

FIGURES | TUCSON INDUSTRIAL | Q3 2026

Pipeline grows as vacancy declines

▼ 8.0%

Vacancy Rate

▲ 475.0

KSF Net Absorption

▼ 0.0

KSF Construction Delivered

▲ 763.0

KSF Under Construction

▼ \$0.82

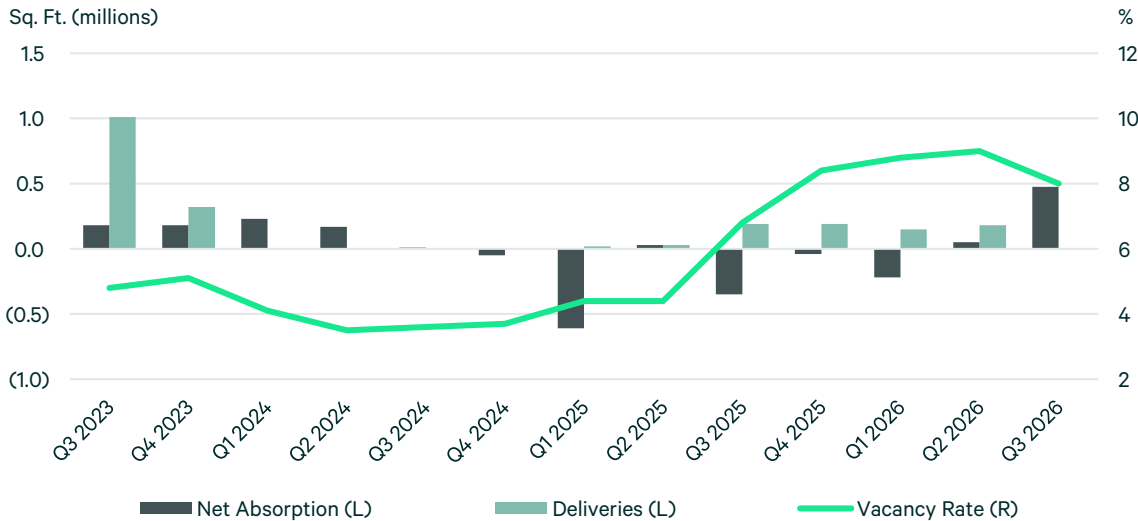
Avg. Direct Asking Rate (NNN/MTH)

Note: Arrows indicate change from previous quarter.

Market Overview

Market conditions were mixed in Q3 2026 as a single large lease transaction drove 475,000 sq. ft. of positive net absorption and lowered vacancy 100 basis points (bps) to 8.0%. The occupancy gain reversed the modest losses recorded over the prior two quarters and marked the strongest absorption result since early 2024. Despite the improvement in occupancy, the average asking rate edged down to \$0.82 per sq. ft. NNN per month from \$0.83 in Q2. No new industrial space delivered during the quarter, easing near-term supply pressure, while the construction pipeline increased to 763,000 sq. ft. from 315,000 sq. ft. in Q2. Although fundamentals improved, much of the quarter's performance was tied to one significant transaction, with future occupancy gains likely dependent on broader leasing activity.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



CBRE Research, Q3 2026

Vacancy Rate

Vacancy lowered overall in Q3 2026. The market-wide rate was 8.0%, down 100 bps from 9.0% in Q2 and up 120 bps from 6.8% a year ago. It is 220 bps above the three-year average of 5.8%.

Conditions varied widely by submarket. West Central had the lowest vacancy at 2.3%, followed by Northeast at 3.6%. Airport had the highest at 11.5%, with 1.4 million sq. ft. of direct vacant space.

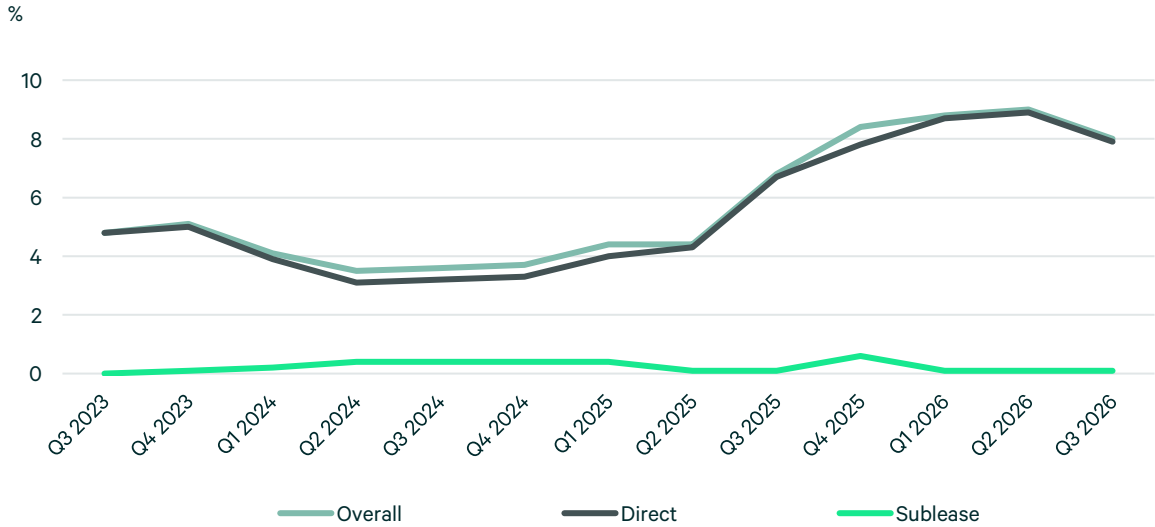
Sublease space remained minimal at 25,151 sq. ft. The sublease vacancy rate held steady at 0.1%, concentrated in Northeast and Northwest.

Asking Rent

Average asking rates remained stable in Q3 2026. The market-wide average asking rate was \$0.82 per sq. ft. NNN per month, down slightly from \$0.83 in Q2. Despite the recent slowdown, asking rates remained approximately 15% above the Q1 2025 low of \$0.71 per sq. ft.

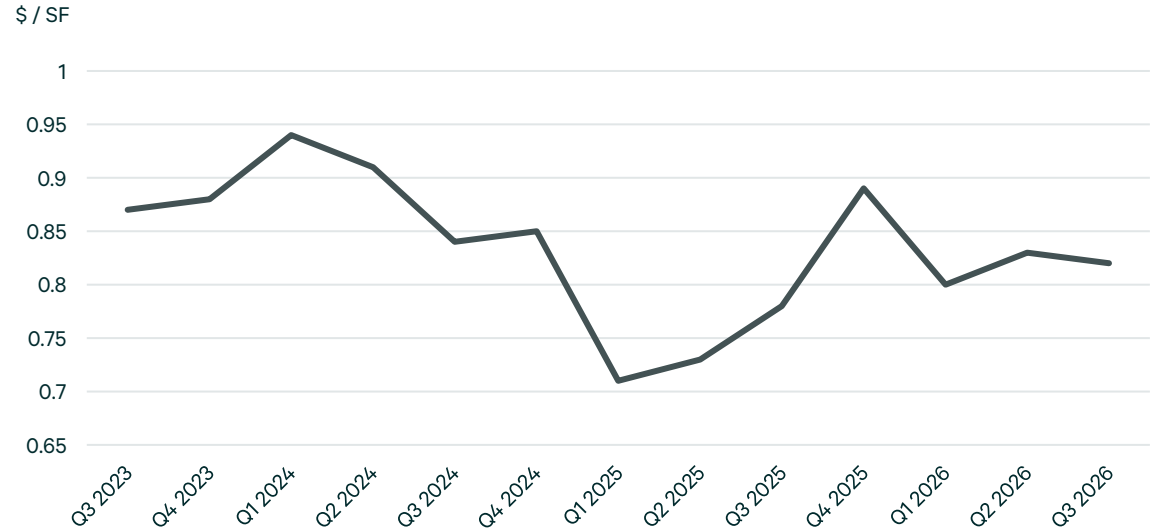
Rates varied by location. Airport recorded the lowest average asking rate at \$0.64 per sq. ft. and the highest vacancy rate at 11.5%, while Northeast commanded the highest average asking rate at \$1.77 per sq. ft., albeit on a limited inventory of available space.

Figure 2: Vacancy Rate



CBRE Research, Q3 2026

Figure 3: Average Direct Asking Rate



CBRE Research, Q3 2026

Net Absorption

Net absorption turned positive in Q3 2026, totaling 475,000 sq. ft. and reversing the occupancy losses recorded over the prior two quarters. As a result, vacancy declined 100 basis points (bps) quarter-over-quarter to 8.0%. The gain marked the strongest absorption result since early 2024 and helped offset elevated availability across the market.

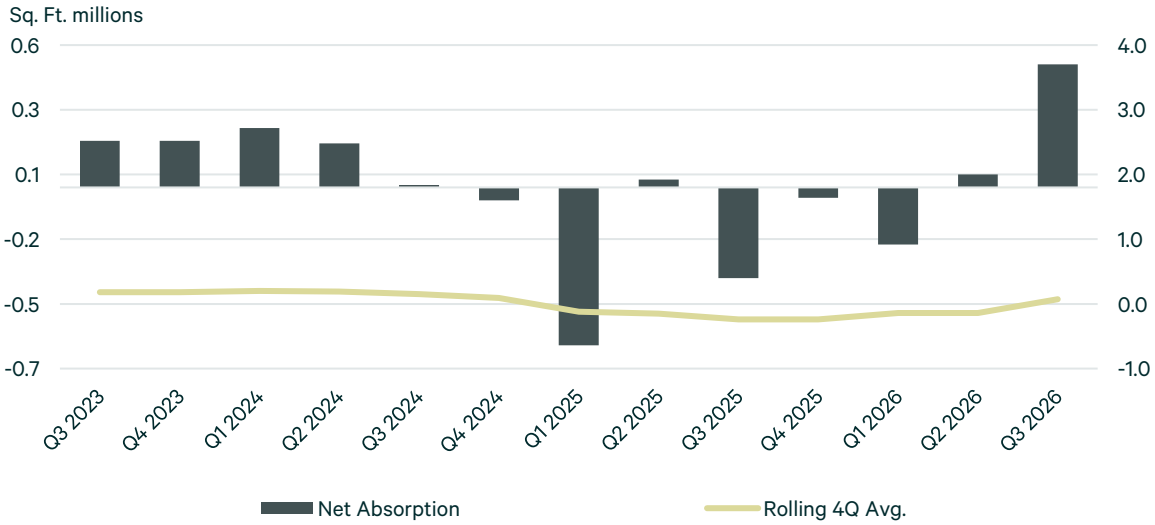
Submarket results were uneven. Northwest (530,000 sq. ft.) and Airport (65,000 sq. ft.) led the quarter’s gains in net absorption, while the other five submarkets recorded negative net absorption. East Central had the largest loss at negative 60,000 sq. ft., followed by Southwest at negative 25,000 sq. ft.

Construction Activity

Construction activity accelerated in Q3 2026, with 763,000 sq. ft. underway by quarter-end, the highest level recorded in 2026. No industrial product delivered during the quarter, while three projects totaling 763,000 sq. ft. broke ground across the market. Although below the average annual construction volume recorded in 2025, the expanding pipeline signals continued developer confidence in Tucson's industrial market.

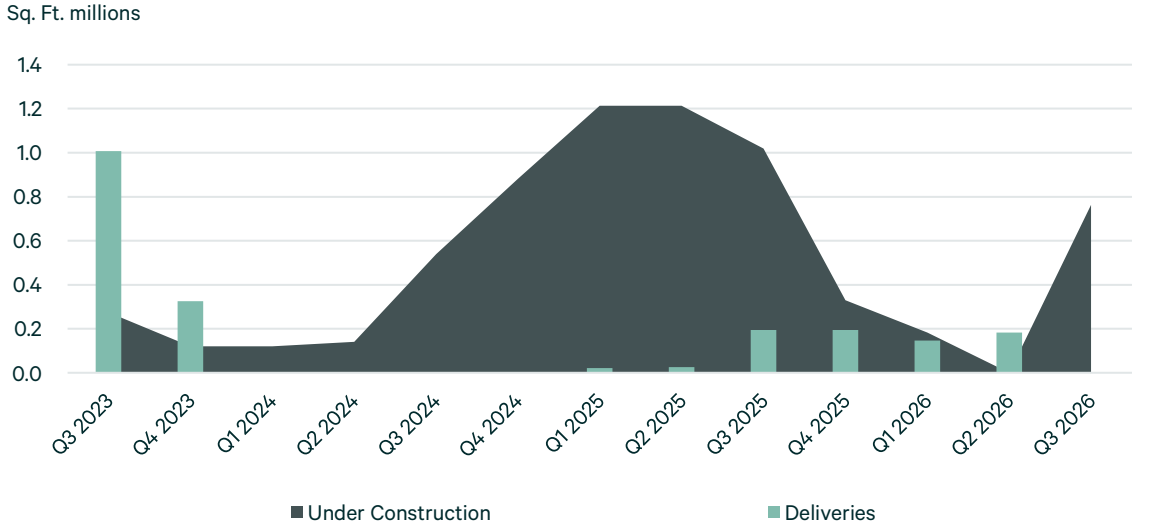
In the Southeast submarket, construction commenced on a 500,000-sq.-ft. build-to-suit facility for Rain Bird. The Airport submarket added two projects during the quarter. Valencia Airport Center, a 163,000-sq.-ft. speculative building at 3430 E. Valencia Rd., broke ground and is being developed by Provident. Additionally, LiftMaster began construction on a 100,000-sq.-ft. expansion at 2850 E. Drexel Rd., near Tucson International Airport.

Figure 4: Net Absorption Trend



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Figure 5: Construction Activity



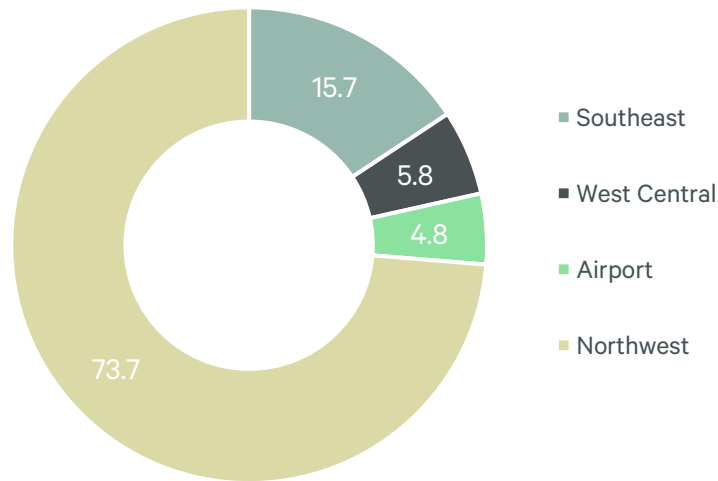
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Leasing Activity

Leasing activity accelerated in Q3 2026, driven by a significant lease transaction in the Northwest submarket. Occupiers signed 760,000 sq. ft. of leases during the quarter, up 13.4% from Q2 and more than five times the 150,000 sq. ft. recorded in Q3 2025. Year-to-date leasing reached 1.7 million sq. ft. through the third quarter, significantly exceeding the pace recorded during the same period last year.

Northwest led all submarkets with 520,000 sq. ft. of leasing activity, accounting for 68.4% of the quarterly total. Southeast followed with 111,000 sq. ft. (14.6%), while West Central and Airport recorded 41,000 sq. ft. (5.4%) and 34,000 sq. ft. (4.5%), respectively. Activity in Southeast was driven by two leases totaling 76,000 sq. ft. at 9060 and 9052 S. Rita Road. Elsewhere, Cox Enterprises renewed 29,000 sq. ft. at 1440 E. 15th Street in West Central, and Crown Equipment Corp. signed a new 24,000-sq.-ft. lease at 2717 E. Corona Road in Airport.

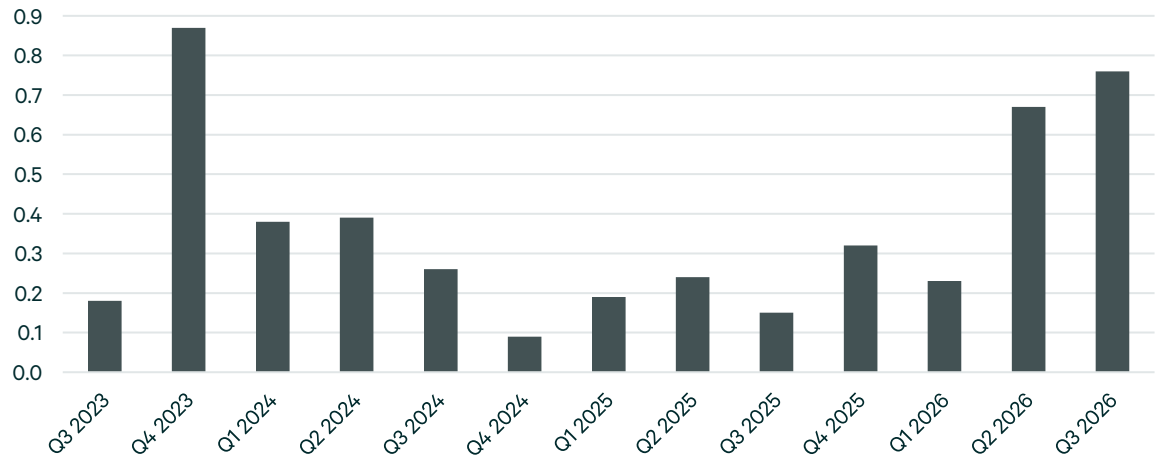
Figure 7: Leasing Activity by Submarket (% of Total Activity)



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Figure 6: Leasing Activity Trend

Sq. Ft. millions



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Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Confidential Tenant	500,000	New Lease	9880 W Clark Farms Blvd	Northwest
University of Arizona	55,000	New Lease	9060 S Rita Rd	Southeast
Cox Enterprises	29,000	Renewal	1440 E 15th St	West Central
Crown Equipment Corp.	24,000	New Lease	2717 E Corona Road	Airport
University of Arizona	21,000	New Lease	9052 S Rita Rd	Southeast
Confidential Tenant	13,000	New Lease	1560 East 17th Street	West Central
Confidential Tenant	10,000	New Lease	2701 E Weiding Rd	Airport
Abrams Airborne Manufacturing	9,000	New Lease	7775 N Casa Grande Hwy	Northwest

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Market Statistics by Product Type

Figure 9

Product Type	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/mos.)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Distribution/Logistics	23.47M	11.9	11.9	11.8	0.1	0.91	399,000	413,000	-	763,000
Manufacturing - General	7.62M	6.2	7.4	7.4	-	0.69	(3,000)	(82,000)	-	-
R&D/Flex	10.10M	6.9	7.8	7.7	0.1	0.80	78,000	(16,000)	-	-
Other Industrial	2.33M	0.3	0.9	0.9	-	1.19	1,000	-	-	-
Total	43.52M	8.0	9.6	9.6	0.1	0.82	475,000	315,000	-	763,000

CBRE Research, Q3 2026

Market Statistics by Size

Figure 10

Size Range	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/mos.)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Below 50K SF	16.42M	2.5	3.3	3.1	0.2	0.92	(32,000)	(65,000)	-	-
50K-99,999 SF	8.16M	5.1	7.0	7.0	-	0.80	28,000	(66,000)	-	-
100K-249,999 SF	11.03M	17.1	21.1	21.1	-	0.84	89,000	56,000	-	263,000
250K-499,999 SF	3.92M	18.7	18.7	18.7	-	0.62	(120,000)	(120,000)	-	-
500K-749,999 SF	511,000	-	-	-	-	-	510,000	510,000	-	500,000
750,000 SF +	3.48M	-	-	-	-	-	-	-	-	-
Total	43.52M	8.0	10.7	10.7	0.1	0.82	475,000	315,000	-	763,000

CBRE Research, Q3 2026

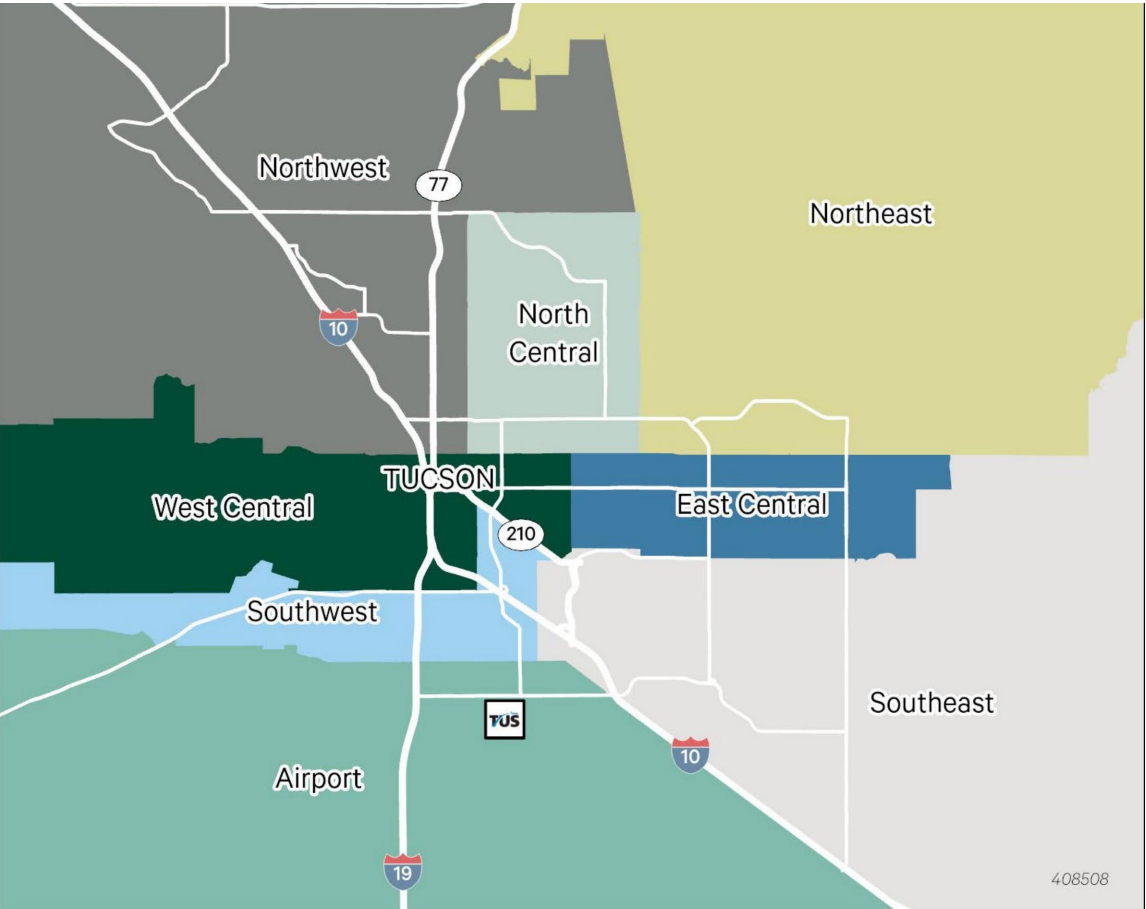
Market Statistics by Submarket

Figure 11

Submarket	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/mos.)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Airport	12.54M	11.5	11.9	11.9	-	0.64	65,500	45,000	-	263,000
East Central	1.18M	7.6	8.4	8.4	-	0.93	(60,000)	(72,000)	-	-
North Central	192,000	4.2	8.3	8.3	-	1.07	1,000	1,000	-	-
Northeast	1.05M	3.6	3.7	2.7	1.1	1.77	(1,000)	(4,000)	-	-
Northwest	7.91M	1.0	5.3	5.1	0.2	0.90	528,500	525,000	-	-
Southeast	13.21M	11.0	13.2	13.2	-	0.90	(12,000)	(79,000)	-	500,000
Southwest	2.98M	8.8	9.1	9.1	-	0.77	(25,000)	(32,000)	-	-
West Central	4.46M	2.3	2.9	2.9	-	0.82	(22,000)	(69,000)	-	-
Total	43.52M	8.0	9.6	10.7	0.1	0.82	475,000	315,000	-	763,000

Source: CBRE Research, Q3 2026

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days. Class A industrial are buildings built after 2000, with 32’ or greater clear height and ESFR sprinklers. Numbers presented throughout this report have been rounded for readability. As a result, individual line items may not sum to totals shown. All figures should be considered approximate..

Survey Criteria

Includes all industrial buildings 10,000 sq. ft. in Tucson Metro. Buildings which have begun construction as evidenced by site excavation or foundation work.

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