

SNAP STATS

EXECUTIVE SUMMARY INFOGRAPHIC

TUCSON MSA | MULTIFAMILY

Q2 2023 | 10+ Unit Properties Overview

Tucson MSA Overview (10+ Unit Properties)

Total Population **1,062,472**
June 2023*

Unemployment Rate (%) **3.4%**
June 2023*

Employment Growth (%) **1.6%**
June 2023*

Median HH Income **\$64,964**
June 2023*

GDP Per Capita **\$50,303**
June 2023*

Transaction Volume **\$22M**
\$366.95M (Q2 2022) -94.0% y-o-y

Avg Price/Unit **\$93,608**
\$138,160 (Q2 2022) -32.2% y-o-y

Avg Price/SF **\$163.95**
\$209.28 (Q2 2022) -21.7% y-o-y

* Forecasted

AVG Rent/Occupancy (20+ Unit Properties)

Q2 2023	Q2 2022	Increase / Decrease
\$1,202 <small>Avg Rent y-o-y (All Units)</small>	\$1,165	+\$37
93.2% <small>Avg Occupancy Rate y-o-y</small>	96.1%	-2.9%

New Construction (50+)**

Delivered | Avg Absorption
0 Units | 5 Units / Property / Month

Under Construction
2,764 Units

Planned Projects
1,987 Units

Total Inventory

100+ Units
70,910

10-99 Units
29,394

Total Units
100,304

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

Q2 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 second 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 Q2 2023. Despite the lull in larger property sales volume, total sales

Continued on the next page

Transaction Volume

\$22M

\$69M (Q2 2022)
-68.0% y-o-y

10-99 Units

100+ Units

Avg Sales Price Per Unit

10-99 Units

\$148,999 (Q2 2022)

Continued from the previous page - y-o-y

still exceeded \$860 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.

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 nine quarters of zero transactions, or 16 quarters with one sale or less.

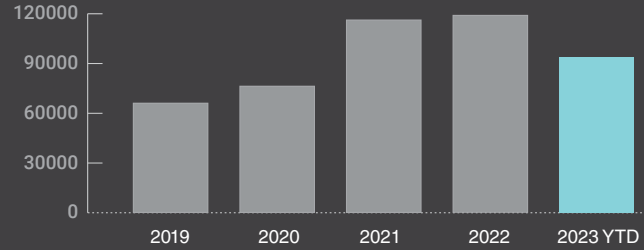
The Federal Reserve began increasing interest rates at the end of the first quarter of 2022, which did little to dampen investor appetite. In fact, sales volume exceeded \$430 million in Q3 2022, the second-highest quarterly sales volume in history. This record-breaking quarter was recorded after the 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 were only two multifamily listing with 100+ units available in Q2 2023. One of the two is a 193-unit Mobile Home Park, which 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 290 bps to 6.8% at the end of Q2 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.

\$93,608

\$105,248 (Q2 2022) -11.1% y-o-y



Avg Price/SF

\$163.95

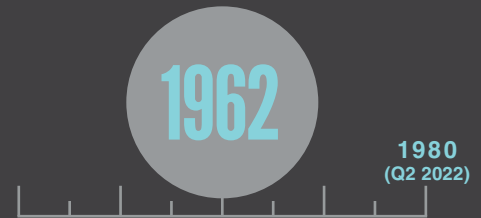
\$139.30 (Q2 2022) +17.7% y-o-y



Avg Year Built

1962

1980 (Q2 2022)



Top 5 Multifamily Listings by Price/Unit

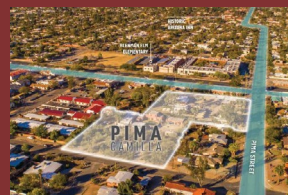
Top Q2 2023 (10-99) Sales by Price/Unit



2750 - 2772 N. Forgeus Avenue
 Tucson, 12 Units
 \$1,725,000
 \$143,750/unit \ \$199.65/SF
 Built 1959 (6 units),
 1960 (6 units)



Don Martin Apartments
 Tucson, 24 Units
 \$3,250,000
 \$130,000/unit
 \$199.18/SF
 Built 1929



Pima Camilla
 Tucson, 16 Units
 \$1,665,000
 \$104,063/unit
 \$161.76/SF
 Built 1957

DISCLAIMER © 2023 ABI Multifamily | The information and details contained herein have been obtained from third-party sources believed to be reliable; however, ABI Multifamily has not independently verified its accuracy. ABI Multifamily makes no representations, guarantees, or express or implied warranties of any kind regarding the accuracy or completeness of the information and details provided herein, including but not limited to the implied warranty of suitability and fitness for a particular purpose. Interested parties should perform their own due diligence regarding the accuracy of the information. SOURCES: ABI Research / Bureau of Labor Statistics / Census Bureau / YARDI Matrix / Vizzda / US Chamber of Commerce / RED Comps / ARMLS / CoStar Group / RealPage