

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.

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CUSHMAN & WAKEFIELD
WEEKLY COVID-19 UPDATES

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MARKETBEAT TUCSON

Retail Q1 2020

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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) | UNDER CNSTR (SF) | OVERALL AVG ASKING RENT (NNN)* |
|----------------------|-------------------|-------------------|--------------------|----------------------|--|---------------------------------|------------------|--------------------------------|
| Central East | 9,556,912 | 0 | 471,611 | 4.9% | -1,311 | -1,311 | 850 | \$14.22 |
| Central West | 7,291,459 | 34,662 | 339,205 | 5.1% | -79,726 | -79,726 | 0 | \$11.92 |
| Downtown | 1,857,540 | 0 | 115,634 | 6.2% | -2,738 | -2,738 | 6,065 | \$21.85 |
| East | 10,025,837 | 20,740 | 693,014 | 7.1% | 85,608 | 85,608 | 0 | \$15.09 |
| Foothills | 4,964,779 | 33,012 | 94,924 | 2.6% | 12,046 | 12,046 | 28,844 | \$21.89 |
| North/Oro Valley | 2,538,296 | 0 | 240,106 | 9.5% | -2,421 | -2,421 | 18,608 | \$21.07 |
| Northeast | 305,295 | 0 | 58,732 | 19.2% | -13,003 | -13,003 | 0 | \$19.94 |
| Northwest | 4,373,229 | 0 | 298,920 | 6.8% | -28,024 | -28,024 | 0 | \$15.19 |
| South | 6,768,047 | 14,560 | 295,903 | 4.6% | 29,746 | 29,746 | 26,800 | \$14.29 |
| South/SW Outlying | 1,824,934 | 0 | 61,446 | 3.4% | 12,822 | 12,822 | 11,000 | \$10.17 |
| Southeast | 1,834,761 | 0 | 133,590 | 7.3% | 13,900 | 13,900 | 2,313 | \$15.60 |
| Southwest | 2,810,548 | 0 | 164,558 | 5.9% | 0 | 0 | 0 | \$27.14 |
| West | 1,195,672 | 0 | 20,388 | 1.7% | 2,295 | 2,295 | 0 | \$19.08 |
| TUCSON TOTALS | 55,347,309 | 102,974 | 2,988,031 | 5.6% | 29,194 | 29,194 | 94,480 | \$15.17 |

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q1 2020

| PROPERTY | SUBMARKET | TENANT | SF | TYPE |
|-----------------------------|------------------|------------------------|--------|------|
| 3939-3949 West Costco Drive | Northwest | Rock Solid Climbing | 22,398 | New |
| 3901 North Oracle Road | Central West | Tucson Stoneworks | 16,618 | New |
| 10390 North La Canada Drive | North/Oro Valley | One Oncology West, LLC | 14,958 | New |
| 2424 East Grant Road | Central East | Shaffer Family Law | 8,379 | New |

KEY SALES TRANSACTIONS Q1 2020

| PROPERTY | SUBMARKET | SELLER / BUYER | SF | PRICE / \$ PSF |
|----------------------------------|-----------|---|---------|------------------|
| Tucson Spectrum | Southwest | Retail Value Inc. / North American Development Group | 716,704 | \$84M / \$117 |
| Old Vail Station Shopping Center | Southeast | Thomas M Parsons / James R & Linda L Patterson Living Trust | 91,879 | \$8.2M / \$89 |
| La Toscana Village | Foothills | Fortress Investment Group LLC / Albertsons Companies | 46,798 | \$10.75M / \$229 |
| Tucson Center | Central | Hill Street Properties / EB Arrow | 45,175 | \$5.91M / \$130 |

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