


# TUCSON, ARIZONA


## HIGH RENT GROWTH EXPECTED AMID HEALTHY APARTMENT OCCUPANCY


With apartment occupancy rising across the Tucson metropolitan area in recent years, developers ramped up construction activity. Sustained in-migration, few homes for sale, and comparatively affordable rent contributed to apartment occupancy hitting a more-than-20-year high last year. In response, multifamily builders are scheduled to add more than 1,300 market-rate units over the next four quarters, 82% higher than deliveries in 2020. While additions will be spread throughout Greater Tucson, nearly half of all new units will be in the Central Tucson/University sub-market as developers target the University of Arizona students. The strategically located additions should attract renters, as enrollment remained above 38,000 students at the main campus in 2020. Annual absorption in the sub-market is projected to jump this year. Even with the rise in leasing activity, supply-side pressure will contribute to a dip in Central Tucson/University occupancy by year-end. This trend is forecast to be reflected metrowide, as positive annual absorption trailing inventory growth will lead to a decrease in occupancy over the next four quarters. At 95.4% by year-end, occupancy would be still 70 basis points higher than the five-year average. Occupancy is forecast to return to 96.2% by year-end 2022 as payrolls rise, apartment demand increases, and deliveries decelerate. Over the two-year span, monthly effective rent is predicted to increase 3.1% to \$895 in 2021 and then 8.3% to \$969 in 2022, among the highest growth in the nation.



### 2021 MARKET AT A GLANCE

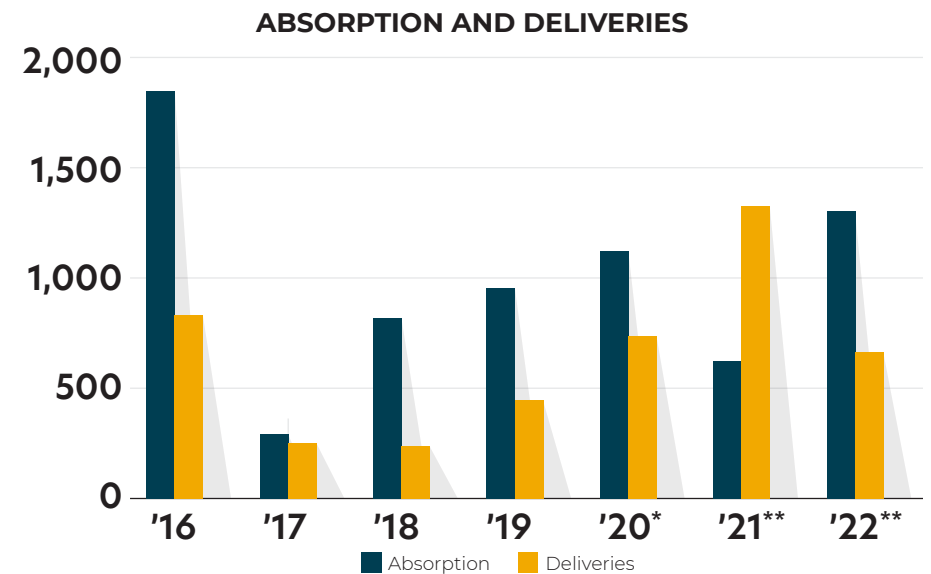
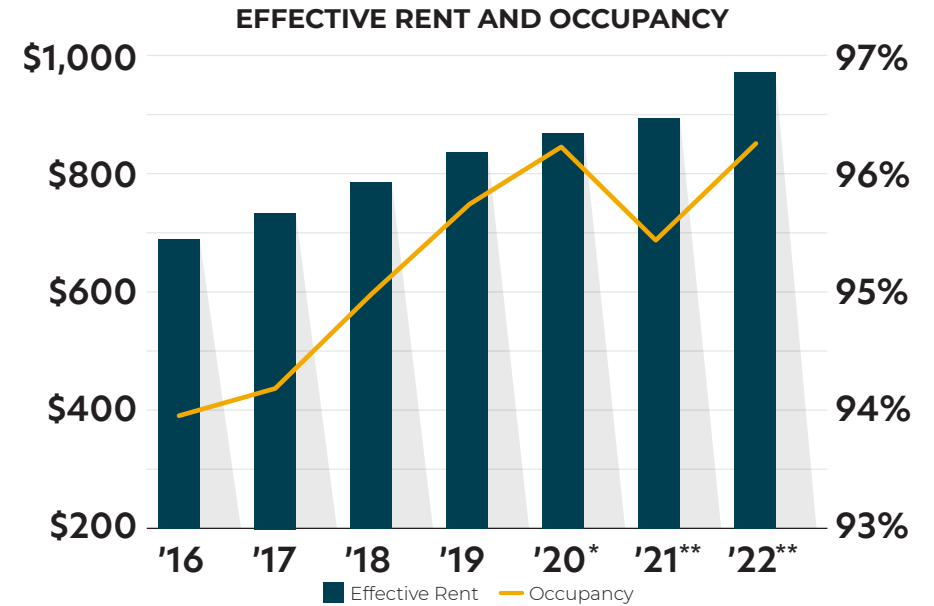
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**OCCUPANCY RATE**  
95.4%  
 Down 80 bps YOY
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**EFFECTIVE RENT**  
\$895  
 Up 3.1% YOY
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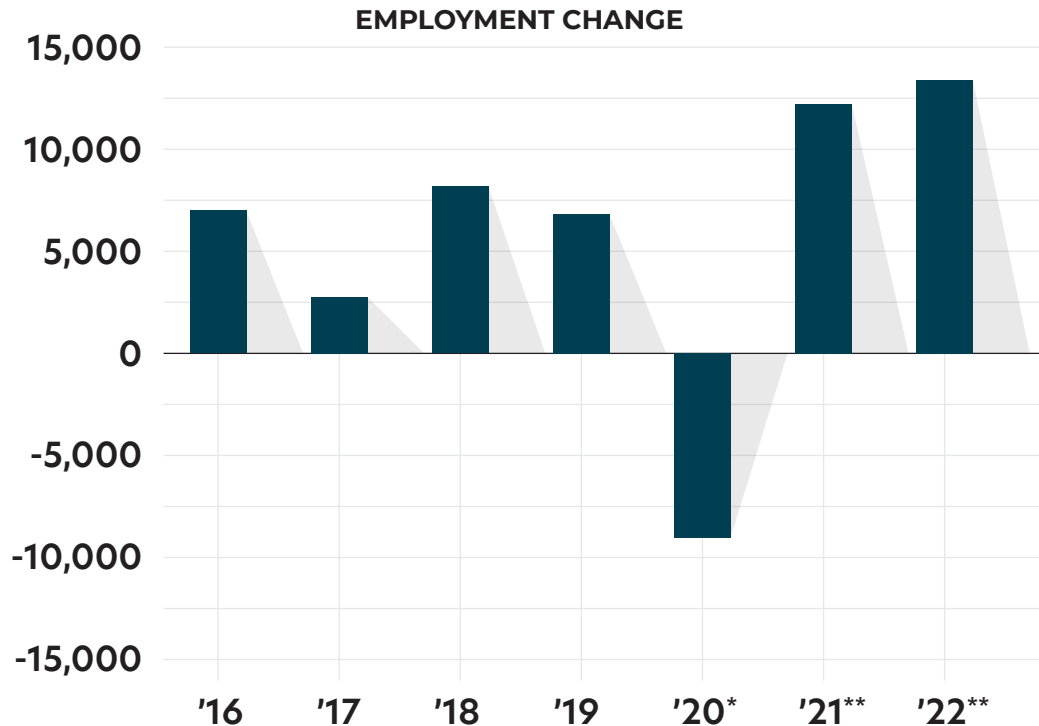
**RENT SHARE OF WALLET**  
18.9%  
 Up 80 bps YOY

### MARKET TRENDS



Data and images pertaining to employment, income, permits, population, rents, single-family housing, and occupancy are year-end figures. Absorption, construction, and apartment sales figures are full-year totals. \*Numbers for 2020 are projected values; \*\*2021/2022 figures are forecast projections. Apartment market data criteria and methodologies vary by market.

## EMPLOYMENT TRENDS



### EMPLOYMENT

2019	YOY CHANGE	2020*	YOY CHANGE	2021**
393,200	-2.3%	384,100	3.2%	396,400

### UNEMPLOYMENT RATE

2019	YOY CHANGE	2020	YOY CHANGE	2021
3.8%	400 BPS	7.8%	-130 BPS	6.5%

### POPULATION

2019	YOY CHANGE	2020	YOY CHANGE	2021
1,055,100	1.1%	1,066,300	1.0%	1,077,300

### HOUSEHOLDS

2019	YOY CHANGE	2020	YOY CHANGE	2021
416,900	1.4%	422,900	1.8%	430,500

### MEDIAN HOUSEHOLD INCOME

2019	YOY CHANGE	2020	YOY CHANGE	2021
\$55,134	4.3%	\$57,501	-1.0%	\$56,953

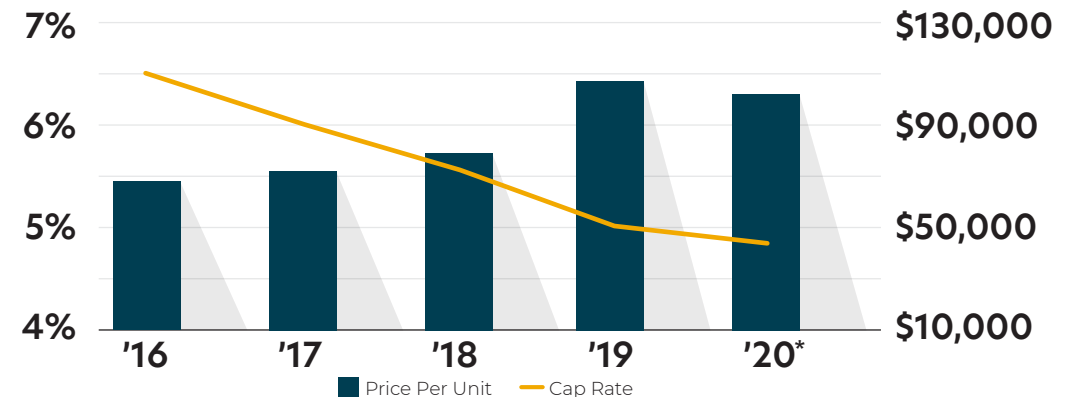
## SALES TRENDS

### PRICE PER UNIT

2019	YOY CHANGE	2020*
\$105,516	-4.4%	\$100,850

### CAP RATE

2019	YOY CHANGE	2020
5.0%	-20 BPS	4.8%



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