CUSHMAN & WAKEFIELD

QUAIL CANYON

117 UNITS BUILD-FOR-RENT (±18.06 ACRES) & 210 MULTIFAMILY UNITS (±8.95 ACRES)

FULLY ENTITLED DEVELOPMENT LAND SITES - CAN BE SOLD SEPARATELY

Adjacent to the Catalina Foothills

SEC Oracle Road & Rudasill Road | Tucson, Arizona

EXECUTIVE **SUMMARY**

- Entitled Multifamily and Build-for-rent land in Tucson, AZ
- ±54.35 Total Acres of land
- Frontage along Oracle Road
- ±5 miles to the Interstate 10 Freeway in North Tucson
- There has not been an available Parcel of this size in or near the Tucson Foothills for many years
- The Catalina Foothills submarket is one of the most affluent communities in Arizona
- The Foothills boasts the 6th highest per capita income in Arizona
- 14th Highest per capita income in the U.S. of communities with this population >50,000
- 360 degree views of the Santa Catalina Mountains
- Engineering work, entitlement work, as well as pre-construction for all civil, is complete
- Santa Catalina Foothills experienced a 1.63% YoY increase in Multifamily Effective Rent Growth for Q1 2024

CONTINUED EXECUTIVE **SUMMARY**

Tucson Mall
More than 170 stores and dining options. The Tucson mall is the largest shopping mall in Tucson.

Downtown Tucson
Six districts with distinct history and cuisine. Downtown Tucson has something for everyone: craft breweries, live music venues, art galleries, casinos, and, of course, award winning cuisine.

Tucson is a desirable destination for travelers
Tucson has been recognized by various sources for its natural beauty, diverse culture, cuisine, and various resorts that offer relaxing spas and golfing.

UNESCO designated Tucson as the first City of Gastronomy for the city's culinary cultivation of Mexican and Native American heritages and ingredients. Not surprisingly, **Tucson has become the undisputed home to the best Mexican food in the United States.** Tucson has been recognized as one of **Traveler Magazine's "Best Places to Go" in 2024** and **Outside Magazine named Tucson as one of the 23 "Best Places to Travel" in 2024.**

PROJECT AREA

INVESTMENT HIGHLIGHTS

- Both the BFR & Multifamily sites are fully entitled
- ±1 Mile to “The Loop” bike loop
- ±5 minutes to the Tucson Mall
- Direct access to Oracle Road and Rudasill Road and ±10 minutes to Interstate 10
- ±25 minutes from Tucson International Airport
- ±15 Minutes to Downtown Tucson
- ±15 Minutes to the University of Arizona campus
- Last 5 years apartment occupancy average was 95.8%
- Limited inventory with rising demand
- Almost no multifamily/BFR Sites in the Santa Catalina Foothills
- Young population: Median Age (33.7)
- Time Magazine’s “Greatest Places to Live”
- Cost of living is 4% below National Average
- World renowned for food, music scenes, natural outdoors, astronomy, and top-tier University
- American Battery Factory has recently broken ground on the largest U.S. Lithium Iron Phosphate Battery Cell Gigafactory in Tucson. Projected for ±1,000 jobs.

SOUTH VIEW


Downtown Tucson
PimaCommunityCollege
JW MARRIOTT
North toward Phoenix
10
Tucson Mall
ORACLE ROAD
Hampton Inn
TOWNEPLACE SUITES MARRIOTT
RUDASILL ROAD
N

NORTH VIEW


RITZ CARLTON
DOVE MOUNTAIN
SANTA
CATALINA
MOUNTAINS
HomeGoods
SPROUTS
FARMERS MARKET
smashburger
CARRABBA'S
ITALIAN GRILL
KOHL'S
chico's
J.CREW
pure barre
sauce
WHOLE FOODS
WESTWARD LOOK
FAIRFIELD
Marriott
RUDASILL ROAD
ORACLE ROAD

MFR RENDERING

MFR RENDERING

BFR CONCEPT PLAN

BFR PRODUCT **CONCEPT**

TUCSON MULTIFAMILY **OVERVIEW**

12 Mo Delivered Units	12 Mo Absorption Units	Vacancy Rate	12 Mo Asking Rent Growth
2,312	**199**	**11.2%**	**-0.6%**

The Tucson multifamily market may be nearing the end of a two-year down cycle that featured a supplydemand imbalance and tepid rents. In 2022, multidecade high inflation and considerable consumer pessimism caused net absorption to pull back sharply, sending vacancy upward. Since then, while leasing activity has improved, the delivery of new product caused further upward movement in vacancy and has hampered rents. Over the past 12 months, the market recorded 200 units of net absorption. While that lags the pre-pandemic fiveyear average of about 840 units annually, it is no longer starkly negative like during 2022 when over 2,200 units of negative absorption took place. Slowing inflation and a pickup in consumer sentiment helped unlock renter household formation. Though construction activity has been modest compared to other high-growth Sun Belt markets, the 2,300 units of net completions over the past year was enough to push vacancy to 11.2% today. Moving forward, vacancy is expected to stabilize and begin to improve in 2025 as the pace of deliveries eases. Higher vacancies have caused rent growth to slow and recently turn negative. Over the past 12 months, average asking rents fell -0.6%, with the bulk of losses coming from the luxury segment. Though that pace is underwhelming for a market that averaged 4.2% annual growth in the five years leading up to the onset of the pandemic, it is outperforming construction-heavy markets like Phoenix, Austin, and San Antonio. These areas have been contending with negative rent growth for over a year. Tucson could see rent growth begin to re-engage in 2025, when the outlook for both demand and supply is expected to improve. Elevated capital costs and lower rent growth projections have made it difficult for deals to pencil. About $247 million worth of apartment properties traded hands in the past 12 months, as the gap between buyers' and sellers' pricing expectations remains wide. While deals that feature an assumable loan have helped some larger transactions get across the finish line, the 100+ unit investment market has been challenged.

KEY INDICATORS

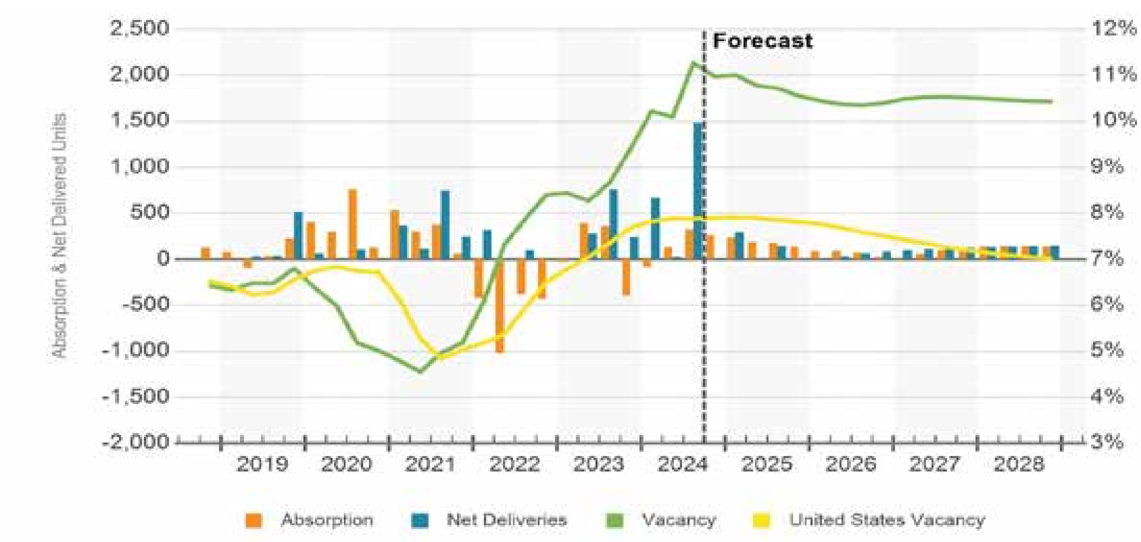
Current Quarter	Units	Vacancy Rate	Asking Rent	Effective Rent	Absorption Units	Delivered Units	Under Construction
4 & 5 Star	19,497	11.2%	$1,528	$1,501	15	0	0
3 Star	41,637	11.9%	$1,142	$1,129	54	0	435
1 & 2 Star	24,661	10.0%	$853	$844	2	0	0
Market	**85,795**	**11.2%**	**$1,170**	**$1,155**	**71**	**0**	**435**

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy	2.2% (YOY)	8.4%	10.5%	11.3%	2024 Q3	4.6%	2021 Q2
Absorption Units	199	409	520	2,033	2006 Q1	(2,252)	2022 Q4
Delivered Units	2,312	583	623	2,408	2024 Q3	25	2017 Q4
Demolished Units	0	5	17	94	2000 Q4	0	2024 Q3
Asking Rent Growth	-0.6%	2.9%	3.2%	16.5%	2021 Q3	-3.0%	2009 Q4
Effective Rent Growth	-1.0%	2.8%	3.1%	16.8%	2021 Q3	-3.0%	2009 Q4
Sales Volume	$253M	$435.7M	N/A	$2B	2022 Q3	$19M	2009 Q4

TUCSON MULTIFAMILY **VACANCY**

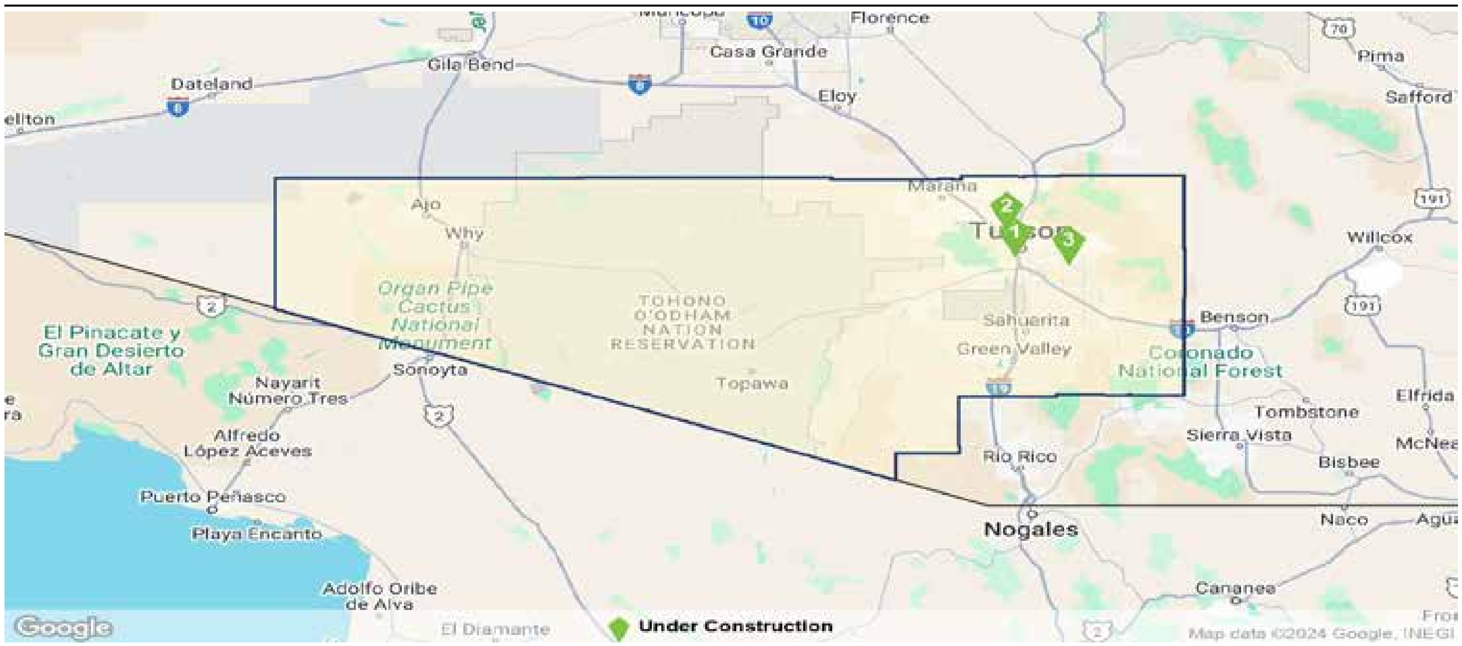
Tucson multifamily demand has been choppy over the past few quarters. The market recorded 200 units of net absorption over the past 12 months as the sector struggles to build meaningful momentum. At the same time, builders completed 2,300 net new units, causing vacancy to rise to 11.2% today. The rapid increase in insurance costs presents a meaningful headwind to operations. According to one market participant, properties built since 1980 are seeing a 20% to 40% increase, with those older than 1980 getting hikes of 100% or more in some cases. Other costs have risen, too, including payroll and third-party contract services. Moving forward, modest supply-side pressure should support stability over the near term, though vacancy could fluctuate as new developments deliver. With inflation and economic uncertainty trending positively, the outlook for underlying demand remains healthy. A downside risk to the outlook includes a worse-than expected economic recession, which could cause renter demand to soften again. A key driver for Tucson's strong performance over the past decade is the affordable cost of living. The average asking apartment rent in nearby Phoenix is more than 40% higher than in Tucson, attracting residents seeking cheaper options. The metro's diversified and expanding labor market also supports healthy population growth. Traditionally, the affordable cost of a single-family home has enticed people to buy versus rent in the market. However, the recent upswing in mortgage rates and rapid price appreciation has raised the barrier to homeownership and kept residents in the renter pool. The median price for a single-family home in Tucson is $400,000—about 17% below the Phoenix average. Assuming a 30-year fixed-rate loan with a 6.5% interest rate and a 20% down payment, a homebuyer can purchase a median-priced home in the metro and expect to pay around $2,550/month for a mortgage, including insurance, taxes, and fees. This compares to the average rent of $1,530/month at 4 & 5 Star apartments.

ABSORPTION, NET DELIVERIES & VACANCY



TUCSON MULTIFAMILY UNDER CONSTRUCTION PROPERTIES

Properties	Units	Percent of Inventory	Avg. No. Units
3	**435**	**0.5%**	**145**

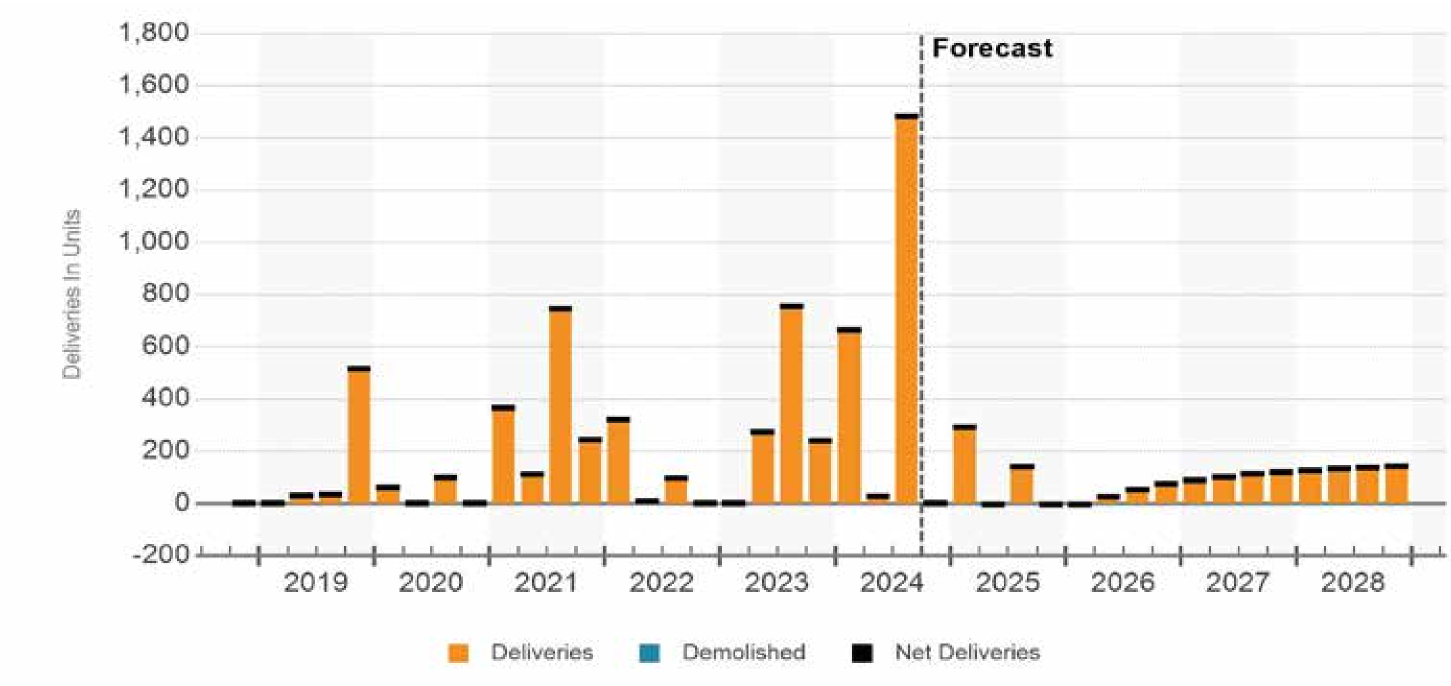


UNDER CONSTRUCTION

	Property Name/Address	Rating	Units	Stories	Start	Complete	Developer/Owner
1	The Bautista 165 S Linda Ave	★★★☆☆	256	5	May 2023	Jan 2025	PEG Companies The Gadsen Company, LLC
2	Aerie La Cholla 5750 N La Cholla Blvd	★★★☆☆	144	2	May 2024	Sep 2025	Aerie Development LLC -
3	Pantano Vista's 8315 E Golf Links Rd	★★★☆☆	35	2	May 2023	Dec 2024	- Tucson Casitas Group

TUCSON MULTIFAMILY **CONSTRUCTION**

DELIVERIES & DEMOLITIONS



TUCSON MULTIFAMILY **APPENDIX**

OVERALL SUPPLY & DEMAND

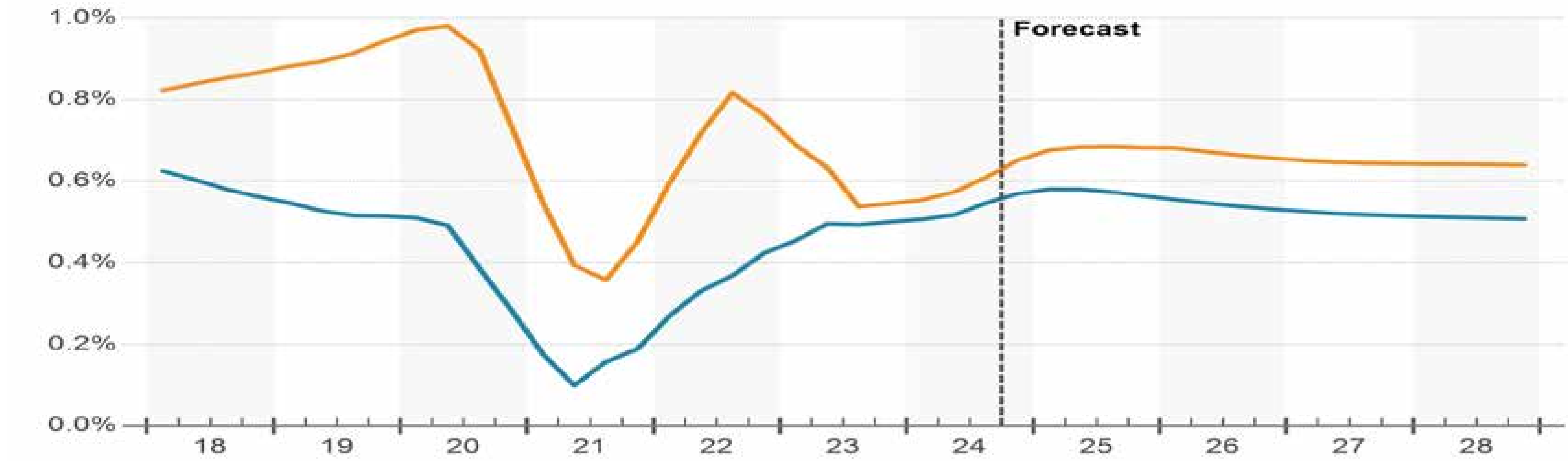
	Inventory			Absorption		
Year	Units	Growth	% Growth	Units	% of Inv	Construction Ratio
2028	87,317	537	0.6%	555	0.6%	1.0
2027	86,780	421	0.5%	272	0.3%	1.5
2026	86,359	145	0.2%	268	0.3%	0.5
2025	86,214	419	0.5%	733	0.9%	0.6
2024	85,795	2,170	2.6%	623	0.7%	3.5
YTD	85,795	2,170	2.6%	438	0.5%	5.0
2023	83,625	1,264	1.5%	326	0.4%	3.9
2022	82,361	424	0.5%	(2,252)	-2.7%	-
2021	81,937	1,465	1.8%	1,266	1.5%	1.2
2020	80,472	160	0.2%	1,578	2.0%	0.1
2019	80,312	577	0.7%	236	0.3%	2.4
2018	79,735	322	0.4%	693	0.9%	0.5
2017	79,413	19	0%	977	1.2%	0
2016	79,394	476	0.6%	1,233	1.6%	0.4
2015	78,918	498	0.6%	1,121	1.4%	0.4
2014	78,420	890	1.1%	843	1.1%	1.1
2013	77,530	939	1.2%	535	0.7%	1.8
2012	76,591	381	0.5%	889	1.2%	0.4

4 & 5 STAR SUPPLY & DEMAND

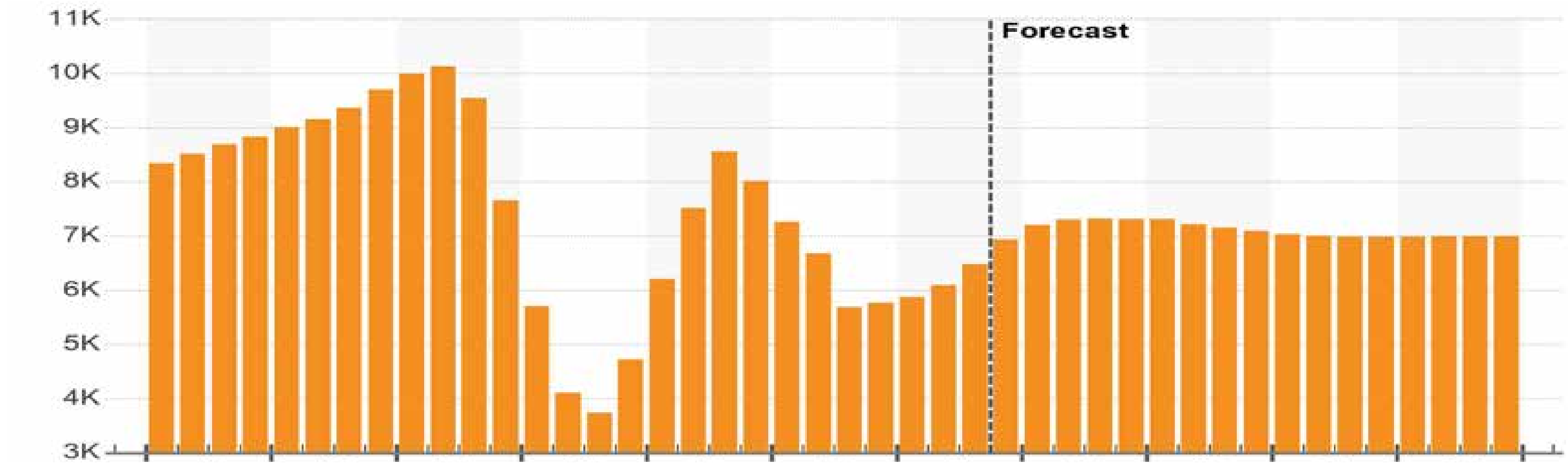
	Inventory			Absorption		
Year	Units	Growth	% Growth	Units	% of Inv	Construction Ratio
2028	20,660	557	2.8%	492	2.4%	1.1
2027	20,103	441	2.2%	305	1.5%	1.4
2026	19,662	165	0.8%	58	0.3%	2.8
2025	19,497	0	0%	320	1.6%	0
2024	19,497	909	4.9%	1,066	5.5%	0.9
YTD	19,497	909	4.9%	986	5.1%	0.9
2023	18,588	1,226	7.1%	695	3.7%	1.8
2022	17,362	43	0.2%	(587)	-3.4%	-
2021	17,319	1,105	6.8%	926	5.3%	1.2
2020	16,214	160	1.0%	645	4.0%	0.2
2019	16,054	317	2.0%	(127)	-0.8%	-
2018	15,737	240	1.5%	372	2.4%	0.6
2017	15,497	0	0%	496	3.2%	0
2016	15,497	268	1.8%	463	3.0%	0.6
2015	15,229	498	3.4%	638	4.2%	0.8
2014	14,731	716	5.1%	475	3.2%	1.5
2013	14,015	954	7.3%	516	3.7%	1.8
2012	13,061	304	2.4%	485	3.7%	0.6

TUCSON MULTIFAMILY **ECONOMY**

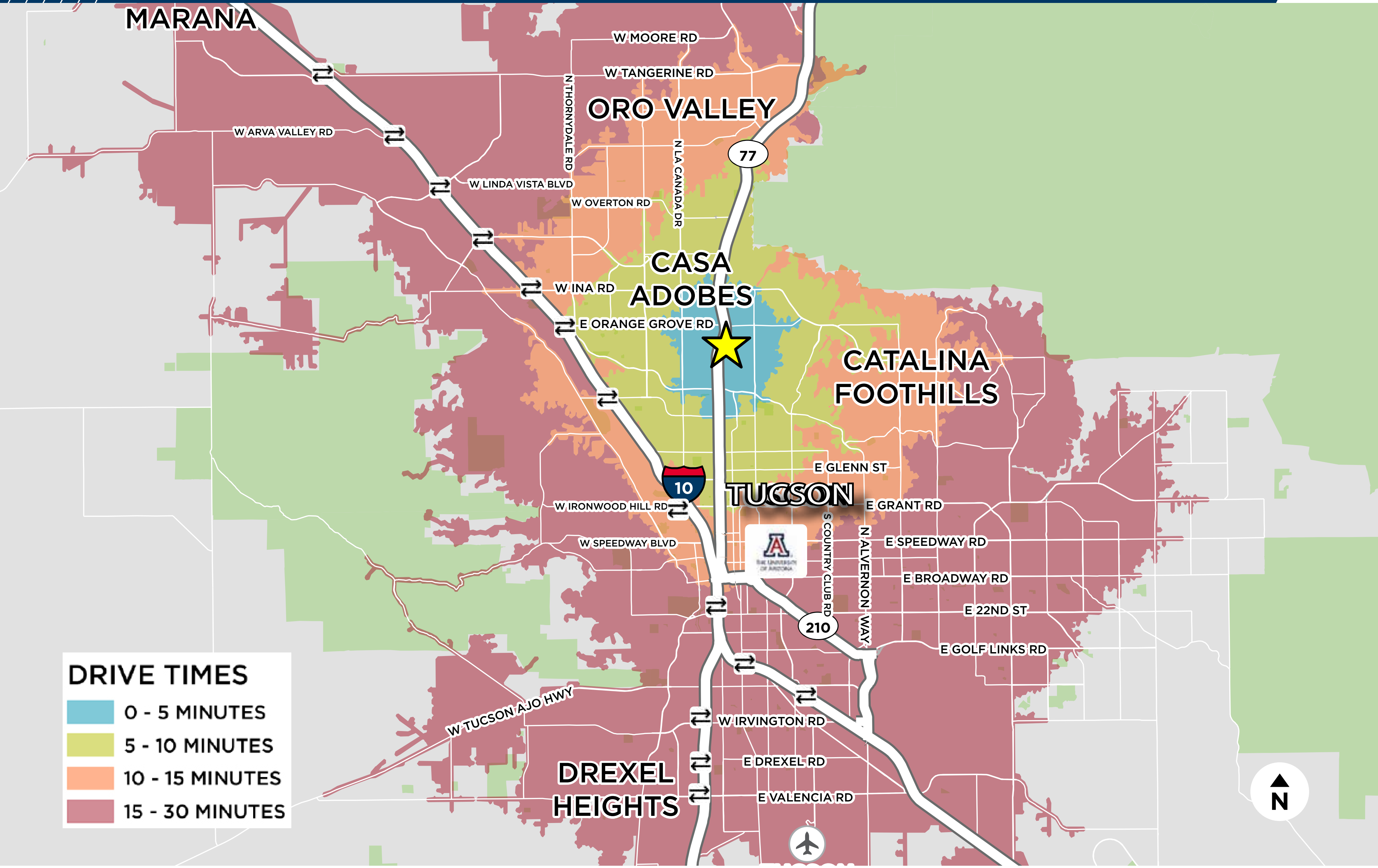
POPULATION GROWTH (YOY %)



NET POPULATION CHANGE (YOY)



REGIONAL CONTEXT



TRANSPORTATION & TRADE

Tucson boasts a well-connected transportation infrastructure, with three prominent interstate freeways serving the city. I-10, which stretches from California to Florida. Another is I-19, linking Southern Arizona to the Mexican border and serving as the quickest route from Tucson or Phoenix to the border. Lastly, there's I-8, which extends westward to San Diego and Southern California.

In terms of rail transportation, Tucson benefits from the Union Pacific Railroad, which encompasses The Port of Tucson—a comprehensive inland port, rail yard, and intermodal facility. Spanning over 264 acres, this port offers a range of logistics solutions for warehousing, distribution, and manufacturing facilities at the University of Arizona Tech Parks.

Despite being located in the desert, Tucson has access to deep-water ports through several locations, including San Diego, Los Angeles, Houston, and Mexico. The nearest port, The Port of Guaymas in Mexico, lies approximately 315 miles south of Tucson in the Gulf of California. Additionally, The Port of Los Angeles, situated 484 miles northwest of Tucson, is within reach. These ports grant Tucson convenient access to shipping destinations overseas.

Tucson International Airport serves as a crucial point of entry. It provides non-stop services to various cities, including Phoenix, Los Angeles, San Diego, Las Vegas, San Francisco, Portland, Seattle/ Tacoma, Salt Lake City, Denver, Houston, Dallas/Ft Worth, Minneapolis, Chicago, Atlanta, New York, and more.