

TUCSON MULTIFAMILY MARKET

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CBRE



NATIONAL TRENDS

Rent Growth

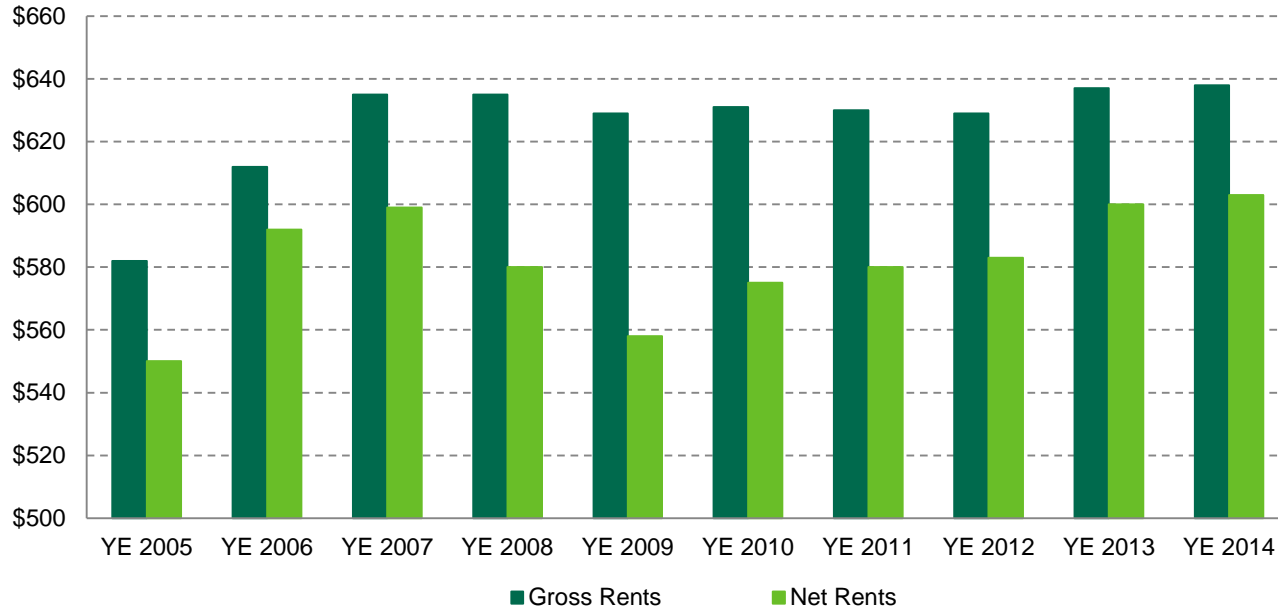
Year	Growth %
2012	3.70%
2013	4.30%
2014	5.90%
2015	5%+ projected

Source: Real Capital Analytics, Inc.



TUCSON RENTS

Gross Rents vs. Net Rents

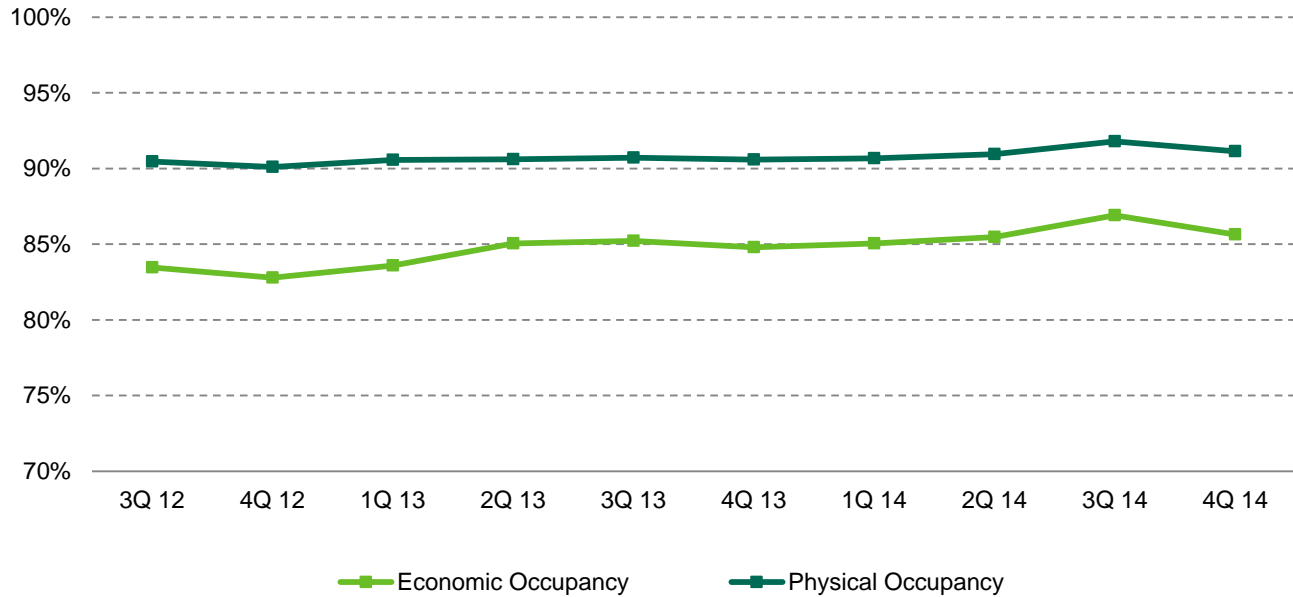


Source: RealData – 4Q 2014



OCCUPANCY

Physical Occupancy vs. Economic Occupancy



Source: RealData – 4Q 2014



SUPPLY & DEMAND

Construction vs. Absorption

Year	CONSTRUCTION			ABSORPTION	
	Low Income/ Subsidized	Student	Conventional	Total	
8-Yr Total (03-10)	692	775	963	2,430	-1,705
8-Yr Avg.	87	97	120	304	-213

2011	0	0	524	524	1,251
2012	143	208	653	1,004	465
2013	90	554	677	1,321	754
2014	0	403	807	1,210	902
Projected 2015	0	93	901	994	843**
5-Yr Total	233	1,258	3,562	5,053	4,215
5-Yr Avg.	47	252	712	1,011	843

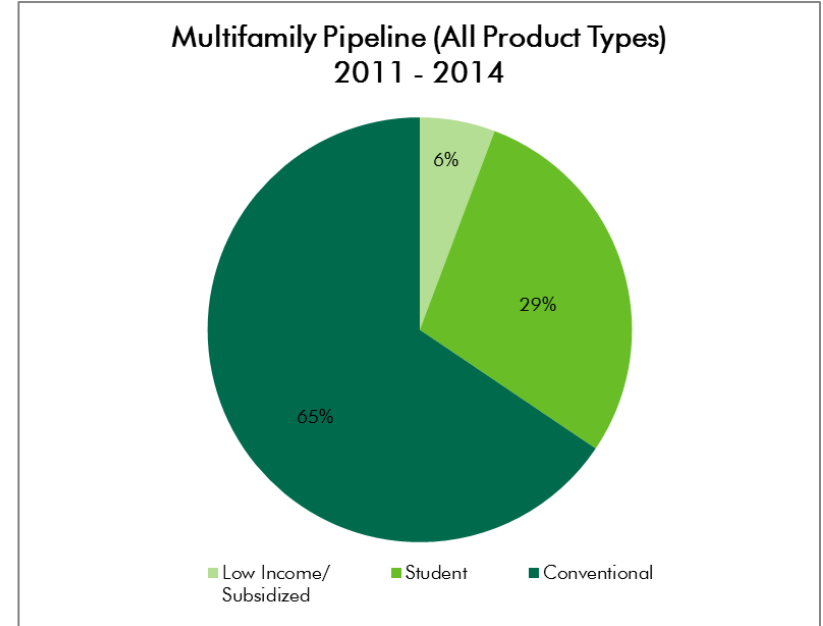
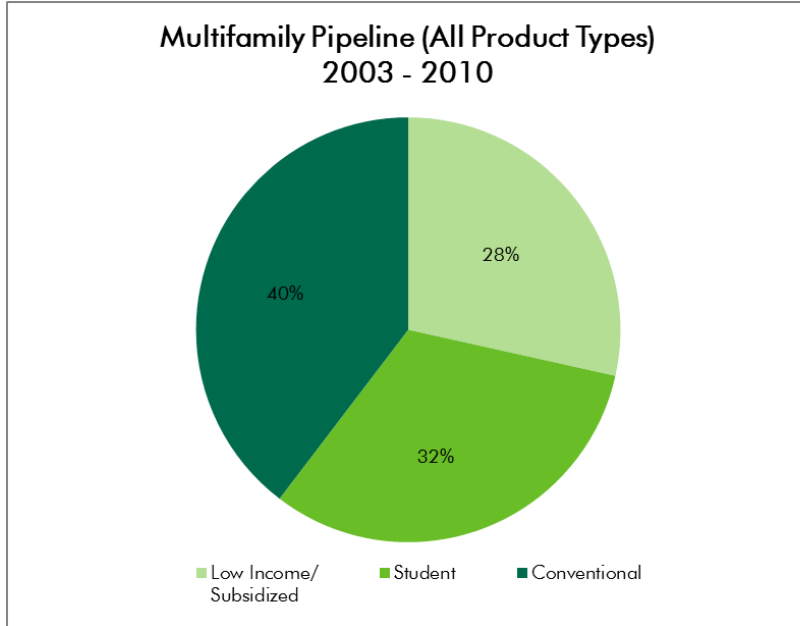
Source: RealData – 4Q 2014



**Absorption Estimated to be average of the past 4 years

CONSTRUCTION CYCLE

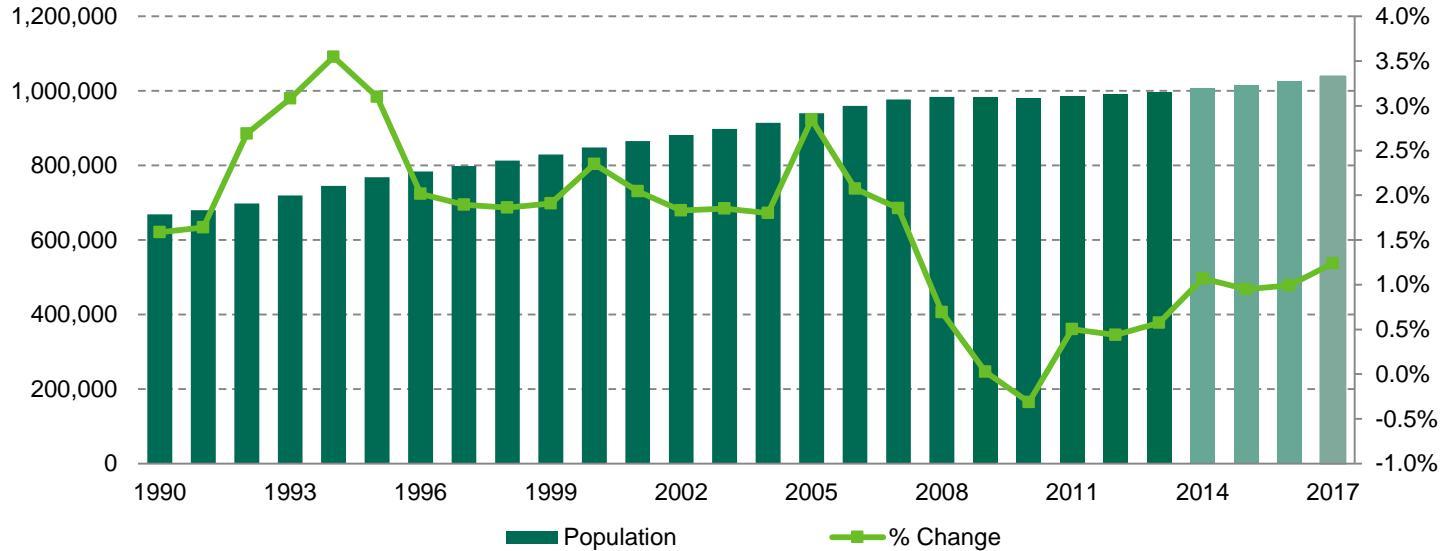
Multifamily Pipeline Comparison



Source: RealData – 4Q 2014

POPULATION

Pima County Population

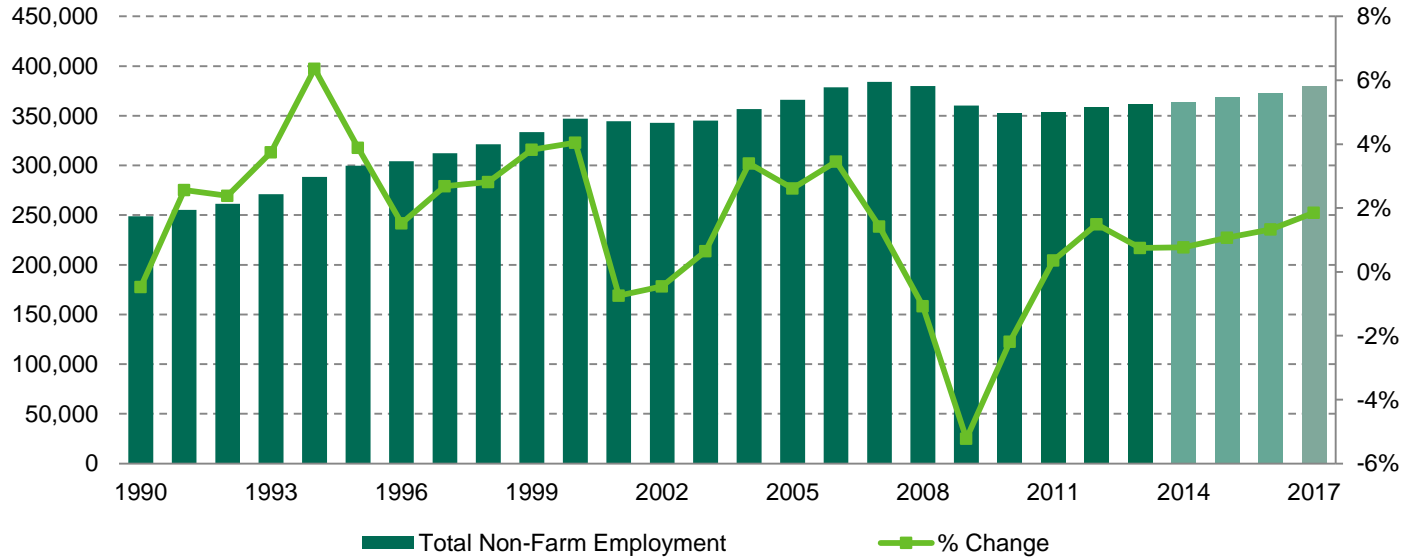


Source: University of Arizona – Eller Economic Forecast – 4Q 2014



EMPLOYMENT

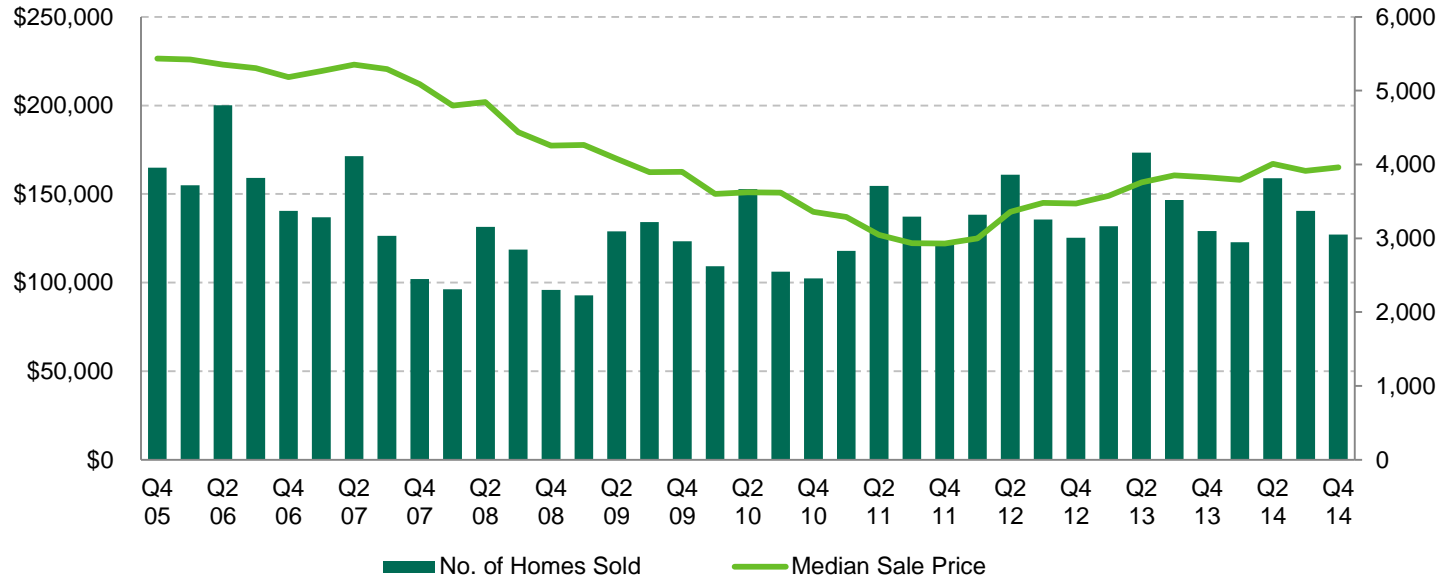
Pima County Non-Farm Employment



Source: University of Arizona – Eller Economic Forecast – 4Q 2014

SINGLE FAMILY MARKET

Median Home Prices

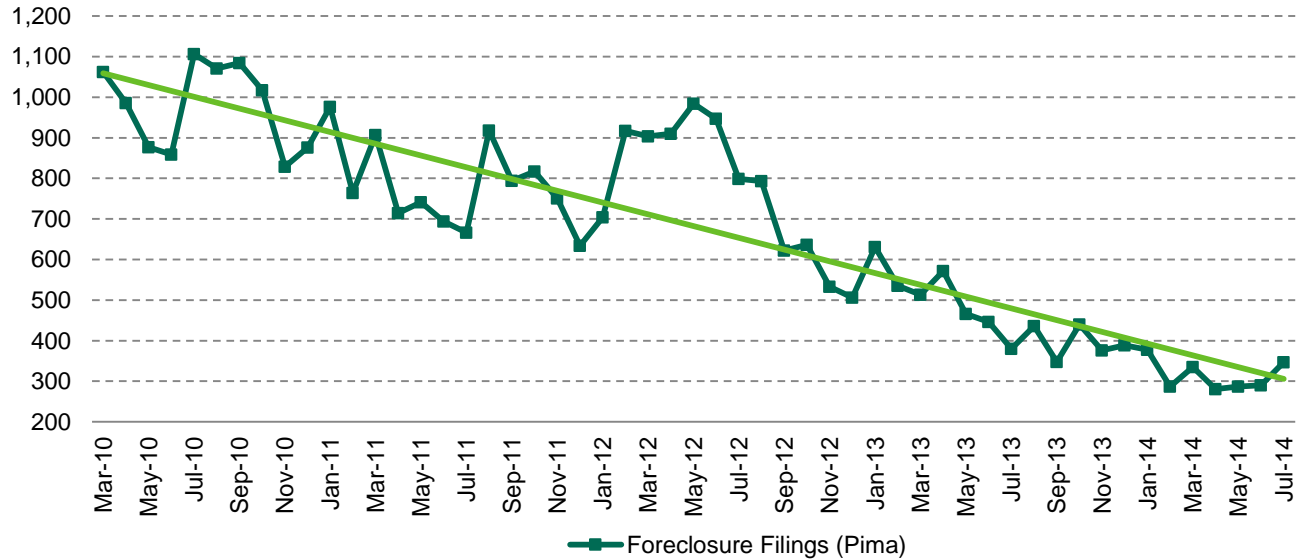


Source: Tucson Association of Realtors



SINGLE FAMILY MARKET

Foreclosure Rate

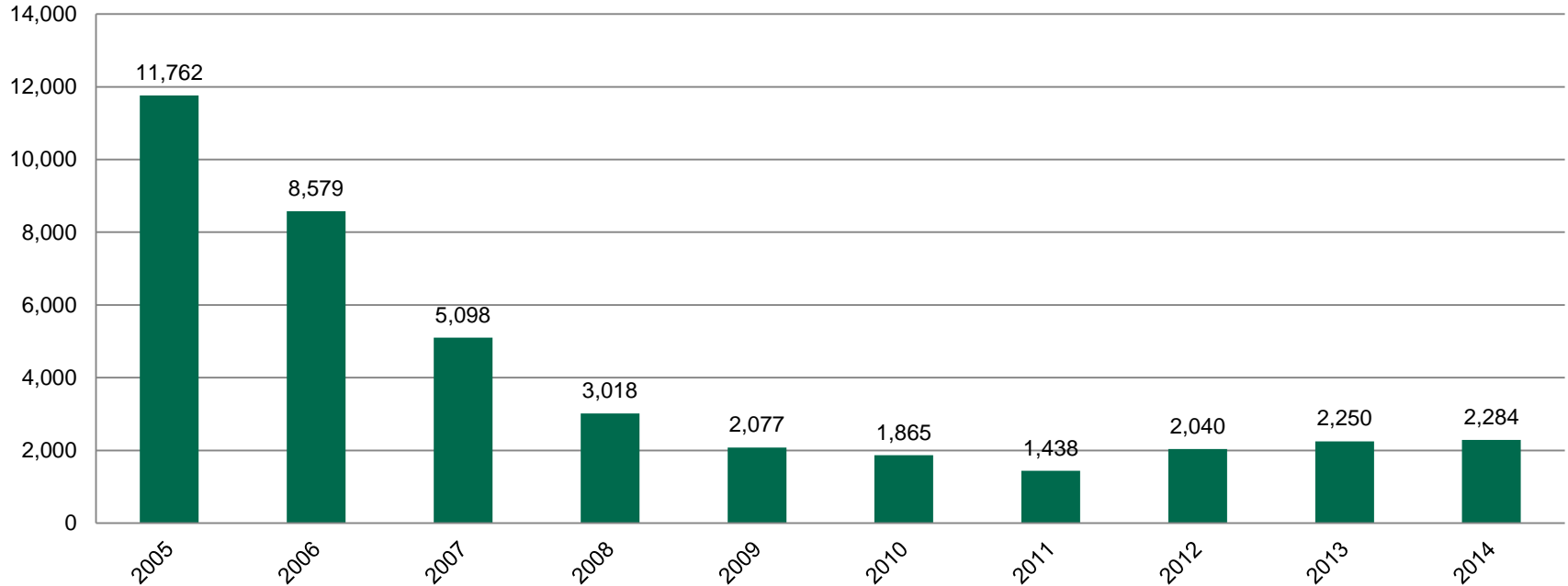


Source: Property Radar



SINGLE FAMILY MARKET

Single Family Permits

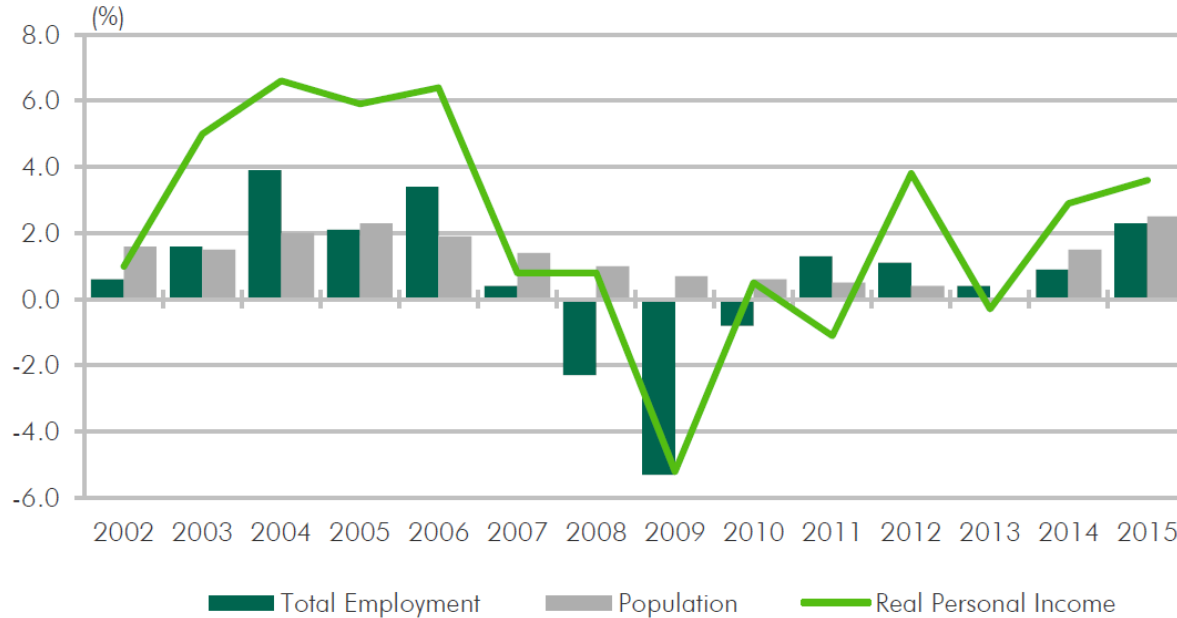


Source: SAHBA



DEMAND DRIVERS

Total Employment, Population, and Real Personal Income Growth



Source: Real Capital Analytics, Inc.



EMPLOYMENT FORECAST

Employment Growth Ranks

History	Growth %	Rank
1 year	0.60%	51
2 year	0.70%	54
5 year	0.20%	62

Forecast	Growth %	Rank
1 year	2.20%	25
2 year	2.30%	11
5 year	2.20%	9

Source: Real Capital Analytics, Inc.



MULTIFAMILY SALES

Tucson Sales – 100+ Unit Properties

Year	Number of Properties Sold
2006	46 properties
2009	1 property
2014	20 properties

Source: CoStar



MULTIFAMILY SALES

Tucson vs. Phoenix – Per Unit Pricing 2014

Grade	Tucson Avg. Price/Unit	Phoenix Avg. Price/Unit
Class "A"	\$95,000	\$151,851
Class "B"	\$50,678	\$92,830
Class "C"	\$30,600	\$48,619

Source: CoStar



STUDENT HOUSING

Older Product



STUDENT HOUSING

Mid-Tier Product



STUDENT HOUSING

New Product



CONDOMINIUM MARKET

Current Condominium Sales (Since 1/1/2013)

Property	No. of Sales	Avg. SF	Avg. Sale Price	Avg. Price/SF
Greens at Ventana	43	992	\$159,815	\$161.16
Rio Del Sol	52	1050	\$150,481	\$143.33
Canyon View	24	972	\$138,500	\$142.43
Skyline Villas	10	999	\$138,330	\$138.50
Veranda	87	879	\$108,384	\$123.32
Pinnacle Canyon	21	1092	\$130,590	\$119.57
Boulder Canyon	21	915	\$104,712	\$114.41
Dakota Hills	4	1255	\$140,163	\$111.66
Tierra Catalina	18	1272	\$140,906	\$110.79
Ventana Vista	34	1048	\$110,635	\$105.57
Moonrise	22	1019	\$94,705	\$92.95
Totals/ Averages:	336	997	\$127,134	\$127.46

SUMMARY

- Resilient Market
- Behind the Nation and Phoenix in recovery
- Positive Employment and Growth Forecast
- Low rates and continued investor demand

For more information regarding this presentation please contact:

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