

NAR Commercial Real Estate Metro Market Report | 2022.Q1

Flagstaff, AZ

Core-Based Statistical Area Code:

22380

The Flagstaff, AZ commercial real estate market is not as strong compared to the overall U.S. market.
NAR Commercial Real Estate Market Conditions Index* 41.7

Overall economic conditions are not as strong than nationally.
 The apartment property market is stronger than nationally.
 The office property market is not as strong than nationally.
 The industrial property market is not as strong than nationally.
 The retail property market is about the same than nationally.
 The hotel/lodging property market is not as strong than nationally.

I. Economic and Demographic

Economic	Flagstaff, AZ			U.S.			
	2022 Q1 (March)	2021 Q4 (Dec)	2021 Q1 (March)	2022 Q1 (March)	2021 Q4 (Dec)	2021 Q1 (March)	
Total non-farm employment ('000)	67	67	61	149,912	150,352	143,308	
Y/Y chg.in nonfarm payroll employment ('000)	6	6	(6)	6,604	6,747	(6,644)	
Y/Y % chg. in nonfarm payroll employment	10.2%	9.3%	-9.5%	4.6%	4.7%	-4.4%	<i>Job creation is stronger than nationally</i>
Unemployment rate (%)	4.1%	4.8%	7.3%	3.6%	3.9%	6.0%	<i>Unemployment rate is higher than nationally</i>
Average weekly wages	\$759	\$681	\$677	\$1,099	\$1,092	\$1,049	
Wage growth, year-over-year	12.0%	7.7%	16.8%	4.7%	5.2%	6.9%	<i>Wages are rising faster than nationally</i>
	2020	2019	2018	2020	2019	2018	
GDP growth (%)	-7.4%	-3.7%	-0.8%	-3.4%	2.3%	2.9%	
	2020	2019	2018	2020	2019	2018	
Demographic							
Net domestic migration ('000)	(2.0)	0.4	0.9	0	0	0	<i>Area is experiencing net domestic out-migration</i>
Population ('000)	145	144	143	331,501	328,330	326,838	
Population growth (%)	0.80%	0.74%	1.14%	0.97%	0.46%	0.53%	<i>Population growth is slower than nationally</i>

II. Multifamily

Demand indicators	Flagstaff, AZ			U.S.			
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Vacancy rate	2.5%	3.0%	3.4%	4.9%	4.8%	6.0%	<i>The area has a lower vacancy rate than nationally</i>
Absorption of units over the quarter	27	(26)	97	58,097	61,951	187,113	
Absorption of units in past 12 months	70	140	278	568,362	697,378	498,721	
Absorption in past 12 months as % of inventory	1.2%	2.5%	5.0%	3.3%	4.1%	3.0%	<i>The area has lower absorption than nationally</i>
Market asking rent per unit	\$1,744	\$1,699	\$1,553	\$1,587	\$1,553	\$1,425	
Market asking rent per unit, y/y % chg	12.3%	14.5%	8.8%	11.4%	11.3%	2.4%	
Effective rent per unit	\$1,737	\$1,693	\$1,548	\$1,578	\$1,543	\$1,406	
Effective rent per unit, y/y % chg	12.2%	15.0%	10.0%	12.2%	12.2%	1.8%	<i>Rents are rising faster than nationally</i>
Rent as a percent of 2-person annual wage income	26.4%	28.6%	26.3%	16.5%	16.3%	15.4%	<i>Renting is less affordable than nationally</i>
	2020	2019	2018	2020	2019	2018	
Supply indicators							
Inventory	5,641	5,614	5,571	17,251,546	17,194,020	16,685,925	
Net delivered units in past 12 months	22	22	111	387,022	391,271	417,342	
Net delivered units, as % of inventory	0.4%	0.4%	2.0%	2.2%	2.3%	2.5%	
Units under construction	332	332	22	774,864	744,997	732,144	
Units under construction, as % of inventory	5.9%	5.9%	0.4%	4.5%	4.3%	4.4%	<i>Construction is stronger than nationally</i>
Ratio of jobs created to net delivered units (as of latest available month of the quarter)	281.8	259.1	(57.7)	17.1	17.2	(15.9)	<i>More jobs per delivered units than nationally</i>
	2020	2019	2018	2020	2019	2018	
Sales transactions							
Total investment acquisitions (in million \$)	\$124	\$35	\$65	\$50,395	\$113,844	\$30,199	<i>Sales transactions are rising faster than nationally</i>
Transaction sales price per unit	\$311,967	\$254,745	\$285,398	\$220,078	\$227,367	\$157,676	<i>Prices are not rising as fast than nationally</i>
Market cap rate	4.6%	4.9%	5.2%	5.1%	5.1%	5.2%	<i>Cap rates are lower than nationally</i>

III. Office

Demand indicators	Flagstaff, AZ			U.S.			
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Vacancy rate	2.9%	4.6%	2.9%	12.2%	12.1%	11.7%	<i>The area has a lower vacancy rate than nationally</i>
Absorption in sq.ft. over the quarter	35,854	(4,945)	3,413	3,410,230	11,127,334	(43,926,356)	
Absorption in sq.ft. over 12 months	986	(31,455)	(5,901)	5,610,472	(41,726,112)	(119,807,672)	<i>The area has lower absorption than nationally</i>
Absorption in past 12 months as % of inventory	0.0%	-1.6%	-0.3%	0.1%	-0.6%	-1.7%	
Market rent per sq.ft.	\$25.7	\$25.6	\$24.8	\$34.7	\$34.6	\$34.4	
Market rent growth, y/y % chg.	3.8%	3.6%	0.4%	0.8%	0.4%	-2.1%	<i>Rents are rising faster than nationally</i>
Y/Y chg.in professional/business services jobs ('000) (as of latest available month of the quarter)	0.4	0.6	0.0	1,153	1,161	(283)	
	2020	2019	2018	2020	2019	2018	
Supply indicators							
Inventory in sq. ft.	1,999,919	1,964,065	1,998,933	7,256,351,232	7,252,931,072	7,250,434,560	
Net delivered over 12 months, in sq.ft.	-	-	-	54,741,303	57,123,296	47,997,877	
Net delivered units, as % of inventory	-	-	-	0.8%	0.8%	0.7%	
Under construction in sq.ft.	68,178	68,178	38,178	143,665,184	143,194,512	153,944,000	
Under construction, as % of inventory	3.4%	3.5%	1.9%	2.0%	2.0%	2.1%	<i>Construction activity is more robust than nationally</i>
	2020	2019	2018	2020	2019	2018	
Sales transactions							
Total investment acquisitions (in million \$)	\$13	\$5	\$3	\$26,711	\$35,335	\$17,487	<i>Sales transactions are rising faster than nationally</i>
Transaction sale price per sq.ft.	\$272	\$177	\$144	\$324	\$295	\$325	<i>Prices are rising faster nationally</i>
Market cap rate	8.0%	8.0%	8.1%	7.0%	7.0%	7.0%	<i>Cap rates are higher than nationally</i>

- Some data may not be available for the quarter

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Flagstaff, AZ

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22380

IV. Industrial

	Flagstaff, AZ			U.S.			
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Demand indicators							
Vacancy rate	1.7%	1.9%	2.8%	4.1%	4.2%	5.3%	The area has lower vacancy rate than nationally
Absorption in sq.ft. over the quarter	4,643	3,937	31,978	98,463,552	139,649,760	92,218,864	
Absorption in sq.ft. over 12 months	42,880	70,215	416,705	521,957,216	515,712,512	267,819,536	
Absorption in past 12 months as % of inventory	1.0%	1.7%	10.1%	3.1%	3.1%	1.6%	The area has lower absorption than nationally
Market rent per sq.ft.	\$11.3	\$11.2	\$10.7	\$10.2	\$9.9	\$9.2	
Market rent growth, y/y % chg.	5.7%	6.1%	4.7%	11.0%	9.3%	5.5%	Rent growth is slower than nationally
Supply indicators							
Inventory in sq. ft.	4,179,459	4,174,816	4,136,579	16,970,607,616	16,872,123,392	16,448,452,608	
Net delivered over 12 months, in sq.ft.	-	-	-	316,015,277	299,570,240	290,668,397	
Net delivered units, as % of inventory	-	-	-	1.9%	1.8%	1.8%	
Under construction in sq.ft.	5,000	5,000	-	591,536,384	531,512,224	391,175,904	
Under construction, as % of inventory	0.1%	0.1%	-	3.5%	3.2%	2.4%	Less delivered space relative to inventory than nationally
Sales transactions							
Total investment acquisitions (in million \$)	\$6	\$7	\$1	\$21,817	\$51,629	\$16,323	Sales transactions are rising faster than nationally
Transaction sale price per sq.ft.	\$155	\$106	\$86	\$140	\$136	\$105	Prices are rising faster nationally
Market cap rate	6.6%	6.6%	6.6%	6.3%	6.3%	6.3%	Cap rates are higher than nationally

V. Retail

	Flagstaff, AZ			U.S.			
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Demand indicators							
Vacancy rate	2.7%	2.8%	3.0%	4.5%	4.7%	5.1%	The area has a lower vacancy rate than nationally
Absorption in sq.ft. over the quarter	9,281	(3,992)	(418)	24,405,304	24,416,072	3,996,477	
Absorption in sq.ft. over 12 months	31,309	21,610	13,050	94,035,968	73,627,144	(22,757,808)	The area has lower absorption than nationally
Absorption in past 12 months as % of inventory	0.4%	0.3%	0.2%	0.8%	0.7%	-0.2%	
Market rent per sq.ft.	\$19.3	\$19.0	\$18.2	\$22.9	\$22.6	\$22.0	
Market rent growth, y/y % chg.	6.0%	5.1%	1.5%	3.9%	3.1%	1.1%	Rents are rising faster than nationally
Y/Y chg.in retail trade payroll employment ('000) (as of latest available month of the quarter)	-	-	-	570.90	382.90	(187.70)	
Supply indicators							
Inventory in sq. ft.	7,057,258	7,047,977	7,025,949	11,256,099,840	11,231,675,392	11,161,937,920	
Net delivered over 12 months, in sq.ft.	7,004	3,964	-773	19,624,738	21,905,704	37,703,262	Relatively fewer units delivered than nationally
Net delivered units, as % of inventory	0.1%	0.1%	0.0%	0.2%	0.2%	0.3%	Less delivered space relative to inventory than nationally
Under construction in sq.ft.	6,368	6,368	10,889	54,194,816	56,052,512	54,297,696	
Under construction, as % of inventory	0.1%	0.1%	0.2%	0.5%	0.5%	0.5%	Construction activity is slower than nationally
Sales transactions							
Total investment acquisitions (in million \$)	\$27	\$26	\$7	\$22,755	\$33,245	\$12,773	Sales transactions are rising faster than nationally
Transaction sale price per sq.ft.	\$503	\$894	\$268	\$219	\$226	\$182	Prices are rising faster nationally
Market cap rate	7.3%	7.4%	7.4%	6.8%	6.8%	6.8%	Cap rates are higher than nationally

VI. Hotel/Lodging

	2022 Q1 (March)	2021 Q4 (Dec)	2021 Q1 (March)	2022 Q1 (March)	2021 Q4 (Dec)	2021 Q1 (March)	
Leisure and hospitality payroll workers ('000)	15.4	15.4	12.9	14,939	14,804	12,876	
Y/Y change ('000)	2.5	2.8	(2.2)	2,063.0	2,337.0	(2,869.0)	Job creation in the leisure industry is weaker than nationally
% share to nonfarm payroll employment	22.9%	23.0%	21.1%	10.0%	9.8%	9.0%	Higher fraction of workers in leisure industry than nationally

- Some data may not be available for the quarter

Sources of data used: CoStar®, US Census Bureau, US Bureau of Labor Statistics, and US Bureau of Economic Analysis.

*An index below 50 means local market conditions are weaker than nationally, above 50 means local market conditions are stronger, and 50 means local market conditions are about the same as nationally.

NAR derived the index by assigning 1 point for each indicator where local market conditions are better than the national (US) condition.

The total points for each local market are divided by the number of variables that are available at the local area, with 25 indicators if all the data are available. The fraction is multiplied by 100 to get the index.

Economic data may not be available for all markets. In some submarkets or metropolitan divisions (e.g., Long Island) reported by CoStar®, the economic data that is reported (e.g. employment) is of the metropolitan area (New York-Newark-Jersey City). The 390 markets in this report are based on the CoStar® market areas.

NAR reserves the right to add new variables or drop variables that comprise the index based on its analysis of variables that impact market trends.

Market cap rate is based on CoStar proprietary model that is based on both sales transaction cap rates and modeled cap rates based on characteristics of comparable properties in the geographic area.

Data may not be available for some markets or property types.

For information about this report, email data@nar.realtor.

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Lake Havasu City-Kingman, AZ

Core-Based Statistical Area Code: 29420

The Lake Havasu City-Kingman, AZ commercial real estate market is **not as strong compared to the overall U.S. market.**
NAR Commercial Real Estate Market Conditions Index* 45.8

Overall economic conditions are not as strong than nationally.
 The apartment property market is not as strong than nationally.
 The office property market is stronger than nationally.
 The industrial property market is not as strong than nationally.
 The retail property market is stronger than nationally.
 The hotel/lodging property market is about the same than nationally.

I. Economic and Demographic

Economic	Lake Havasu City-Kingman, AZ			U.S.			
	2022 Q1 (March)	2021 Q4 (Dec)	2021 Q1 (March)	2022 Q1 (March)	2021 Q4 (Dec)	2021 Q1 (March)	
Total non-farm employment ('000)	55	55	53	149,912	150,352	143,308	
Y/Y chg.in nonfarm payroll employment ('000)	2	3	1	6,604	6,747	(6,644)	
Y/Y % chg. in nonfarm payroll employment	3.2%	4.8%	1.1%	4.6%	4.7%	-4.4%	Job creation is weaker than nationally
Unemployment rate (%)	4.0%	4.5%	6.5%	3.6%	3.9%	6.0%	Unemployment rate is higher than nationally
Average weekly wages	\$852	\$826	\$770	\$1,099	\$1,092	\$1,049	
Wage growth, year-over-year	10.7%	15.4%	4.0%	4.7%	5.2%	6.9%	Wages are rising faster than nationally
	2020	2019	2018	2020	2019	2018	
GDP growth (%)	0.8%	3.6%	1.7%	-3.4%	2.3%	2.9%	
	2020	2019	2018	2020	2019	2018	
Demographic							
Net domestic migration ('000)	5.3	5.2	4.4	0	0	0	Area is experiencing net domestic in-migration
Population ('000)	214	214	210	331,501	328,330	326,838	
Population growth (%)	0.10%	1.65%	1.30%	0.97%	0.46%	0.53%	Population growth is slower than nationally

II. Multifamily

Demand indicators	Lake Havasu City-Kingman, AZ			U.S.			
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Vacancy rate	1.0%	1.5%	2.5%	4.9%	4.8%	6.0%	The area has a lower vacancy rate than nationally
Absorption of units over the quarter	15	(14)	(31)	58,097	61,951	187,113	
Absorption of units in past 12 months	39	(7)	(5)	568,362	697,378	498,721	
Absorption in past 12 months as % of inventory	1.5%	-0.3%	-0.2%	3.3%	4.1%	3.0%	The area has lower absorption than nationally
Market asking rent per unit	\$867	\$860	\$780	\$1,587	\$1,553	\$1,425	
Market asking rent per unit, y/y % chg	11.2%	12.6%	5.2%	11.4%	11.3%	2.4%	
Effective rent per unit	\$865	\$857	\$777	\$1,578	\$1,543	\$1,406	
Effective rent per unit, y/y % chg	11.2%	12.6%	5.4%	12.2%	12.2%	1.8%	Rents are rising more slowly than nationally
Rent as a percent of 2-person annual wage income	11.7%	11.9%	11.6%	16.5%	16.3%	15.4%	Renting is more affordable than nationally
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Supply indicators							
Inventory	2,648	2,633	2,608	17,251,546	17,194,020	16,685,925	
Net delivered units in past 12 months	-	-	-	387,022	391,271	417,342	
Net delivered units, as % of inventory	-	-	-	2.2%	2.3%	2.5%	
Units under construction	-	-	-	774,864	744,997	732,144	
Units under construction, as % of inventory	-	-	-	4.5%	4.3%	4.4%	
Ratio of jobs created to net delivered units (as of latest available month of the quarter)	-	-	-	17.1	17.2	(15.9)	
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Sales transactions							
Total investment acquisitions (in million \$)	\$32	\$1	\$1	\$50,395	\$113,844	\$30,199	Sales transactions are rising faster than nationally
Transaction sales price per unit	\$110,390	\$93,875	\$70,400	\$220,078	\$227,367	\$157,676	Prices are rising faster nationally
Market cap rate	6.0%	6.2%	6.3%	5.1%	5.1%	5.2%	Cap rates are higher than nationally

III. Office

Demand indicators	Lake Havasu City-Kingman, AZ			U.S.			
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Vacancy rate	1.7%	2.5%	4.1%	12.2%	12.1%	11.7%	The area has a lower vacancy rate than nationally
Absorption in sq.ft. over the quarter	18,647	1,462	11,225	3,410,230	11,127,334	(43,926,356)	
Absorption in sq.ft. over 12 months	51,959	44,537	6,858	5,610,472	(41,726,112)	(119,807,672)	
Absorption in past 12 months as % of inventory	2.5%	2.1%	0.3%	0.1%	-0.6%	-1.7%	The area has stronger absorption than nationally
Market rent per sq.ft.	\$16.8	\$16.7	\$16.2	\$34.7	\$34.6	\$34.4	
Market rent growth, y/y % chg.	3.7%	3.6%	0.4%	0.8%	0.4%	-2.1%	Rents are rising faster than nationally
Y/Y chg.in professional/business services jobs ('000) (as of latest available month of the quarter)	0.1	0.3	(0.4)	1,153	1,161	(283)	Stronger office job creation than nationally
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Supply indicators							
Inventory in sq. ft.	2,109,074	2,090,427	2,057,115	7,256,351,232	7,252,931,072	7,250,434,560	
Net delivered over 12 months, in sq.ft.	-	-	-	54,741,303	57,123,296	47,997,877	
Net delivered units, as % of inventory	-	-	-	0.8%	0.8%	0.7%	
Under construction in sq.ft.	-	-	-	143,665,184	143,194,512	153,944,000	
Under construction, as % of inventory	-	-	-	2.0%	2.0%	2.1%	
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Sales transactions							
Total investment acquisitions (in million \$)	\$11	\$7	\$5	\$26,711	\$35,335	\$17,487	Sales transactions are rising faster than nationally
Transaction sale price per sq.ft.	\$110	\$281	\$129	\$324	\$295	\$325	Prices are not rising as fast than nationally
Market cap rate	8.5%	8.5%	8.6%	7.0%	7.0%	7.0%	Cap rates are higher than nationally

- Some data may not be available for the quarter

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Lake Havasu City-Kingman, AZ

Core-Based Statistical Area Code: 29420

IV. Industrial

	Lake Havasu City-Kingman, AZ			U.S.			
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Demand indicators							
Vacancy rate	8.5%	8.6%	14.6%	4.1%	4.2%	5.3%	The area has higher vacancy rate than nationally
Absorption in sq.ft. over the quarter	9,308	1,814	45,223	98,463,552	139,649,760	92,218,864	
Absorption in sq.ft. over 12 months	488,418	524,333	(459,675)	521,957,216	515,712,512	267,819,536	The area has stronger absorption than nationally
Absorption in past 12 months as % of inventory	6.6%	7.1%	-6.7%	3.1%	3.1%	1.6%	
Market rent per sq.ft.	\$8.2	\$8.1	\$7.7	\$10.2	\$9.9	\$9.2	Rent growth is slower than nationally
Market rent growth, y/y % chg.	6.4%	6.5%	4.8%	11.0%	9.3%	5.5%	
Supply indicators							
Inventory in sq. ft.	7,381,402	7,372,094	6,892,984	16,970,607,616	16,872,123,392	16,448,452,608	
Net delivered over 12 months, in sq.ft.	-	-	-	316,015,277	299,570,240	290,668,397	Less delivered space relative to inventory than nationally
Net delivered units, as % of inventory	-	-	-	1.9%	1.8%	1.8%	
Under construction in sq.ft.	10,000	4,000	4,000	591,536,384	531,512,224	391,175,904	
Under construction, as % of inventory	0.1%	0.1%	0.1%	3.5%	3.2%	2.4%	
Sales transactions							
Total investment acquisitions (in million \$)	\$6	\$2	\$4	\$21,817	\$51,629	\$16,323	Sales transactions are rising faster than nationally
Transaction sale price per sq.ft.	\$112	\$35	\$40	\$140	\$136	\$105	Prices are rising faster nationally
Market cap rate	6.9%	6.9%	6.9%	6.3%	6.3%	6.3%	Cap rates are higher than nationally

V. Retail

	Lake Havasu City-Kingman, AZ			U.S.			
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Demand indicators							
Vacancy rate	4.2%	4.2%	5.2%	4.5%	4.7%	5.1%	The area has a lower vacancy rate than nationally
Absorption in sq.ft. over the quarter	3,697	72,068	68,032	24,405,304	24,416,072	3,996,477	
Absorption in sq.ft. over 12 months	122,802	187,137	38,215	94,035,968	73,627,144	(22,757,808)	The area has stronger absorption than nationally
Absorption in past 12 months as % of inventory	1.2%	1.9%	0.4%	0.8%	0.7%	-0.2%	
Market rent per sq.ft.	\$13.3	\$13.1	\$12.5	\$22.9	\$22.6	\$22.0	Rents are rising faster than nationally
Market rent growth, y/y % chg.	6.0%	5.3%	1.5%	3.9%	3.1%	1.1%	
Y/Y chg.in retail trade payroll employment ('000) (as of latest available month of the quarter)	-	-	-	570.90	382.90	(187.70)	
Supply indicators							
Inventory in sq. ft.	10,015,606	10,011,909	9,892,804	11,256,099,840	11,231,675,392	11,161,937,920	Relatively more units delivered than nationally
Net delivered over 12 months, in sq.ft.	25,642	17,404	21,902	19,624,738	21,905,704	37,703,262	More delivered space relative to inventory than nationally
Net delivered units, as % of inventory	0.3%	0.2%	0.2%	0.2%	0.2%	0.3%	
Under construction in sq.ft.	-	9,100	25,642	54,194,816	56,052,512	54,297,696	
Under construction, as % of inventory	-	0.1%	0.3%	0.5%	0.5%	0.5%	
Sales transactions							
Total investment acquisitions (in million \$)	\$17	\$34	\$20	\$22,755	\$33,245	\$12,773	Sales transactions are not rising as fast than nationally
Transaction sale price per sq.ft.	\$156	\$129	\$163	\$219	\$226	\$182	Prices are not rising as fast than nationally
Market cap rate	7.7%	7.7%	7.7%	6.8%	6.8%	6.8%	Cap rates are higher than nationally

VI. Hotel/Lodging

	2022 Q1 (March)	2021 Q4 (Dec)	2021 Q1 (March)	2022 Q1 (March)	2021 Q4 (Dec)	2021 Q1 (March)	
Leisure and hospitality payroll workers ('000)	8.2	8.1	7.6	14,939	14,804	12,876	
Y/Y change ('000)	0.6	1.0	0.3	2,063.0	2,337.0	(2,869.0)	Job creation in the leisure industry is stronger than nationally
% share to nonfarm payroll employment	15.0%	14.8%	14.3%	10.0%	9.8%	9.0%	Higher fraction of workers in leisure industry than nationally

- Some data may not be available for the quarter

Sources of data used: CoStar®, US Census Bureau, US Bureau of Labor Statistics, and US Bureau of Economic Analysis.

*An index below 50 means local market conditions are weaker than nationally, above 50 means local market conditions are stronger, and 50 means local market conditions are about the same as nationally.

NAR derived the index by assigning 1 point for each indicator where local market conditions are better than the national (US) condition.

The total points for each local market are divided by the number of variables that are available at the local area, with 25 indicators if all the data are available. The fraction is multiplied by 100 to get the index.

Economic data may not be available for all markets. In some submarkets or metropolitan divisions (e.g., Long Island) reported by CoStar®, the economic data that is reported (e.g. employment) is of the metropolitan area

(New York-Newark-Jersey City). The 390 markets in this report are based on the CoStar® market areas.

NAR reserves the right to add new variables or drop variables that comprise the index based on its analysis of variables that impact market trends.

Market cap rate is based on CoStar proprietary model that is based on both sales transaction cap rates and modeled cap rates based on characteristics of comparable properties in the geographic area.

Data may not be available for some markets or property types.

For information about this report, email data@nar.realtor.

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NAR Commercial Real Estate Metro Market Report | 2022.Q1

Phoenix-Mesa-Scottsdale, AZ

Core-Based Statistical Area Code: 38060

The Phoenix-Mesa-Scottsdale, AZ commercial real estate market is stronger compared to the overall U.S. market.
NAR Commercial Real Estate Market Conditions Index* 52.0

Overall economic conditions are stronger than nationally.
 The apartment property market is about the same than nationally.
 The office property market is not as strong than nationally.
 The industrial property market is stronger than nationally.
 The retail property market is stronger than nationally.
 The hotel/lodging property market is about the same than nationally.

I. Economic and Demographic

Economic	Phoenix-Mesa-Scottsdale, AZ			U.S.			
	2022 Q1 (March)	2021 Q4 (Dec)	2021 Q1 (March)	2022 Q1 (March)	2021 Q4 (Dec)	2021 Q1 (March)	
Total non-farm employment ('000)	2,269	2,287	2,187	149,912	150,352	143,308	
Y/Y chg.in nonfarm payroll employment ('000)	82	97	(31)	6,604	6,747	(6,644)	Job creation is weaker than nationally
Y/Y % chg. in nonfarm payroll employment	3.7%	4.4%	-1.4%	4.6%	4.7%	-4.4%	Unemployment rate is lower than nationally
Unemployment rate (%)	2.9%	3.4%	5.6%	3.6%	3.9%	6.0%	
Average weekly wages	\$1,113	\$1,103	\$1,037	\$1,099	\$1,092	\$1,049	Wages are rising faster than nationally
Wage growth, year-over-year	7.3%	5.8%	1.6%	4.7%	5.2%	6.9%	
	2020	2019	2018	2020	2019	2018	
GDP growth (%)	-0.5%	4.3%	4.4%	-3.4%	2.3%	2.9%	
	2020	2019	2018	2020	2019	2018	
Demographic							
Net domestic migration ('000)	82.4	73.3	63.7	0	0	0	Area is experiencing net domestic in-migration
Population ('000)	4,868	4,954	4,852	331,501	328,330	326,838	
Population growth (%)	-1.74%	2.10%	1.91%	0.97%	0.46%	0.53%	Population growth is slower than nationally

II. Multifamily

Demand indicators	Phoenix-Mesa-Scottsdale, AZ			U.S.			
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Vacancy rate	6.3%	5.7%	5.3%	4.9%	4.8%	6.0%	The area has a higher vacancy rate than nationally
Absorption of units over the quarter	1,330	(31)	4,897	58,097	61,951	187,113	
Absorption of units in past 12 months	8,224	11,791	13,081	568,362	697,378	498,721	
Absorption in past 12 months as % of inventory	2.5%	3.6%	4.1%	3.3%	4.1%	3.0%	The area has lower absorption than nationally
Market asking rent per unit	\$1,588	\$1,564	\$1,341	\$1,587	\$1,553	\$1,425	
Market asking rent per unit, y/y % chg	18.4%	21.7%	9.6%	11.4%	11.3%	2.4%	
Effective rent per unit	\$1,580	\$1,556	\$1,330	\$1,578	\$1,543	\$1,406	Rents are rising faster than nationally
Effective rent per unit, y/y % chg	18.8%	22.1%	9.6%	12.2%	12.2%	1.8%	Renting is more affordable than nationally
Rent as a percent of 2-person annual wage income	16.3%	16.2%	14.8%	16.5%	16.3%	15.4%	
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Supply indicators							
Inventory	325,864	324,534	317,643	17,251,546	17,194,020	16,685,925	
Net delivered units in past 12 months	12,251	11,524	8,594	387,022	391,271	417,342	
Net delivered units, as % of inventory	3.8%	3.6%	2.7%	2.2%	2.3%	2.5%	
Units under construction	28,400	28,902	24,436	774,864	744,997	732,144	Construction is stronger than nationally
Units under construction, as % of inventory	8.7%	8.9%	7.7%	4.5%	4.3%	4.4%	Fewer jobs per delivered units than nationally
Ratio of jobs created to net delivered units (as of latest available month of the quarter)	6.7	8.4	(3.6)	17.1	17.2	(15.9)	
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Sales transactions							
Total investment acquisitions (in million \$)	\$2,827	\$5,852	\$2,144	\$50,395	\$113,844	\$30,199	Sales transactions are not rising as fast than nationally
Transaction sales price per unit	\$298,702	\$286,247	\$213,921	\$220,078	\$227,367	\$157,676	Prices are rising faster nationally
Market cap rate	4.0%	4.1%	4.4%	5.1%	5.1%	5.2%	Cap rates are lower than nationally

III. Office

Demand indicators	Phoenix-Mesa-Scottsdale, AZ			U.S.			
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Vacancy rate	14.3%	13.9%	13.7%	12.2%	12.1%	11.7%	The area has a higher vacancy rate than nationally
Absorption in sq.ft. over the quarter	(819,798)	923,782	(706,039)	3,410,230	11,127,334	(43,926,356)	
Absorption in sq.ft. over 12 months	(593,928)	(480,169)	(907,464)	5,610,472	(41,726,112)	(119,807,672)	The area has lower absorption than nationally
Absorption in past 12 months as % of inventory	-0.4%	-0.3%	-0.5%	0.1%	-0.6%	-1.7%	
Market rent per sq.ft.	\$27.2	\$27.0	\$26.3	\$34.7	\$34.6	\$34.4	
Market rent growth, y/y % chg.	3.4%	3.6%	0.6%	0.8%	0.4%	-2.1%	Rents are rising faster than nationally
Y/Y chg.in professional/business services jobs ('000) (as of latest available month of the quarter)	10.4	18.1	(1.5)	1,153	1,161	(283)	Slower office job creation than nationally
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Supply indicators							
Inventory in sq. ft.	165,842,448	166,662,256	166,418,480	7,256,351,232	7,252,931,072	7,250,434,560	
Net delivered over 12 months, in sq.ft.	544,289	1,943,070	2,646,648	54,741,303	57,123,296	47,997,877	More delivered space relative to inventory than nationally
Net delivered units, as % of inventory	0.3%	1.2%	1.6%	0.8%	0.8%	0.7%	
Under construction in sq.ft.	1,644,378	1,591,196	1,904,937	143,665,184	143,194,512	153,944,000	Construction activity is slower than nationally
Under construction, as % of inventory	1.0%	1.0%	1.1%	2.0%	2.0%	2.1%	
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Sales transactions							
Total investment acquisitions (in million \$)	\$981	\$1,435	\$545	\$26,711	\$35,335	\$17,487	Sales transactions are rising faster than nationally
Transaction sale price per sq.ft.	\$250	\$275	\$234	\$324	\$295	\$325	Prices are rising faster nationally
Market cap rate	7.1%	7.1%	7.2%	7.0%	7.0%	7.0%	Cap rates are higher than nationally

- Some data may not be available for the quarter

NAR Commercial Real Estate Metro Market Report | 2022.Q1

Phoenix-Mesa-Scottsdale, AZ

Core-Based Statistical Area Code:

38060

IV. Industrial

	Phoenix-Mesa-Scottsdale, AZ			U.S.			
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Demand indicators							
Vacancy rate	4.5%	5.0%	6.5%	4.1%	4.2%	5.3%	The area has higher vacancy rate than nationally
Absorption in sq.ft. over the quarter	7,245,165	4,975,880	4,781,626	98,463,552	139,649,760	92,218,864	
Absorption in sq.ft. over 12 months	24,843,688	22,380,148	20,052,410	521,957,216	515,712,512	267,819,536	
Absorption in past 12 months as % of inventory	6.6%	6.0%	5.7%	3.1%	3.1%	1.6%	The area has stronger absorption than nationally
Market rent per sq.ft.	\$10.3	\$9.9	\$9.0	\$10.2	\$9.9	\$9.2	
Market rent growth, y/y % chg.	13.9%	12.1%	7.7%	11.0%	9.3%	5.5%	Rents are rising faster than nationally
Supply indicators							
Inventory in sq. ft.	377,472,928	370,227,744	352,629,216	16,970,607,616	16,872,123,392	16,448,452,608	
Net delivered over 12 months, in sq.ft.	18,097,650	14,477,450	17,956,086	316,015,277	299,570,240	290,668,397	
Net delivered units, as % of inventory	4.8%	3.9%	5.1%	1.9%	1.8%	1.8%	More deliveries relative to inventory than nationally
Under construction in sq.ft.	38,983,032	32,750,592	19,917,408	591,536,384	531,512,224	391,175,904	
Under construction, as % of inventory	10.3%	8.8%	5.6%	3.5%	3.2%	2.4%	More delivered space relative to inventory than nationally
Sales transactions							
Total investment acquisitions (in million \$)	\$943	\$1,969	\$910	\$21,817	\$51,629	\$16,323	Sales transactions are not rising as fast as nationally
Transaction sale price per sq.ft.	\$156	\$154	\$138	\$140	\$136	\$105	Prices are not rising as fast than nationally
Market cap rate	5.8%	5.9%	5.9%	6.3%	6.3%	6.3%	Cap rates are lower than nationally

V. Retail

	Phoenix-Mesa-Scottsdale, AZ			U.S.			
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Demand indicators							
Vacancy rate	6.3%	6.6%	7.5%	4.5%	4.7%	5.1%	The area has a higher vacancy rate than nationally
Absorption in sq.ft. over the quarter	1,449,770	1,079,159	456,101	24,405,304	24,416,072	3,996,477	
Absorption in sq.ft. over 12 months	2,875,562	1,881,893	(41,508)	94,035,968	73,627,144	(22,757,808)	
Absorption in past 12 months as % of inventory	1.3%	0.9%	0.0%	0.8%	0.7%	-0.2%	The area has stronger absorption than nationally
Market rent per sq.ft.	\$21.2	\$20.7	\$19.9	\$22.9	\$22.6	\$22.0	
Market rent growth, y/y % chg.	6.4%	5.1%	2.3%	3.9%	3.1%	1.1%	Rents are rising faster than nationally
Y/Y chg.in retail trade payroll employment ('000) (as of latest available month of the quarter)	14.40	12.20	3.60	570.90	382.90	(187.70)	The area has stronger retail trade job creation than nationally
Supply indicators							
Inventory in sq. ft.	221,302,432	219,852,656	218,433,568	11,256,099,840	11,231,675,392	11,161,937,920	
Net delivered over 12 months, in sq.ft.	223,056	-313,427	1,088,407	19,624,738	21,905,704	37,703,262	Relatively fewer units delivered than nationally
Net delivered units, as % of inventory	0.1%	-0.1%	0.5%	0.2%	0.2%	0.3%	Less delivered space relative to inventory than nationally
Under construction in sq.ft.	1,037,655	1,615,877	1,585,502	54,194,816	56,052,512	54,297,696	
Under construction, as % of inventory	0.5%	0.7%	0.7%	0.5%	0.5%	0.5%	Construction activity is slower than nationally
Sales transactions							
Total investment acquisitions (in million \$)	\$754	\$1,111	\$562	\$22,755	\$33,245	\$12,773	Sales transactions are not rising as fast than nationally
Transaction sale price per sq.ft.	\$253	\$242	\$178	\$219	\$226	\$182	Prices are rising faster nationally
Market cap rate	6.7%	6.7%	6.8%	6.8%	6.8%	6.8%	Cap rates are lower than nationally

VI. Hotel/Lodging

	2022 Q1 (March)	2021 Q4 (Dec)	2021 Q1 (March)	2022 Q1 (March)	2021 Q4 (Dec)	2021 Q1 (March)	
Leisure and hospitality payroll workers ('000)	225.2	224.7	204.2	14,939	14,804	12,876	
Y/Y change ('000)	21.0	27.6	(33.7)	2,063.0	2,337.0	(2,869.0)	Job creation in the leisure industry is stronger than nationally
% share to nonfarm payroll employment	9.9%	9.8%	9.3%	10.0%	9.8%	9.0%	Lower fraction of workers in leisure industry than nationally

- Some data may not be available for the quarter

Sources of data used: CoStar®, US Census Bureau, US Bureau of Labor Statistics, and US Bureau of Economic Analysis.

*An index below 50 means local market conditions are weaker than nationally, above 50 means local market conditions are stronger, and 50 means local market conditions are about the same as nationally.

NAR derived the index by assigning 1 point for each indicator where local market conditions are better than the national (US) condition.

The total points for each local market are divided by the number of variables that are available at the local area, with 25 indicators if all the data are available. The fraction is multiplied by 100 to get the index.

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NAR reserves the right to add new variables or drop variables that comprise the index based on its analysis of variables that impact market trends.

Market cap rate is based on CoStar proprietary model that is based on both sales transaction cap rates and modeled cap rates based on characteristics of comparable properties in the geographic area.

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NAR Commercial Real Estate Metro Market Report | 2022.Q1

Prescott, AZ

Core-Based Statistical Area Code:

39140

The Prescott, AZ commercial real estate market is about the same compared to the overall U.S. market.

NAR Commercial Real Estate Market Conditions Index*

50.0

Overall economic conditions are stronger than nationally.
 The apartment property market is not as strong than nationally.
 The office property market is stronger than nationally.
 The industrial property market is about the same than nationally.
 The retail property market is stronger than nationally.
 The hotel/lodging property market is not as strong than nationally.

I. Economic and Demographic

Economic	Prescott, AZ			U.S.			
	2022 Q1 (March)	2021 Q4 (Dec)	2021 Q1 (March)	2022 Q1 (March)	2021 Q4 (Dec)	2021 Q1 (March)	
Total non-farm employment ('000)	68	68	66	149,912	150,352	143,308	
Y/Y chg.in nonfarm payroll employment ('000)	2	3	(1)	6,604	6,747	(6,644)	
Y/Y % chg. in nonfarm payroll employment	3.7%	5.1%	-1.1%	4.6%	4.7%	-4.4%	Job creation is weaker than nationally
Unemployment rate (%)	2.6%	3.2%	5.0%	3.6%	3.9%	6.0%	Unemployment rate is lower than nationally
Average weekly wages	\$854	\$813	\$728	\$1,099	\$1,092	\$1,049	
Wage growth, year-over-year	17.3%	9.0%	3.4%	4.7%	5.2%	6.9%	Wages are rising faster than nationally
	2020	2019	2018	2020	2019	2018	
GDP growth (%)	-	-	-	-3.4%	2.3%	2.9%	
	2020	2019	2018	2020	2019	2018	
Demographic	#N/A	#N/A	#N/A	0	0	0	
Net domestic migration ('000)	#N/A	#N/A	#N/A	331,501	328,330	326,838	
Population ('000)	#N/A	#N/A	#N/A	0.97%	0.46%	0.53%	
Population growth (%)	#N/A	#N/A	#N/A				

II. Multifamily

Demand indicators	Prescott, AZ			U.S.			
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Vacancy rate	6.8%	7.2%	4.0%	4.9%	4.8%	6.0%	The area has a higher vacancy rate than nationally
Absorption of units over the quarter	13	74	46	58,097	61,951	187,113	
Absorption of units in past 12 months	248	281	311	568,362	697,378	498,721	
Absorption in past 12 months as % of inventory	8.1%	9.2%	11.1%	3.3%	4.1%	3.0%	The area has stronger absorption than nationally
Market asking rent per unit	\$1,453	\$1,414	\$1,304	\$1,587	\$1,553	\$1,425	
Market asking rent per unit, y/y % chg	11.5%	10.9%	8.6%	11.4%	11.3%	2.4%	
Effective rent per unit	\$1,447	\$1,408	\$1,297	\$1,578	\$1,543	\$1,406	
Effective rent per unit, y/y % chg	11.5%	11.3%	8.3%	12.2%	12.2%	1.8%	Rents are rising more slowly than nationally
Rent as a percent of 2-person annual wage income	19.5%	19.9%	20.5%	16.5%	16.3%	15.4%	Renting is less affordable than nationally
	2020	2019	2018	2020	2019	2018	
Supply indicators	3,056	3,043	2,808	17,251,546	17,194,020	16,685,925	
Inventory	353	353	305	387,022	391,271	417,342	
Net delivered units in past 12 months	11.6%	11.6%	10.9%	2.2%	2.3%	2.5%	
Net delivered units, as % of inventory	-	-	353	774,864	744,997	732,144	
Units under construction	-	-	12.6%	4.5%	4.3%	4.4%	
Units under construction, as % of inventory	6.8	9.3	(2.3)	17.1	17.2	(15.9)	Fewer jobs per delivered units than nationally
Ratio of jobs created to net delivered units (as of latest available month of the quarter)							
	2020	2019	2018	2020	2019	2018	
Sales transactions	-	\$228	\$3	\$50,395	\$113,844	\$30,199	
Total investment acquisitions (in million \$)	-	\$327,588	\$173,438	\$220,078	\$227,367	\$157,676	
Transaction sales price per unit	5.3%	5.3%	5.4%	5.1%	5.1%	5.2%	Cap rates are higher than nationally
Market cap rate							

III. Office

Demand indicators	Prescott, AZ			U.S.			
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Vacancy rate	5.4%	7.0%	7.3%	12.2%	12.1%	11.7%	The area has a lower vacancy rate than nationally
Absorption in sq.ft. over the quarter	49,831	37,655	16,933	3,410,230	11,127,334	(43,926,356)	
Absorption in sq.ft. over 12 months	56,507	23,609	(37,294)	5,610,472	(41,726,112)	(119,807,672)	
Absorption in past 12 months as % of inventory	1.9%	0.8%	-1.3%	0.1%	-0.6%	-1.7%	The area has stronger absorption than nationally
Market rent per sq.ft.	\$21.7	\$21.6	\$21.0	\$34.7	\$34.6	\$34.4	
Market rent growth, y/y % chg.	3.7%	3.6%	0.8%	0.8%	0.4%	-2.1%	Rents are rising faster than nationally
Y/Y chg.in professional/business services jobs ('000)	0.2	0.2	0.2	1,153	1,161	(283)	Stronger office job creation than nationally
(as of latest available month of the quarter)							
	2020	2019	2018	2020	2019	2018	
Supply indicators	2,951,381	2,901,550	2,894,874	7,256,351,232	7,252,931,072	7,250,434,560	
Inventory in sq. ft.	-	-	-	54,741,303	57,123,296	47,997,877	
Net delivered over 12 months, in sq.ft.	-	-	-	0.8%	0.8%	0.7%	
Net delivered units, as % of inventory	-	-	-	143,665,184	143,194,512	153,944,000	
Under construction in sq.ft.	-	-	-	2.0%	2.0%	2.1%	
Under construction, as % of inventory							
	2020	2019	2018	2020	2019	2018	
Sales transactions	\$8	\$27	\$7	\$26,711	\$35,335	\$17,487	Sales transactions are not rising as fast than nationally
Total investment acquisitions (in million \$)	\$63	\$126	\$202	\$324	\$295	\$325	Prices are not rising as fast than nationally
Transaction sale price per sq.ft.	8.2%	8.2%	8.3%	7.0%	7.0%	7.0%	Cap rates are higher than nationally
Market cap rate							

- Some data may not be available for the quarter

NAR Commercial Real Estate Metro Market Report | 2022.Q1

Prescott, AZ

Core-Based Statistical Area Code:

39140

IV. Industrial

	Prescott, AZ			U.S.			
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Demand indicators							
Vacancy rate	2.9%	2.4%	8.9%	4.1%	4.2%	5.3%	The area has lower vacancy rate than nationally
Absorption in sq.ft. over the quarter	(18,717)	118,269	(52,436)	98,463,552	139,649,760	92,218,864	
Absorption in sq.ft. over 12 months	240,937	207,218	(12,377)	521,957,216	515,712,512	267,819,536	
Absorption in past 12 months as % of inventory	6.2%	5.3%	-0.3%	3.1%	3.1%	1.6%	The area has stronger absorption than nationally
Market rent per sq.ft.	\$9.8	\$9.7	\$9.3	\$10.2	\$9.9	\$9.2	
Market rent growth, y/y % chg.	5.6%	5.8%	3.4%	11.0%	9.3%	5.5%	Rent growth is slower than nationally
Supply indicators							
Inventory in sq. ft.	3,858,842	3,877,559	3,617,905	16,970,607,616	16,872,123,392	16,448,452,608	
Net delivered over 12 months, in sq.ft.	-	-	-	316,015,277	299,570,240	290,668,397	
Net delivered units, as % of inventory	-	-	-	1.9%	1.8%	1.8%	
Under construction in sq.ft.	-	-	-	591,536,384	531,512,224	391,175,904	
Under construction, as % of inventory	-	-	-	3.5%	3.2%	2.4%	
Sales transactions							
Total investment acquisitions (in million \$)	\$3	\$20	\$5	\$21,817	\$51,629	\$16,323	Sales transactions are not rising as fast as nationally
Transaction sale price per sq.ft.	\$124	\$143	\$160	\$140	\$136	\$105	Prices are not rising as fast than nationally
Market cap rate	7.2%	7.1%	7.3%	6.3%	6.3%	6.3%	Cap rates are higher than nationally
V. Retail							
Demand indicators							
Vacancy rate	3.9%	4.7%	5.7%	4.5%	4.7%	5.1%	The area has a lower vacancy rate than nationally
Absorption in sq.ft. over the quarter	110,109	(13,579)	(10,947)	24,405,304	24,416,072	3,996,477	
Absorption in sq.ft. over 12 months	228,678	107,622	(58,425)	94,035,968	73,627,144	(22,757,808)	The area has stronger absorption than nationally
Absorption in past 12 months as % of inventory	2.1%	1.0%	-0.6%	0.8%	0.7%	-0.2%	
Market rent per sq.ft.	\$16.6	\$16.4	\$15.7	\$22.9	\$22.6	\$22.0	
Market rent growth, y/y % chg.	6.2%	5.3%	1.5%	3.9%	3.1%	1.1%	Rents are rising faster than nationally
Y/Y chg.in retail trade payroll employment ('000) (as of latest available month of the quarter)	-	-	-	570.90	382.90	(187.70)	
Supply indicators							
Inventory in sq. ft.	10,812,684	10,702,575	10,583,291	11,256,099,840	11,231,675,392	11,161,937,920	
Net delivered over 12 months, in sq.ft.	20,600	17,696	18,696	19,624,738	21,905,704	37,703,262	Relatively more units delivered than nationally
Net delivered units, as % of inventory	0.2%	0.2%	0.2%	0.2%	0.2%	0.3%	More delivered space relative to inventory than nationally
Under construction in sq.ft.	-	18,600	20,600	54,194,816	56,052,512	54,297,696	
Under construction, as % of inventory	-	0.2%	0.2%	0.5%	0.5%	0.5%	
Sales transactions							
Total investment acquisitions (in million \$)	\$15	\$30	\$29	\$22,755	\$33,245	\$12,773	Sales transactions are not rising as fast than nationally
Transaction sale price per sq.ft.	\$250	\$143	\$124	\$219	\$226	\$182	Prices are rising faster nationally
Market cap rate	6.9%	6.9%	7.1%	6.8%	6.8%	6.8%	Cap rates are higher than nationally
VI. Hotel/Lodging							
2022 Q1 (March)	2021 Q4 (Dec)	2021 Q1 (March)	2022 Q1 (March)	2021 Q4 (Dec)	2021 Q1 (March)		
Leisure and hospitality payroll workers ('000)	10.3	10.3	9.5	14,939	14,804	12,876	
Y/Y change ('000)	0.8	0.9	(0.7)	2,063.0	2,337.0	(2,869.0)	Job creation in the leisure industry is weaker than nationally
% share to nonfarm payroll employment	15.2%	15.1%	14.5%	10.0%	9.8%	9.0%	Higher fraction of workers in leisure industry than nationally

- Some data may not be available for the quarter

Sources of data used: CoStar®, US Census Bureau, US Bureau of Labor Statistics, and US Bureau of Economic Analysis.

*An index below 50 means local market conditions are weaker than nationally, above 50 means local market conditions are stronger, and 50 means local market conditions are about the same as nationally.

NAR derived the index by assigning 1 point for each indicator where local market conditions are better than the national (US) condition.

The total points for each local market are divided by the number of variables that are available at the local area, with 25 indicators if all the data are available. The fraction is multiplied by 100 to get the index.

Economic data may not be available for all markets. In some submarkets or metropolitan divisions (e.g., Long Island) reported by CoStar®, the economic data that is reported (e.g. employment) is of the metropolitan area (New York-Newark-Jersey City). The 390 markets in this report are based on the CoStar® market areas.

NAR reserves the right to add new variables or drop variables that comprise the index based on its analysis of variables that impact market trends.

Market cap rate is based on CoStar proprietary model that is based on both sales transaction cap rates and modeled cap rates based on characteristics of comparable properties in the geographic area.

Data may not be available for some markets or property types.

For information about this report, email data@nar.realtor.

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NAR Commercial Real Estate Metro Market Report | 2022.Q1

Sierra Vista-Douglas, AZ

Core-Based Statistical Area Code: 43420

The Sierra Vista-Douglas, AZ commercial real estate market is not as strong compared to the overall U.S. market.

NAR Commercial Real Estate Market Conditions Index* 33.3

Overall economic conditions are not as strong than nationally.
 The apartment property market is not as strong than nationally.
 The office property market is stronger than nationally.
 The industrial property market is not as strong than nationally.
 The retail property market is about the same than nationally.
 The hotel/lodging property market is not as strong than nationally.

I. Economic and Demographic

Economic	Sierra Vista-Douglas, AZ			U.S.			
	2022 Q1 (March)	2021 Q4 (Dec)	2021 Q1 (March)	2022 Q1 (March)	2021 Q4 (Dec)	2021 Q1 (March)	
Total non-farm employment ('000)	34	35	34	149,912	150,352	143,308	
Y/Y chg.in nonfarm payroll employment ('000)	1	(0)	(1)	6,604	6,747	(6,644)	Job creation is weaker than nationally
Y/Y % chg. in nonfarm payroll employment	1.5%	-1.1%	-3.7%	4.6%	4.7%	-4.4%	Unemployment rate is lower than nationally
Unemployment rate (%)	3.5%	4.1%	5.4%	3.6%	3.9%	6.0%	
Average weekly wages	\$731	\$685	\$765	\$1,099	\$1,092	\$1,049	
Wage growth, year-over-year	-4.4%	-17.0%	-8.9%	4.7%	5.2%	6.9%	Wages are rising at a slower pace than nationally
	2020	2019	2018	2020	2019	2018	
GDP growth (%)	5.2%	2.2%	-0.5%	-3.4%	2.3%	2.9%	
	2020	2019	2018	2020	2019	2018	
Demographic	2020	2019	2018	2020	2019	2018	
Net domestic migration ('000)	0.2	0.6	1.5	0	0	0	Area is experiencing net domestic in-migration
Population ('000)	125	127	127	331,501	328,330	326,838	
Population growth (%)	-1.45%	0.53%	1.23%	0.97%	0.46%	0.53%	Population growth is slower than nationally

II. Multifamily

Demand indicators	Sierra Vista-Douglas, AZ			U.S.			
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Vacancy rate	8.0%	8.1%	10.1%	4.9%	4.8%	6.0%	The area has a higher vacancy rate than nationally
Absorption of units over the quarter	2	35	(136)	58,097	61,951	187,113	
Absorption of units in past 12 months	144	6	(77)	568,362	697,378	498,721	
Absorption in past 12 months as % of inventory	3.8%	0.2%	-2.1%	3.3%	4.1%	3.0%	The area has stronger absorption than nationally
Market asking rent per unit	\$861	\$837	\$772	\$1,587	\$1,553	\$1,425	
Market asking rent per unit, y/y % chg	11.6%	9.7%	4.3%	11.4%	11.3%	2.4%	
Effective rent per unit	\$856	\$834	\$769	\$1,578	\$1,543	\$1,406	
Effective rent per unit, y/y % chg	11.4%	10.2%	4.4%	12.2%	12.2%	1.8%	Rents are rising more slowly than nationally
Rent as a percent of 2-person annual wage income	13.5%	14.0%	11.6%	16.5%	16.3%	15.4%	Renting is more affordable than nationally
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Supply indicators	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Inventory	3,824	3,822	3,680	17,251,546	17,194,020	16,685,925	
Net delivered units in past 12 months	65	65	-	387,022	391,271	417,342	
Net delivered units, as % of inventory	1.7%	1.7%	-	2.2%	2.3%	2.5%	
Units under construction	28	28	65	774,864	744,997	732,144	
Units under construction, as % of inventory	0.7%	0.7%	1.8%	4.5%	4.3%	4.4%	Construction is weaker than nationally
Ratio of jobs created to net delivered units (as of latest available month of the quarter)	7.7	(6.2)	-	17.1	17.2	(15.9)	Fewer jobs per delivered units than nationally
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Sales transactions	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Total investment acquisitions (in million \$)	\$3	\$27	\$10	\$50,395	\$113,844	\$30,199	Sales transactions are not rising as fast than nationally
Transaction sales price per unit	\$85,830	\$141,927	\$99,000	\$220,078	\$227,367	\$157,676	Prices are not rising as fast than nationally
Market cap rate	5.7%	5.7%	5.9%	5.1%	5.1%	5.2%	Cap rates are higher than nationally

III. Office

Demand indicators	Sierra Vista-Douglas, AZ			U.S.			
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Vacancy rate	10.3%	10.0%	11.6%	12.2%	12.1%	11.7%	The area has a lower vacancy rate than nationally
Absorption in sq.ft. over the quarter	(4,565)	(4,124)	(4,628)	3,410,230	11,127,334	(43,926,356)	
Absorption in sq.ft. over 12 months	17,734	17,671	(46,240)	5,610,472	(41,726,112)	(119,807,672)	
Absorption in past 12 months as % of inventory	1.4%	1.4%	-3.8%	0.1%	-0.6%	-1.7%	The area has stronger absorption than nationally
Market rent per sq.ft.	\$18.4	\$18.3	\$17.8	\$34.7	\$34.6	\$34.4	
Market rent growth, y/y % chg.	3.2%	3.2%	0.2%	0.8%	0.4%	-2.1%	Rents are rising faster than nationally
Y/Y chg.in professional/business services jobs ('000) (as of latest available month of the quarter)	(0.1)	0.0	0.0	1,153	1,161	(283)	
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Supply indicators	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Inventory in sq. ft.	1,248,554	1,253,119	1,230,820	7,256,351,232	7,252,931,072	7,250,434,560	
Net delivered over 12 months, in sq.ft.	-	-	-	54,741,303	57,123,296	47,997,877	
Net delivered units, as % of inventory	-	-	-	0.8%	0.8%	0.7%	
Under construction in sq.ft.	-	-	-	143,665,184	143,194,512	153,944,000	
Under construction, as % of inventory	-	-	-	2.0%	2.0%	2.1%	
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Sales transactions	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Total investment acquisitions (in million \$)	\$6	\$0	\$0	\$26,711	\$35,335	\$17,487	Sales transactions are rising faster than nationally
Transaction sale price per sq.ft.	\$100	\$33	\$97	\$324	\$295	\$325	Prices are rising faster nationally
Market cap rate	9.0%	9.0%	9.0%	7.0%	7.0%	7.0%	Cap rates are higher than nationally

- Some data may not be available for the quarter

NAR Commercial Real Estate Metro Market Report | 2022.Q1

Sierra Vista-Douglas, AZ

Core-Based Statistical Area Code:

43420

IV. Industrial

	Sierra Vista-Douglas, AZ			U.S.			
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Demand indicators							
Vacancy rate	6.7%	6.2%	4.5%	4.1%	4.2%	5.3%	The area has higher vacancy rate than nationally
Absorption in sq.ft. over the quarter	(7,580)	(5,359)	0	98,463,552	139,649,760	92,218,864	
Absorption in sq.ft. over 12 months	(31,397)	(23,817)	(22,242)	521,957,216	515,712,512	267,819,536	
Absorption in past 12 months as % of inventory	-2.4%	-1.8%	-1.6%	3.1%	3.1%	1.6%	The area has lower absorption than nationally
Market rent per sq.ft.	\$9.4	\$9.3	\$8.8	\$10.2	\$9.9	\$9.2	
Market rent growth, y/y % chg.	6.8%	6.8%	4.8%	11.0%	9.3%	5.5%	Rent growth is slower than nationally
Supply indicators							
Inventory in sq. ft.	1,319,299	1,326,879	1,350,696	16,970,607,616	16,872,123,392	16,448,452,608	
Net delivered over 12 months, in sq.ft.	-	-	-	316,015,277	299,570,240	290,668,397	
Net delivered units, as % of inventory	-	-	-	1.9%	1.8%	1.8%	
Under construction in sq.ft.	-	-	-	591,536,384	531,512,224	391,175,904	
Under construction, as % of inventory	-	-	-	3.5%	3.2%	2.4%	
Sales transactions							
Total investment acquisitions (in million \$)	\$1	\$1	\$0	\$21,817	\$51,629	\$16,323	Sales transactions are rising faster than nationally
Transaction sale price per sq.ft.	\$73	\$20	\$14	\$140	\$136	\$105	Prices are rising faster nationally
Market cap rate	7.1%	7.1%	7.0%	6.3%	6.3%	6.3%	Cap rates are higher than nationally

V. Retail

	Sierra Vista-Douglas, AZ			U.S.			
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Demand indicators							
Vacancy rate	6.6%	7.0%	7.5%	4.5%	4.7%	5.1%	The area has a higher vacancy rate than nationally
Absorption in sq.ft. over the quarter	29,788	17,342	29,314	24,405,304	24,416,072	3,996,477	
Absorption in sq.ft. over 12 months	71,725	71,251	82,512	94,035,968	73,627,144	(22,757,808)	The area has stronger absorption than nationally
Absorption in past 12 months as % of inventory	1.2%	1.2%	1.4%	0.8%	0.7%	-0.2%	
Market rent per sq.ft.	\$15.0	\$14.8	\$14.2	\$22.9	\$22.6	\$22.0	
Market rent growth, y/y % chg.	5.4%	5.0%	1.2%	3.9%	3.1%	1.1%	Rents are rising faster than nationally
Y/Y chg.in retail trade payroll employment ('000) (as of latest available month of the quarter)	-	-	-	570.90	382.90	(187.70)	
Supply indicators							
Inventory in sq. ft.	6,108,444	6,078,656	6,036,719	11,256,099,840	11,231,675,392	11,161,937,920	
Net delivered over 12 months, in sq.ft.	9,962	19,062	9,100	19,624,738	21,905,704	37,703,262	Relatively more units delivered than nationally
Net delivered units, as % of inventory	0.2%	0.3%	0.2%	0.2%	0.2%	0.3%	Less delivered space relative to inventory than nationally
Under construction in sq.ft.	-	-	9,962	54,194,816	56,052,512	54,297,696	
Under construction, as % of inventory	-	-	0.2%	0.5%	0.5%	0.5%	
Sales transactions							
Total investment acquisitions (in million \$)	\$8	\$15	\$5	\$22,755	\$33,245	\$12,773	Sales transactions are not rising as fast than nationally
Transaction sale price per sq.ft.	\$160	\$161	\$127	\$219	\$226	\$182	Prices are rising faster nationally
Market cap rate	7.4%	7.4%	7.4%	6.8%	6.8%	6.8%	Cap rates are higher than nationally

VI. Hotel/Lodging

	2022 Q1 (March)	2021 Q4 (Dec)	2021 Q1 (March)	2022 Q1 (March)	2021 Q4 (Dec)	2021 Q1 (March)	
Leisure and hospitality payroll workers ('000)	3.6	3.6	3.2	14,939	14,804	12,876	
Y/Y change ('000)	0.4	0.3	(0.4)	2,063.0	2,337.0	(2,869.0)	Job creation in the leisure industry is weaker than nationally
% share to nonfarm payroll employment	10.5%	10.4%	9.5%	10.0%	9.8%	9.0%	Higher fraction of workers in leisure industry than nationally

- Some data may not be available for the quarter

Sources of data used: CoStar®, US Census Bureau, US Bureau of Labor Statistics, and US Bureau of Economic Analysis.

*An index below 50 means local market conditions are weaker than nationally, above 50 means local market conditions are stronger, and 50 means local market conditions are about the same as nationally.

NAR derived the index by assigning 1 point for each indicator where local market conditions are better than the national (US) condition.

The total points for each local market are divided by the number of variables that are available at the local area, with 25 indicators if all the data are available. The fraction is multiplied by 100 to get the index.

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(New York-Newark-Jersey City). The 390 markets in this report are based on the CoStar® market areas.

NAR reserves the right to add new variables or drop variables that comprise the index based on its analysis of variables that impact market trends.

Market cap rate is based on CoStar proprietary model that is based on both sales transaction cap rates and modeled cap rates based on characteristics of comparable properties in the geographic area.

Data may not be available for some markets or property types.

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NAR Commercial Real Estate Metro Market Report | 2022.Q1

Tucson, AZ

Core-Based Statistical Area Code:

46060

The Tucson, AZ commercial real estate market is not as strong compared to the overall U.S. market.

NAR Commercial Real Estate Market Conditions Index*

44.0

Overall economic conditions are stronger than nationally.

The apartment property market is stronger than nationally.

The office property market is stronger than nationally.

The industrial property market is not as strong than nationally.

The retail property market is not as strong than nationally.

The hotel/lodging property market is about the same than nationally.

I. Economic and Demographic

Economic	Tucson, AZ			U.S.			
	2022 Q1 (March)	2021 Q4 (Dec)	2021 Q1 (March)	2022 Q1 (March)	2021 Q4 (Dec)	2021 Q1 (March)	
Total non-farm employment ('000)	391	393	377	149,912	150,352	143,308	
Y/Y chg.in nonfarm payroll employment ('000)	13	13	(17)	6,604	6,747	(6,644)	
Y/Y % chg. in nonfarm payroll employment	3.5%	3.3%	-4.3%	4.6%	4.7%	-4.4%	Job creation is weaker than nationally
Unemployment rate (%)	3.3%	3.8%	6.1%	3.6%	3.9%	6.0%	Unemployment rate is lower than nationally
Average weekly wages	\$927	\$920	\$833	\$1,099	\$1,092	\$1,049	
Wage growth, year-over-year	11.3%	14.4%	7.1%	4.7%	5.2%	6.9%	Wages are rising faster than nationally
	2020	2019	2018	2020	2019	2018	
GDP growth (%)	-4.2%	1.6%	2.6%	-3.4%	2.3%	2.9%	
	2020	2019	2018	2020	2019	2018	
Demographic	10.8	9.3	8.1	0	0	0	Area is experiencing net domestic in-migration
Net domestic migration ('000)	1,046	1,049	1,038	331,501	328,330	326,838	
Population ('000)	-0.35%	1.11%	1.04%	0.97%	0.46%	0.53%	Population growth is slower than nationally
Population growth (%)							

II. Multifamily

Demand indicators	Tucson, AZ			U.S.			
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Vacancy rate	4.9%	4.5%	4.5%	4.9%	4.8%	6.0%	The area has a lower vacancy rate than nationally
Absorption of units over the quarter	(50)	194	485	58,097	61,951	187,113	
Absorption of units in past 12 months	1,040	1,575	1,923	568,362	697,378	498,721	
Absorption in past 12 months as % of inventory	1.3%	2.0%	2.5%	3.3%	4.1%	3.0%	The area has lower absorption than nationally
Market asking rent per unit	\$1,080	\$1,057	\$936	\$1,587	\$1,553	\$1,425	
Market asking rent per unit, y/y % chg	15.4%	16.5%	9.3%	11.4%	11.3%	2.4%	
Effective rent per unit	\$1,075	\$1,054	\$932	\$1,578	\$1,543	\$1,406	
Effective rent per unit, y/y % chg	15.3%	16.7%	9.4%	12.2%	12.2%	1.8%	Rents are rising faster than nationally
Rent as a percent of 2-person annual wage income	13.3%	13.2%	12.9%	16.5%	16.3%	15.4%	Renting is more affordable than nationally
	2020	2019	2018	2020	2019	2018	
Supply indicators	77,539	77,589	76,502	17,251,546	17,194,020	16,685,925	
Inventory	1,416	1,416	655	387,022	391,271	417,342	
Net delivered units in past 12 months	1.8%	1.8%	0.9%	2.2%	2.3%	2.5%	
Net delivered units, as % of inventory	853	1,165	1,416	774,864	744,997	732,144	
Units under construction	1.1%	1.5%	1.9%	4.5%	4.3%	4.4%	Construction is weaker than nationally
Units under construction, as % of inventory	9.3	8.9	(26.1)	17.1	17.2	(15.9)	Fewer jobs per delivered units than nationally
Ratio of jobs created to net delivered units (as of latest available month of the quarter)							
	2020	2019	2018	2020	2019	2018	
Sales transactions	\$377	\$921	\$218	\$50,395	\$113,844	\$30,199	Sales transactions are rising faster than nationally
Total investment acquisitions (in million \$)	\$153,029	\$189,792	\$97,396	\$220,078	\$227,367	\$157,676	Prices are rising faster nationally
Transaction sales price per unit	5.0%	5.1%	5.3%	5.1%	5.1%	5.2%	Cap rates are lower than nationally
Market cap rate							

III. Office

Demand indicators	Tucson, AZ			U.S.			
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Vacancy rate	9.2%	9.9%	10.0%	12.2%	12.1%	11.7%	The area has a lower vacancy rate than nationally
Absorption in sq.ft. over the quarter	327,580	119,422	6,779	3,410,230	11,127,334	(43,926,356)	
Absorption in sq.ft. over 12 months	390,722	69,921	(189,169)	5,610,472	(41,726,112)	(119,807,672)	The area has stronger absorption than nationally
Absorption in past 12 months as % of inventory	1.5%	0.3%	-0.7%	0.1%	-0.6%	-1.7%	
Market rent per sq.ft.	\$22.5	\$22.3	\$21.6	\$34.7	\$34.6	\$34.4	
Market rent growth, y/y % chg.	3.9%	3.3%	1.8%	0.8%	0.4%	-2.1%	Rents are rising faster than nationally
Y/Y chg.in professional/business services jobs ('000)	(2.9)	(1.9)	(2.8)	1,153	1,161	(283)	Stronger office job creation than nationally
Y/Y chg.in professional/business services jobs ('000) (as of latest available month of the quarter)							
	2020	2019	2018	2020	2019	2018	
Supply indicators	26,073,018	25,745,438	25,682,296	7,256,351,232	7,252,931,072	7,250,434,560	
Inventory in sq. ft.	166,085	162,485	207,900	54,741,303	57,123,296	47,997,877	More delivered space relative to inventory than nationally
Net delivered over 12 months, in sq.ft.	0.6%	0.6%	0.8%	0.8%	0.8%	0.7%	
Net delivered units, as % of inventory	192,988	192,988	229,037	143,665,184	143,194,512	153,944,000	Construction activity is slower than nationally
Under construction in sq.ft.	0.7%	0.7%	0.9%	2.0%	2.0%	2.1%	
Under construction, as % of inventory							
	2020	2019	2018	2020	2019	2018	
Sales transactions	\$25	\$67	\$29	\$26,711	\$35,335	\$17,487	Sales transactions are not rising as fast than nationally
Total investment acquisitions (in million \$)	\$155	\$145	\$140	\$324	\$295	\$325	Prices are rising faster nationally
Transaction sale price per sq.ft.	8.6%	8.6%	8.6%	7.0%	7.0%	7.0%	Cap rates are higher than nationally
Market cap rate							

- Some data may not be available for the quarter

NAR Commercial Real Estate Metro Market Report | 2022.Q1

Tucson, AZ

Core-Based Statistical Area Code:

46060

IV. Industrial

	Tucson, AZ			U.S.			
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Demand indicators							
Vacancy rate	4.7%	4.2%	6.3%	4.1%	4.2%	5.3%	<i>The area has higher vacancy rate than nationally</i>
Absorption in sq.ft. over the quarter	201,239	484,304	261,113	98,463,552	139,649,760	92,218,864	
Absorption in sq.ft. over 12 months	1,638,511	1,698,385	345,437	521,957,216	515,712,512	267,819,536	
Absorption in past 12 months as % of inventory	3.8%	3.9%	0.8%	3.1%	3.1%	1.6%	<i>The area has stronger absorption than nationally</i>
Market rent per sq.ft.	\$9.7	\$9.5	\$9.1	\$10.2	\$9.9	\$9.2	
Market rent growth, y/y % chg.	6.3%	6.2%	4.6%	11.0%	9.3%	5.5%	<i>Rent growth is slower than nationally</i>
Supply indicators							
Inventory in sq. ft.	43,529,252	43,328,012	41,890,740	16,970,607,616	16,872,123,392	16,448,452,608	
Net delivered over 12 months, in sq.ft.	973,950	527,196	4,719	316,015,277	299,570,240	290,668,397	
Net delivered units, as % of inventory	2.2%	1.2%	0.0%	1.9%	1.8%	1.8%	<i>More deliveries relative to inventory than nationally</i>
Under construction in sq.ft.	316,084	526,225	548,670	591,536,384	531,512,224	391,175,904	
Under construction, as % of inventory	0.7%	1.2%	1.3%	3.5%	3.2%	2.4%	<i>Less delivered space relative to inventory than nationally</i>
Sales transactions							
Total investment acquisitions (in million \$)	\$24	\$114	\$26	\$21,817	\$51,629	\$16,323	<i>Sales transactions are not rising as fast as nationally</i>
Transaction sale price per sq.ft.	\$97	\$177	\$53	\$140	\$136	\$105	<i>Prices are rising faster nationally</i>
Market cap rate	8.0%	8.0%	7.9%	6.3%	6.3%	6.3%	<i>Cap rates are higher than nationally</i>

V. Retail

	Tucson, AZ			U.S.			
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Demand indicators							
Vacancy rate	6.1%	6.1%	6.0%	4.5%	4.7%	5.1%	<i>The area has a higher vacancy rate than nationally</i>
Absorption in sq.ft. over the quarter	4,924	184,165	141,727	24,405,304	24,416,072	3,996,477	
Absorption in sq.ft. over 12 months	242,772	379,575	(7,478)	94,035,968	73,627,144	(22,757,808)	
Absorption in past 12 months as % of inventory	0.5%	0.7%	0.0%	0.8%	0.7%	-0.2%	<i>The area has lower absorption than nationally</i>
Market rent per sq.ft.	\$18.4	\$18.4	\$18.0	\$22.9	\$22.6	\$22.0	
Market rent growth, y/y % chg.	2.4%	3.1%	2.3%	3.9%	3.1%	1.1%	<i>Rent growth is slower than nationally</i>
Y/Y chg.in retail trade payroll employment ('000) (as of latest available month of the quarter)	0.50	0.50	0.30	570.90	382.90	(187.70)	<i>The area has stronger retail trade job creation than nationally</i>
Supply indicators							
Inventory in sq. ft.	53,252,216	53,247,296	53,009,448	11,256,099,840	11,231,675,392	11,161,937,920	
Net delivered over 12 months, in sq.ft.	295,084	301,500	128,358	19,624,738	21,905,704	37,703,262	<i>Relatively more units delivered than nationally</i>
Net delivered units, as % of inventory	0.6%	0.6%	0.2%	0.2%	0.2%	0.3%	<i>More delivered space relative to inventory than nationally</i>
Under construction in sq.ft.	169,517	191,729	379,391	54,194,816	56,052,512	54,297,696	
Under construction, as % of inventory	0.3%	0.4%	0.7%	0.5%	0.5%	0.5%	<i>Construction activity is slower than nationally</i>
Sales transactions							
Total investment acquisitions (in million \$)	\$134	\$185	\$108	\$22,755	\$33,245	\$12,773	<i>Sales transactions are not rising as fast than nationally</i>
Transaction sale price per sq.ft.	\$154	\$228	\$181	\$219	\$226	\$182	<i>Prices are not rising as fast than nationally</i>
Market cap rate	7.2%	6.9%	6.9%	6.8%	6.8%	6.8%	<i>Cap rates are higher than nationally</i>

VI. Hotel/Lodging

	2022 Q1 (March)	2021 Q4 (Dec)	2021 Q1 (March)	2022 Q1 (March)	2021 Q4 (Dec)	2021 Q1 (March)	
Leisure and hospitality payroll workers ('000)	43.3	43.0	36.8	14,939	14,804	12,876	
Y/Y change ('000)	6.5	7.4	(7.7)	2,063.0	2,337.0	(2,869.0)	<i>Job creation in the leisure industry is weaker than nationally</i>
% share to nonfarm payroll employment	11.1%	10.9%	9.8%	10.0%	9.8%	9.0%	<i>Higher fraction of workers in leisure industry than nationally</i>

- Some data may not be available for the quarter

Sources of data used: CoStar®, US Census Bureau, US Bureau of Labor Statistics, and US Bureau of Economic Analysis.

*An index below 50 means local market conditions are weaker than nationally, above 50 means local market conditions are stronger, and 50 means local market conditions are about the same as nationally.

NAR derived the index by assigning 1 point for each indicator where local market conditions are better than the national (US) condition.

The total points for each local market are divided by the number of variables that are available at the local area, with 25 indicators if all the data are available. The fraction is multiplied by 100 to get the index.

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NAR reserves the right to add new variables or drop variables that comprise the index based on its analysis of variables that impact market trends.

Market cap rate is based on CoStar proprietary model that is based on both sales transaction cap rates and modeled cap rates based on characteristics of comparable properties in the geographic area.

Data may not be available for some markets or property types.

For information about this report, email data@nar.realtor.

Visit NAR's Commercial Research webpage at
<https://www.nar.realtor/research-and-statistics/research-reports/commercial-research>



NAR Commercial Real Estate Metro Market Report | 2022.Q1

Yuma, AZ

Core-Based Statistical Area Code:

49740

The Yuma, AZ commercial real estate market is not as strong compared to the overall U.S. market.

NAR Commercial Real Estate Market Conditions Index*

45.8

Overall economic conditions are not as strong than nationally.

The apartment property market is about the same than nationally.

The office property market is stronger than nationally.

The industrial property market is not as strong than nationally.

The retail property market is about the same than nationally.

The hotel/lodging property market is about the same than nationally.

I. Economic and Demographic

Economic	Yuma, AZ			U.S.			
	2022 Q1 (March)	2021 Q4 (Dec)	2021 Q1 (March)	2022 Q1 (March)	2021 Q4 (Dec)	2021 Q1 (March)	
Total non-farm employment ('000)	60	60	58	149,912	150,352	143,308	
Y/Y chg.in nonfarm payroll employment ('000)	2	2	(2)	6,604	6,747	(6,644)	
Y/Y % chg. in nonfarm payroll employment	2.8%	3.8%	-3.2%	4.6%	4.7%	-4.4%	Job creation is weaker than nationally
Unemployment rate (%)	13.5%	12.6%	13.3%	3.6%	3.9%	6.0%	Unemployment rate is higher than nationally
Average weekly wages	\$909	\$890	\$842	\$1,099	\$1,092	\$1,049	
Wage growth, year-over-year	7.9%	5.5%	17.0%	4.7%	5.2%	6.9%	Wages are rising faster than nationally
	2020	2019	2018	2020	2019	2018	
GDP growth (%)	0.5%	0.7%	1.0%	-3.4%	2.3%	2.9%	
	2020	2019	2018	2020	2019	2018	
Demographic							
Net domestic migration ('000)	1.9	0.8	0.4	0	0	0	Area is experiencing net domestic in-migration
Population ('000)	204	214	211	331,501	328,330	326,838	
Population growth (%)	-4.55%	1.39%	0.96%	0.97%	0.46%	0.53%	Population growth is slower than nationally

II. Multifamily

Demand indicators	Yuma, AZ			U.S.			
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Vacancy rate	1.9%	2.3%	2.7%	4.9%	4.8%	6.0%	The area has a lower vacancy rate than nationally
Absorption of units over the quarter	17	2	(24)	58,097	61,951	187,113	
Absorption of units in past 12 months	31	(10)	68	568,362	697,378	498,721	
Absorption in past 12 months as % of inventory	0.9%	-0.3%	1.9%	3.3%	4.1%	3.0%	The area has lower absorption than nationally
Market asking rent per unit	\$949	\$943	\$836	\$1,587	\$1,553	\$1,425	
Market asking rent per unit, y/y % chg	13.5%	12.1%	7.8%	11.4%	11.3%	2.4%	
Effective rent per unit	\$945	\$942	\$834	\$1,578	\$1,543	\$1,406	
Effective rent per unit, y/y % chg	13.3%	12.3%	7.9%	12.2%	12.2%	1.8%	Rents are rising faster than nationally
Rent as a percent of 2-person annual wage income	12.0%	12.2%	11.4%	16.5%	16.3%	15.4%	Renting is more affordable than nationally
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Supply indicators							
Inventory	3,592	3,576	3,562	17,251,546	17,194,020	16,685,925	
Net delivered units in past 12 months	-	-	-	387,022	391,271	417,342	
Net delivered units, as % of inventory	-	-	-	2.2%	2.3%	2.5%	
Units under construction	-	-	-	774,864	744,997	732,144	
Units under construction, as % of inventory	-	-	-	4.5%	4.3%	4.4%	
Ratio of jobs created to net delivered units (as of latest available month of the quarter)	-	-	-	17.1	17.2	(15.9)	
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Sales transactions							
Total investment acquisitions (in million \$)	\$42	\$40	\$23	\$50,395	\$113,844	\$30,199	Sales transactions are rising faster than nationally
Transaction sales price per unit	\$136,315	\$128,205	\$126,984	\$220,078	\$227,367	\$157,676	Prices are not rising as fast than nationally
Market cap rate	5.9%	6.1%	6.3%	5.1%	5.1%	5.2%	Cap rates are higher than nationally

III. Office

Demand indicators	Yuma, AZ			U.S.			
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Vacancy rate	0.6%	0.8%	2.8%	12.2%	12.1%	11.7%	The area has a lower vacancy rate than nationally
Absorption in sq.ft. over the quarter	3,094	4,600	(20,655)	3,410,230	11,127,334	(43,926,356)	
Absorption in sq.ft. over 12 months	37,761	14,012	(20,533)	5,610,472	(41,726,112)	(119,807,672)	The area has stronger absorption than nationally
Absorption in past 12 months as % of inventory	2.1%	0.8%	-1.2%	0.1%	-0.6%	-1.7%	
Market rent per sq.ft.	\$23.2	\$23.0	\$22.3	\$34.7	\$34.6	\$34.4	
Market rent growth, y/y % chg.	3.8%	3.6%	0.6%	0.8%	0.4%	-2.1%	Rents are rising faster than nationally
Y/Y chg.in professional/business services jobs ('000) (as of latest available month of the quarter)	(0.9)	(0.6)	0.1	1,153	1,161	(283)	Slower office job creation than nationally
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Supply indicators							
Inventory in sq. ft.	1,775,286	1,772,192	1,737,525	7,256,351,232	7,252,931,072	7,250,434,560	
Net delivered over 12 months, in sq.ft.	-	-	-	54,741,303	57,123,296	47,997,877	
Net delivered units, as % of inventory	-	-	-	0.8%	0.8%	0.7%	
Under construction in sq.ft.	-	-	-	143,665,184	143,194,512	153,944,000	
Under construction, as % of inventory	-	-	-	2.0%	2.0%	2.1%	
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Sales transactions							
Total investment acquisitions (in million \$)	\$1	\$9	\$24	\$26,711	\$35,335	\$17,487	Sales transactions are not rising as fast than nationally
Transaction sale price per sq.ft.	\$167	\$206	\$508	\$324	\$295	\$325	Prices are not rising as fast than nationally
Market cap rate	8.5%	8.5%	8.3%	7.0%	7.0%	7.0%	Cap rates are higher than nationally

- Some data may not be available for the quarter

NAR Commercial Real Estate Metro Market Report | 2022.Q1

Yuma, AZ

Core-Based Statistical Area Code:

49740

IV. Industrial

	Yuma, AZ			U.S.			
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Demand indicators							
Vacancy rate	0.1%	0.3%	0.9%	4.1%	4.2%	5.3%	The area has lower vacancy rate than nationally
Absorption in sq.ft. over the quarter	11,000	15,600	(2,433)	98,463,552	139,649,760	92,218,864	
Absorption in sq.ft. over 12 months	42,566	29,133	4,279	521,957,216	515,712,512	267,819,536	
Absorption in past 12 months as % of inventory	0.8%	0.6%	0.1%	3.1%	3.1%	1.6%	The area has lower absorption than nationally
Market rent per sq.ft.	\$8.0	\$7.9	\$7.6	\$10.2	\$9.9	\$9.2	
Market rent growth, y/y % chg.	6.0%	6.5%	4.8%	11.0%	9.3%	5.5%	Rent growth is slower than nationally
Supply indicators							
Inventory in sq. ft.	5,263,495	5,252,495	5,220,929	16,970,607,616	16,872,123,392	16,448,452,608	
Net delivered over 12 months, in sq.ft.	-	-	-	316,015,277	299,570,240	290,668,397	
Net delivered units, as % of inventory	-	-	-	1.9%	1.8%	1.8%	
Under construction in sq.ft.	-	-	-	591,536,384	531,512,224	391,175,904	
Under construction, as % of inventory	-	-	-	3.5%	3.2%	2.4%	
Sales transactions							
Total investment acquisitions (in million \$)	-	\$8	-	\$21,817	\$51,629	\$16,323	
Transaction sale price per sq.ft.	-	\$105	-	\$140	\$136	\$105	
Market cap rate	6.5%	6.5%	6.8%	6.3%	6.3%	6.3%	Cap rates are higher than nationally
V. Retail							
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Demand indicators							
Vacancy rate	4.7%	4.7%	6.1%	4.5%	4.7%	5.1%	The area has a higher vacancy rate than nationally
Absorption in sq.ft. over the quarter	6,651	12,198	22,289	24,405,304	24,416,072	3,996,477	
Absorption in sq.ft. over 12 months	105,469	121,107	(76,047)	94,035,968	73,627,144	(22,757,808)	The area has stronger absorption than nationally
Absorption in past 12 months as % of inventory	1.5%	1.7%	-1.1%	0.8%	0.7%	-0.2%	
Market rent per sq.ft.	\$16.2	\$16.0	\$15.4	\$22.9	\$22.6	\$22.0	
Market rent growth, y/y % chg.	5.6%	4.6%	1.3%	3.9%	3.1%	1.1%	Rents are rising faster than nationally
Y/Y chg.in retail trade payroll employment ('000) (as of latest available month of the quarter)	-	-	-	570.90	382.90	(187.70)	
Supply indicators							
Inventory in sq. ft.	7,095,613	7,088,962	6,990,144	11,256,099,840	11,231,675,392	11,161,937,920	
Net delivered over 12 months, in sq.ft.	1,438	-	7,724	19,624,738	21,905,704	37,703,262	Relatively fewer units delivered than nationally
Net delivered units, as % of inventory	0.0%	-	0.1%	0.2%	0.2%	0.3%	Less delivered space relative to inventory than nationally
Under construction in sq.ft.	-	1,438	-	54,194,816	56,052,512	54,297,696	
Under construction, as % of inventory	-	0.0%	-	0.5%	0.5%	0.5%	
Sales transactions							
Total investment acquisitions (in million \$)	\$13	\$24	\$6	\$22,755	\$33,245	\$12,773	Sales transactions are rising faster than nationally
Transaction sale price per sq.ft.	\$326	\$124	\$335	\$219	\$226	\$182	Prices are not rising as fast than nationally
Market cap rate	7.2%	7.3%	7.2%	6.8%	6.8%	6.8%	Cap rates are higher than nationally
VI. Hotel/Lodging							
	2022 Q1 (March)	2021 Q4 (Dec)	2021 Q1 (March)	2022 Q1 (March)	2021 Q4 (Dec)	2021 Q1 (March)	
Leisure and hospitality payroll workers ('000)	7.0	6.9	6.1	14,939	14,804	12,876	
Y/Y change ('000)	0.9	1.1	(0.5)	2,063.0	2,337.0	(2,869.0)	Job creation in the leisure industry is weaker than nationally
% share to nonfarm payroll employment	11.7%	11.5%	10.5%	10.0%	9.8%	9.0%	Higher fraction of workers in leisure industry than nationally

- Some data may not be available for the quarter

Sources of data used: CoStar®, US Census Bureau, US Bureau of Labor Statistics, and US Bureau of Economic Analysis.

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