TUCSON, AZ

2025 MARKET AT A GLANCE

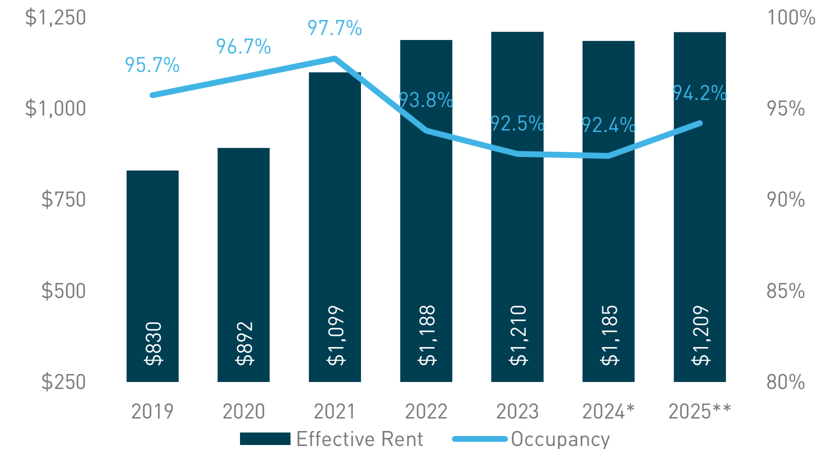
OCCUPANCY RATE (Q4 2025)	EFFECTIVE RENT (Q4 2025)	RENT SHARE OF WALLET (Q4 2025)
94.2%	$1,209	20.3%
UP 180 BPS YOY	UP 2.0% YOY	DOWN 30 BPS YOY

In-Migration and New Jobs to Elevate Leasing Activity

In-migration, increased job growth, and new inventory are expected to push up net apartment absorption and to surpass new inventory for the first time since 2021. Over the next five years, the annual average of people moving into Tucson is expected to exceed the average from 2020 to 2024 by 32%. This year, nearly 13,600 more people will enter Tucson than exit. The influx of new residents will result in a 30-basis-point jump in the rate of annual household formation to 1.9%, which exceeds the projected natural population growth by 70 basis points. Additionally, new households will be supported by a projected 3.5% increase in the median household income and a 1.6% increase in local employment . On a submarket level, forecasts show renters continuing to favor West Tucson, as net absorption this year if forecast to increase twofold over 2024. This submarket has been among the top three for leasing activity since 2019. With most apartment communities located along the eastern-most edge, renting in West Tucson offers an ideal blend of advantages. It has access to Interstate 10 which allows for fast commutes to the airport area. The submarket is a hub for some of the metro's largest employers. It is adjacent to two nature parks; and is just outside of Downtown Tucson and the University of Arizona. The submarket with the second highest projected net absorption, Central Tucson/University, recorded diminished net move-ins from 2023 to 2024 but is expected to rebound in 2025. Leasing increases are partially owed to rising enrollment at The University of Arizona and the absence of on-campus living requirements .

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 2024 are projected values. 2025 figures are forecast projections.

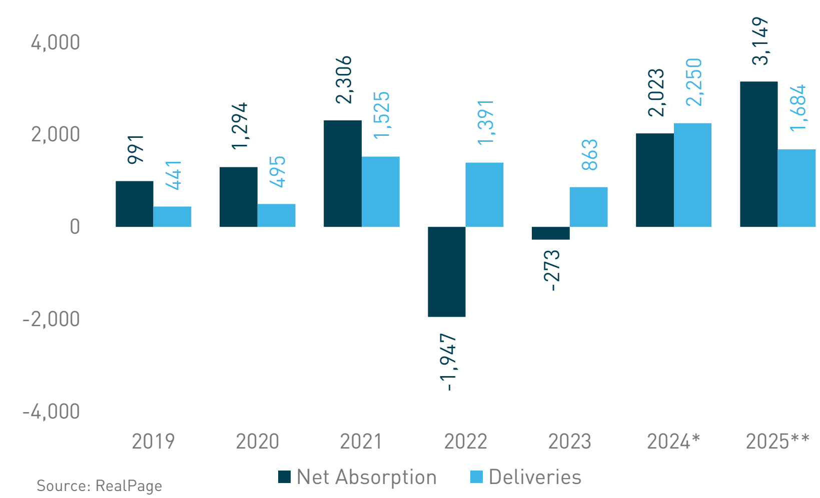
APARTMENT TRENDS



Source: RealPage

*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.



Source: RealPage

*Projected **Forecast

TUCSON, AZ

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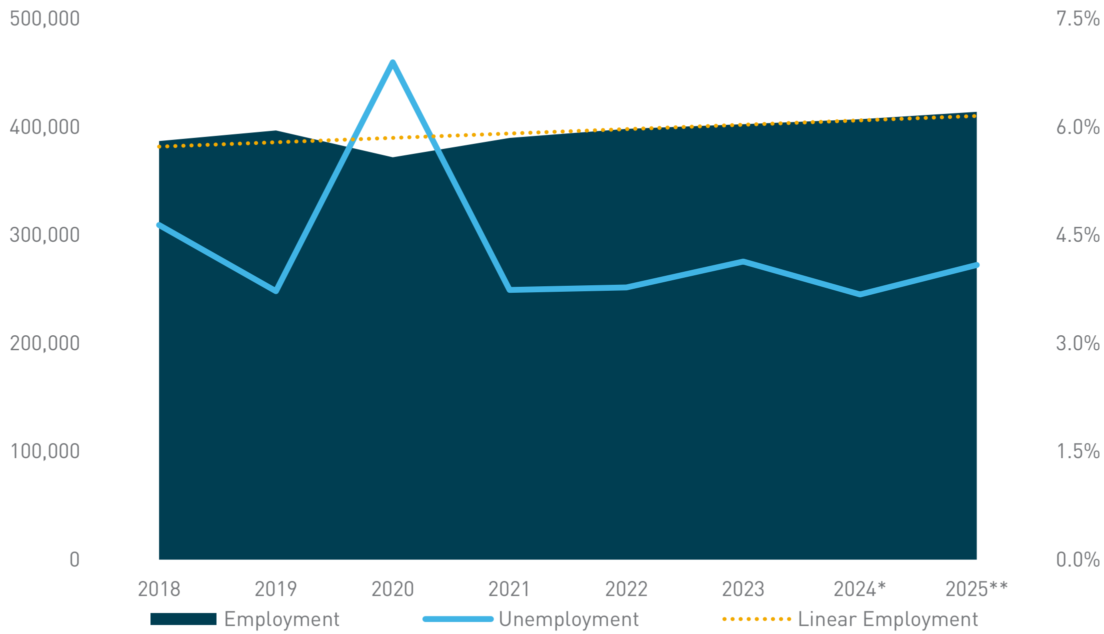
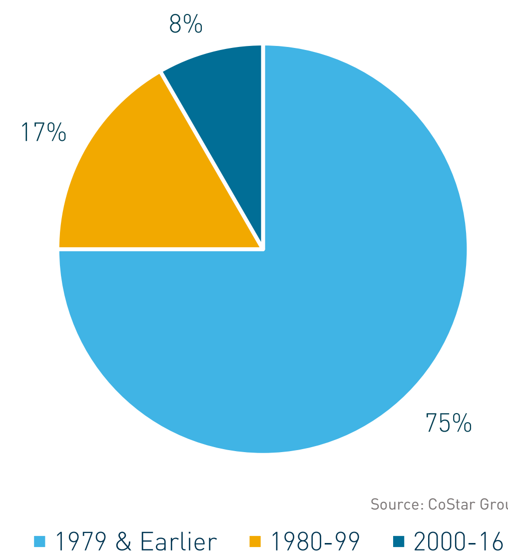
EMPLOYMENT TRENDS



Source: Moody's Analytics

*Projected **Forecast

2024 SALES TRENDS*



Source: CoStar Group

*YTD through Oct.

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

EMPLOYMENT (DEC. 2025)	UNEMPLOYMENT (DEC. 2025)	MEDIAN HOUSEHOLD INCOME (DEC. 2025 SAAR)	PRICE PER UNIT (2024 AVG.)	CAP RATE (2024 AVG.)
413,900	4.1%	$71,326	$139,914	5.8%
UP 1.6% YOY	UP 40 BPS YOY	UP 3.5% YOY	UP 0.3% YOY	UP 10 BPS YOY