

### MARKET FUNDAMENTALS

	YOY Chg	Outlook
<b>\$71.5K</b> Median HH Income	▲	▲
<b>1.3%</b> Population Growth	▲	▲
<b>3.5%</b> Unemployment Rate	▼	▲

*Source: BLS*

### ECONOMIC INDICATORS

	YOY Chg	Outlook
<b>2.1%</b> GDP Growth	▼	▲
<b>2.7%</b> Consumer Spending Growth	—	▲
<b>1.9%</b> Retail Sales Growth	▼	▲

*Source: BEA, Census Bureau*

**ECONOMY**

Tucson's Q4 2024 economic landscape demonstrated robust growth, with median household income rising 3.4% year-over-year (YOY) to \$73,300 and the job market expanding to 407,000 nonfarm jobs while unemployment fell to 3.5%. Population growth of 1.3% exceeded the national rate, contributing to a 1.6% rise in household formation. These indicators position Tucson favorably for continued development in 2025.

**SUPPLY & DEMAND**

The Tucson retail market experienced a slight uptick in vacancy, reaching 5.8% in Q4 due to the closure of Big Lots and 99 Cent Only stores. Class A properties continue to command historically high lease rates, with rents in the mid \$40.00 per square foot (sf) triple-net (NNN) range common for new construction and projected to rise further in the coming year.

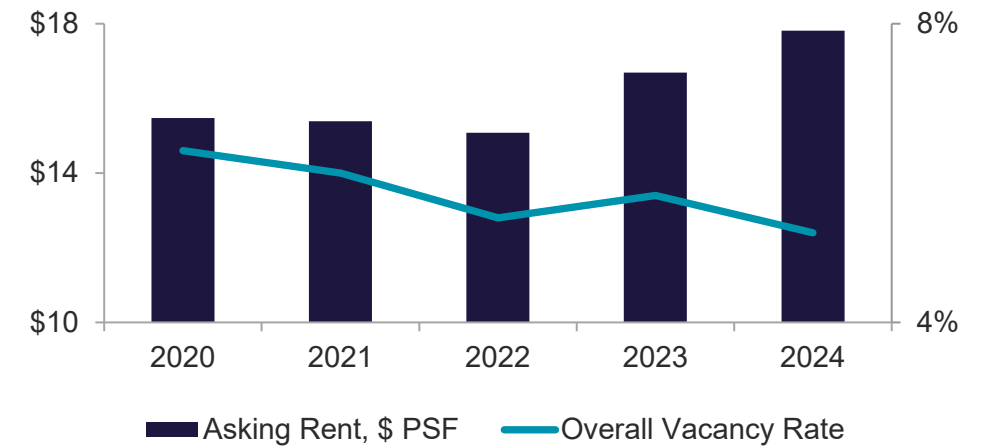
Restaurants, health and wellness/fitness establishments and 'medtail' concepts remain the most active users in the market. The Foothills, Oro Valley, Vail, and Marana submarkets continue to be highly desirable to retailers, maintaining minimal vacancy, some as low as 1.9%.

Notable lease transactions included a 149,900 sf Fry's in Marana, Walmart's expansion of 86,922 sf at Tucson Place, and a new pickleball business leasing 30,162 sf in the Oro Valley Marketplace. Key sale transactions included the retail portion of Oracle Gateway shopping center selling for \$7.1 million to an investor, a 21,440 sf Walgreens property in East Tucson changing hands for \$2.05 million, and an investor acquiring 15,261 sf building for \$1.6 million, also in East Tucson.

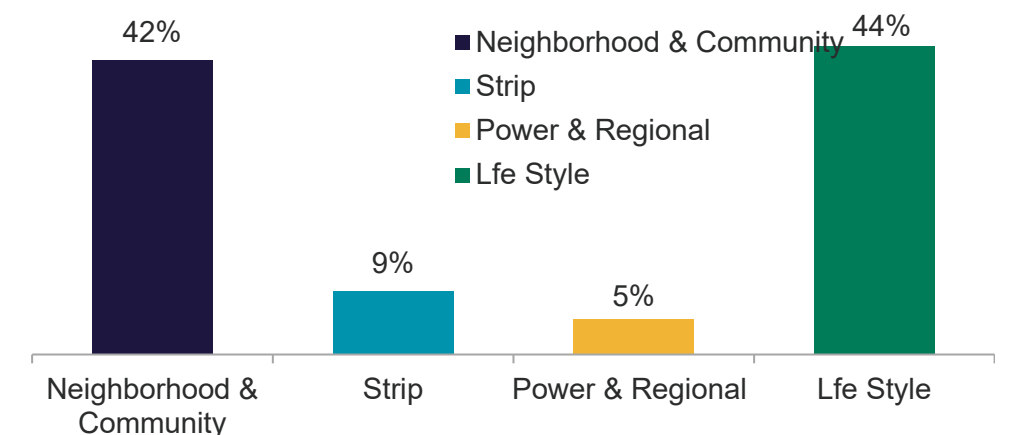
**PRICING**

Both Investment and user sale activity and pricing remained relatively stable, with most transactions driven by users, particularly restaurants seeking prime pad locations or buildings suitable for redevelopment on corner sites. High interest rates and elevated cap rates continued to influence investor interest. Consumer spending saw a boost this quarter, attributed to holiday shopping, with food, beverage, and entertainment sectors performing strongly. An emerging trend of note was the repurposing of vacant big box stores for entertainment uses. The Roadhouse Cinema expansion from earlier this year exemplifies this shift, with plans to transform a former Bed Bath & Beyond space into an entertainment complex featuring bowling, Topgolf swing suites, and axe throwing.

**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	8,930,877	630,585	0	7.1%	58,599	143,672	0	\$14.59
Central West	7,384,806	466,037	14,820	6.5%	32,184	-86,819	5,000	\$15.09
East	9,955,025	866,612	8,704	8.8%	-13,916	-15,621	19,983	\$18.64
Foothills	5,899,900	127,204	3,460	2.2%	4,907	49,338	1,396	\$20.79
North/Oro Valley	2,557,504	357,799	4,000	14.1%	2,756	-149,059	0	\$24.80
Northeast	331,919	18,433	0	5.6%	5,058	1,505	0	\$18.71
Northwest	4,607,423	122,491	5,243	2.8%	160,359	168,490	46,179	\$20.73
South	7,129,629	229,921	51,200	3.9%	-56,375	79,617	0	\$11.81
South/SW Outlying	1,905,427	98,529	0	5.2%	2,860	-1,967	3,360	\$15.33
Southeast	1,894,415	35,729	0	1.9%	1,200	20,042	0	\$19.03
Southwest	3,138,673	18,143	0	0.6%	-1,170	52,699	0	\$16.28
West	893,607	40,406	0	4.5%	-3,042	-12,651	0	\$14.66
<b>DOWNTOWN TOTALS</b>	<b>1,847,318</b>	<b>86,053</b>	<b>1,200</b>	<b>4.7%</b>	<b>5,970</b>	<b>-23,208</b>	<b>0</b>	<b>\$21.12</b>
<b>TUCSON TOTALS</b>	<b>56,476,523</b>	<b>3,097,942</b>	<b>88,627</b>	<b>5.2%</b>	<b>199,390</b>	<b>226,038</b>	<b>75,918</b>	<b>\$17.81</b>

PROPERTY	SUBMARKET	TENANT	SF	TYPE
North Tangerine Road	Northwest	Fry's	149,900	New Lease
406-425 East Wetmore Road	Central West	Walmart	86,922	Renewal
11855-11985 North Oracle Road	North/Oro Valley	The Picklr	30,162	New Lease
18705 South Frontage Road	South/SW Outlying	Burlington	28,874	New Lease
3840-3860 West River Road	Foothills	PetSmart, Inc.	21,860	Renewal

KEY SALES TRANSACTIONS Q4 2024

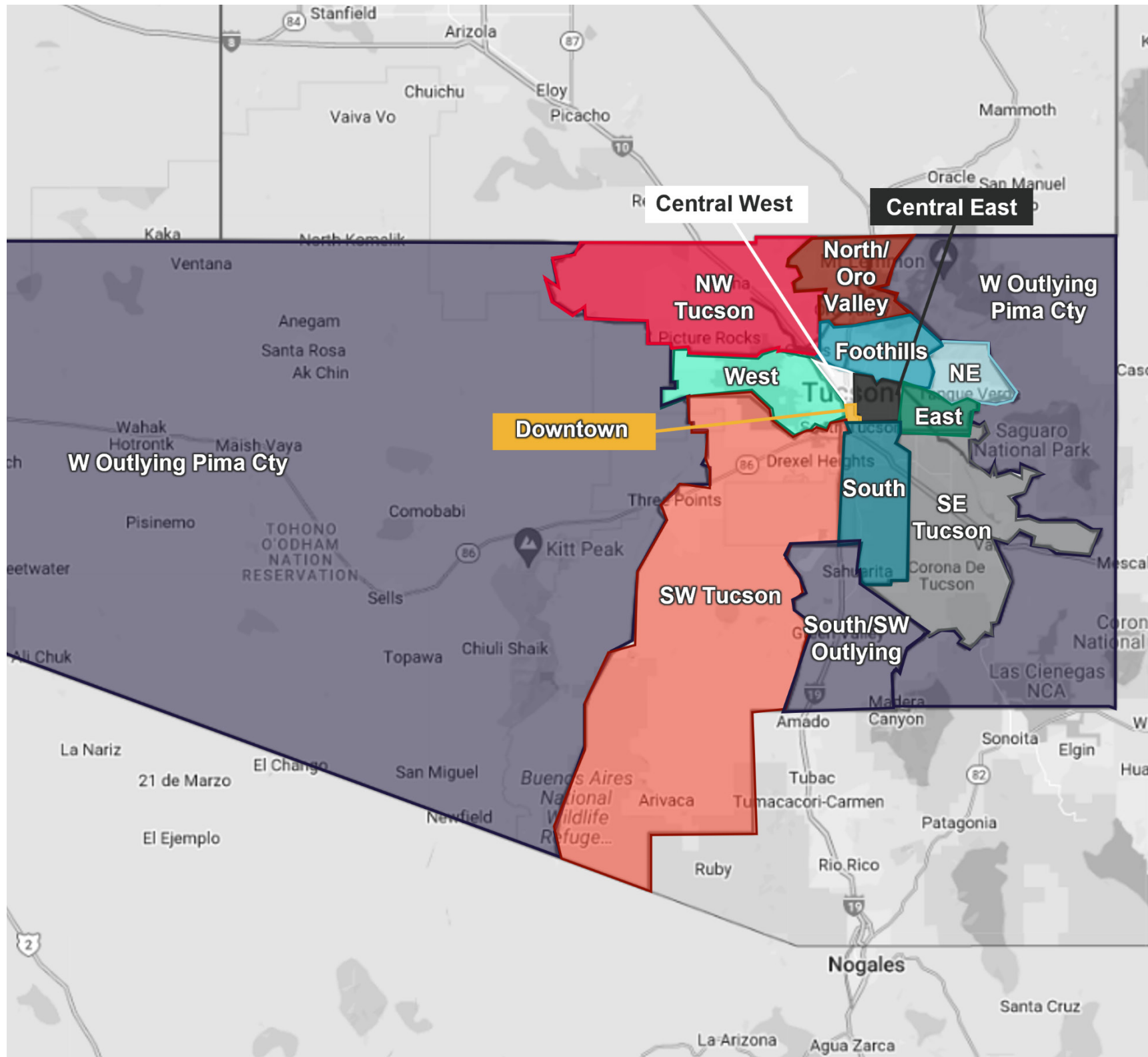
PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
3820-3840 North Oracle Road	Central West	Holualoa Companies / Zeitlin Capital	51,106	\$7M / \$138.63
8730 East Broadway Boulevard	East	Walgreen Co. / TCII Capital Group LLC	21,440	\$2M / \$95.62
8351 East Broadway Boulevard	East	Try W Little / Sbg Investments LLC	15,261	\$1.6M / \$104.84
715 North Park Avenue	Central East	Campus Christian Center / First United Methodist Church Of Tucson	10,131	\$709K / \$70.03
3700 North Oracle Road**	Central West	Nmdc Llc / Jadas Tucson Properties Llc	7,947	\$725K / \$91.23

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

KEY CONSTRUCTION COMPLETIONS 2024

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
N Tangerine Road	Northwest	Fry's	155,300	Undisclosed
8693 Silverbell Road	Northwest	The Learning Experience	9,058	Diamond Ventures

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Source: Costar