

MARKET FUNDAMENTALS

	YOY Chg	Outlook
<div>\$74.9K</div> <div>Median HH Income</div>	▲	▲
<div>0.6%</div> <div>Population Growth</div>	▼	▲
<div>4.2%</div> <div>Unemployment Rate</div>	▲	▲

Source: BLS

ECONOMIC INDICATORS

	YOY Chg	Outlook
<div>1.7%</div> <div>GDP Growth</div>	▼	▲
<div>1.1%</div> <div>Consumer Spending Growth</div>	▼	▲
<div>0.5%</div> <div>Retail Sales Growth</div>	▼	▬

Source: BEA, Census Bureau

ECONOMY

Tucson’s retail market ended 2025 on solid but slower footing as consumers adjusted to higher prices and softer income gains. Median household income in Tucson climbed to roughly \$74,900, a modest increase that supported everyday spending but tempered discretionary outlays. Nationally, retail sales growth decelerated sharply reflecting more cautious consumers even as overall real GDP and consumer spending continued to edge higher. Against this backdrop, Southern Arizona retailers leaned into value, experience, and omnichannel strategies to maintain traffic and sales. Tucson’s steady population growth and rising incomes, though slower than in prior years, continued to underpin neighborhood centers, grocery-anchored projects, and well-located infill space, positioning the market for gradual improvement as inflation stabilizes and real wage growth strengthens.

SUPPLY & DEMAND

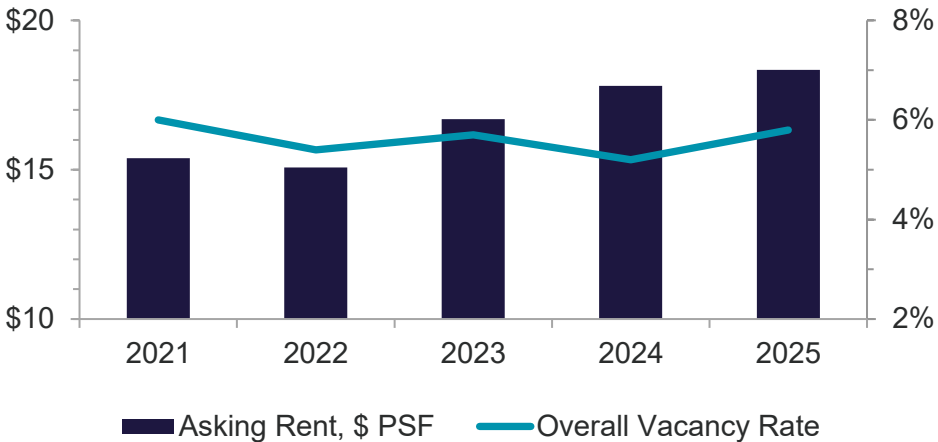
In Q4 2025, Tucson’s retail market remained stable, with vacancy improving to 5.8%, reflecting steady tenant demand and tightening availability. Market fundamentals remained balanced, supported by limited new supply and targeted expansion across key retail categories. Smaller-format spaces were in limited supply, particularly in affluent submarkets, reinforcing competitive conditions for shop-space users. Elevated construction costs limited speculative development, keeping supply growth muted.

Leasing demand was led by healthcare-related tenants, restaurants, discount retailers, and fitness users. Affluent submarkets including Foothills, Oro Valley, and Marana continued to outperform, benefiting from strong household incomes and limited availability. Consumer spending held strong, particularly within food and beverage concepts, supporting leasing momentum across neighborhood and community retail centers. Adaptive reuse activity was selective, with most big-box vacancies absorbed by discount retailers rather than alternative uses.

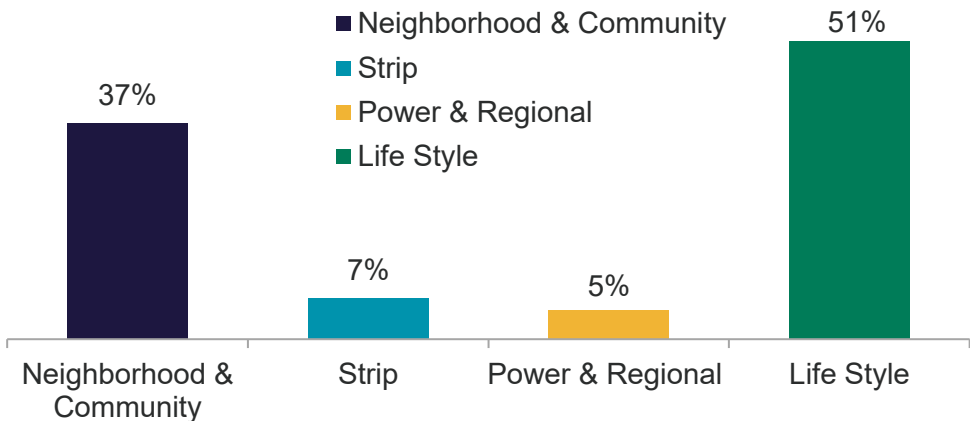
PRICING

Retail lease rates increased by 1.8% in Q4, reflecting modest growth across the broader market. Meanwhile, premium submarkets such as Foothills recorded significantly higher rents. Limited new construction and low vacancy in core retail corridors supported landlord pricing power, while less competitive street-side locations experienced minimal rent growth. Sales activity remained steady, highlighted by the sale of the 22,960-square foot building at 5251 E Speedway for \$3.5 million. Overall pricing remained balanced, with continued upside in well-located assets.

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	8,574,007	677,228	0	8.4%	-11,769	-13,505	40,215	\$14.59
Central West	7,284,159	441,072	2,031	6.8%	81,504	61,027	0	\$14.56
East	9,485,978	631,492	3,200	7.2%	5,741	37,997	3,500	\$16.46
Foothills	5,970,078	87,629	0	2.1%	70,135	40,531	92,000	\$21.22
North/Oro Valley	2,657,229	379,568	4,000	14.4%	18,254	-1,261	62,780	\$28.32
Northeast	326,585	20,843	0	7.1%	1,860	-2,410	0	\$21.58
Northwest	4,587,249	140,841	0	3.8%	-48,083	38,873	0	\$18.64
South	7,182,313	370,517	1,200	5.7%	15,733	-77,174	110,748	\$12.33
South/SW Outlying	1,889,030	61,084	0	3.9%	17,772	32,920	3,360	\$17.53
Southeast	1,924,469	34,416	0	2.5%	7,529	11,339	0	\$26.57
Southwest	3,119,688	52,649	9,100	2.7%	-30,205	-41,302	0	\$13.03
West	893,329	21,706	0	3.3%	0	18,665	0	\$15.00
DOWNTOWN TOTALS	1,824,635	121,202	6,367	7.5%	-19,641	35,896	2400	\$18.58
TUCSON TOTALS	55,718,749	3,040,247	25,898	5.8%	108,830	141,596	315,003	\$18.34

KEY LEASE TRANSACTIONS Q4 2025

PROPERTY	SUBMARKET	TENANT	SF	PRICE / \$ PSF
9420 East Golf Links Road	Southeast	Big O Tires	5,425	New Lease
7225 East Broadway Boulevard	East	PACC	5,382	New Lease
6500 South Westover Avenue	Southwest	Circle K	3,751	New Lease
6960 East Sunrise Drive*	Foothills	TOMA Ventana, LLC	3,600	New Lease
700 West Prince Road	Central West	Assure Healthcare	3,600	New Lease

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

KEY SALES TRANSACTIONS Q4 2025

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
5251 East Speedway Boulevard*	Central East	Summit Hut / Gregory V Gadarian	22,960	\$3.5M / \$152.44
70 West Duval Mine Road	South/SW Outlying	High Sierra Theaters LLC / Advisors in Real Estate	18,166	\$850K / \$46.79
10355 North La Canada Drive**	North/Oro Valley	Peregrine Investments II LLC / Steven Schuyler	16,770	\$3.6M / \$217.68
10355 North La Canada Drive**	North/Oro Valley	Peregrine Investments II LLC / Baceline Investments, LLC	16,770	\$3.6M / \$217.82
4001 East Speedway Boulevard*	Central East	George & Jane Caughman / Abona Family LLC	11,186	\$1.7M / \$151.98

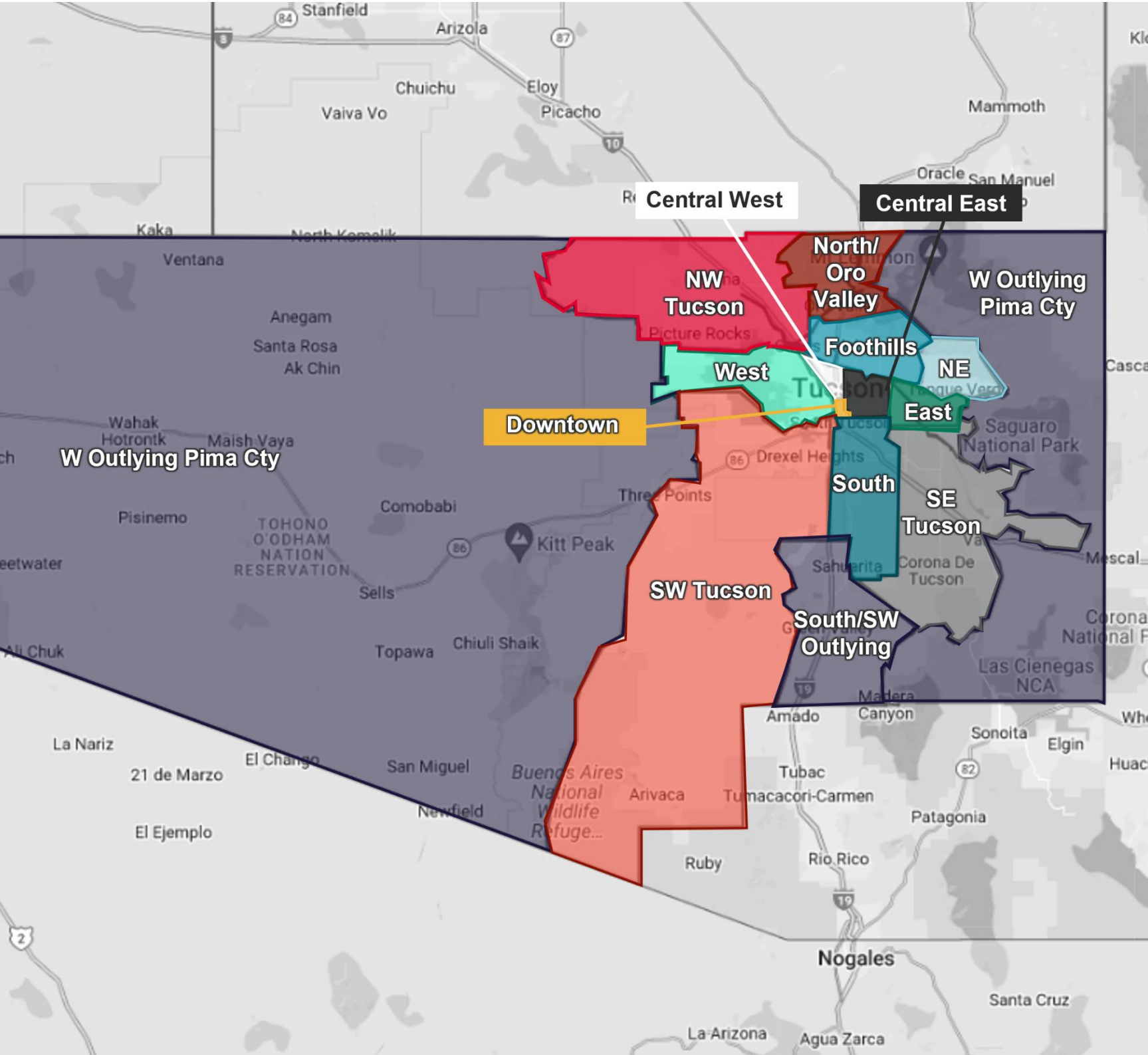
*At least one party represented by Cushman & Wakefield | PICOR

**Part of a 2-part property sale

KEY CONSTRUCTION COMPLETIONS 2025

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
North 1 st Avenue	Central	Undisclosed	35,000	Undisclosed
12114 North Tangerine Farms Road	Northwest	Classic & Fancy Nails & Spa	20,433	Barclay Group
N Oracle & First Avenue	North/Oro Valley	II Sons	16,388	Manhattan Construction Group

RETAIL SUBMARKETS



Source: Costar

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