



MARKET FUNDAMENTALS

	YOY Chg	Outlook
8.0% Vacancy Rate	▲	▲
182K YTD Net Absorption SF	▲	▬
\$0.91 Asking Rent, PSF <i>(Overall, Net Asking Rent)</i>	▲	▲

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
398K Tucson Employment	▲	▲
4.5% Tucson Unemployment Rate	▲	▼
4.3% U.S. Unemployment Rate	▲	▲

Source: BLS
*Q4 2025

ECONOMY

Tucson's economy entered 2026 on steady footing. Updated fourth quarter 2025 data, which is the latest available due to the federal government shutdown delaying Q1 2026 reporting, show median household income rising year over year to \$76,700, extending a gradual upward trend and supporting local spending. Employment had essentially flattened at just over 398,000 jobs, while the unemployment rate hovered in the mid 4% range based on early 2026 readings, up from earlier in the year yet still near the national level. Nationally, growth slowed and unemployment reached about 4.3% by late 2025, reflecting a softer labor market and more cautious consumers. Even in this environment, Tucson's income gains, relatively resilient job base, and ongoing household and population growth continue to support modest, steady momentum as 2026 progresses.

SUPPLY & DEMAND

Tucson's industrial market remained active in Q1 2026, with vacancy modestly rising to 8.0% amid absorption of recently delivered space. When excluding 15 vacant buildings over 100,000 sf that do not demise to smaller space, the vacancy falls a little short of 2.5%, highlighting tight availability in smaller spaces despite a lack of activity amid heightened geopolitical risk and rising oil prices. Overall demand continued to be driven by logistics, distribution, and service users, alongside a resurgence of mining-related tenants.

The Airport and Northwest submarkets remained the most active, benefiting from established infrastructure and proximity to transportation corridors. Leasing activity included several notable deals, including Advanced Recovery Technologies - Arcadia, LLC's 60,000 sf lease at 6978 East Century Park Drive and Citizens Transfer & Storage Co., Inc.'s 51,786 sf short-term lease at 6701 South Midvale Park Road. Construction activity was limited, after the completion of four major projects at the end of 2025, as a lack of leases, rising material, and labor costs continued to constrain speculative development.

PRICING

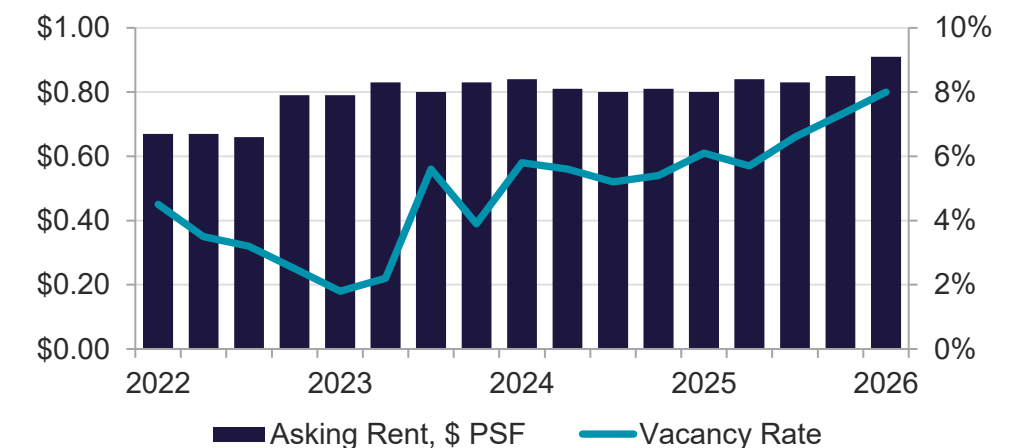
Lease rates held firm, buoyed by limited availability and strong demand in functional, well-located buildings. Landlords selectively raised rents, particularly for smaller spaces, while terms generally ranged three to seven years. Investment activity slowed, with limited availability amid economic and geopolitical uncertainty, though strong buyer interest persisted for well-positioned assets.

The quarter's top sale included 10070 W Clark Farms Boulevard, a 435,023 sf industrial building purchased by ElmTree Funds. Smaller buildings with yard space remained highly attractive, and ongoing scarcity in key submarkets continued to underpin steady pricing and support the broader market.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (IND)	OVERALL WEIGHTED AVG NET RENT (OS)
E Outlying Pima County	18,464	0	0	0	0	0	0	0	0
Northeast	2,913,540	53,238	2.9%	-9,201	-9,201	0	0	\$0.80	\$0.87
NW Tucson/Oro Valley	12,548,000	931,717	8.7%	342,698	342,698	0	0	\$0.91	\$1.03
Palo Verde	6,992,472	545,705	9.2%	10,148	10,148	0	0	\$0.95	\$1.07
Park/Ajo	4,238,986	267,709	8.0%	-5,855	-5,855	0	0	\$0.84	\$0.94
S Pima/Green Valley	674,620	0	0	0	0	0	0	0	0
Southeast Tucson	8,186,788	777,437	10.9%	-88,200	-88,200	0	0	\$1.10	\$0.62
SW Tucson/Airport	12,913,818	1,532,941	13.1%	-40,966	-40,966	191,202	373,811	\$0.96	\$0.81
W Outlying Pima County	46,894	0	0	0	0	0	0	0	0
Downtown	4,178,566	83,503	3.2%	-25,827	-25,827	0	0	\$0.81	0
TUCSON TOTALS	52,712,148	4,192,206	8.0%	182,797	182,797	191,202	373,811	\$0.91	\$0.89

*Rental rates reflect weighted net asking \$psf/year

KEY LEASE TRANSACTIONS Q1 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
6978 East Century Park Drive*	Southeast	Advanced Recovery Technologies– Arcadia, LLC	60,000	New Lease
6701 South Midvale Park Road*	SW Tucson/Airport	Citizens Transfer & Storage Co., Inc.	51,786	New Lease
3440-3480 East Britannia Drive*	SW Tucson/Airport	Albers Aerospace LLC	29,711	New Lease
2700 East Executive Drive	SW Tucson/Airport	Nolato GW, Inc.	28,971	Renewal
4000 East Columbia Street	Northeast	Reece Supply	20,485	New Lease

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

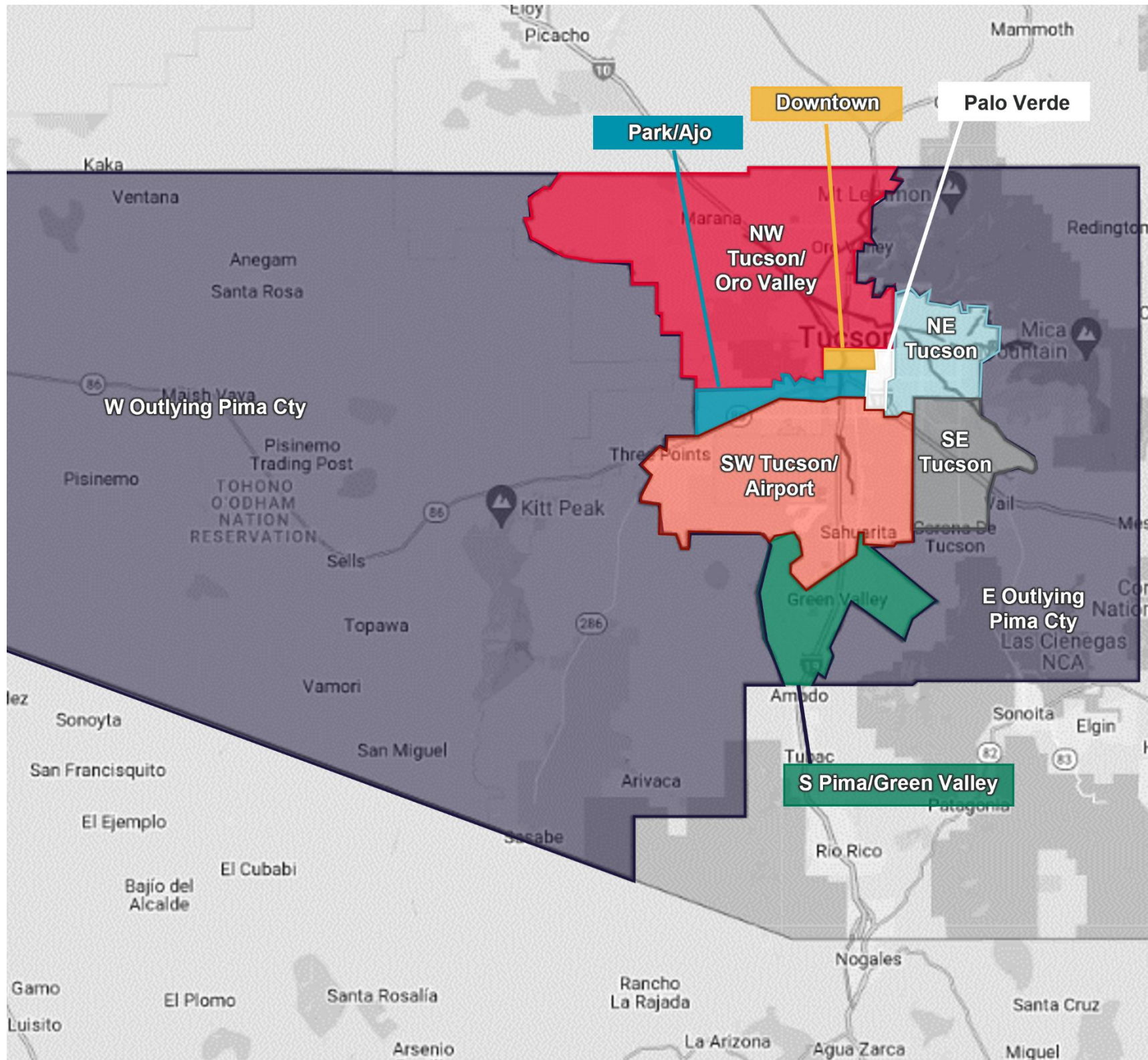
KEY SALES TRANSACTIONS Q1 2026

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
10070 West Clark Farms Boulevard *	NW Tucson/Oro Valley	Flint Development/ElmTree Funds	435,023	\$50M / \$116.00
450 East Irvington Road	SW Tucson/Airport	Holderness Supply/Capital Bay Partners	45,042	\$4.9M / \$108.79
5260 East Canada Street	Northeast	Ricky F Chao and Zintia A Chao/Sparkman Enterprises LLC	16,626	\$867K / \$52.15
1401 North Bailey Lane	NW Tucson/Oro Valley	Suzanne Shepard/Geoworld Usa	11,842	\$1.4M / \$122.45
9367 East Old Vail Road	Northeast	Sumac LLC/Old Vail Round III LLC	65,824	\$1M / \$172.79

KEY CONSTRUCTION COMPLETIONS YTD 2026

PROPERTY	SUBMARKET	Major Tenant	SF	Owner/Developer
4501 East Los Reales Road	SW Tucson/Airport	N/A	214,867	Lincoln Property Company
4401 East Los Reales Road	SW Tucson/Airport	N/A	158,944	Lincoln Property Company

INDUSTRIAL SUBMARKETS



KATE ZIMMERMAN
Marketing Manager
Tel: +1 520 546 2743
kzimmerman@picor.com

CUSHMAN & WAKEFIELD | PICOR
5151 E Broadway Blvd., Suite 115
Tucson, AZ 85711
Tel: +1 520 748 7100
info@picor.com

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Source: Costar