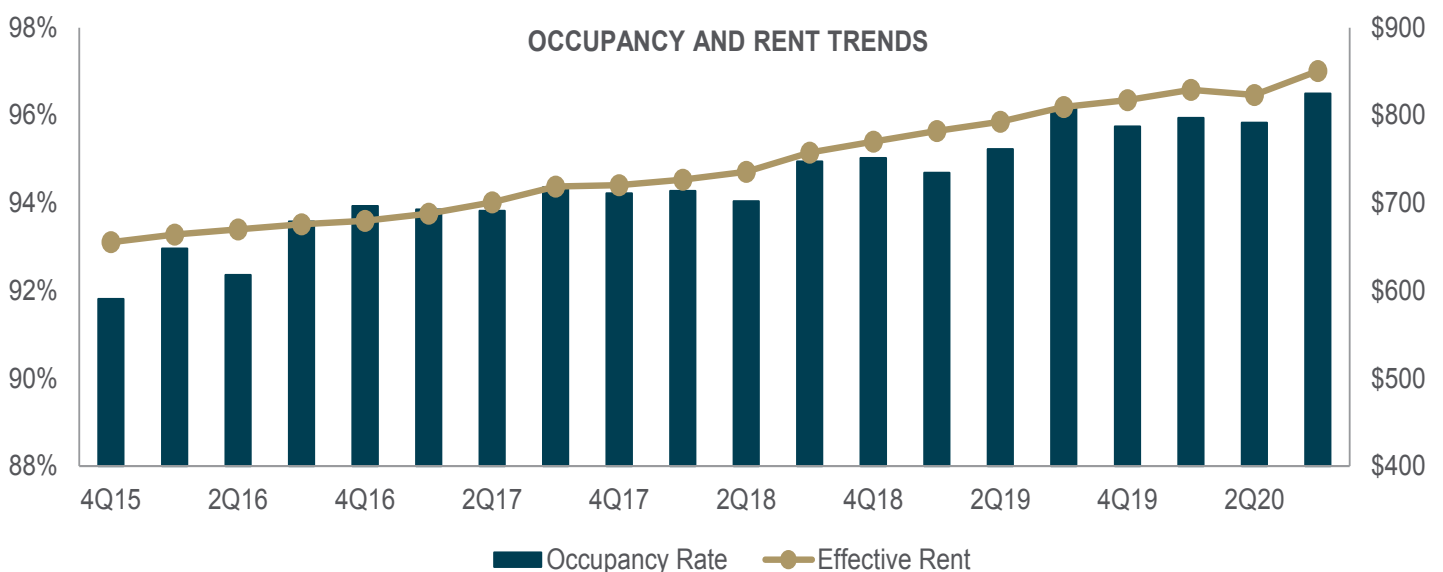


TOTAL INVENTORY **81,400**

OCCUPANCY AND RENT TRENDS

ARIZONA STUDENTS RETURN, APARTMENT DEMAND SOARS

As many University of Arizona students returned for fall classes, apartment demand across Greater Tucson soared. The university adopted a hybrid approach for the fall semester amid the coronavirus pandemic with courses ranging from in person to online. While this move led to a sharp increase in online students, more than 38,000 students enrolled for courses at the main campus for the fall 2020 semester. The university was a significant driver of apartment leasing activity as net absorption totaled nearly 800 units during the third quarter. Rental demand extended beyond the university, as apartment operators in every apartment submarket recorded net positive absorption. Leasing activity outpaced inventory growth, leading to metrowide apartment occupancy elevating 70 basis points since mid-2020 to 96.5% in the third quarter. Underpinning the demand for housing were the continued population growth and the gradual economic recovery. From April through August, the Tucson workforce recovered nearly two-thirds of payrolls eliminated in March and April. With payrolls rising, apartment operators advanced rent. At an average of \$851, monthly effective rent advanced 3.3% quarter over quarter.



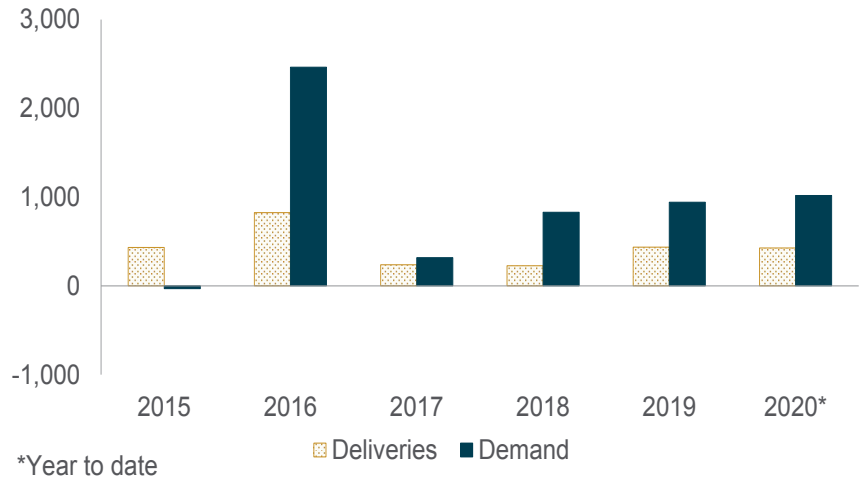
DELIVERIES AND DEMAND



DELIVERIES 427
Units YTD



NET ABSORPTION 1,017
Units YTD



ECONOMIC TRENDS

2019 4.4% **UNEMPLOYMENT*** 2020 5.7%
130 BPS CHANGE

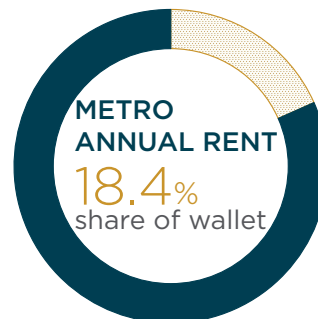
2019 393.1k **EMPLOYMENT*** 2020 379.9k
-3.4% CHANGE

2019 17.4k **EXISTING SFH SALES**** 2020 21.0k
20.7% CHANGE

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

2019 1.70% **10-YEAR TREASURY**** 2020 0.68%
-100 BPS CHANGE

*August; **September



SUBMARKET BREAKDOWN

SUBMARKET NAME	OCCUPANCY			EFFECTIVE RENT			NET ABSORPTION		DELIVERED UNITS	
	3Q20	Q-o-Q Change (BPS)	Y-o-Y Change (BPS)	3Q20	Q-o-Q Change	Y-o-Y Change	3Q20	Annual	3Q20	Annual
Airport/Drexel Heights/Sahuarita	96.9%	30	40	\$763	4.2%	10.6%	19	28	0	0
Casas Adobes/Oro Valley	96.2%	80	0	\$1,091	6.0%	4.2%	109	-4	0	0
Catalina Foothills	96.6%	120	130	\$946	3.7%	2.4%	79	137	0	54
Central Tucson/University	96.0%	20	-50	\$746	1.2%	4.8%	192	100	178	178
East Central Tucson	96.8%	90	60	\$756	2.4%	5.5%	150	95	0	0
Southeast Tucson	96.8%	90	80	\$820	2.7%	4.6%	148	124	0	0
West Tucson	96.3%	20	20	\$901	3.3%	5.9%	95	278	84	276
TOTALS	96.5%	70	30	\$851	3.3%	5.1%	792	758	262	508

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