



Tucson Multifamily Market Strong Due to Economic & Population Growth

Ross McCallister • published in the September 2022 issue

The Tucson multifamily market is thriving, thanks to the area's broad economic strength and its rapidly growing population. Over the past decade, Pima County has grown by 6.4 percent, adding over 63,000 new residents. The influx skyrocketed once millions of people were suddenly working from home, with the newfound freedom to relocate. Many chose Tucson for its affordability, climate and recreation—all factors that have helped to rank Tucson as a US News top 100 best places in the country to live and retire. Today, the local population exceeds 550,000 in the city and just over one million in the overall metropolitan area.

On the jobs front, Arizona as a whole is among the healthiest in the nation when it comes to post-pandemic employment recovery. Tucson supports that trend. As of the second quarter this year, Tucson's jobs

“Economic and population growth has also helped to drive Tucson single-family home prices, which increased 25.1 percent between April 2021 and April 2022, representing a median sales price of \$343,000.”



The Place at Arroyo Verde

were up more than three percent year-over-year to 389,100. This includes growth from the area's booming e-commerce and logistics sectors, and from among major employers in education, aerospace, biotech, defense and information technology.

A healthy job market and a diversity of employers are two of the most important considerations for multifamily owners and investors. Since both promote a larger population of well-employed, financially stable renters, these forces are always prime indicators in determining where to successfully invest. And Tucson as them.

Economic and population growth has also helped to drive Tucson single-family home prices, which increased 25.1 percent between April 2021 and April 2022, representing a median sales price of \$343,000.



The Place at Riverwalk

This bodes well for the multifamily market and underscores our company's focus on building new Tucson communities and buying and renovating existing Tucson apartment complexes. Currently, MC Companies owns 12 multifamily communities in greater Tucson and is building two others, The Place at Silverbell Gateway (300 Class A units in Marana) and Arroyo Verde (156 Class A units in northern Tucson).

Our maintenance of existing assets is focused on what drives the market today—comfortable, welcoming rental options that are meticulously maintained and upgraded as much as possible with new technology and conveniences. One example of this is our commitment to push the integration of electric vehicle charging stations at our properties.

We recognize that almost 50 percent of renters take sustainability into account when selecting an apartment. This dovetails with rising electric vehicle sales, which increased a whopping 85 percent between 2020 and 2021. With these factors in play, EV chargers are quickly becoming a decision factor for potential residents— particularly since it takes two to 22 hours to fully charge an electric vehicle battery. As the affordability of electric vehicles improves, we expect the percentage of multifamily renters who own electric vehicles and who depend on this eco-friendly property amenity will also increase. Unfortunately, many multifamily properties aren't keeping up with this demand trend.

We follow a similar forward-thinking philosophy when we construct new MC Companies developments, incorporating in-demand amenities like resort-style pools with cabanas and barbecue stations, resident gathering rooms, resident clubhouses, high-end fitness centers and dog parks. Individual units feature contemporary open designs with high ceilings and walk-in closets, granite countertops, modern appliance packages and flooring, fiber optic cable, and internet service.

All of these strategies are designed to offer an attractive alternative for those opting (or needing) to rent, in light of Tucson's high-price, low-inventory single-family home market.

All of this is good news for multifamily owners and investors and supports multifamily asking rents, which as of March 2022 had increased by 21.7 percent year-over-year. While this jump may represent somewhat of a pandemic-induced anomaly, local multifamily rents are none-the-less increasing—to the tune of 2.3 percent during the first quarter of 2022 alone.

So even in the light of a potential recession (when rents might initially dip but also tend to rebound quickly, outpacing the recovery of other property sectors), Tucson is on solid ground.

For investors seeking long-term holds, Tucson has proven itself as a worthy option both now and for the extended future.

Ross McCallister, Principal at MC Companies, is a 40 plus-year real estate industry expert. In 1976, he began his career in Finance beginning as President of a savings and loan association, specializing in business development, and real estate and construction financing. His time in the banking industry led to an interest in multifamily development and construction. In 1983, he moved to Tucson to become President of a local real estate development and syndication company, where Ross developed, constructed and financed over 1,500 units in Southern Arizona. In 1985, Ross started a multifamily construction and asset management team, The McCallister Company, during which he managed development and construction, financing, equity procurement, investor relations and asset management. In 2001, Ross merged his company with McElroy Management, creating MC Companies. Ross continues to use his financing, development and construction, and investor relations expertise in his ownership of MC Companies. He can be reached at info@mccompanies.com.

TREND
report

Tucson Real Estate + New Development

Subscribe online at
www.trendreportaz.com

For Quotes on Corporate Subscriptions and Advertising Programs,
Contact **Karen Schutte**
at 520-877-2656 or trendreportaz@outlook.com