

TUCSON, AZ

2024 MARKET AT A GLANCE

OCCUPANCY RATE
(Q4 2024)

93.0%



UNCHANGED YOY

EFFECTIVE RENT
(Q4 2024)

\$1,261



UP 3.8% YOY

RENT SHARE OF WALLET
(Q4 2024)

21.5%



UP 20 BPS YOY

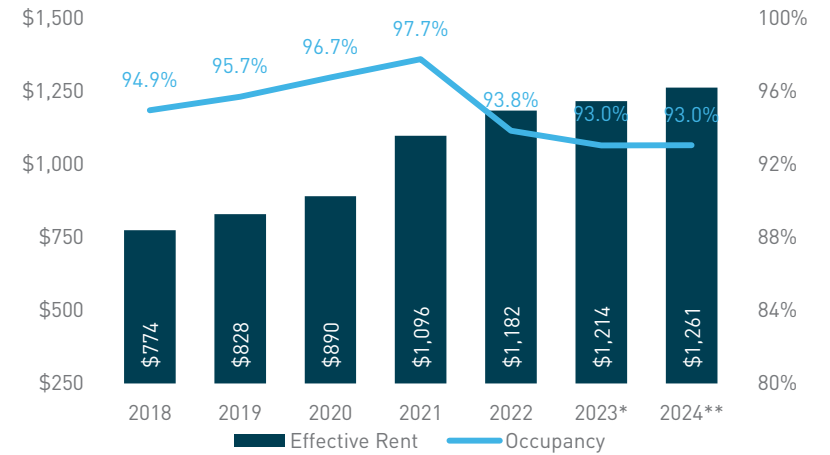
Positive Employment and Demographic Trends Benefitting Tucson Apartment Fundamentals

A growing economy, a lower cost of living, desirable weather, and a thriving cultural scene has made Tucson a popular relocation destination in recent years. Net in-migration is forecast to continue to exceed the norm this year with 10,400 additional individuals. These new residents will foster a 1.7% annual expansion of households, the equivalent of 7,600 additional households. Persistent hiring, doubling the projected national average increase, will play a factor in healthy net in-migration. Local job creation will be broad-based, with all sectors forecast to expand or to hold steady by year-end. A competitive job market will also boost wages, as the median household income is predicted to increase 2.8% this year. The competitive environment will also extend to housing. The higher cost to borrow has led to more homeowners staying in place as active listings were approximately half the pre-pandemic peak to end 2023. Limited available inventory combined with a recent slowdown in housing starts and completions are expected to contribute to an acceleration in net apartment absorption this year. Also facilitating leasing activity will be the jump in annual completions. More than 2,600 units are on pace to begin lease-up in 2024, more than double last year. Reflecting the need for housing, new and renewal activity will be a factor in Greater Tucson's apartment occupancy, which is forecast to average 93% in the fourth quarter of 2024, the same rate as one year prior. At the same time, average monthly effective rent is projected to rise 3.8% to \$1,261 in the fourth quarter of 2024.

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 2023 are projected values. 2024 figures are forecast projections.

APARTMENT TRENDS

Effective Rent & Occupancy

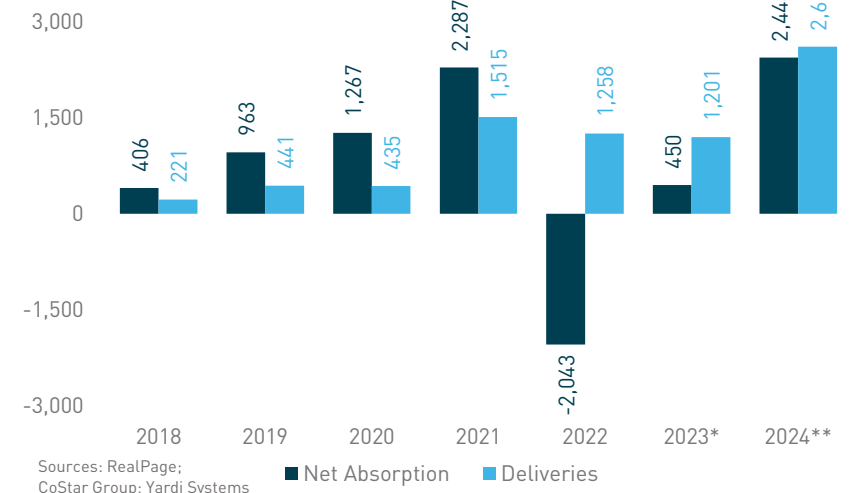


Sources: RealPage; CoStar Group; Yardi Systems

*Projected **Forecast

Note: Effective rent and occupancy reflect stabilized properties and does not include preleased units or properties in lease-up. A newly constructed property is considered stabilized once it becomes 85% occupied.

Absorption & Deliveries



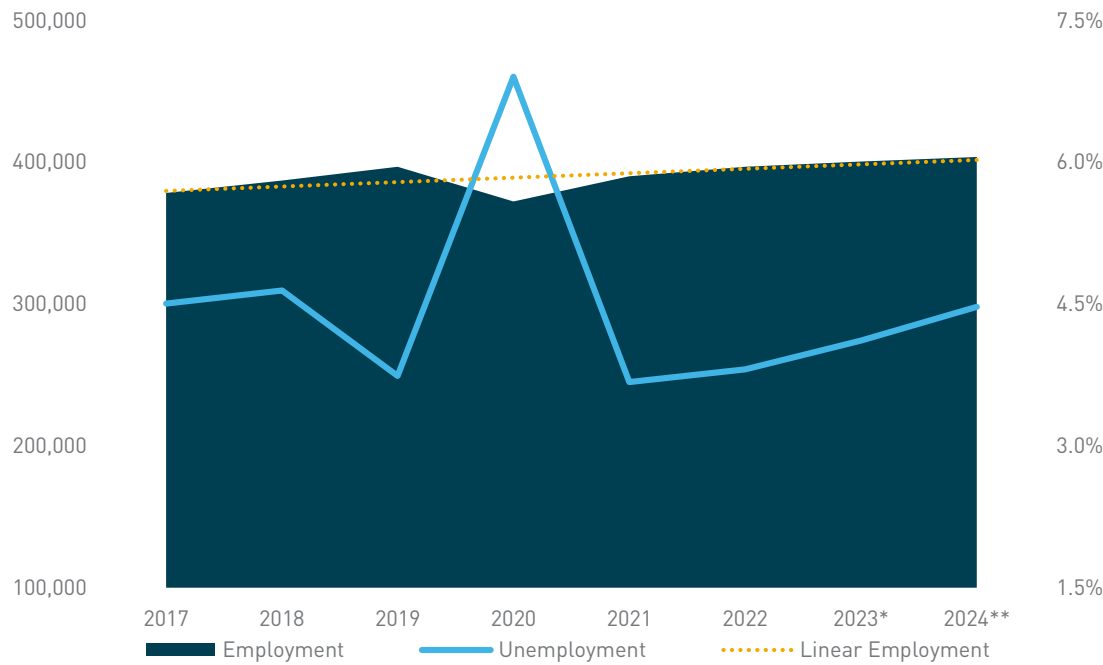
Sources: RealPage; CoStar Group; Yardi Systems

*Projected **Forecast

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EMPLOYMENT TRENDS

Market Employment Trends

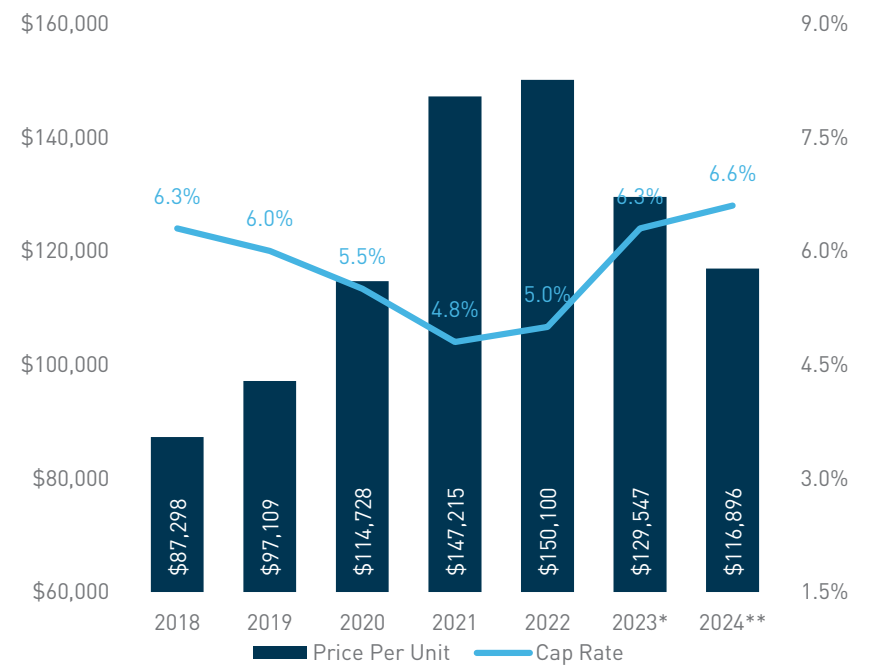


Source: Moody's Analytics

*Projected **Forecast

SALES TRENDS

Price Per Unit & Cap Rate



Sources: Berkadia; CoStar Group; MSCI

*Projected **Forecast

The apartment sales information represents transactions of apartment properties with a sales price of \$2.5 million or more, unless otherwise indicated.

EMPLOYMENT
(DEC. 2024)

403,700



UP 0.8% YOY

UNEMPLOYMENT
(DEC. 2024)

4.5%



UP 40 BPS YOY

MEDIAN HOUSEHOLD INCOME
(DEC. 2024 SAAR)

\$70,416



UP 2.8% YOY

PRICE PER UNIT
(2024 AVG.)

\$116,896



DOWN 9.8% YOY

CAP RATE
(2024 AVG.)

6.6%



UP 30 BPS YOY