



Editor's Insights

Lucinda Smedley • published in the September 2020 issue

We are thrilled to feature the long-awaited oLiv Tucson residential community on this month's cover. As part of a larger project that will also include a Graduate Hotel, the Marshall Foundation has been working on the plans for this project for several years.

It has been widely reported that the U.S. multifamily sector has continued to perform well, in spite of the COVID-19 pandemic. Tucson's multifamily market is no exception and as reported by sector experts, Allan Mendelsberg and Conrad Martinez of Cushman & Wakefield | PICOR, the fundamentals remain strong. One multifamily category where there is reported softening in terms of vacancy is in the student housing market. A preliminary survey of student housing properties indicates that while the Main Gate properties are seeing occupancy in the 90+%, properties located outside of the UA campus area are seeing lower occupancy rates. As a result, one of the newer student housing properties not campus adjacent is considering converting to market rate.

We are pleased to feature 25 planned apartment projects throughout the region totaling about 4,500 units that are projected to come on line over the next five years. We are tracking another 1,400 units that are currently under construction which will deliver within the coming months. So far this year, at least three projects have completed construction including the 100 unit RendezVous Urban Flats, the 60-unit Hedrick on Mountain and the 243-unit oLiv Tucson. This will certainly help the current housing shortage that we are seeing in the region.

The single family rental home trend continues to gain momentum locally and nationally as it serves the growing demand from renters by choice (young professionals and empty nesters) who want a maintenance free lifestyle. It also serves increased demand by future first time homebuyers who are facing severely limited for sale housing inventory but are tired of apartment living. This issue features an update from Josh Hartmann of NexMetro Communities, an early innovator of the single family rental home asset class as well as Phil Aries of Saunders & Amos who have just received approval to move forward with their first project, located in northeast Tucson. Other local developers who are planning rental home projects include AF Sterling, with their 8+ acre assemblage at Oracle and Genematas; and Terrazo Homes (Red Point Development) with their Thornydale Park project in Marana.

Lastly, we are grateful to David Ollanik of Sundt Construction for contributing an insightful update on apartment construction costs and strategies for keeping costs under control at a time when the pandemic is causing disruption to both labor and supplies.

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