

ECONOMIC INDICATORS

National

	Q1 18	Q1 19*	12-Month Forecast**
GDP Growth	2.6%	2.9%	▲
CPI Growth	2.2%	1.6%	▲
Consumer Spending Growth	2.4%	3.2%	▲
Retail Sales Growth	4.9%	4.2%	▲

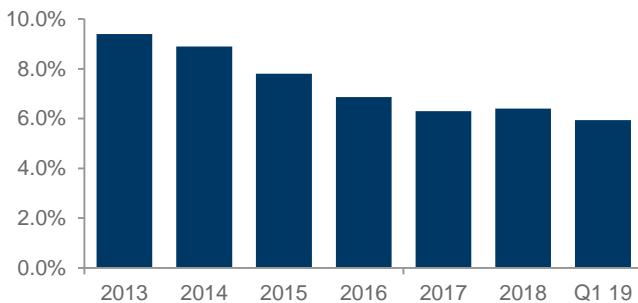
*Q1 19 Estimates. Values represent year-over-year % change.
 **Forecast by Cushman & Wakefield

Tucson MSA

	Q1 18	Q1 19	12-Month Forecast
Household Income	\$52,254	\$53,947	▲
Population Growth YOY	1.2%	1.4%	▲
Unemployment	4.3%	4.7%	▼

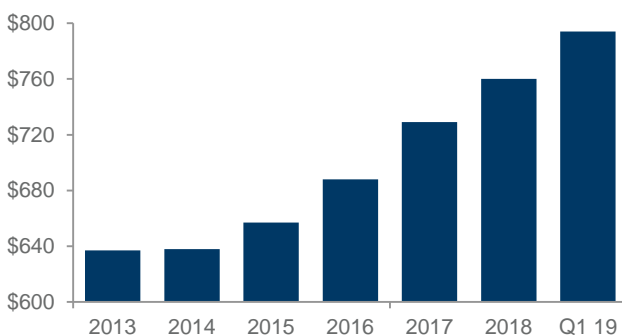
Source: Moody's Analytics

Vacancy Rate



Source: Apartment Insights

Average Monthly Rent



Source: Apartment Insights

Economy

The state of Arizona is riding an employment high with over 110,000 jobs added in 2018 and continued momentum into 2019, with employment growth ranking third in the nation for the first two months of the year. Tucson continued to experience full employment, ending February at a 4.5% unemployment rate and adding 5,400 jobs over the past year. Occupational areas expected to have the highest growth in the next 12 months are Architecture and Engineering at 9.0%, Computer and Mathematical at 6.4% and Construction and Extraction at 6.1%. Tucson's average home sales price of \$259,466 was up 4.2% year over year, while new home permits were up 5.2% in the same time period. Taxable retail sales statewide were up 4.9% in January over the prior year.

Market Overview

The vacancy rate of conventionally-operated, stabilized units improved 0.2% from year end to 5.9%. The University submarket had the lowest vacancy of any submarket at 3.4%. South Central Tucson and Pantano/Lakeside were the only submarkets to record vacancies over 7.5%, with vacancies of 7.5% and 7.5% respectively. Eight of the 15 submarkets experienced improved vacancy, with the largest decline occurring in Southwest Tucson (-1.5%). Total absorption in the first quarter of 2019 increased 188 units. Northwest Tucson experienced the highest quarterly increase of 100 units, while the greatest loss of 25 units occurred in the Pantano/Lakeside submarket. Over a one-year period, Metro Tucson experienced a 112-unit increase in occupancy.

Metro Tucson's average monthly gross apartment rent without utilities continued to rise, experiencing an \$8 (1.0%) increase over the previous quarter. That brings the average monthly gross rent in Metropolitan Tucson to \$794 or \$1.06 per square foot. Eleven of the fifteen submarkets experienced increases in gross rent, the largest of which was a gain of \$50 in Northeast Tucson. Over the last year, Tucson average gross rents increased \$59 (8.0%), with all fifteen submarkets recording increases in average rents.

Outlook

The first quarter represented a promising start to 2019. Last year's trend of cash-flush out-of-state buyers entering the region in search of higher cap rates has continued unabated. While some investors who arrived earlier in the cycle have begun to tighten their belts, many have followed. Tucson's seemingly-constant job creation and headquarters announcements continue to buoy long-term regional expectations, and – barring global macro shifts – Tucson multifamily demand is expected to remain higher than supply well into the future.

MARKETBEAT

Tucson

Multifamily Q1 2019



Significant Q1 2019 Apartment Sales – 20 Units and Above

PROPERTY NAME	PROPERTY ADDRESS	SOLD PRICE	YEAR BUILT	PROPERTY CLASS	UNITS	TOTAL SF	PRICE PER UNIT	PRICE PER SF	BUYER LOCATION
The Canyons at Linda Vista Trail	9750 N Oracle Rd	\$41,250,000	2016	B	228	240,000	\$180,921	\$171.88	Newton, MA
Bear Canyon	9055 E Catalina Hwy	\$35,600,000	1996	A	238	261,640	\$149,580	\$136.06	Santa Barbara, CA
The Place at Creekside	9971 E Speedway Blvd	\$33,859,195	2012	A	352	340,000	\$96,190	\$99.59	Scottsdale, AZ
Mission Antigua Apartments	5525 S Mission Rd	\$21,800,000	1988	B	248	204,920	\$87,903	\$106.38	Marina Del Rey, CA
Kimberly Woods Apartments	6821 E Broadway Blvd	\$17,475,000	1973	C	279	249,840	\$62,634	\$69.94	Westmount, QC
The Place at Canyon Ridge	2656 W Broadway Blvd	\$11,687,500	2012	B	114	99,496	\$102,521	\$117.47	Scottsdale, AZ
Arbor Villas Apartments	1625 E Prince Rd	\$6,500,000	1968	C	114	71,854	\$57,018	\$90.46	Mountain View, CA
Sierra Pointe Apartments	2350 E Water St	\$5,200,000	1972	B	84	83,750	\$61,905	\$62.09	Lone Tree, CO
Montclair Apartments	811-835 N Alvernon Wy	\$3,200,000	1958	C	61	45,211	\$52,459	\$70.78	La Jolla, CA
Mission Village	331 E Pastime Rd	\$2,435,000	1983	C	36	31,500	\$67,639	\$77.30	Thousand Oaks, CA
Vista De Catalina	5770 E 10th St	\$1,960,000	1962	C	32	18,532	\$61,250	\$105.76	Albuquerque, NM
Campbell Plaza Garden	1811 E Blacklidge Dr	\$1,600,000	1976	C	30	14,400	\$53,333	\$111.11	Lake Oswego, OR
Copper House	2602 N Tucson Blvd	\$1,400,000	1963	C	29	18,868	\$48,276	\$74.20	Tucson, AZ
Bellevue Estates	1151-1171 N Placita Figueroa	\$1,330,000	1984	B	20	39,600	\$66,500	\$33.59	Tucson, AZ
Fort Lowell Manor	445 E Fort Lowell Rd	\$1,236,053	1983	C	22	25,916	\$56,184	\$47.69	Irvine, CA
Twin Palms	50 W King Rd	\$1,160,000	1971	C	20	15,629	\$58,000	\$74.22	Valencia, CA
Alvernon Apartments	2053 N Alvernon Rd	\$937,500	1965	C	24	13,200	\$39,063	\$71.02	Scottsdale, AZ
Totals / Averages	A and B Properties	\$150,726,695	1997		1,284	1,269,406	\$106,503	\$103.87	
	C Properties	\$37,903,553	1970		647	504,950	\$55,586	\$79.25	
	ALL Properties	\$188,630,248	1981		1,931	1,774,356	\$76,552	\$89.38	

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About Cushman & Wakefield

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value by putting ideas into action for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with 48,000 employees in approximately 400 offices and 70 countries. In 2017, the firm had revenue of \$6.9 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

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MARKETBEAT

Tucson

Multifamily Q1 2019



Historic Rents – Stabilized Projects (Unfurnished – No Utilities)

SUBMARKET	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	AVG LAST 4 QTRS
Oro Valley/Catalina	\$987	\$1,024	\$1,069	\$1,124	\$1,119	\$1,084
Northwest	\$907	\$943	\$957	\$989	\$1,007	\$974
Catalina Foothills	\$804	\$801	\$835	\$864	\$859	\$840
Northeast	\$903	\$918	\$930	\$944	\$994	\$947
East	\$711	\$718	\$734	\$741	\$752	\$736
North Central	\$646	\$661	\$666	\$684	\$691	\$676
Flowing Wells	\$623	\$626	\$636	\$651	\$655	\$642
Foothills	\$841	\$845	\$862	\$874	\$891	\$868
University	\$855	\$851	\$886	\$890	\$894	\$880
South Central	\$637	\$662	\$671	\$690	\$679	\$676
Pantano/Lakeside	\$675	\$685	\$697	\$718	\$725	\$706
South/Airport	\$583	\$591	\$596	\$595	\$597	\$595
Southwest	\$682	\$687	\$709	\$711	\$724	\$708
Southeast	\$556	\$595	\$584	\$584	\$585	\$587
Average	\$735	\$751	\$767	\$786	\$794	\$775

Percentage Vacant (Stabilized Units)

SUBMARKET	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	AVG LAST 4 QTRS
Oro Valley/Catalina	6.46	5.93	5.00	5.48	4.74	5.29
Northwest	5.18	6.29	6.48	5.27	4.87	5.73
Catalina Foothills	4.69	4.73	5.28	4.79	5.00	4.95
Northeast	4.88	5.59	4.18	5.54	6.64	5.49
East	5.31	6.68	5.49	5.59	4.99	5.69
North Central	6.42	6.37	6.20	6.59	6.67	6.46
Flowing Wells	5.59	5.05	4.89	6.35	6.43	5.68
Foothills	5.11	6.48	7.97	6.02	6.02	6.62
University	4.15	7.85	4.31	3.7	3.39	4.81
South Central	6.44	7.92	6.61	8.27	7.53	7.58
Pantano/Lakeside	7.02	7.14	7.39	7.03	7.50	7.27
South/Airport	6.19	6.72	6.19	6.98	6.78	6.67
Southwest	5.39	5.51	5.30	5.56	4.03	5.10
Southeast	9.52	8.93	6.25	7.74	7.14	7.52
Average	5.74	6.32	5.96	6.13	5.94	6.09

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