MARKETBEAT

TUCSON

RETAIL Q2 2026

MARKET FUNDAMENTALS

	YOY Chg	Outlook
$78K Median HH Income	▲	▲
0.5% Population Growth	▲	▲
4.9% Unemployment Rate	▲	▼

Source: BLS

ECONOMIC INDICATORS

	YOY Chg	Outlook
2.2% GDP Growth	▲	▲
2.1% Consumer Spending Growth	▼	▲
1.5% Retail Sales Growth	▼	▲

Source: BEA, Census Bureau

ECONOMY

Tucson's economy remained on solid footing through the second quarter of 2026. Median household income rose year over year to $78,000, a faster gain than at the national level but still below the U.S. figure in absolute terms, helping to support local spending and demand. Household counts increased to 459,600 alongside 0.5% population growth, signaling steady household formation. Employment held essentially flat at about 405,800 jobs, and while Tucson's unemployment rate edged up to 4.9% compared with 4.2% nationally, overall job levels remain stable. Within a national backdrop of moderate GDP growth, firmer inflation, and slower retail sales gains, Tucson's rising incomes, expanding household base, and continued in-migration support a cautiously positive outlook for the remainder of 2026.

SUPPLY & DEMAND

In Q2 2026, Tucson's retail market remained healthy, with vacancy holding at approximately 5.3% as tenant demand continued to support stable occupancy. Asking rents increased 5.9% year over year, reflecting continued strength despite a more measured pace of leasing activity.

Demand continued to be driven by fitness, experiential retail, and discount retailers. East Tucson led the market in absorption, supported by activity at Park Place and surrounding centers. A notable lease during the quarter was Teso Life's 18,000 square foot (sf) commitment at 455-625 E. Wetmore Road, marking the retailer's second Arizona location and the final junior anchor space at the center.

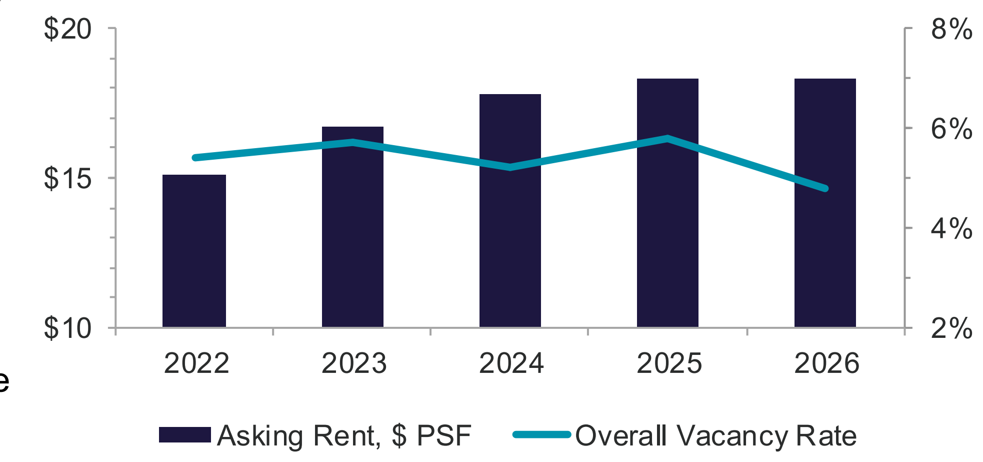
Construction activity remained focused on strategic projects, highlighted by the completed 100,974 sf Bass Pro Shops at Tucson Marketplace. Premium corridors, including the Foothills and Oro Valley, continued to attract retailers and maintain strong leasing fundamentals.

PRICING

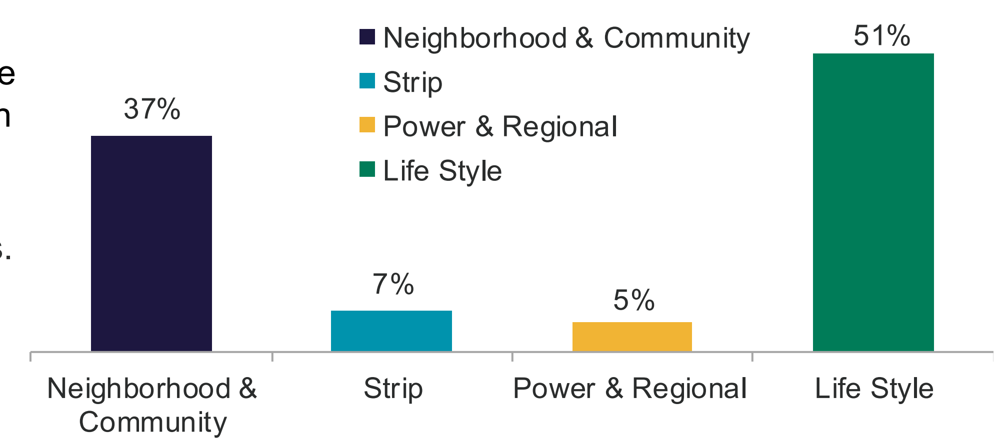
Average asking rents reached $18.32 per square foot, remaining below the national average while continuing to outpace national rent growth. Market conditions remained balanced, with premium corridors commanding the highest rents and pricing remaining stable across most retail formats.

Investment activity remained strong for grocery-anchored and single-tenant retail properties. Notable transactions included Phillips Edison & Company's $53.9 million acquisition of Oracle Crossings, along with Interstate Realty Advisors' acquisitions of Shoppes at Bears Path for $7.7 million, and Desert Square for $7.95 million, reflecting continued demand for both stabilized and value-add assets. Owner-user sales were dominated by Gee Automotive's approximately $211 million acquisition of the Jim Click dealership portfolio, which accounted for about two-thirds of year-to-date sales volume and pushed trailing 12-month volume well above historical averages. Excluding this transaction, sales activity remained near typical levels, with private buyers continuing to favor stable single-tenant net lease properties.

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	8,534,319	658,689	7,545	8.3%	53,729	-6,741	48,853	$11.93
Central West	7,295,266	254,347	2,031	4.0%	-11,203	180,225	0	$15.77
East	9,971,653	802,635	0	8.5%	244,426	39,696	2,874	$15.41
Foothills	5,999,437	98,730	2,500	2.2%	57,967	46,399	102,511	$21.61
North/Oro Valley	2,706,211	270,394	4,00	10.3%	68,928	108,709	69,780	$24.55
Northeast	326,585	21,939	0	7.2%	-1,200	-1,096	0	$22.63
Northwest	4,604,132	144,006	0	3.6%	46,829	2,071	21,603	$19.39
South	7,334,564	447,114	15,760	6.8%	125,344	50,637	0	$12.73
South/SW Outlying	1,894,031	50,364	0	3.2%	10,086	10,720	3,360	$18.44
Southeast	1,896,957	33,234	0	2.3%	-660	4,674	6,198	$23.61
Southwest	3,123,955	49,619	11,800	2.5%	-2,700	330	11,662	$19.47
West	891,366	16,006	0	2.3%	6,621	5,700	0	$13.99
DOWNTOWN TOTALS	1,822,289	129,331	5,167	7.8%	-15,723	-5,625	0	$18.57
TUCSON TOTALS	**56,400,765**	**2,976,408**	**44,803**	**5.3%**	**582,444**	**435,699**	**266,841**	**$18.32**

KEY LEASE TRANSACTIONS Q2 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
5200 East Speedway Boulevard	Central East	Undisclosed	20,339	New Lease
455-625 East Wetmore Road	Central West	Teso Life	18,000	New Lease
7140-7250 East Broadway Boulevard	East	Cavender's	15,655	New Lease
5609-5695 East Speedway Boulevard	East	The Room Store	15,000	New Lease
2801 East Grant Road	Central East	Undisclosed	8,554	New Lease

KEY SALES TRANSACTIONS Q2 2026

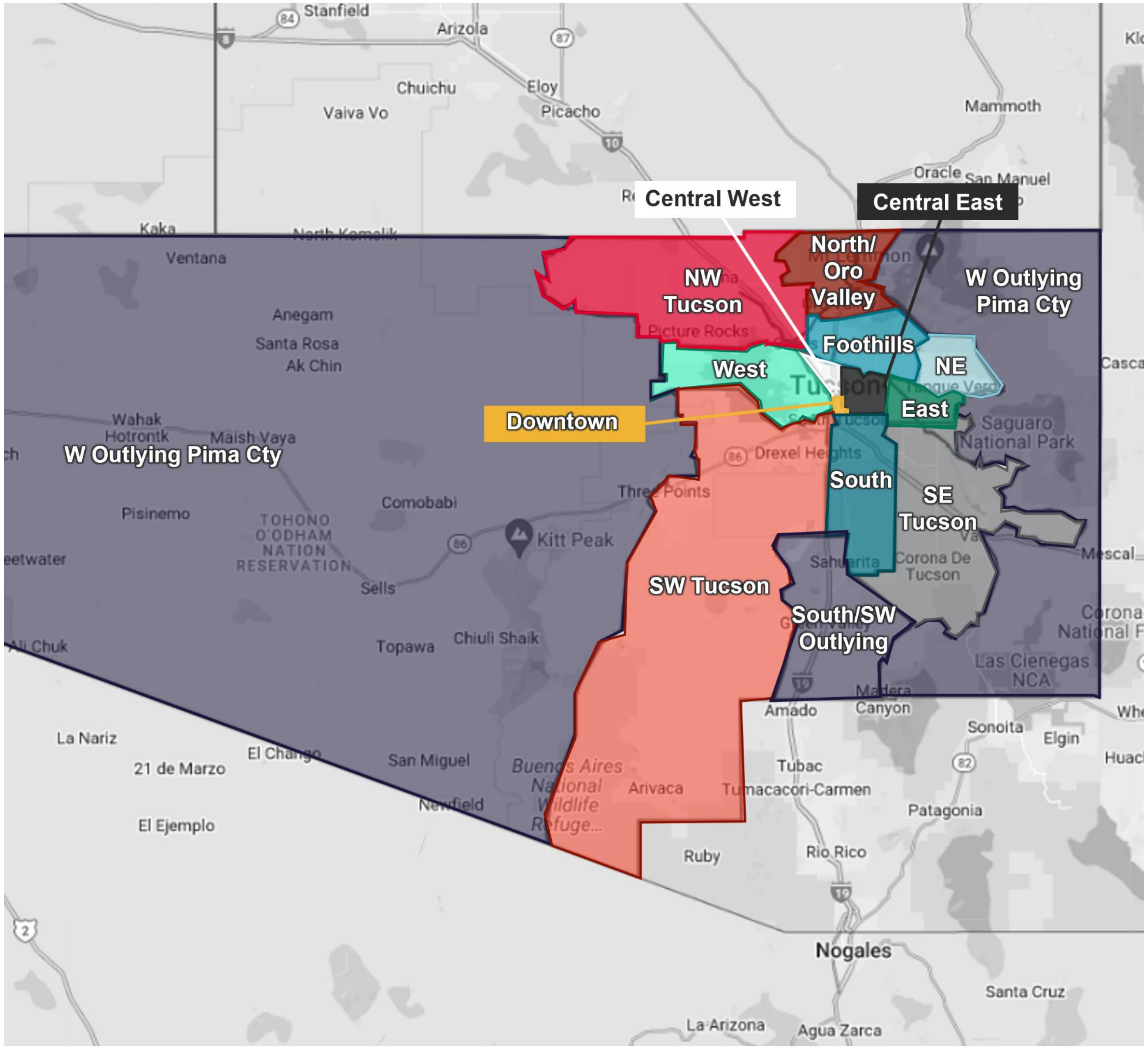
PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / $ PSF
660 West Auto Mall Drive**	Central West	Tuttle Click Automotive Group/Gee Automotive Companies	330,004	$211M / $640.91
7621-7755 North Oracle Road**	Foothills	Town West Realty Inc. / Oracle Station LLC	265,148	$54.3M / $204.98
8544-8616 East Broadway Boulevard**	East	Junghoon Properties Llc/Ankang Investments Llc	88,051	$200K / $1.62
7109-7129 East Golf Links Road**	East	Lee Family Trust/Merit Hill Capital	65,789	$2.3M / $19.51
6244 East 22nd Street**	East	Tuttle Click Automotive Group/Gee Automotive Companies	48,921	$16M / $341.43

***Part of a property portfolio*

KEY CONSTRUCTION COMPLETIONS 2026

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
1500 East Tucson Marketplace Boulevard	South	Bass Pro Shops	100,974	Undisclosed
3530 South Kino Parkway	South	Chick-Fila-A	5,144	Undisclosed
9210 East Valenica Road	Southeast	Chase	3,492	Undisclosed

RETAIL SUBMARKETS



Source: Costar

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