

MARKET FUNDAMENTALS

	YOY Chg	Outlook
\$74K Median HH Income	▲	▲
1.1% Population Growth	▲	▲
3.9% Unemployment Rate	▲	▲

Source: BLS

ECONOMIC INDICATORS

	YOY Chg	Outlook
2.4% GDP Growth	▼	▲
3.0% Consumer Spending Growth	▼	▲
3.2% Retail Sales Growth	▲	▬

Source: BEA, Census Bureau

ECONOMY

Tucson's economic momentum continued into the first quarter of 2025 (Q1 2025), with median household income rising to \$74,400, a 4.5% year-over-year (YOY) increase. Despite a slight dip in nonfarm employment, the unemployment rate remains below the national average at 3.9%. Population growth was steady at 1.1% year-over-year, surpassing the national rate. While the broader U.S. economy is cooling, Tucson's diversified economic base and population growth position it to weather national shifts effectively. Metro Tucson remains well-equipped as national economic activity stabilizes.

SUPPLY & DEMAND

Tucson's retail sector shows stability, maintaining a 5.3% vacancy rate. National consumer spending grew 3.0% in Q1 2025, with the food, beverage, and entertainment sectors remaining strong. Lease rates continue to rise for premium properties and new developments, alongside modest increases in tenant improvement allowances due to construction costs. Restaurants, auto-related businesses, and car washes favor pad site locations. Junior box spaces are being absorbed by retail, thrift, and recreational tenants while pharmacies continue to consolidate. High-demand submarkets include areas near malls, Oro Valley, growth corridors, and along I-10.

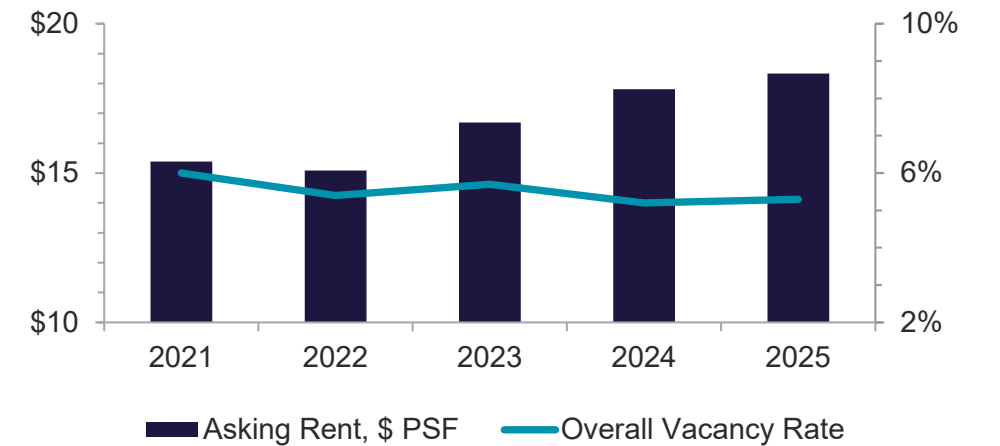
Key lease transactions demonstrate the strength of the thrift/resale segment. Just Between Friends leased 33,630 sf on Oracle, and Savers leased 33,355 sf on Broadway. Cavender's, a Western wear retailer, backfilled a Walgreens at 4220 N. Oracle Rd, while Mister Car Wash is expanding at 4646 N Oracle Rd. Recent construction completions include a 5,000 sf Black Rock Coffee Bar at 2402 N 1st Ave and a 1,396 sf Take 5 Oil Change at 1983 W River Rd.

Projects currently underway include 100,974 sf at 1500 E Tucson Marketplace Blvd for Bass Pro Shops, a 59,417 sf pickleball facility at Oro Valley Marketplace, a 25,000 sf (medical) building at NEC of Cortaro and I-10, and 16,183 sf, which will include Cold Beers & Cheeseburgers (approx. 6,000 sf) at Broadway at Park Place. With high construction costs, the redevelopment of older sites along major streets is becoming increasingly attractive.

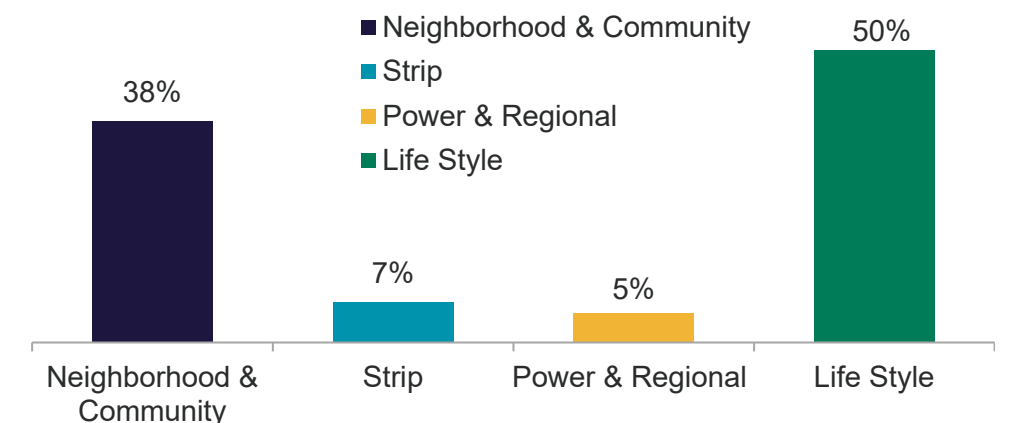
PRICING

The average lease rate is \$18.28 per sf, with Oro Valley commanding the highest rate at \$26.23 sf, followed by downtown Tucson at \$21.11 per sf. Investment sales are marked by considerable supply but slower transaction activity, resulting in stable cap rates. Prices for user buildings are slightly up but generally flat. Significant sales include Alturas Montesa Plaza, LLC purchasing 75,643 sf at 50-190 S Houghton Rd for \$13 million, Winterhaven Investors, LLC (Brandon Rodgers, Torch Properties) purchasing 35,300 sf at 3102-3160 E Fort Lowell Rd for \$5.3 million, and Mister Car Wash purchasing 23,550 sf at 4646 N Oracle Rd for \$3.2 million for redevelopment.

OVERALL VACANCY & ASKING RENT



AVAILABILITY BY PRODUCT TYPE



Source: Costar

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET 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	8,940,137	647,750	0	7.2%	-17,165	-17,165	0	\$15.07
Central West	7,445,885	434,849	0	5.8%	51,008	51,008	0	\$14.95
East	9,977,049	933,813	0	9.4%	-58,497	-58,497	19,983	\$17.36
Foothills	5,971,402	160,154	3,460	2.7%	-31,554	-31,554	0	\$20.85
North/Oro Valley	2,583,678	415,675	4,000	16.2%	-57,876	-57,876	59,417	\$26.23
Northeast	338,262	16,583	0	4.9%	1,850	1,850	0	\$20.72
Northwest	4,638,105	25,946	5,243	2.8%	-2,955	-2,955	39,179	\$19.96
South	7,210,600	143,848	65,600	2.9%	71,673	71,673	100,974	\$11.18
South/SW Outlying	1,906,094	87,751	0	4.6%	-222	-222	3,360	\$17.08
Southeast	1,966,547	37,969	0	1.9%	-2,240	-2,240	0	\$20.16
Southwest	3,128,660	15,933	0	0.5%	2,210	2,210	0	\$18.30
West	892,564	40,406	0	4.5%	0	0	0	\$14.66
DOWNTOWN TOTALS	1,845,672	90,607	1,200	5.0%	-4,554	-4,554	2,400	\$21.11
TUCSON TOTALS	56,844,655	3,051,284	79,503	5.3%	-48,322	-48,322	225,313	\$18.28

KEY LEASE TRANSACTIONS Q1 2025

6230-6346 North Oracle Road**	Foothills	Just Between Friends Tucson	33,630	New Lease
5530 East Broadway Boulevard	East	Savers	33,355	New Lease
5455 East Speedway Blvd	Central East	ArchWell Health	13,905	New Lease
2845 East Speedway Blvd**	Central East	Uptown Cheapskate Tucson	6,100	New Lease
5005 South Campbell Ave	South Tucson	Rollin Smoke BBQ	5,900	New Lease

*Renewals not included in leasing statistics

**At least one party represented by Cushman & Wakefield | PICOR

KEY SALES TRANSACTIONS Q1 2025

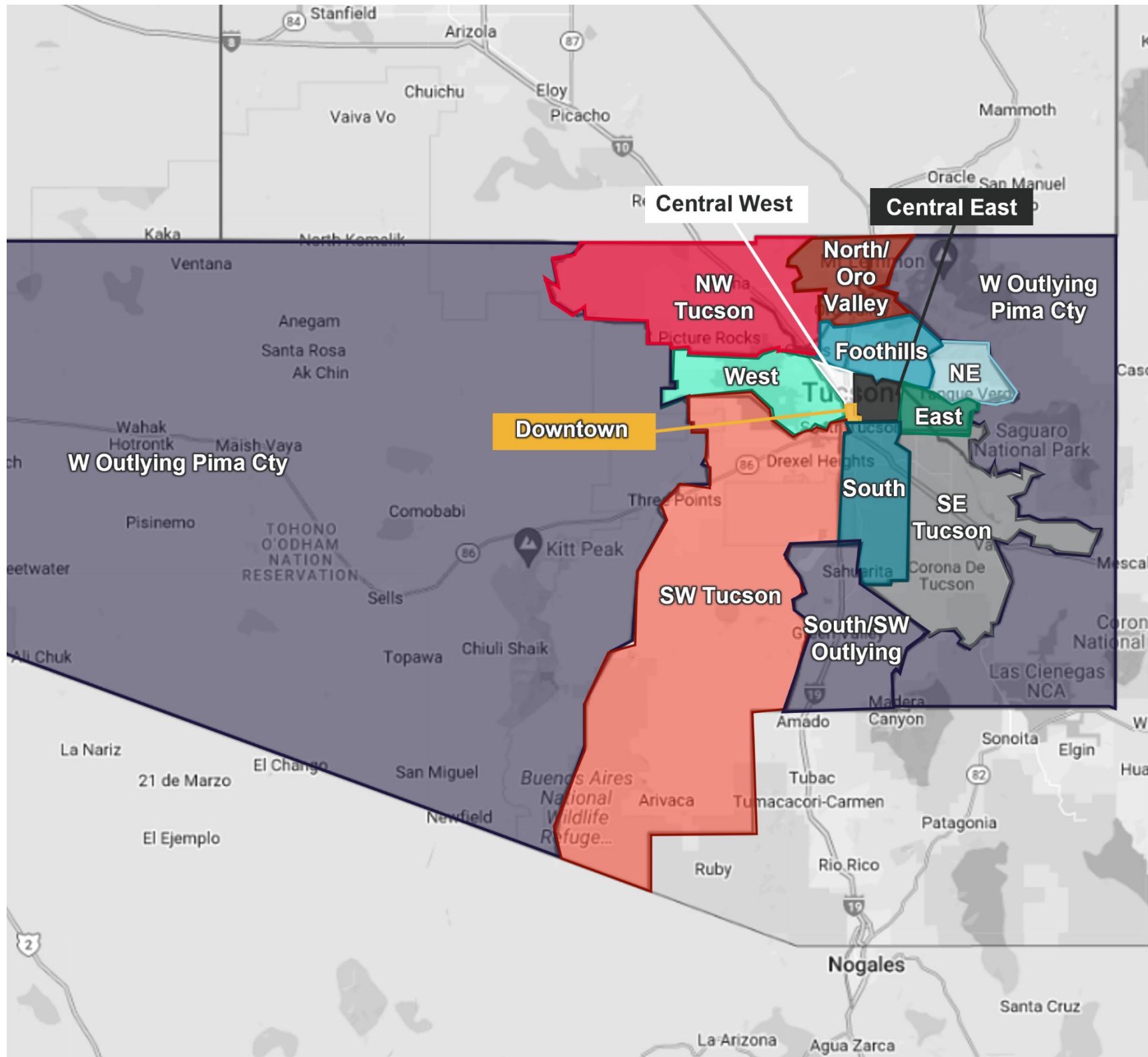
PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
50-190 South Houghton Road	East	Montesa Plaza, LP / Alturas Montesa Plaza, LLC	75,643	\$13M / \$179.07
3102-3160 East Fort Lowell Road**	Central East	Glover Associates LLC / Winterhaven Investors LLC	35,300	\$5.3M / \$151.56
4646 North Oracle Road**	Central West	Oracle Partners LLC / CWPS Corp (DBA Mister Car Wash)	23,550	\$3.2M / \$138.00
2502-2532 North Campbell Avenue	Central East	Campbell Shops, LLC / LCP Campbell Shops LLC	19,516	\$3.1M / \$161.41
4220 North Oracle Road**	Central West	Tucson Arizona Partners LLC / WHITCO PGP Properties C,LP	14,875	\$3.7M / \$251.09

**At least one party represented by Cushman & Wakefield | PICOR

KEY CONSTRUCTION COMPLETIONS 2025

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
2402 North 1 st Avenue	Central West	Black Rock Coffee Bar	5,000	Undisclosed
1983 West River Road	Foothills	Take 5 Oil Change	1,396	Undisclosed

RETAIL SUBMARKETS



GREG FURRIER Principal, Retail Properties
+1 520 909 6111 / gfurrier@picor.com

NATALIE FURRIER Retail Properties
+1 520 955 7663 / nfurrier@picor.com

DAVE HAMMACK Principal, Retail Properties
+1 520 546 2712 / dhammack@picor.com

AARON LAPRISE Principal, Retail Properties
+1 520 546 2770 / alaprise@picor.com

ROB TOMLINSON Principal, Retail Properties
+1 520 546 2757 / rtomlinson@picor.com

Independently Owned and Operated / A Member of the Cushman & Wakefield Alliance

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in nearly 400 offices and 60 countries. In 2024, the firm reported reported revenue of \$9.4 billion across its core services of lines of Services, Leasing, Capital markets, and Valuation and other. Built around the belief that Better never settles, the firm receives numerous industry and business accolades for its award-winning culture.

For additional information, visit www.cushmanwakefield.com.

©2025 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable, including reports commissioned by Cushman & Wakefield (“CWK”). This report is for informational purposes only and may contain errors or omissions; the report is presented without any warranty or representations as to its accuracy.

Nothing in this report should be construed as an indicator of the future performance of CWK’s securities. You should not purchase or sell securities—of CWK or any other company—based on the views herein. CWK disclaims all liability for securities purchased or sold based on information herein, and by viewing this report, you waive all claims against CWK as well as against CWK’s affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein.

Source: Costar