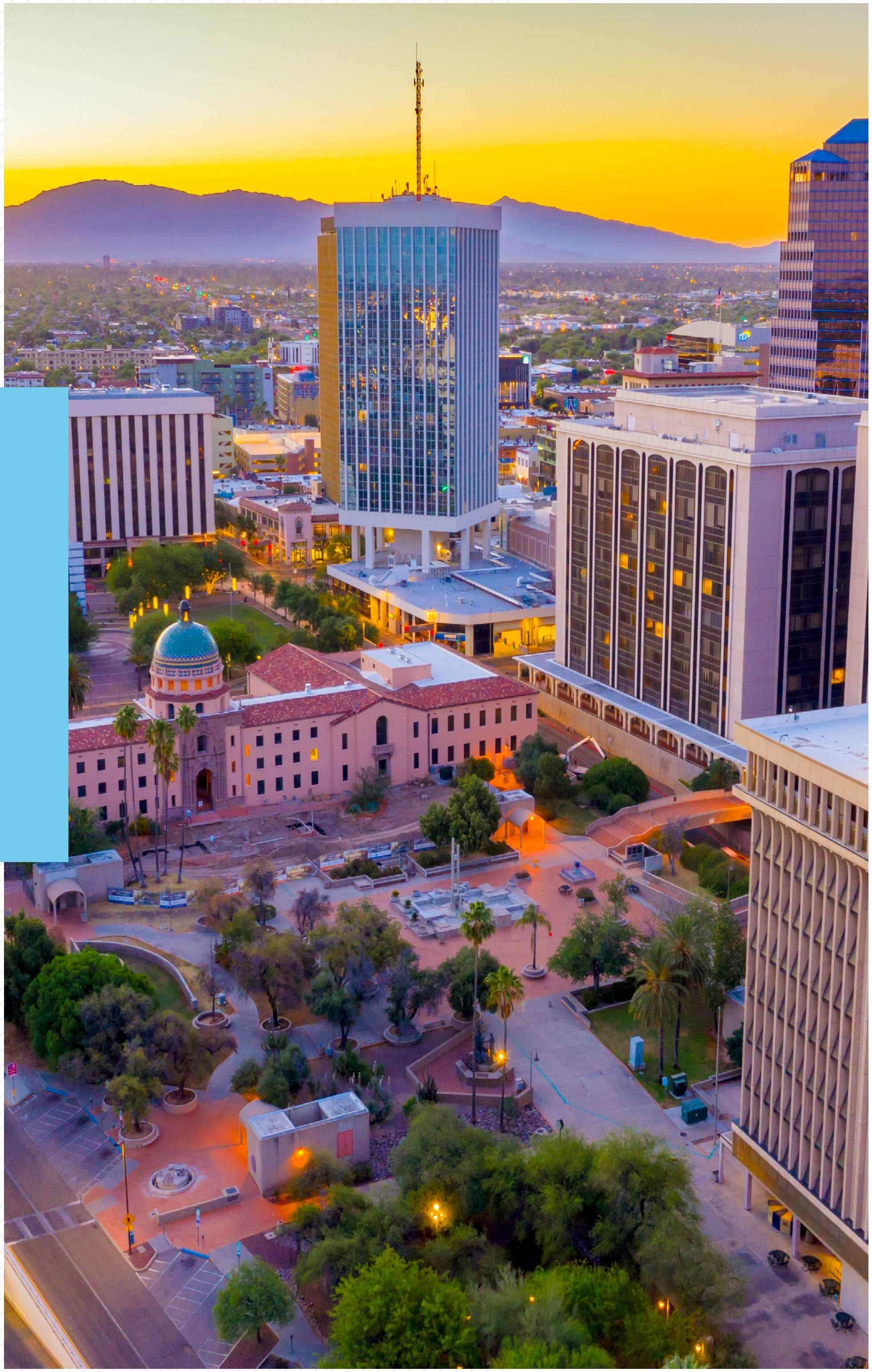
COMPREHENSIVE HOUSING MARKET ANALYSIS

Tucson, Arizona



U.S. Department of Housing and Urban Development,
Office of Policy Development and Research

As of December 1, 2024

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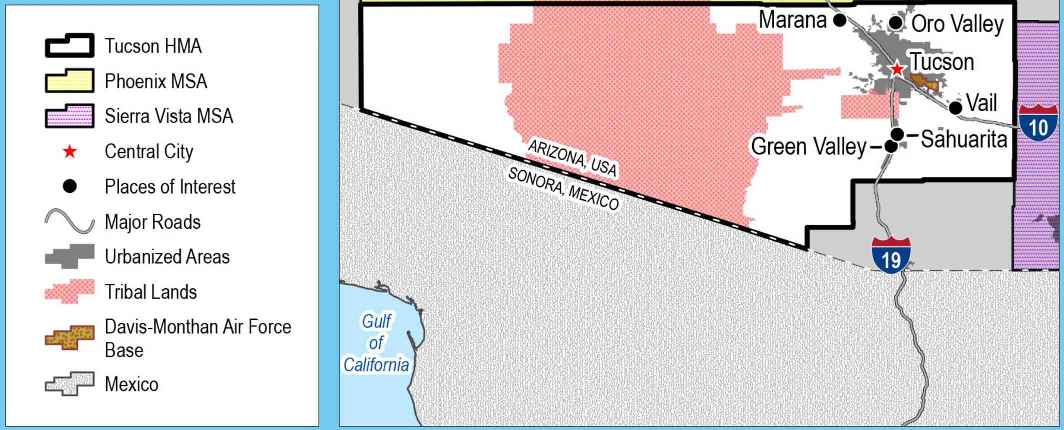
Executive Summary

Housing Market Area Description

The Tucson Housing Market Area (HMA) is coterminous with the Tucson Metropolitan Statistical Area (MSA) and defined as Pima County in southern Arizona. The HMA borders the Phoenix-Mesa-Chandler (hereafter, Phoenix) MSA to the north, the Sierra Vista-Douglas MSA to the east, and Mexico to the south. The HMA includes the municipalities of Tucson, Oro Valley, Sahuarita, Vail, Green Valley, and part of Marana, which borders the Phoenix MSA. The HMA also contains Native American reservation land belonging to the Tohono O'odham Nation and the Pascua Yaqui Tribe.

The current population of the HMA is estimated at 1.07 million.



Tools and Resources

Find interim updates for this metropolitan area, and select geographies nationally, at PD&R's Market-at-a-Glance tool.
Additional data for the HMA can be found in this report's supplemental tables.
For information on HUD-supported activity in this area, see the Community Assessment Reporting Tool.

Market Qualifiers

Economy

Stable: The economy in the Tucson HMA continues to expand after recovering from the recent downturn, although job growth slowed during the past 12 months.

During the 12 months ending November 2024, nonfarm payrolls in the HMA averaged 404,600, an increase of 3,800 jobs, or 0.9 percent, from the previous 12 months. By comparison, nonfarm payrolls in the HMA increased by 6,300, or 1.6 percent, during the 12 months ending November 2023. The education and health services sector led job growth in the past 12 months, increasing by 3,600 jobs, or 5.2 percent, from a year earlier. Job growth in the HMA is expected to continue to slow during the 3-year forecast period, averaging 0.6 percent annually.

Sales Market

Balanced: The HMA has an estimated sales vacancy rate of 2.0 percent, up from 1.7 percent in April 2020, when conditions were tighter, but down from 2.9 percent in April 2010, when conditions were soft.

During the 12 months ending October 2024, home sales in the HMA totaled 18,200, a decline of 710 homes, or 4 percent, from a year earlier (CoreLogic, Inc., with adjustments by the analyst). By comparison, home sales fell by 7,975, or 30 percent, during the 12 months ending October 2023. Despite declining home sales, the average home sales price during the 12 months ending October 2024 increased by $15,050, or 4 percent, similar to the rate of growth a year earlier. During the next 3 years, demand is expected for 11,500 new sales units. The 1,300 units currently under construction will satisfy a portion of the demand in the first year.

Rental Market

Slightly Soft: The overall rental housing market has an estimated vacancy rate of 9.4 percent, up from 7.7 percent in April 2020 but down from 11.3 percent in April 2010.

Rental housing market conditions are currently slightly soft compared with balanced conditions in 2020. Increased rental construction activity following the COVID-19 pandemic coupled with slowing absorption have contributed to the recent softening. Apartment conditions in the HMA are soft, with a vacancy rate of 11.4 percent as of the third quarter of 2024, up from 8.7 percent a year earlier (CoStar Group). The average apartment rent was $1,177, down 1 percent from a year earlier. During the forecast period, demand is estimated for 2,550 new rental units. The 2,000 units currently under construction will satisfy all the demand during the first 2 years of the forecast period.

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3-Year Housing Demand Forecast

		Sales Units	Rental Units
Tucson HMA	Total Demand	11,500	2,550
	Under Construction	1,300	2,000

Notes: Total demand represents the estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of December 1, 2024. The forecast period is December 1, 2024, to December 1, 2027.
Source: Estimates by the analyst

Economic Conditions

Largest Sector: Government

The government sector is important to the Tucson HMA economy, representing 19 percent of total nonfarm payroll jobs.

Primary Local Economic Factors

The government sector—the largest nonfarm payroll sector in the HMA since at least 1990—is supported by two of the largest employers in the HMA: the University of Arizona (UA) and Davis-Monthan Air Force Base. UA, with approximately 19,850 employees, contributes to payrolls in the state government subsector, which makes up approximately 32 percent of total government jobs (Table 1). UA had 56,550 students enrolled as of the fall of 2024, including 41,700 at the main campus in the city of Tucson (UA). Davis-Monthan Air Force Base has approximately 9,850 military and civilian employees, of which approximately 6,325 are active-duty personnel. Civilian jobs at the air force base contribute to the federal government subsector, which accounts for approximately 16 percent of total government jobs, and the base had an estimated economic impact of $3.5 billion on the HMA during 2023 (*2023 Economic Impact of Arizona's Principal Military Operations*, Maguire Company, Inc.). Despite job growth in 7 of the 13 years from 2011 through 2023, the government sector was the only nonfarm payroll sector in the HMA with an overall job decline since 2011, falling 1 percent because of local government subsector layoffs due to budget cuts offsetting growth in the state and federal government subsectors (Figure 1). The government sector declined as a share of total nonfarm payrolls from 22 percent in 2010 to 19 percent currently (Figure 2).

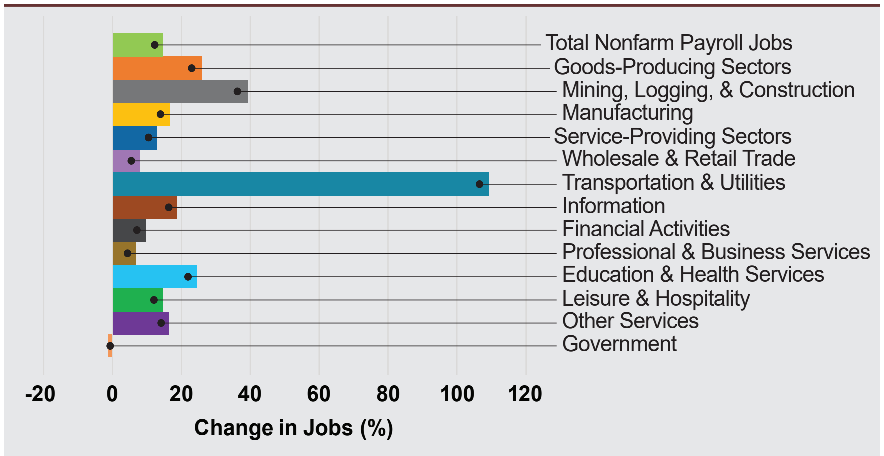
The education and health services sector is the second largest payroll sector in the HMA, accounting for 18 percent of total nonfarm payrolls during the 12 months ending November 2024. Job growth in the sector was strong from 2011 through 2023, with increases in 10 of the 13 years, and sector payrolls have increased 25 percent since 2011. Job growth in the sector is partly due to continuously rising levels of elderly net in-migration, increasing the demand for health care and contributing to several major hospital expansions and greater ambulatory healthcare services.

Table 1. Major Employers in the Tucson HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
University of Arizona	Government	19,850
Raytheon Missiles & Defense	Manufacturing	14,050
Davis-Monthan Air Force Base	Government	9,850
State of Arizona	Government	8,500
Banner–University Medical Center Tucson	Education & Health Services	7,950
Pima County	Government	7,300
U.S. Customs and Border Protection	Government	5,725
Freeport-McMoRan Inc.	Mining, Logging, & Construction	5,525
Walmart Inc.	Wholesale & Retail Trade	5,500
Tucson Medical Center	Education & Health Services	5,275

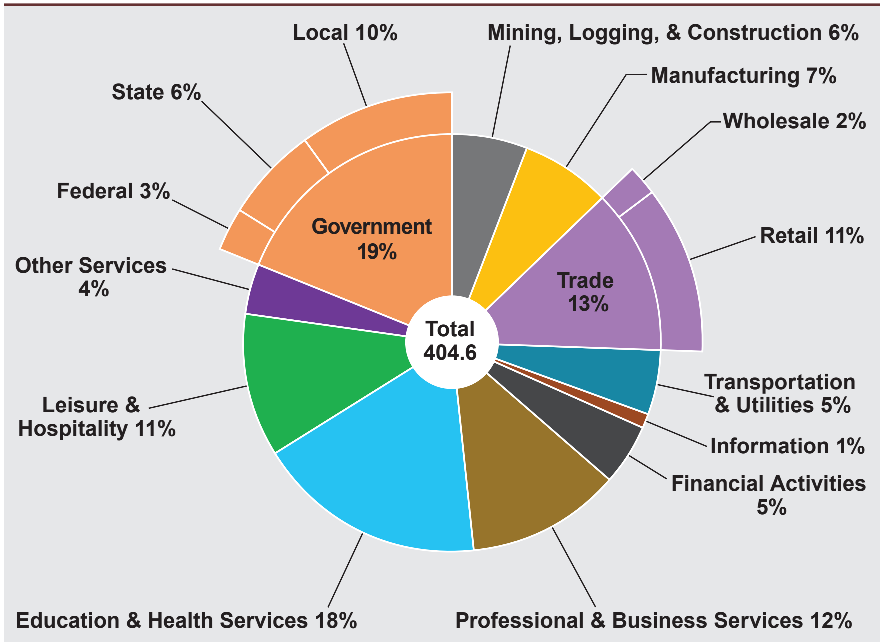
Notes: Excludes local school districts. Active-duty military personnel are not included in nonfarm payrolls.
Sources: City of Tucson Annual Comprehensive Financial Report; Pima County Annual Comprehensive Financial Report

Figure 1. Sector Growth in the Tucson HMA, 2011 to Current



Note: Current data are based on the 12-month averages ending November 2024.
Source: U.S. Bureau of Labor Statistics

Figure 2. Share of Nonfarm Payroll Jobs in the Tucson HMA, by Sector



Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through November 2024.
Source: U.S. Bureau of Labor Statistics

Current Conditions—Nonfarm Payrolls

The economy in the HMA is currently stable. During the 12 months ending November 2024, nonfarm payrolls increased by 3,800 jobs, or 0.9 percent, to 404,600 jobs compared with an increase of 6,300 jobs, or 1.6 percent, a year earlier (Table 2). Job gains during the most recent 12 months were greatest in the education and health services sector, which increased by 3,600 jobs, or 5.2 percent, from a year earlier, when the sector increased by 2,200 jobs, or 3.3 percent. Growth in the education and health services sector is partly due to recent expansions in private hospitals and rehabilitation centers. Strong growth also occurred in the mining, logging, and construction sector, which added 900 jobs, or 4.0 percent, down slightly from the increase of 1,000 jobs, or 4.5 percent, a year earlier. The sector growth was largely due to gains in the construction subsector, which increased by 600 jobs, or 3.1 percent, from a year earlier, when it increased by 700 jobs, or 3.5 percent. The expansion of Interstate 10, the groundbreaking of the $425 million first phase of the Mosaic Quarter, a sports and entertainment complex in Tucson, and residential building activity bolstered construction activity in the HMA. Jobs in the professional and business services, the leisure and hospitality, and the government sectors declined during the 12 months ending November 2024, falling by 900, 900, and 600 jobs, or 1.8, 2.0, and 0.8 percent, respectively, partially offsetting nonfarm payroll gains. Although post-pandemic tourism rebounded strongly in 2021 and 2022, a recent decline in the number of visitors to the HMA contributed to the leisure and hospitality sector contracting, and budgetary pressures led to staffing reductions at UA during 2024, contributing to government sector payrolls declining.

Table 2. 12-Month Average Nonfarm Payroll Jobs (1,000s) in the Tucson HMA, by Sector

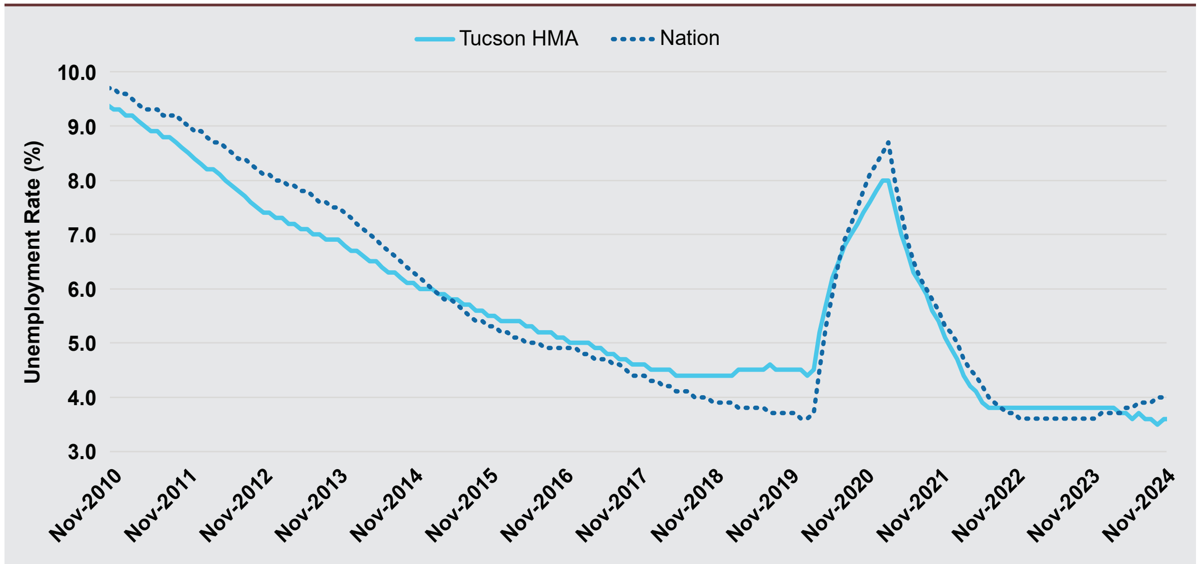
	12 Months Ending November 2023	12 Months Ending November 2024	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	**400.8**	**404.6**	**3.8**	**0.9**
Goods-Producing Sectors	50.8	52.5	1.7	3.3
Mining, Logging, & Construction	22.6	23.5	0.9	4.0
Manufacturing	28.2	28.9	0.7	2.5
Service-Providing Sectors	350.0	352.1	2.1	0.6
Wholesale & Retail Trade	51.3	51.9	0.6	1.2
Transportation & Utilities	19.5	19.3	-0.2	-1.0
Information	5.4	5.3	-0.1	-1.9
Financial Activities	18.3	18.9	0.6	3.3
Professional & Business Services	49.2	48.3	-0.9	-1.8
Education & Health Services	69.2	72.8	3.6	5.2
Leisure & Hospitality	44.6	43.7	-0.9	-2.0
Other Services	14.6	14.8	0.2	1.4
Government	77.8	77.2	-0.6	-0.8

Notes: Based on 12-month averages through November 2023 and November 2024. Numbers may not add to totals due to rounding. Data are in thousands.
Source: U.S. Bureau of Labor Statistics

Current Conditions—Unemployment

The unemployment rate in the HMA during the 12 months ending November 2024 averaged 3.6 percent, down from an average of 3.8 percent a year earlier because resident employment growth of 1.2 percent outpaced the 0.9-percent growth in the labor force. The unemployment rate in the HMA was below the national average unemployment rate of 4.0 percent during the 12 months ending November 2024 which was up from 3.6 percent a year earlier (Figure 3). The unemployment rate in the HMA reached a recent peak of 8.0 percent during the 12 months ending February 2021 because of the economic downturn from the COVID-19 pandemic. However, the rate was below rates in the early 2010s following the Great Recession, when the rate peaked at 9.4 percent in the 12 months ending May 2010.

Figure 3. 12-Month Average Unemployment Rate in the Tucson HMA and the Nation



Note: Based on the 12-month moving average.
Source: U.S. Bureau of Labor Statistics

Commuting Patterns

During the 12 months ending November 2024, resident employment in the HMA exceeded nonfarm payrolls by 19 percent, partly because a significant number of residents commute to areas outside the HMA for work. In 2022, approximately 25 percent of employed residents in the HMA commuted to jobs outside of Pima County, including 20 percent who worked in the neighboring Phoenix MSA (U.S. Census Bureau, OnTheMap). Approximately 9 percent of working residents commuted specifically to the city of Phoenix, accounting for the greatest share of any municipality besides the city of Tucson. However, as of 2022, approximately 20 percent of working residents in the adjacent, smaller Sierra Vista-Douglas MSA commuted into the Tucson HMA, slightly offsetting the commutation out of the HMA.

Economic Periods of Significance

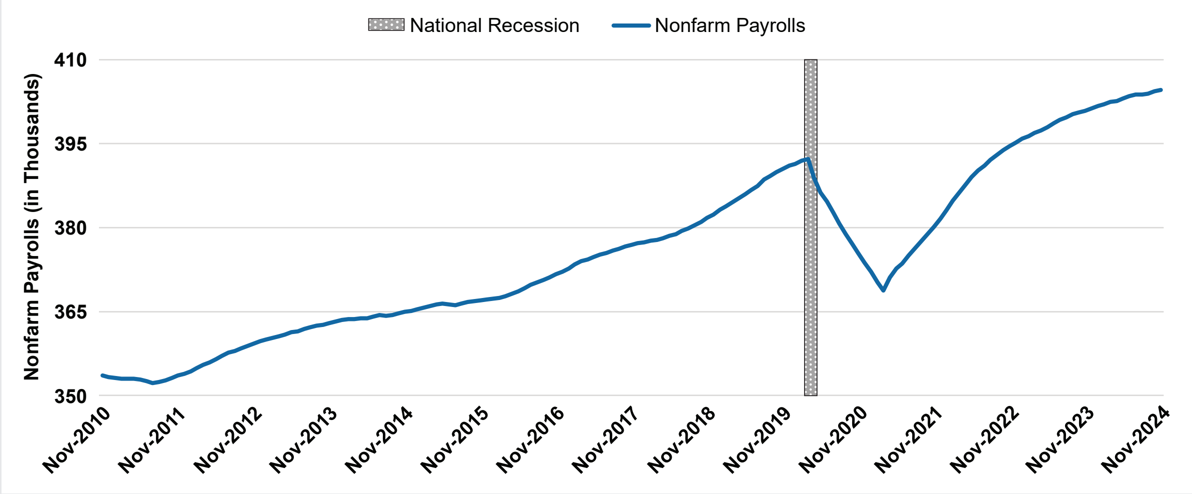
2011 Through 2013

In 2011, the HMA economy was very weak and recovering slowly from the Great Recession. Total nonfarm payrolls in 2011 grew by 500 jobs, or 0.1 percent, on an annual basis (Figure 4). The education and health services sector led growth during the year, increasing by 1,500 jobs, or 2.6 percent. A $120 million expansion and renovation of the Tucson Medical Center, the largest hospital in the city at the time, bolstered the sector. However, the government sector declined by 2,000 jobs, or 2.6 percent, nearly all in the local government subsector. From 2012 through 2013, the HMA economy began to recover more strongly from the Great Recession, with nonfarm payrolls increasing by an average of 4,700 jobs, or 1.3 percent, annually. The professional and business services sector led growth, increasing by an average of 1,300 jobs, or 2.8 percent, annually. The education and health services sector also strongly increased, growing by an average of 900 jobs, or 1.4 percent, annually, bolstered by an additional $100 million expansion of the Tucson Medical Center. Only the transportation and utilities and the manufacturing sectors declined during the period, falling by averages of 200 and 100 jobs, or 2.0 and 0.2 percent, respectively.

2014 Through 2019

Following the initial years of recovery, job growth in the HMA moderated from 2014 through 2015. During this period, nonfarm payrolls increased by an average of 2,000 jobs, or 0.6 percent, annually. Of the 11 nonfarm payroll sectors, 6 grew during the period. The leisure and hospitality sector led nonfarm payroll growth, increasing by an average of 1,400 jobs, or 3.4 percent, annually. The government sector led nonfarm payroll declines, falling by an average of 500 jobs, or 0.6 percent, with local government accounting for the bulk of losses, partly because of budget restrictions in the city of Tucson. Economic growth in the HMA accelerated from 2016 through 2019, with nonfarm payrolls increasing by an average of 6,000 jobs, or 1.6 percent, annually. The economy fully recovered from the Great Recession during this period, surpassing the 2006 nonfarm-payroll peak in late 2018 (monthly data, not seasonally adjusted). The education and health services sector led growth, increasing by an average of 1,400 jobs, or 2.2 percent, annually. Growth in the sector was due in significant part to a deal in which Banner Health acquired and improved UA College of Medicine facilities; the deal required more than $500 million in capital investments in hospitals in the HMA from 2015 through 2020. The manufacturing sector also grew strongly from 2016 through 2019, increasing by an average of 1,100 jobs, or 4.2 percent, partly because of the $550 million expansion of the local Raytheon Missiles & Defense production facilities. Following the decline during 2014 through 2015, the government sector grew by an average of 700 jobs, or 0.9 percent, annually. Only the wholesale and retail trade sector declined during 2016 through 2019, falling by an average of 300 jobs, or 0.5 percent, annually.

Figure 4. 12-Month Average Nonfarm Payrolls in the Tucson HMA



Note: 12-month moving average.
Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

2020

The pandemic strongly affected the HMA economy, with payrolls falling by 17,400 jobs, or 4.4 percent, in 2020. The pandemic contributed to a decrease in nearly every nonfarm payroll sector, and the leisure and hospitality sector led the decline with a loss of 9,100 jobs, or 20.2 percent. Restrictions limiting travel to the HMA contributed to the decline. The government sector also strongly declined, falling by 3,200 jobs, or 4.1 percent, with declines in both the state and the local government subsectors. The professional and business services sector declined by 2,600 jobs, or 5.1 percent, because of office closures and a significant decrease in administrative and support service positions. However, the transportation and utilities sector strongly increased by approximately 2,500 jobs, or 17.6 percent, because of a sharp increase in demand for e-commerce and delivery created by social distancing and remote work.

2021 Through 2022

As the pandemic began to diminish, the HMA economy recovered faster than it did following the Great Recession, and nearly every nonfarm payroll sector expanded from 2021 through 2022. Nonfarm payrolls grew by an average of 10,700 jobs, or 2.8 percent, annually, exceeding February 2020 nonfarm payroll levels by the end of 2022 (monthly data, not seasonally adjusted). The leisure and hospitality sector led growth as tourism strongly increased, adding an average of 3,800 jobs, or 10.1 percent, annually. The transportation and utilities sector also continued to grow strongly, albeit at a moderate pace compared with the 2020 surge, increasing by an average of 1,900 jobs, or 10.5 percent, annually. The wholesale and retail trade sector increased by an average of 1,800 jobs, or 3.6 percent, annually. As local retailers reopened, an average annual increase of 1,400 jobs, or 3.4 percent, in the retail trade subsector boosted growth, and strong net in-migration and tourism supported increased demand. The education and health services sector, which was unchanged, was the only sector that did not add jobs during the period.

Forecast

During the 3-year forecast period, nonfarm payrolls in the HMA are anticipated to increase by an average of 0.6 percent annually. Notable job growth is expected to continue in the education and health services and the mining, logging, and construction sectors. The continuously increasing share of residents aged 65 and older resulting from the migration of retirees to the HMA will lead to increased demand for healthcare services. Hiring at the Tucson Medical Center Rincon, a 60-bed facility completed in early 2024, will conclude during the forecast period. In addition, construction of the Banner Rehabilitation Hospital Tucson, a 44-bed facility in south Tucson, and the Tucson Rehabilitation Hospital, a 58-room inpatient hospital in central Tucson, will finish soon, and staffing of the facilities will contribute to job growth. Furthermore, El Rio Health has begun remodeling work at a defunct cardiovascular hospital in downtown Tucson that will offer primary care upon completion in early 2026. The government sector is anticipated to expand slightly because UA enrollment continues to increase. The UA Nano Fabrication Center renovations will be complete in 2026. And Davis-Monthan Air Force Base has taken on a new special operations wing, with expected increases in the personnel count and the number of military dependents estimated at 1,300 each.

Population and Households

Current Population: 1.07 Million

> Population growth has decelerated since 2020 compared with strong growth from 2017 to 2020, with the slowdown mostly due to net natural decline.

Population Trends

The population of the Tucson HMA is currently estimated at 1.07 million, reflecting an average annual increase of 6,325, or 0.6 percent, since April 2020 (Table 3). Net in-migration since April 2020 accounted for all the population growth, averaging 8,025 people annually but was partly offset by net natural decline averaging 1,700 people annually. By contrast, from 2010 to 2020, population growth averaged 6,325 people, or 0.6 percent, annually, with net in-migration averaging 4,150 people annually.

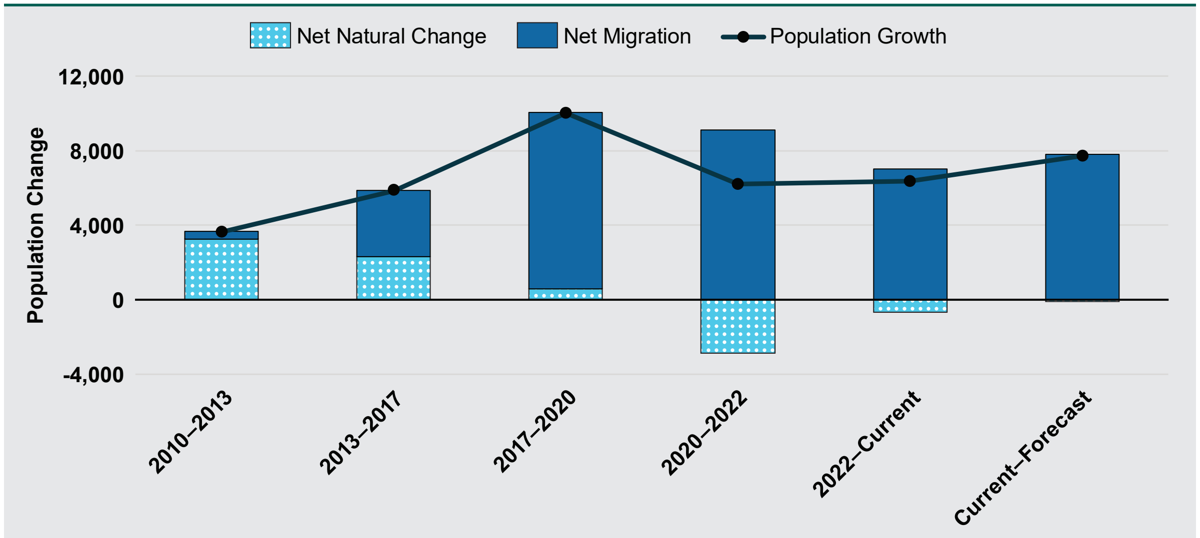
Population growth following the Great Recession was relatively weak because the local economy was slow to recover. The unemployment rate in the HMA remained high, and net in-migration was low. From 2010 to 2013, the population of the HMA grew by an average of 3,700, or 0.4 percent, annually, and net natural change and net in-migration averaged 3,275 and 425 people, respectively (Figure 5). Population growth gradually strengthened as greater numbers of retirees moved to the area. From 2013 to 2017, the population grew by an average of 5,875, or 0.6 percent, annually. Net natural change began to slow, averaging 2,325 people annually because elderly residents accounted for a greater share of the total population. At the same time, net in-migration rose to an average of 3,550 people annually, accounting for 60 percent of total population growth. More working residents moved to the HMA as the economy fully recovered from the Great Recession, and retirees and university students continued moving to the area.

Table 3. Tucson HMA Population and Household Quick Facts

		2020	Current	Forecast
Population Quick Facts	Population	1,043,433	1,073,000	1,096,000
	Average Annual Change	6,325	6,325	7,725
	Percentage Change	0.6	0.6	0.7
		2020	**Current**	**Forecast**
Household Quick Facts	Households	427,021	444,600	457,800
	Average Annual Change	3,825	3,775	4,400
	Percentage Change	0.9	0.9	1.0

Notes: Average annual changes and percentage changes are based on averages from 2010 to 2020, 2020 to current, and current to forecast. The forecast period is the current date (December 1, 2024) to December 1, 2027.
Sources: 2010 and 2020—2010 Census and 2020 Census; current and forecast—estimates by the analyst

Figure 5. Components of Population Change in the Tucson HMA, 2010 Through the Forecast



Notes: Data displayed are average annual totals. The forecast period is the current date (December 1, 2024) to December 1, 2027.
Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

Net in-migration increased strongly to represent more than 90 percent of total population growth. The affordability of housing relative to neighboring metropolitan areas prompted strong net in-migration from Maricopa and Cochise Counties in the adjacent Phoenix and Sierra Vista-Douglas MSAs. Net in-migration from southern California was also strong (Table 4). From 2017 to 2020, net in-migration increased to an average of 9,450 people annually, boosting total population growth to an average of 10,050 people, or 1.0 percent, annually. Net natural increase from 2017 to 2020 continued to decelerate, averaging only 600 people annually. Population growth slowed from 2020 to 2022, following the onset of the COVID-19 pandemic, to an average of 6,250 people, or 0.6 percent, annually. Excess deaths due to the pandemic contributed to net natural decline, which averaged 2,850 people annually, and net in-migration moderated slightly to 9,100 people annually. Since 2022, the population growth rate has improved only slightly to average 6,400 people, or 0.6 percent, annually as the effects of the pandemic have lessened. Net natural decline slowed to an average of 650 people annually, but net in-migration also slowed to an average of 7,050 people annually as the post-pandemic economic growth moderated.

Table 4. County-to-County Migration Flows in the Tucson HMA, 2016–20

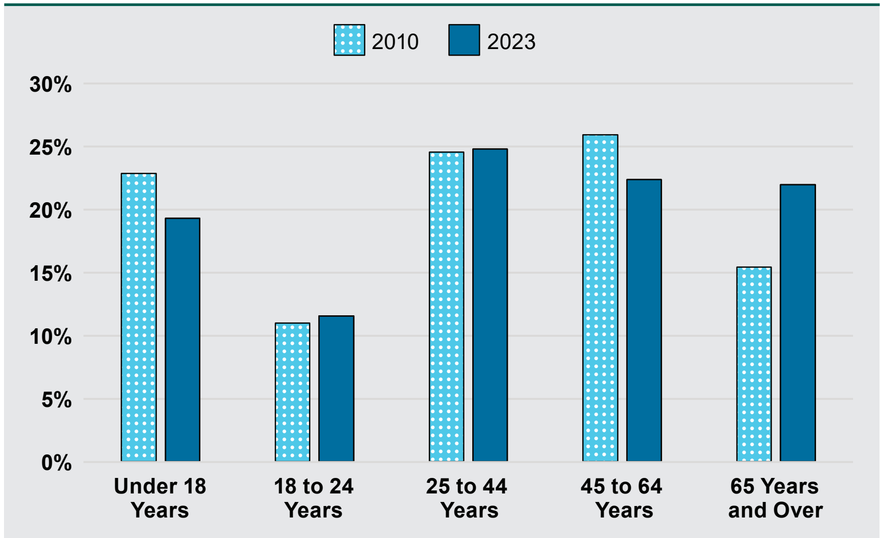
Into the HMA	
Maricopa County, AZ	3,559
Cochise County, AZ	1,348
Los Angeles County, CA	1,000
Mohave County, AZ	935
Denver County, CO	603
Out of the HMA	
Pinal County, AZ	1,682
Aiken County, SC	612
Coconino County, AZ	402
Clark County, NV	375
Honolulu County, HI	344

Source: U.S. Census Bureau Migration Flows, 2016–2020 American Community Survey 5-year data

Age Cohort Trends

Since 2010, the share of the population aged 65 and older has increased significantly because of greater numbers of retirees moving to the HMA, contributing to a rise in the median age. In 2023, this group accounted for approximately 22 percent of the total HMA population, up from 16 percent in 2010 (Figure 6). The share of residents aged 18 to 24 increased slightly from 11 to 12 percent, partly because of rising university enrollment in the HMA, whereas the share of residents aged 25 to 44 was virtually unchanged at approximately 25 percent of the total population. By contrast, the cohorts of residents aged 45 to 64 and residents under 18 fell as shares of the total population by approximately 4 percentage points each, declining to 22 and 19 percent, respectively. The steadily falling rates of net natural increase during the 2010s and the strong rate of net natural decline during the early stages of the pandemic were partly because of the increasing proportion of elderly residents in the HMA. The median age in the HMA increased

Figure 6. Share of Population by Age Range in the Tucson HMA



Source: 2010 and 2023 American Community Survey 1-year data from 37.8 in 2010 to 40.1 in 2023 (Table 5). By comparison, the national median age increased from 37.2 to 39.2.

Population by Geography

The HMA population is concentrated heavily in the eastern portion of Pima County, mainly in municipalities along Interstates 10 and 19. These interstates are the main arteries connecting the municipalities to Phoenix and significant trade and transportation routes connecting the HMA with the east and west coasts of the nation and the south into Mexico. The city of Tucson had more than 547,200 residents as of July 1, 2023, approximately 49 percent of the total HMA population (American Community Survey [ACS] 1-year estimates). From 2018 to 2023, the population of the city of Tucson expanded by an average of less than 1 percent annually (ACS 1-year supplemental estimates). By comparison, the neighboring municipalities of Oro Valley, Sahuarita, and Marana grew by annual averages of 580, 1,225, and 2,275, or 1.3, 3.7, and 4.4 percent, respectively, because the greater availability of developable land allows for the construction of master-planned communities. Approximately 42 percent of the HMA is Native American reservation land belonging to the Tohono O'odham Nation and the Pascua Yaqui Tribe, located mainly in the western part of the HMA.

Household Trends

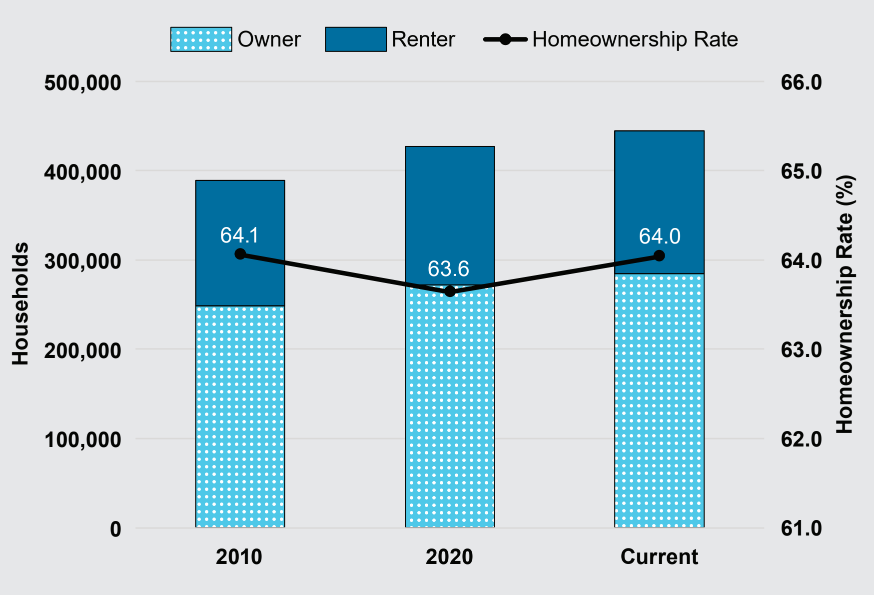
Household growth in the HMA has outpaced population growth since at least 2010, partly because of the growing number of older residents who tend to have smaller households. Approximately 444,600 households currently reside in the HMA, reflecting an average increase of 3,775 households, or 0.9 percent, annually since April 2020, faster than the 0.6-percent average rate of population growth. The number of households increased from 2010 to 2020 by an average of 3,825, or 0.9 percent, annually. The current homeownership rate is estimated at 64.0 percent, up slightly from 63.6 percent in 2020 because of an increasing share of retiree migrants to the HMA (Figure 7). Currently, an estimated 284,700 owner households and 159,900 renter households are in the HMA, reflecting increases of approximately 1 percent annually each since April 2020, relatively unchanged from the respective average annual growth rates from 2010 to 2020.

Table 5. Selected Population and Household Demographics in the Tucson HMA

	Tucson HMA	Nation
Population Age 18 and Under	19.3%	21.7%
Population Age 65 and Over	22.0%	17.7%
Median Age	40.1	39.2
White	57.8%	60.5%
Black	3.9%	12.1%
Asian	2.8%	6.0%
Other Race	12.1%	8.6%
Hispanic	36.6%	19.4%
Non-Hispanic	63.4%	80.6%
Median Household Income	$69,758	$77,719
Households with One or More Children Under Age 18	24.6%	28.8%

Source: 2023 American Community Survey 1-year data

Figure 7. Households by Tenure and Homeownership Rate in the Tucson HMA



Note: The current date is December 1, 2024.
Sources: 2010 and 2020—2010 Census and 2020 Census; current—estimates by the analyst

Military Households

As of 2023, approximately 6,325 active-duty personnel are stationed at the Davis-Monthan Air Force Base (*2023 Economic Impact of Arizona's Principal Military Operations*, Maguire Company, Inc.). Housing for the personnel includes approximately 775 rooms in barracks for unaccompanied airmen. Private housing is available on the base in neighborhoods exclusively for military personnel and their dependents, including the Soaring Heights communities, with 1,175 two-, three-, and four-bedroom units for rent. Most military households residing elsewhere in the HMA are renters.

Student Households

UA is the oldest university in the state and significantly affects the rental market in the downtown area of the city of Tucson. From the fall of 2015 through the fall of 2024, total enrollment rose by an average of 1,500 students, or 3.1 percent, annually. Of the 41,700 students at the main campus of UA in the city of Tucson as of the fall of 2024, approximately 7,225 of the students lived in on-campus dormitories and, therefore, are excluded from the household population. The remaining 34,475 students account for approximately 7 percent of renter households in the HMA, and live predominately in the city of Tucson.

Forecast

The population of the HMA is anticipated to increase by an average of 7,725, or 0.7 percent, annually during the 3-year forecast period to 1.1 million. Net in-migration is anticipated to slow slightly in each succeeding year of the forecast period following the initial surge expected from the Davis-Monthan Air Force Base expansion and as local economic growth moderates. Continued net in-migration of retirees will partly offset the expected slowdown. However, net natural change is anticipated to be negative because elderly residents account for a larger share of the total population. During the forecast period, household growth is expected to average 4,400, or 1.0 percent, annually to reach 457,800 households, reflecting a slight acceleration compared with recent trends because of the increased rate of population growth.

Home Sales Market

Market Conditions: Balanced

Sales market conditions have eased from slightly tight to balanced since the early stages of the COVID-19 pandemic largely because increased mortgage interest rates have diminished demand.

Current Conditions

The home sales market in the Tucson HMA is currently balanced, with an estimated vacancy rate of 2.0 percent, up from 1.7 percent in April 2020, when conditions were slightly tight, but down from the 2.9-percent vacancy rate in April 2010, when conditions were soft (Table 6). Beginning in early 2022, mortgage interest rates rose from historically low levels, contributing to steadily declining home sales in the HMA, with the average mortgage interest rate peaking at 7.6 percent in October 2023 and above the levels from 2009 to 2021 (Freddie Mac). However, the rise in rates has also deterred many potential sellers from listing their homes for sale if a subsequent purchase would require financing at a higher rate, restricting the supply of for-sale housing. The total number of active listings in the HMA averaged 5,275 homes a month in the 12 months ending November 2024, above the 4,475 average a year earlier but below any year prior to 2021 since at least 2007 (CoreLogic, Inc.).

Table 6. Home Sales Quick Facts in the Tucson HMA

		Tucson HMA	Nation
Home Sales Quick Facts	**Vacancy Rate**	2.0%	NA
	Months of Inventory	3.7	3.6
	Total Home Sales	18,200	4,912,000
	1-Year Change	-4%	-8%
	New Home Sales Price	$441,800	$498,300
	1-Year Change	-6%	1%
	Existing Home Sales Price	$389,800	$423,600
	1-Year Change	6%	8%
	Mortgage Delinquency Rate	0.7%	1.0%

NA = data not available.
Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending October 2024; and months of inventory and mortgage delinquency data are as of November 2024. The current date is December 1, 2024.
Sources: Vacancy rate—estimates by the analyst; months of inventory, mortgage delinquency rate, and home sales and prices—CoreLogic, Inc.

Current Home Sales and Prices

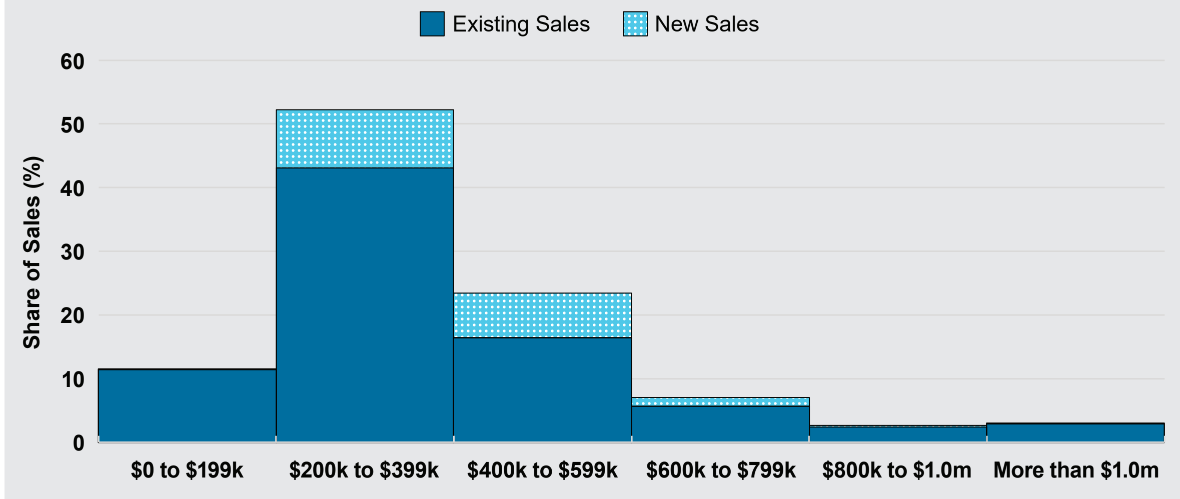
Home sales in the HMA have declined since interest rates rose. During the 12 months ending October 2024, new and existing home sales totaled 18,200, down by 710 homes, or 4 percent, compared with a year earlier (CoreLogic, Inc., with adjustments by the analyst). By comparison, total home sales decreased by 7,975 homes, or 30 percent, during the 12 months ending October 2023. Home sales reached a recent peak of 30,400 during the 12 months ending January 2022, the highest 12-month total since 2005, prior to the Great Recession. The average home sales price during the 12 months ending October 2024 was $398,500, an increase of $15,050, or 4 percent, year over year, equal to the rate of increase a year earlier. Retirees and working families often move to the HMA because of the relative home affordability. The national average home price during the 12 months ending October 2024 was $428,200, up $27,800, or 7 percent, from a year earlier, and the average home price in the adjacent Phoenix MSA was $547,100, up by $16,700, or 3 percent. Approximately 35 percent of total home sales in the HMA from 2021 through current have been cash sales, up from approximately 30 percent from 2015 through 2020. Approximately 43 percent of home sales in the HMA during the past 12 months were existing homes priced between $200,000 and $399,999, and an additional 17 percent were existing homes priced between $400,000 and $599,999 (Zonda; Figure 8). By comparison, approximately 26 percent of home sales in the Phoenix MSA were existing homes priced between $200,000 and $399,999, and 24 percent were existing homes priced between $400,000 and $599,999.

New Home Sales and Prices

New home sales in the HMA increased in the past 12 months after declining during the previous 24 months. During the 12 months ending October 2024, 3,050 new homes were sold, up by 250 homes, or 9 percent, from a year earlier (CoreLogic, Inc., with adjustments by the analyst). By comparison, new home sales during the same period a year earlier declined by 320 homes, or 10 percent, year over year. New home sales were low from 2011 through 2014—a trend that began during the Great Recession—averaging 1,275 new home sales annually (Figure 9). As population growth in the HMA strengthened and net in-migration increased from 2014 through 2019, new home sales strongly increased each year, growing by an average of 330 sales, or 18 percent, annually to 2,900 homes sold. Despite the effects of the pandemic on the local economy and population growth, new home sales increased from 2020 through 2021, averaging 3,175 home sales annually, partly because of historically low mortgage interest rates and greater availability of remote work. However, as interest rates rose in early 2022, new home sales declined, falling by 260 homes, or 8 percent, to 2,975.

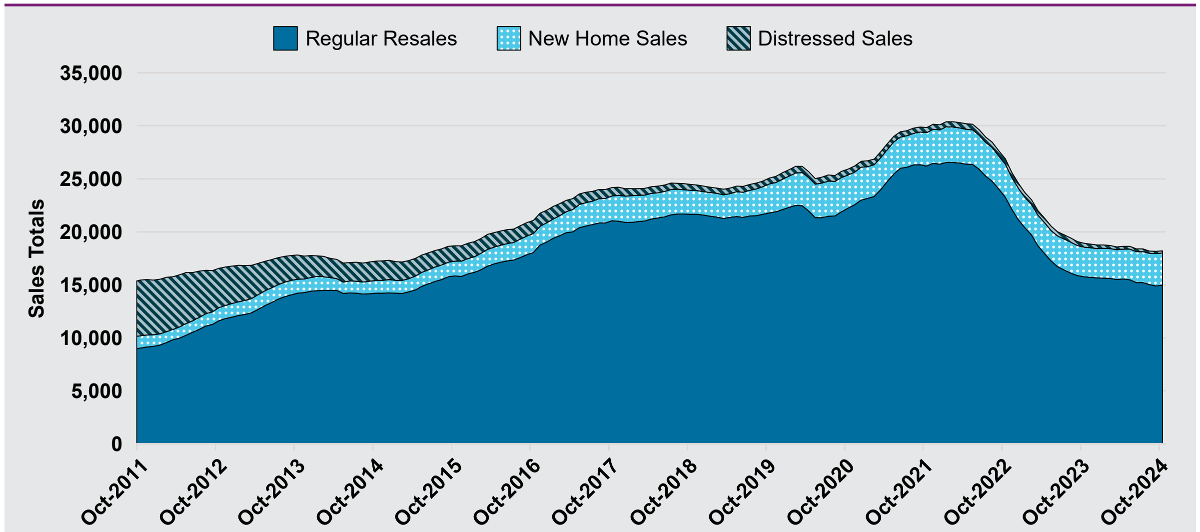
New home prices during the 12 months ending October 2024 declined by $29,850, or 6 percent, from a year earlier to $441,800. By comparison, new home prices during the 12 months ending October 2023 rose by $29,400, or 7 percent. Historically, new home prices in the HMA have

Figure 8. Share of Overall Home Sales by Price Range During the 12 Months Ending November 2024 in the Tucson HMA



Note: New and existing sales include single-family homes, townhomes, and condominiums.
Source: Zonda

Figure 9. 12-Month Home Sales Totals by Type in the Tucson HMA

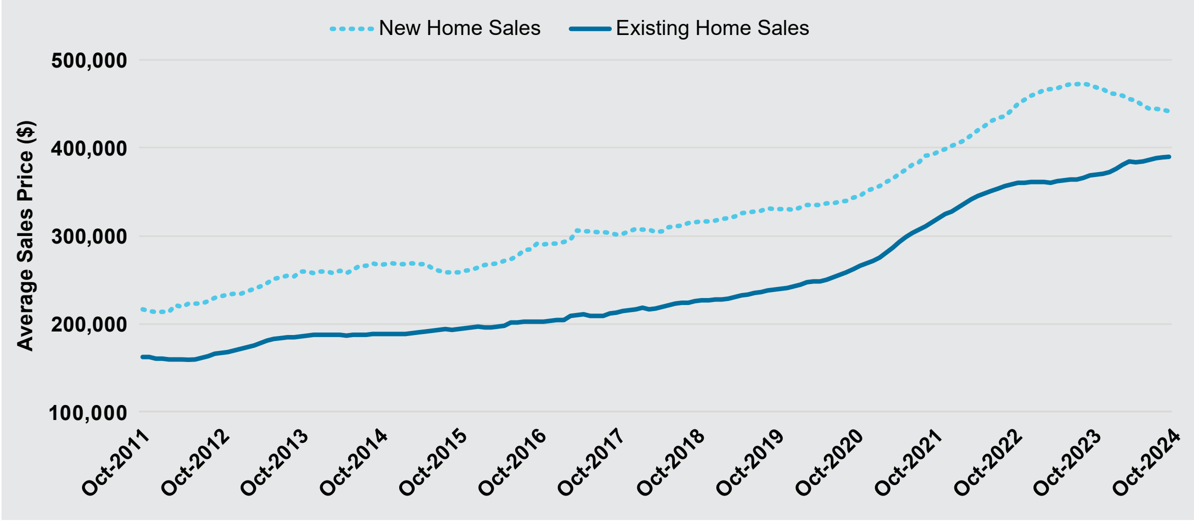


Source: CoreLogic, Inc., with adjustments by the analyst trended upward since 2010. Following several years of price declines that began during the Great Recession, new home prices increased by an average of $13,300, or 6 percent, annually to $257,700 from 2011 through 2013 (Figure 10). After this period of steady price growth, new home price growth moderated, increasing by an average of $2,000, or 1 percent, annually to $261,800 from 2014 through 2015 when new home sales were steady. The demand for new home sales increased as population growth accelerated, and the average price of a new home increased by an average of $17,150, or 6 percent, annually from 2016 through 2019. Because the demand for new homes was high, new home prices strongly increased, rising by an average of $34,250, or 10 percent, annually from 2020 through 2021. However, despite declining new home sales in 2022, new home prices continued to increase as single-family home construction activity declined, rising by $56,150, or 14 percent.

Existing Home Sales and Prices

Existing home sales in the HMA fell by 950 homes sold, or 6 percent, during the 12 months ending October 2024 to 15,150 (CoreLogic, Inc., with adjustments by the analyst). By comparison, existing home sales declined by 7,650 homes, or 32 percent, a year earlier. Following a strong decline in existing home sales during the Great Recession, existing home sales grew steadily from 2011 through 2013, increasing by an average of 940 homes, or 6 percent, annually to 16,450. Distressed sales made up approximately 37 percent of total existing sales from 2011 through 2013, but the share has declined each subsequent year since the peak in 2011. From 2014 through 2017, as net in-migration to the HMA strengthened, existing home sales growth accelerated slightly, increasing by an average of 1,275, or 7 percent, annually to 21,600 homes. Because an increasing share of population growth came from retiree migration, including many retirees with accumulated wealth, home sales demand shifted slightly from existing to new homes, and existing home sales growth moderated, whereas new home sales accelerated. From 2018 through 2020, existing home sales averaged 22,750 sales annually. In 2021, existing home sales strongly increased, partly because of a surge in buyers attracted by the relative affordability of homes in the HMA and low interest rates. Existing home sales increased by 3,325 homes, or 14 percent, to 26,850. However, as interest rates started increasing in early 2022, existing home sales fell, declining by 5,275, or 20 percent, to 16,000 homes sold.

Figure 10. 12-Month Average Home Sales Price by Type of Sale in the Tucson HMA



Source: CoreLogic, Inc., with adjustments by the analyst

The average price of an existing home increased by $21,550, or 6 percent, to $389,800 during the 12 months ending October 2024, accelerating from an increase of $9,850, or 3 percent, a year earlier. Existing home prices were relatively flat during the early 2010s because a significant share of distressed sales sold at a considerable discount, approximately 33 percent less than the average regular resale price from 2010 through 2013. From 2011 through 2013, existing home prices increased by an average of $1,175, or 1 percent, annually to $187,500. When existing home sales gradually increased and the distressed share of sales consistently declined, existing home price growth accelerated to an annual average of $8,925, or 4 percent, from 2014 through 2019. From 2020 through 2021, home sales demand increased strongly, and existing home prices rose rapidly, increasing by an average of $41,750, or 16 percent, annually. Like the price for a new home, the price for an existing home continued increasing in 2022, rising by $36,200, or 11 percent, despite a strong decline in sales.

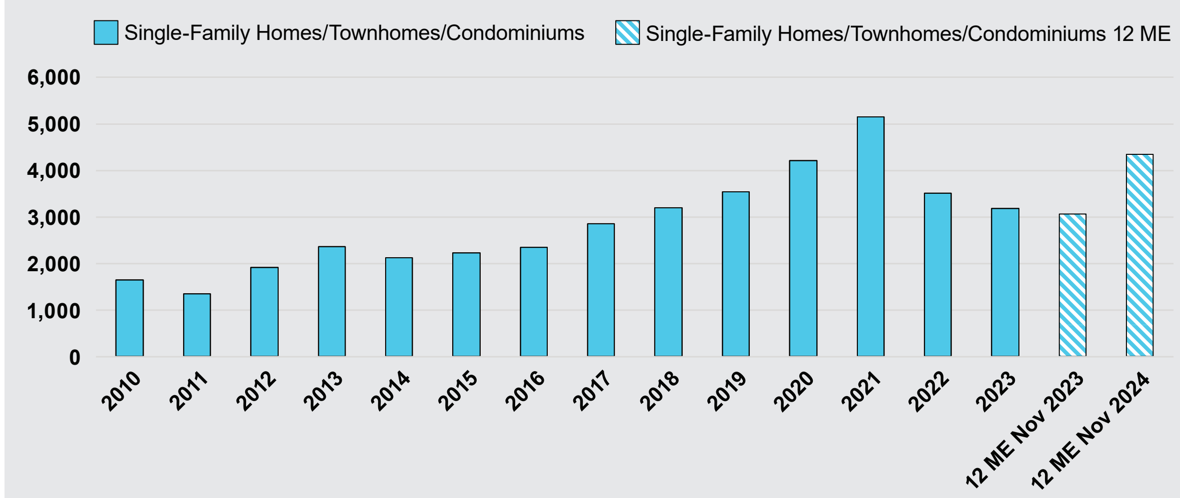
Real Estate Owned Sales and Delinquent Mortgages

After peaking in the early 2010s because of the housing crisis of the late 2000s, the share of seriously delinquent loans and real estate owned (REO) properties in the HMA trended downward. The percentage peaked at 7.7 percent as of February 2010, below the respective national and state rates of 8.6 and 12.0 percent (CoreLogic, Inc.). The rate in the HMA gradually declined each year to a low of 0.7 percent as of March 2020. However, the job losses and other economic impacts of the pandemic contributed to an increase in the percentage of seriously delinquent and REO properties because some homeowners struggled to make mortgage payments. The rate reached a recent high of 3.3 percent as of September 2020, below the national rate of 4.3 percent but above the state rate of 3.0 percent. The rate in the HMA has since strongly declined, falling to 0.7 percent as of October 2024, equal to the state rate and below the 1.0-percent rate nationally.

Sales Construction

During the 12 months ending November 2024, 4,350 sales units were permitted, up by 1,300 homes, or 42 percent, from the previous 12 months (preliminary data and estimates by the analyst). Home sales construction activity, as measured by the number of units authorized by building permits and estimates by the analyst, was relatively limited during the early 2010s, when new home sales demand was weak and net in-migration was low. From 2010 through 2012, sales permitting activity averaged 1,625 homes annually (Figure 11). However, as the local economy recovered, net in-migration levels increased, and the excess supply of distressed sales units declined, builders responded by increasing construction activity. Sales permitting activity increased to an average of 2,275 homes from 2013 through 2016. From 2017 through 2019, local economic growth was steady, the population gradually increased, and sales permitting activity increased by an average of 400 homes, or 15 percent, annually to 3,550 homes permitted. Total home sales rose sharply during 2020 and 2021, when net in-migration reached levels unseen since at

Figure 11. Annual Sales Permitting Activity in the Tucson HMA



12 ME = 12 months ending.
Sources: U.S. Census Bureau, Building Permits Survey; 2010–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

least 2010, and construction activity strongly increased. From 2020 through 2021, sales permitting activity increased by an average of 810 homes, or 21 percent, each year to 5,150 homes. However, the number of sales units permitted declined in 2022 to approximately 3,500 homes because sales demand dropped with increasing mortgage rates.

New Construction Activity

Recent new home construction in the HMA has generally been concentrated in master-planned communities near the municipalities surrounding the city of Tucson, including Marana and Sahuarita. These communities often include various home builders that each work in one section of the community. Gladden Farms is a master-planned community south of Marana with homes under construction by Richmond American Homes, Lennar, Meritage Homes, and KB Home. The community is a 900-home project, with three-, four-, five-, and six-bedroom homes ranging from 1,262 to 2,920 square feet and prices starting at $306,000. Rancho Sahuarita, which includes the Entrada Del Pueblo subdivision, is another master-planned community with multiple builders currently under construction in the city of Sahuarita. The 530-home subdivision has three-, four-, and five-bedroom homes ranging from 1,225 to 3,000 square feet that are priced between $298,000 and $432,000.

Forecast

During the 3-year forecast period, demand is expected for 11,500 new sales units in the HMA (Table 7). The 1,300 homes under construction will meet a portion of demand during the first year. Demand is expected to continue to be concentrated in the cities surrounding the city of Tucson, mainly in the municipalities of Sahuarita, Marana, Vail, and Green Valley.

Table 7. Demand for New Sales Units in the Tucson HMA During the Forecast Period

	Sales Units
Demand	11,500 Units
Under Construction	1,300 Units

Note: The forecast period is December 1, 2024, to December 1, 2027.
Source: Estimates by the analyst

Rental Market

Market Conditions: Slightly Soft

Elevated rental construction activity since 2021 and slower rates of absorption have contributed to a recent increase in the rental vacancy rate.

Current Conditions and Recent Trends

The overall rental market in the Tucson HMA, which includes renter-occupied single-family homes, townhomes, apartments, and mobile homes, is currently slightly soft. The estimated vacancy rate is 9.4 percent, up from 7.7 percent in April 2020, when conditions were balanced, but down from 11.3 percent in April 2010, when conditions were soft (Table 8). During the early stages of the COVID-19 pandemic, vacancy rates initially declined because of elevated levels of net in-migration, increased household formation as people sought separate accommodations, and limited rental construction activity. However, increased levels of rental construction activity in 2022 and 2023, recently moderating net in-migration, and slowing household growth have contributed to an increasing vacancy rate during the past year. In 2023, an estimated 49 percent of occupied rental units in the HMA were in buildings with five or more units, which includes most apartments, up from 43 percent in 2010 (2010 and 2023 ACS 1-year data). Single-family homes accounted for 35 percent of all occupied rental units in 2023, down from 40 percent in 2010.

Table 8. Rental and Apartment Market Quick Facts in the Tucson HMA

Rental Market Quick Facts		2020 (%)	Current (%)
	Rental Vacancy Rate	7.7	9.4
		2010 (%)	2023 (%)
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	40	35
	Multifamily (2–4 Units)	11	12
	Multifamily (5+ Units)	43	49
	Other (Including Mobile Homes)	6	4
Apartment Market Quick Facts		3Q 2024	YoY Change
	Apartment Vacancy Rate	11.4%	2.7
	Average Rent	$1,177	-1%
	Studio	$814	0%
	One-Bedroom	$1,020	-1%
	Two-Bedroom	$1,314	-1%
	Three-Bedroom	$1,725	0%

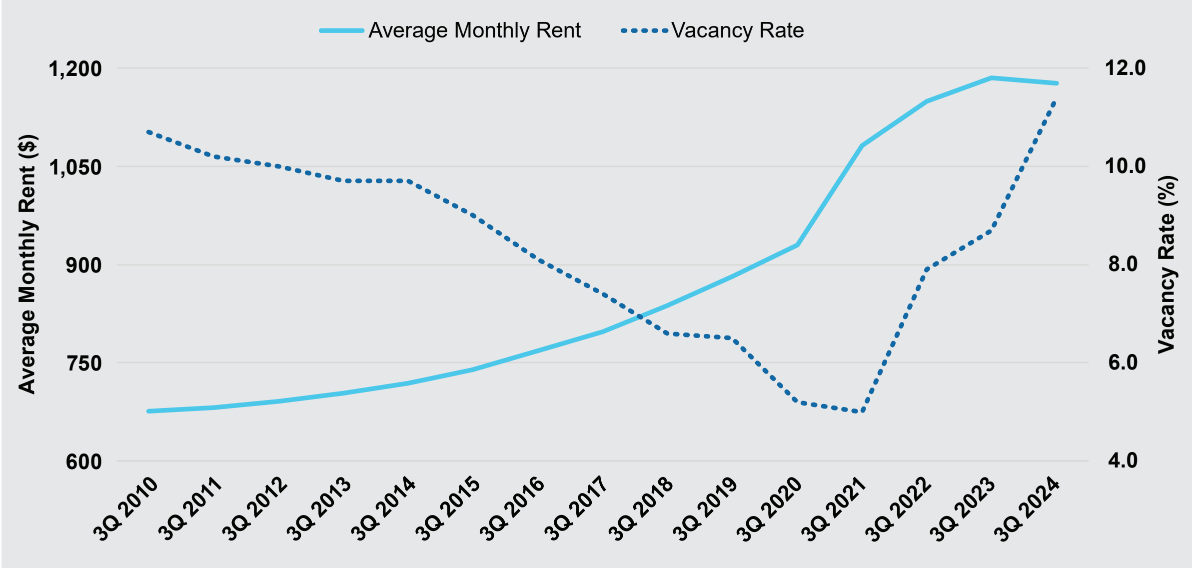
3Q = third quarter. YoY = year-over-year.
Notes: The current date is December 1, 2024. Percentages may not add to 100 due to rounding.
Sources: 2020 vacancy rate—2020 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2010 and 2023 American Community Survey 1-year data; apartment data—CoStar Group

The apartment market is currently soft, with a vacancy rate of 11.4 percent as of the third quarter of 2024, up from 8.7 percent a year earlier because of a large number of apartment units that entered the market, many of which are still in lease up. The average apartment rent fell slightly, declining 1 percent from a year earlier to $1,177. Average rents for studio and one-, two-, and three-bedroom units in the HMA were $814, $1,020, $1,314, and $1,725, respectively, as of the third quarter of 2024. Approximately 4,100 apartment units were completed during the 3 years ending September 2024, including 2,450 in the 12 months ending September 2024, a greater number of completions than in any 12-month period since at least 2000. Net absorption of apartment units in the HMA was negative at 55 units during the 12 months ending September 2024, down from positive absorption of 240 units during the 12 months ending September 2023 but an improvement from negative net absorption of 1,850 units during the 12 months ending September 2022.

Apartment Market Conditions and Historical Trends

Apartment market conditions in the HMA were soft in 2010 before the apartment vacancy rate gradually declined during the following decade (CoStar Group). Because population growth was relatively low during the early 2010s, the apartment vacancy rate initially was high, declining only slightly from 10.7 percent as of the third quarter of 2010 to 9.7 percent as of the third quarter of 2014 (Figure 12). Apartment rents increased an average of 2 percent annually to $719 when market conditions were soft. However, as net in-migration to the HMA began increasing and population growth strengthened, the apartment vacancy rate declined each year because rental construction did not keep pace with the growth in demand. The apartment vacancy rate fell to 6.5 percent by the third quarter of 2019, before the pandemic, and then fell to a low of 5.0 percent as of the third quarter of 2021, when the apartment market was slightly tight. The average rent rose an average of 4 percent annually to $930 from 2014 to 2020, slightly faster than the period from 2010 to 2014. Net absorption in the HMA reached a peak of 1,675 units during the 12 months ending September 2020, stronger than any 12-month period since the Great Recession. When market conditions were slightly tight in 2021, the average asking rent surged, increasing by $152, or 16 percent, to $1,082. Because apartment absorption fell to a 2-decade low in 2022, the apartment vacancy rate increased to 7.9 percent as of the third quarter of 2022. Rent growth moderated because of easing apartment market conditions in 2022, increasing by an average of $68, or 6 percent, annually to $1,150 as of the third quarter of 2022.

Figure 12. Apartment Rents and Vacancy Rates in the Tucson HMA



3Q = third quarter.
Source: CoStar Group

Student Housing

Rental housing targeted to students includes units leased by the bedroom. The vacancy rate for student apartments in the CoStar Group-defined UA market area rose to 6.9 percent as of the third quarter of 2024, up from 2.3 percent a year prior, and the average asking rent per bed increased by $49, or 4 percent, to $1,181. The vacancy rate trended downward from 18.1 percent as of the third quarter of 2014 to 5.7 percent as of the third quarter of 2018 before increasing to 19.6 percent as of the third quarter of 2020, partly because of the decline in on-campus learning during the pandemic. The average asking rent per bed rose 3 percent annually from the third quarter of 2014 to $1,036 as of the third quarter of 2020 before sharply declining in 2021 by $115, or 11 percent, to $921. However, as students returned to campus and enrollment at UA recovered, the vacancy rate declined to 4.3 percent as of the third quarter of 2022. The average apartment rent per bed rose steeply as students returned to the area by $74, or 8 percent, from the third quarter of 2021 to $995 as of the third quarter of 2022.

The vacancy rate among all apartment properties in the CoStar Group-defined UA market area rose to 11.0 percent as of the third quarter of 2024, up from 7.6 percent a year prior, and the average rent increased by $39, or 3 percent, to $1,283. The vacancy rate trended downward from 9.0 percent as of the third quarter of 2015 to 6.3 percent as of the third quarter of 2018 before increasing to 9.0 percent as of the third quarter of 2020. Rents increased 3 percent annually from the third quarter of 2015 to $997 as of the third quarter of 2018 before rent growth decelerated to an average gain of $25, or 2 percent, annually to $1,047 as of the third quarter of 2020. Subsequently, overall apartment vacancies increased to 9.5 percent as of the third quarter of 2021, partly because several apartment properties entered lease-up. The average apartment rent rose steeply as students returned to the area by an average of $84, or 8 percent, annually from the third quarter of 2020 to $1,215 as of the third quarter of 2022. Despite the properties in lease-up, vacancies at stabilized properties declined during the period, indicating students were returning to the market area as on-campus learning resumed. Market conditions have since eased because of low levels of absorption and the completion of ARI on Fourth, a mixed-use (residential and retail) project with 323 units.

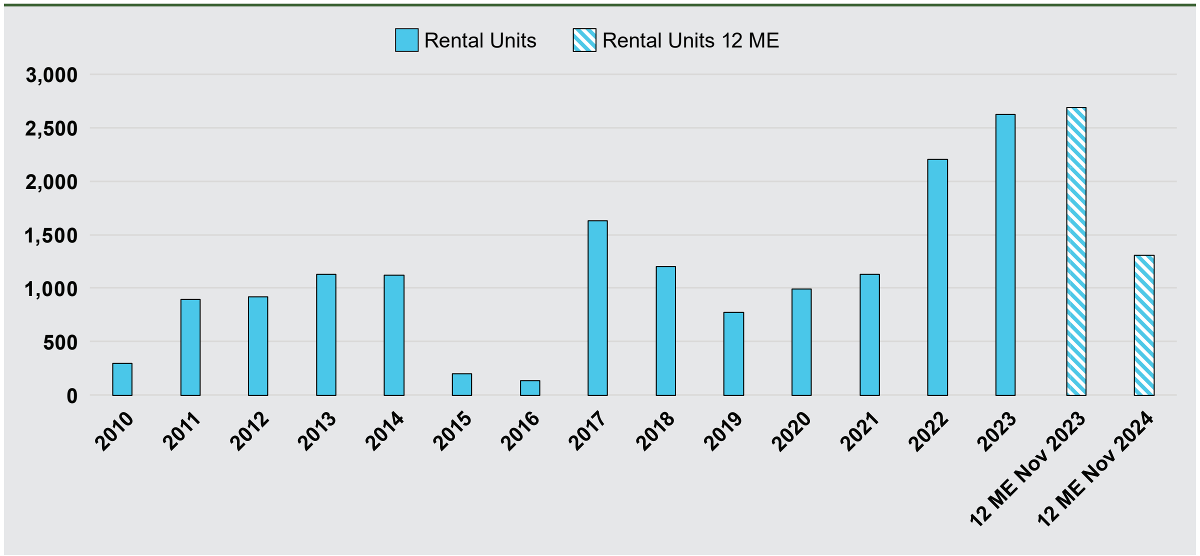
Military Housing

Military presence is largely concentrated in the CoStar Group-defined Southeast Tucson market area, where the overall apartment vacancy rate increased to 8.9 percent as of the third quarter of 2024, up from 7.0 percent a year earlier. The vacancy rate peaked at 10.3 percent as of the third quarter of 2012 and trended downward to a low of 2.6 percent as of the third quarter of 2020. The average asking rent in the market area increased by an average of $28, or 4 percent, annually from the third quarter of 2012 to $781 as of the third quarter of 2020. Rents rose steeply from the third quarters of 2020 to 2022, increasing by an average of $133, or 16 percent, annually to $1,046. Rent growth has since moderated, and the average apartment asking rent as of the third quarter of 2024 increased by $26, or 2 percent, from a year earlier to $1,111.

Rental Construction

Rental unit construction in the HMA, as measured by the number of rental units permitted, increased during the early 2010s following several years of low permitting activity due to the Great Recession. Rental permitting activity averaged 870 units annually from 2010 through 2014 (Figure 13). The elevated levels of rental permitting during the early 2010s contributed to high apartment vacancy rates and low rent growth. Builders responded to the soft market conditions, decreasing rental permits to an average of 170 units annually in 2015 and 2016. As net in-migration and absorption increased, rental market conditions became balanced, and an average of 1,150 units were permitted annually from 2017 through 2021. Strong demand led to slightly tight market conditions in 2021, and builders responded by strongly increasing rental construction activity. Rental permitting rose to an average of more than 2,400 units in 2022 and 2023. The elevated levels

Figure 13. Annual Rental Permitting Activity in the Tucson HMA



12 ME = 12 months ending.
Note: Includes apartments and units intended for rental occupancy.
Sources: U.S. Census Bureau, Building Permits Survey; 2010–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

of rental permitting activity combined with decelerating population growth contributed to the current slightly soft rental market. During the 12 months ending November 2024, rental permitting activity fell by 1,400 units, or 48 percent, from a year earlier to 1,300 (preliminary data and estimates by the analyst).

New Construction Activity

The Bautista, a 256-unit, mixed-use community, is an apartment property currently under construction in the Mercado District near downtown Tucson. The project is part of an ongoing revitalization effort by the city of Tucson supported by tax abatement incentives and is expected to be complete in early 2025. The Place at Mason Ranch, a 312-unit project, is under construction in the Bear Canyon submarket in the eastern section of the city of Tucson, with an anticipated completion date of late 2025. Rent for units completed in the HMA since 2020 average $1,367, $1,597, $1,949, and $2,251 for studio and one-, two-, and three-bedroom units, respectively (CoStar Group).

Forecast

During the 3-year forecast period, demand in the HMA is estimated for 2,550 additional rental units (Table 9). Demand is expected to moderate slightly during the forecast period because of declining net in-migration each year. The 2,000 units under construction are expected to satisfy rental demand during the first and second years of the forecast period.

Table 9. Demand for New Rental Units in the Tucson HMA During the Forecast Period

Rental Units	
Demand	2,550 Units
Under Construction	2,000 Units

Note: The forecast period is December 1, 2024, to December 1, 2027.
Source: Estimates by the analyst

Terminology Definitions and Notes

A. Definitions

Absorption	The net change, positive or negative, in the number of occupied units in a given geographic range.
Apartment Vacancy Rate/ Average Monthly Rent	Data are for market-rate and mixed market-rate and affordable general occupancy apartment properties with five or more units, including those that are stabilized and in lease up.
Building Permits	Building permits do not necessarily reflect all residential building activity. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.
Demand	The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.
Distressed Sales	Short sales and real estate owned (REO) sales.
Existing Home Sales	Includes resales, short sales, and REO sales.
Forecast Period	12/1/2024–12/1/2027—Estimates by the analyst.
Home Sales/ Home Sales Prices	Includes single-family home, townhome, and condominium sales.

Net Natural Change	**Resident births minus resident deaths.**
Net Natural Decline	**Resident deaths are greater than resident births.**
Net Natural Increase	**Resident births are greater than resident deaths.**
Rental Market/ Rental Vacancy Rate	**Includes apartments and other rental units such as single-family, multifamily, and mobile homes.**
Resales	**Home closings that have no ties to either new home closings (builders) or foreclosures. They are homes that were previously constructed and sold to an unaffiliated third party.**
Seriously Delinquent Mortgages	**Mortgages 90 or more days delinquent or in foreclosure.**
Stabilized	**A property is stabilized once the occupancy rate reaches 90 percent or at least 18 months have passed since the property was changed from "under construction" to "existing" on the CoStar Group website.**

B. Notes on Geography

1.	**The metropolitan statistical area definitions noted in this report are based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.**
2.	**Urbanized areas are defined using the U.S. Census Bureau's 2020 Census Urban and Rural Classification and the Urban Area Criteria.**
3.	**The census tracts referenced in this report are from the 2020 Census.**

C. Additional Notes

1.	This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.
2.	The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

D. Photo/Map Credits

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