

## U.S. ECONOMIC UPDATE

The arrival of the COVID-19 pandemic has created an economic shock that has likely pushed the global economy and the U.S. into recession. Policies initiated to “flatten the curve” of potential infection include the voluntary and mandated shutdown of large sectors and regions of the economy. Retail establishments, restaurants, passenger transportation, schools and leisure activities have almost all grinded to a halt while customers self-quarantine and practice social distancing.

### RECORD-SETTING LAYOFFS, DECLINING EMPLOYMENT

Over the last three weeks (ending on April 4th), a cumulative 16.8 million people have applied for unemployment benefits—by far the largest number of applications in history since record-keeping began in 1967. Initial unemployment claims are a highly reliable leading indicator of trends in labor markets and therefore the economy at large. Given the size of the increase, along with other high-frequency data trends that are similarly bleak, it is widely believed that the U.S. economy has entered a recession. This was reinforced in early April when the Labor Department reported that payroll employment in the U.S. fell by 701,000 jobs in March, one of the largest declines in history. It's all but certain that even more jobs will be lost in the months ahead.

Given the way these events have unfolded and the huge number of layoffs, the current thinking among economic forecasters is that the second quarter of 2020 will see one of the largest real GDP declines in U.S. history. What is less clear is what the economic trajectory will be following Q2. As of this writing (April 7th), hopeful signs are emerging that policy steps to “flatten the curve” are beginning to work in certain areas, but many unknowns remain. It is too soon to say if these signs are sustainable and how they will impact the trajectory of the economy.

We continue to monitor developments extremely closely and are working around the clock to publish data and insight as quickly as possible.

To view our latest perspective on the coronavirus and its potential impact on CRE and the economy, access Cushman & Wakefield's [COVID-19 resource page](#).

### TRENDS AND INSIGHTS

#### Cushman & Wakefield Covid-19 Webinar Replay

Learn more on the evolving COVID-19 situation and its implication for **real estate occupiers and investors**.

[Click to Replay](#)

#### COVID-19: A Wholly Unprecedented Policy Response

On March 27, 2020, an enormous \$2.2 trillion emergency coronavirus stimulus package was signed into law by President Trump. The legislative package—the Coronavirus Aid, Relief and Economic Security (CARES) Act—is the largest rescue package in U.S. history. [Click for Summary](#)

#### Lessons From Landlords In China's Post Covid-19 Recovery Phase

With local infections down, China is getting back to work. As the lights are turned back on in offices across the country, landlords and tenants alike are inevitably finding themselves in a new paradigm. [Click for Article](#)

#### 2020 Asia Pacific Office Outlook

In this report, you will find detailed but succinct analysis of the trends in each of the region's key Grade A office markets over the next two years that we hope will help refine your organization's CRE strategy.

[Click for Article](#)

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WEEKLY COVID-19 UPDATES

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## MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Central	10,356,745	49,595	1,170,672	11.8%	-48,948	-48,948	160,780	210,716	\$18.64	\$22.70
Downtown	5,799,383	1,364	268,037	4.6%	19,424	19,424	4,000	0	\$25.33	\$27.50
East	1,257,153	4,922	170,856	14.0%	2,826	2,826	15,917	0	\$17.56	N/A
Foothills	1,413,534	0	87,295	6.2%	640	640	14,693	12,000	\$22.91	N/A
Green Valley/South	360,543	0	12,964	3.6%	2,130	2,130	0	0	\$20.34	N/A
North/Oro Valley	3,670,498	12,775	263,653	7.5%	3,794	3,794	35,237	0	\$20.50	\$22.67
Northwest	513,196	0	58,004	11.3%	2,403	2,403	0	0	\$18.37	N/A
Southeast	535,991	0	12,124	2.3%	0	0	0	0	\$18.22	N/A
Southwest	2,022,665	0	57,241	2.8%	-3,700	-3,700	0	170,000	\$13.14	N/A
West	1,776,337	91,200	87,272	10%	-84,020	-84,020	1,900	0	\$16.62	N/A
<b>TUCSON TOTALS</b>	<b>27,706,045</b>	<b>159,856</b>	<b>2,188,118</b>	<b>8.5%</b>	<b>-105,451</b>	<b>-105,451</b>	<b>232,527</b>	<b>392,716</b>	<b>\$20.81</b>	<b>\$25.84</b>

\*Rental rates reflect full service asking

## KEY LEASE TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
101 North Wilmot Road	Central	Rincon Research Corporation	98,274	Renewal*
6944 East Tanque Verde Road	East	America's Rehab Campus	55,352	New
994 South Harrison Road	East	Intermountain Centers	15,434	Renewal*
6130 North La Cholla Boulevard	North/Oro Valley	La Cholla Family Medicine	12,017	Renewal*
3060 North Swan Road	Central	Undisclosed	11,995	New

\*Renewals not included in leasing statistics \*\*Represented by Cushman &amp; Wakefield | PICOR

## KEY SALES TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
101 North Wilmot Road	Central	James Clayton Olson Rev. Trust / Pinnacle Properties Holding Company, LLC	98,274	\$18.1M / \$184
6944 East Tanque Verde Road	East	Michael B. Zipprich / STORE Capital Corporation	55,352	\$15.7M / \$302
800 East Wetmore Road	Central	Daniel Henderson / Diamond Ventures	38,464	\$2.46M / \$64
8333 North Silverbell Road	Northwest	Harvest Commercial Capital, LLC / Marana Unified School District	34,610	\$2.91M / \$84

## KEY CONSTRUCTION COMPLETIONS 2020

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
2626 East River Road	Foothills	Hacienda at the River	16,000	Hacienda Professional Office, LLC / Michael R Wattis Inc.

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