

SNAP STATS

EXECUTIVE SUMMARY INFOGRAPHIC

TUCSON MSA | MULTIFAMILY

Q1 2023 | 10+ Unit Properties Overview

Tucson MSA Overview (10+ Unit Properties)

Total Population 1,067,414

March 2023*

Unemployment Rate (%) 2.8%

March 2023*

Employment Growth (%) 1.8%

March 2023*

Median HH Income \$64,347

March 2023*

GDP Per Capita \$49,906

March 2023*

Transaction Volume \$32M

\$382.39M (Q1 2022) -91.7% y-o-y

Avg Price/Unit \$176,157

\$152,651 (Q1 2022) 15.4% y-o-y

Avg Price/SF \$219.66

\$236.37 (Q1 2022) -7.1% y-o-y

* Forecasted

AVG Rent/Occupancy (50+ Unit Properties)

Q1 2023	Q1 2022	Increase / Decrease
\$1,276	\$1,225	\$51
93.3%	96.1%	-2.8%

\$1,276

Avg Rent y-o-y (All Units)

93.3%

Avg Occupancy Rate y-o-y

\$51

\$51

-2.8%

New Construction (50+)**

Delivered | Avg Absorption

0 Units | -- Units / Property / Month

Under Construction

2,139 Units

Planned Projects

1,330 Units

Total Inventory

100+ Units

70,636

10-99 Units

29,336

Total Units

99,972

** Project: Figures based on when total projects are delivered

Q1 2023 Sales Stats

TUCSON SNAP STAT SUMMARY

100+ UNIT SALES

Based on sales data from both CoStar and Yardi Matrix, there were zero multifamily transactions recorded in the first quarter of 2023 that had 100+ units. Amid elevated interest rates/ borrowing costs, and a dearth of investment opportunities, investor appetite diminished across all asset classes in Q1 2023. Despite the lull in larger property sales volume, total sales

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Transaction Volume

\$32M

\$95M (Q1 2022)
-66.5% y-o-y

10-99 Units

100+ Units

Avg Sales Price Per Unit

10-99 Units

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\$158,559 (Q1 2022)
-- y-o-y

still exceeded \$764 million over the previous 12-month period, which remains well above the 10-year average of \$598 million.

Last year, sales exceeded \$1 billion for only the second time in history, reaching \$1.05 billion, only surpassed by the record set in 2021, when sales volume peaked at \$1.56 billion.

Comparatively, sales volume was \$496 million in 2019, and \$770 million in 2020.

190000
142500
95000
47500

2022 2023 YTD

So, while the sudden decline in sales may appear to be an anomaly, historically quarterly sales volume with 100+ units has varied considerably. Since 2008, the Tucson MSA has reported eight quarters of zero transactions, or 15 quarters with one sale or less.

\$266.74 (Q1 2022)

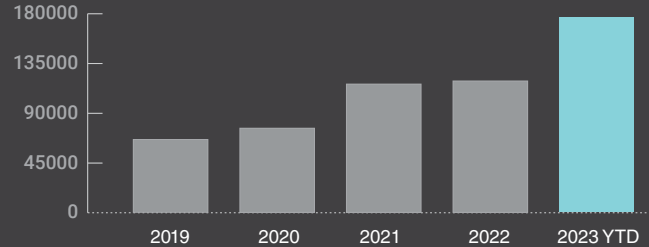
The Federal Reserve began increasing interest rates at the end of the first quarter of 2022, which did little to dampen investor appetite. In fact, sales volume exceeded \$430 million in Q3 2022, the second highest quarterly sales volume in history. This record-breaking quarter was recorded after the Fed had increased interest rates from near 0% at the start of 2022, to 3.0%-3.25% by the end of Q3 2022. This was the fastest rate hike in history and yet sales continued to break new highs.

Interest rate hikes have suppressed demand across the nation; however, the scarcity of on-market listings/investment opportunities last quarter exacerbated the decline in total sales activity in Tucson. Based on active LoopNet listings, there was only one multifamily listing with 100+ units available in Q1 2023. This property, a 193-unit Mobile Home Park, wouldn't meet the investment criteria of many institutional investors, highlighting the supply-based constraint on market activity.

While the market remains both fundamentally and demographically strong, elevated rental rates have put upward pressure on metro-wide vacancy rates, which increased 280 bps to 6.7% at the end of Q1 2023 compared to the same period last year. There were no new deliveries last quarter, and while many metropolitan areas have a strong pipeline of new units coming online, Tucson's total inventory is only expected to increase 2% over the next two years

\$176,157

\$137,234 (Q1 2022)
28.4% y-o-y



Avg Price/SF

\$219.66

\$175.97 (Q1 2022)
24.8% y-o-y



Avg Year Built

1969

1962 (Q1 2022)



Top Q1 2023 (10-99) Sales by Price/Unit



The Zone
Tucson, 24 Units
\$9,064,994
\$377,708/unit
\$543.04/SF
Built 1948



The Beverly on 5th
Tucson, 35 Units
\$6,707,000
\$191,629/unit
\$202.09/SF
Built 1970



Sahuarita Mission
Green Valley, 52 Units
\$8,800,000
\$169,231/unit
\$182.98/SF
Built 2000

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