



MULTIFAMILY REPORT

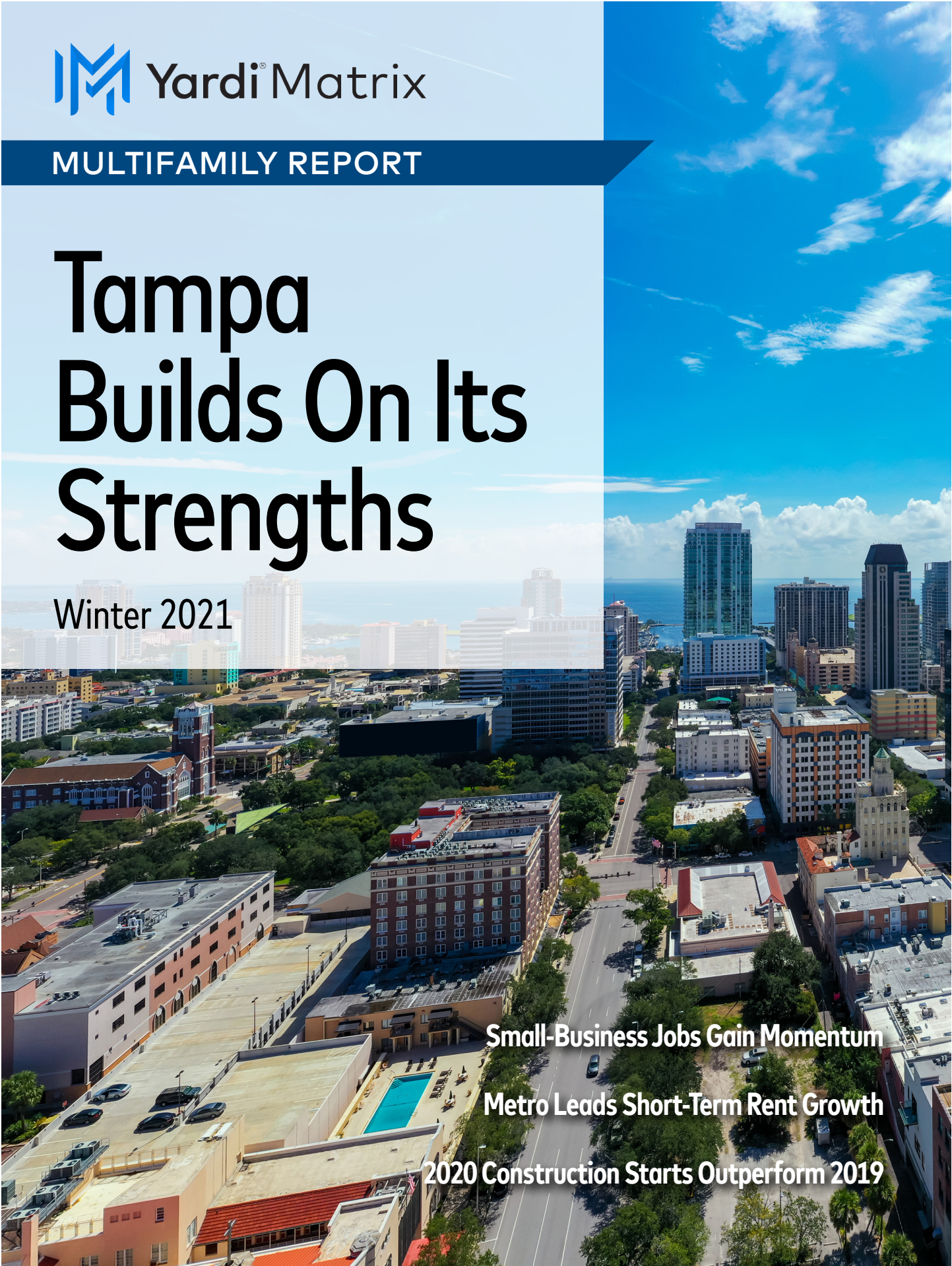
Tampa Builds On Its Strengths

Winter 2021

Small-Business Jobs Gain Momentum

Metro Leads Short-Term Rent Growth

2020 Construction Starts Outperform 2019



TAMPA MULTIFAMILY



Warm Climate Boosts Rental Market

Mirroring nationwide trends of contrasting growth between gateway markets and lower-cost metros, Tampa's rental market not only proved resilient in the face of economic hardship but also showcased strong performance in 2020. The metro led the top 30 markets for short-term rent gains in December, while rents on a trailing three-month basis were up 0.8% to \$1,337, just below the \$1,462 U.S. average.

In the 12 months ending in November, Tampa's employment sector shed a combined 63,900 jobs, with leisure and hospitality carrying the weight of the loss (down 31,000 jobs). While job improvement is still sluggish, Tampa led growth in small-business employment as of December, according to the Small Business Employment Watch by Paychex. For December, the metro's overall index stood at 96.84.

Tampa had 14,157 units under construction as of December, with 85% of those aimed at high-income renters. More than half of the pipeline (62%) is expected to come online in 2021. Some \$2.5 billion in assets traded in 2020 through December, for a 36% decline from 2019. While the pandemic curbed sales activity, the moderation came after the decade's cycle peak of \$3.8 billion in 2019.

Market Analysis | Winter 2021

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Recent Tampa Transactions

Trellis at the Lakes



City: St. Petersburg, Fla.
Buyer: Varia US Properties
Purchase Price: \$114 MM
Price per Unit: \$165,698

Bayside Arbors



City: Clearwater, Fla.
Buyer: The Connor Group
Purchase Price: \$93 MM
Price per Unit: \$213,876

Swan Lake



City: Tampa, Fla.
Buyer: Covenant Capital Group
Purchase Price: \$83 MM
Price per Unit: \$128,906

Radius Palms

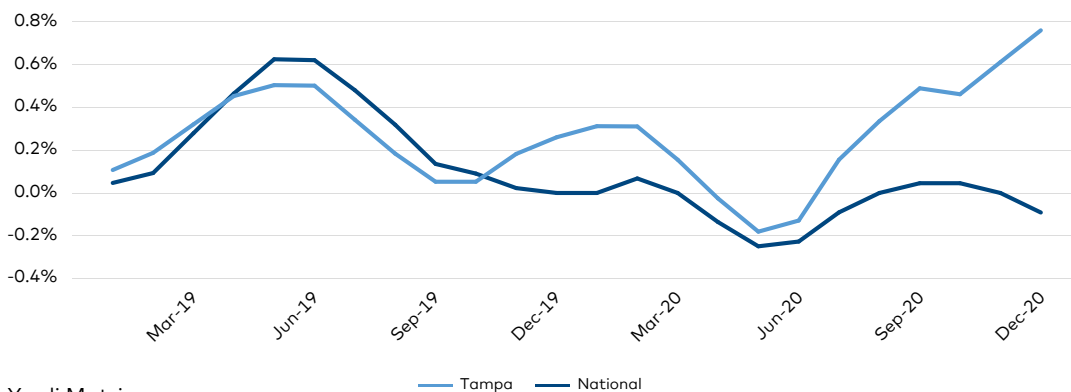


City: Tampa, Fla.
Buyer: Bridge Investment Group
Purchase Price: \$83 MM
Price per Unit: \$152,778

RENT TRENDS

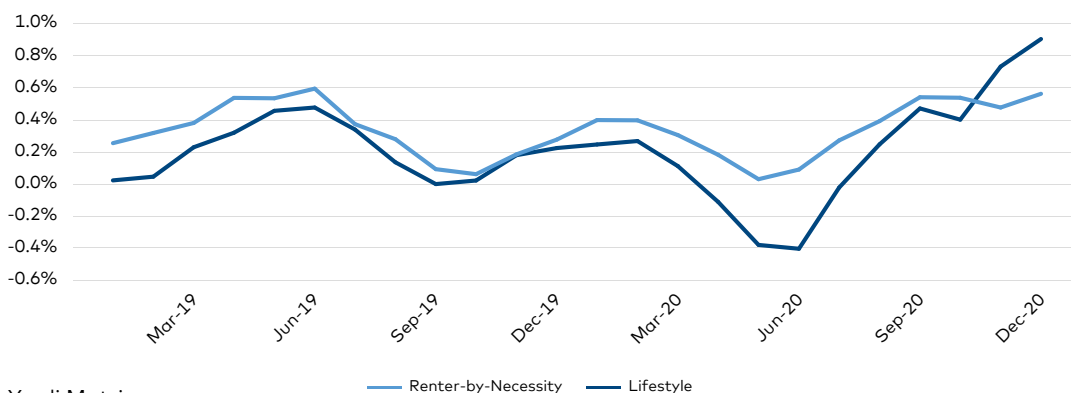
- ▶ Tampa rents were up 0.8% on a trailing three-month (T3) basis as of December, while the U.S. rate slid 0.1%. The metro's average stood at \$1,337, below the \$1,462 U.S. figure. Rent gains have been consistent in Tampa over the past three years, except for a slight shift last May (-0.2%) and June (-0.1%).
- ▶ On a month-over-month basis, Tampa led the top 30 markets for short-term rent growth in December (up 0.9%). Other warm-weather metros including Phoenix, the Inland Empire and Orange County followed, all with 0.5% rent gains. Rents in Tampa improved 3.9% year-over-year.
- ▶ Rent evolution across the quality spectrum was mostly even—rates in the upscale Lifestyle segment were up 0.9% to \$1,541, while rates in the working-class Renter-by-Necessity segment rose 0.6% to \$1,140.
- ▶ Tampa Heights (23.9% to \$1,435), Gandy/Bal-last Point (12.9% to \$1,528) and Downtown St. Petersburg (12.6% to \$1,516) led gains in the 12 months ending in December. Rates in Downtown Tampa/Ybor City—one of the priciest sub-markets—increased 3.7% to \$1,956.
- ▶ The new \$900 billion federal relief package allots \$25 billion for rental assistance to be distributed among households earning below 80% of the respective area median income. According to the National Low-Income Housing Coalition, Florida is estimated to receive some \$1.4 billion.

Tampa vs. National Rent Growth (Trailing 3 Months)



Source: Yardi Matrix

Tampa Rent Growth by Asset Class (Trailing 3 Months)



Source: Yardi Matrix

ECONOMIC SNAPSHOT

- ▶ As of November, the unemployment rate was 6.4% in Florida and 5.7% in the metro, both below the 6.7% national level. Unemployment in the metro peaked at 13.2% in April. Compared to other Florida markets, Tampa's November unemployment rate was below the levels in Miami (7.0%) and Orlando (7.7%).
- ▶ In the 12 months ending in November, Tampa lost a combined 63,900 jobs, with leisure and hospitality bearing the brunt of the economic fallout—the sector contracted 16.5%, down 31,000 positions. While improvement in unemployment was sluggish, Tampa led growth in small-business jobs as of December, according to the Small Business

Employment Watch by Paychex, which measures employment, on a monthly basis, for businesses with less than 50 employees. For December, the metro's overall index stood at 96.84.

- ▶ The \$900 billion stimulus package provides an additional \$300 in federal assistance and extends the Pandemic Unemployment Assistance and Pandemic Emergency Unemployment Compensation programs at least until late March. The bill includes a new program that provides an additional \$100 for eligible workers, such as gig workers. The Mixed Earner Unemployment Compensation program was optional, but Florida opted in.

Tampa Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
80	Other Services	55	3.5%
30	Manufacturing	88	5.6%
55	Financial Activities	136	8.6%
90	Government	189	11.9%
50	Information	26	1.6%
15	Mining, Logging and Construction	94	5.9%
65	Education and Health Services	251	15.8%
40	Trade, Transportation and Utilities	313	19.7%
60	Professional and Business Services	276	17.4%
70	Leisure and Hospitality	157	9.9%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- ▶ Tampa gained 406,464 residents over the past decade, for a 14.6% uptick, well above the 6.1% U.S. rate.
- ▶ Population growth is expected to exceed 25% over the next 20 years, with Tampa's population anticipated to surpass 3.8 million by 2040, according to a study by Roofstock.

Tampa vs. National Population

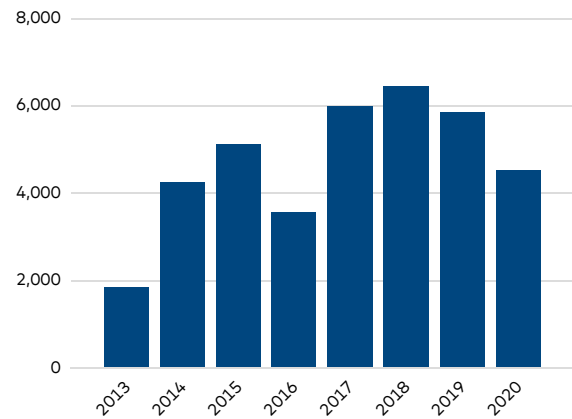
	2016	2017	2018	2019
National	323,071,342	325,147,121	327,167,434	328,239,523
Tampa Metro	3,034,215	3,091,225	3,142,663	3,194,831

Sources: U.S. Census, Moody's Analytics

SUPPLY

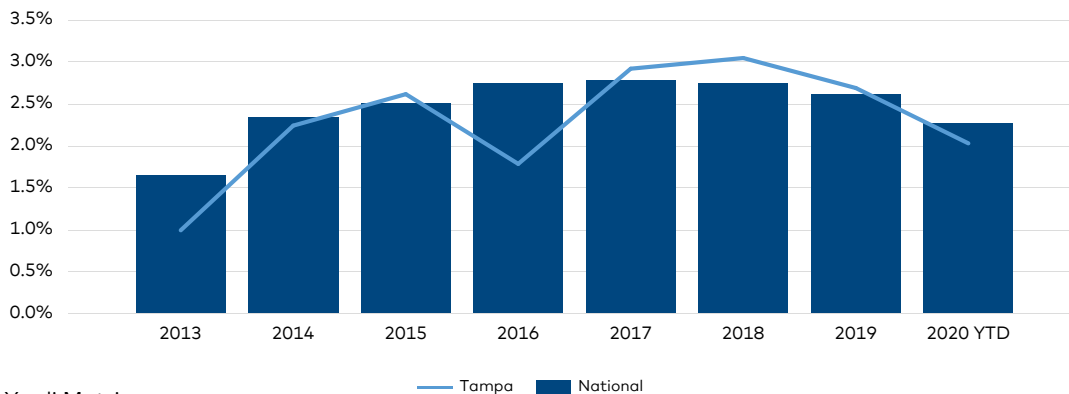
- ▶ Tampa had 14,157 units under construction as of December, with 85% of those aimed at high-income earners. More than half of the pipeline (62%) is scheduled for completion in 2021, with the remaining projects expected to come online over the next two years. Multifamily has proven resilient in the face of economic disruption, prompting developers to plan ahead—another 40,400 units were in the planning and permitting stages as of December.
- ▶ Developers added 4,518 units to the rental inventory between January and December, comprising 2.0% of total stock and almost on par with the national rate. New deliveries predominantly favored the Lifestyle segment (95%). Since 2014, developers have added an average 5,100 apartments to the inventory each year, with completions peaking at 6,464 in 2018. Deliveries tempered following that high point, with 2019's completions amounting to 5,865 units.
- ▶ Despite certain setbacks, construction activity in Tampa hasn't lost momentum. Developers broke ground on 7,162 units across 33 properties in 2020, marking a 12% increase in construction starts compared to 2019. That year, developers broke ground on 6,396 units in 22 communities.
- ▶ As of December, Downtown Tampa/Ybor City (1,624 units) led development activity. Hyde Park/Davis Island (1,319 units) and Gandy/Ballast Point (1,031 units) rounded out the top 3, accounting for almost a third of the total pipeline. Cortland's 587-unit Cortland Westshore in Gandy/Ballast Point, slated for delivery in the spring, was the largest development underway.

Tampa Completions (as of December 2020)



Source: Yardi Matrix

Tampa vs. National Completions as a Percentage of Total Stock (as of December 2020)



Source: Yardi Matrix

TRANSACTIONS

- ▶ Some \$2.5 billion in assets traded in 2020 through December, for a 36% decline from 2019. While the pandemic curbed sales activity, the moderation came after the decade's cycle peak of \$3.8 billion in 2019. Such high points are typically followed by a softening in sales volume, which has consistently exceeded the \$2 billion mark in the metro since 2015.
- ▶ A total of 17,847 units were sold in 2020 through December, with investor interest primarily fixed

on RBN assets, although Lifestyle properties have also maintained their appeal. Of the 68 properties sold between January and December, 41 were RBN and 27 were Lifestyle communities.

- ▶ The bulk of investment sales closed in the fourth quarter (45%), with transaction activity picking up speed after two slow quarters. Varia US Properties' \$114 million acquisition of the 600-unit Trellis at the Lakes in St. Petersburg was the largest deal of 2020's final quarter.

Tampa Sales Volume and Number of Properties Sold (as of December 2020)



Source: Yardi Matrix

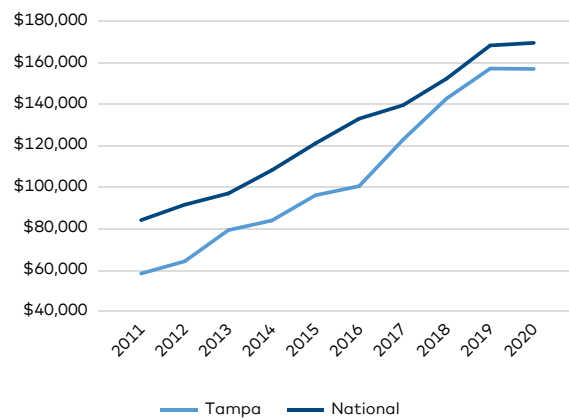
Top Submarkets for Transaction Volume¹

Submarket	Volume (\$MM)
Mainlands	240
Safety Harbor	208
Land O'Lakes/Odessa	182
Downtown Tampa / Ybor City	178
University of South Florida	153
Lakeland Highlands	114
Feather Sound/High Point	105

Source: Yardi Matrix

¹ From January 2020 to December 2020

Tampa vs. National Sales Price per Unit



Source: Yardi Matrix

Top 10 Markets for Transaction Activity in 2020

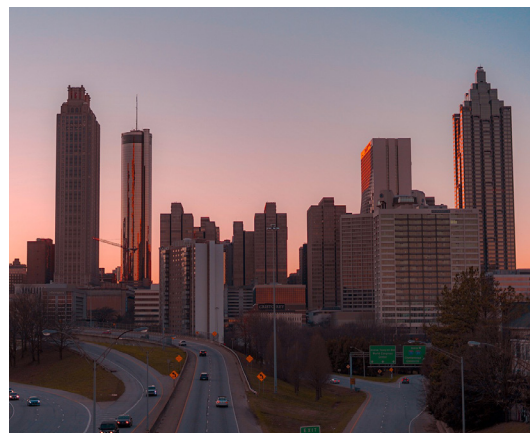
By Razvan Cimpean

Last year proved challenging for the multifamily sector, with year-over-year rent growth declining in many markets. The COVID-19 health crisis has seen renters in more dense and expensive gateway markets relocating to suburban areas and smaller U.S. cities, in search of affordable alternatives. The majority of investment activity has remained focused on established urban multifamily markets, but that, too, has been affected. The number and the amount of deals changed in 2020, with most assets trading for less than \$100 million.

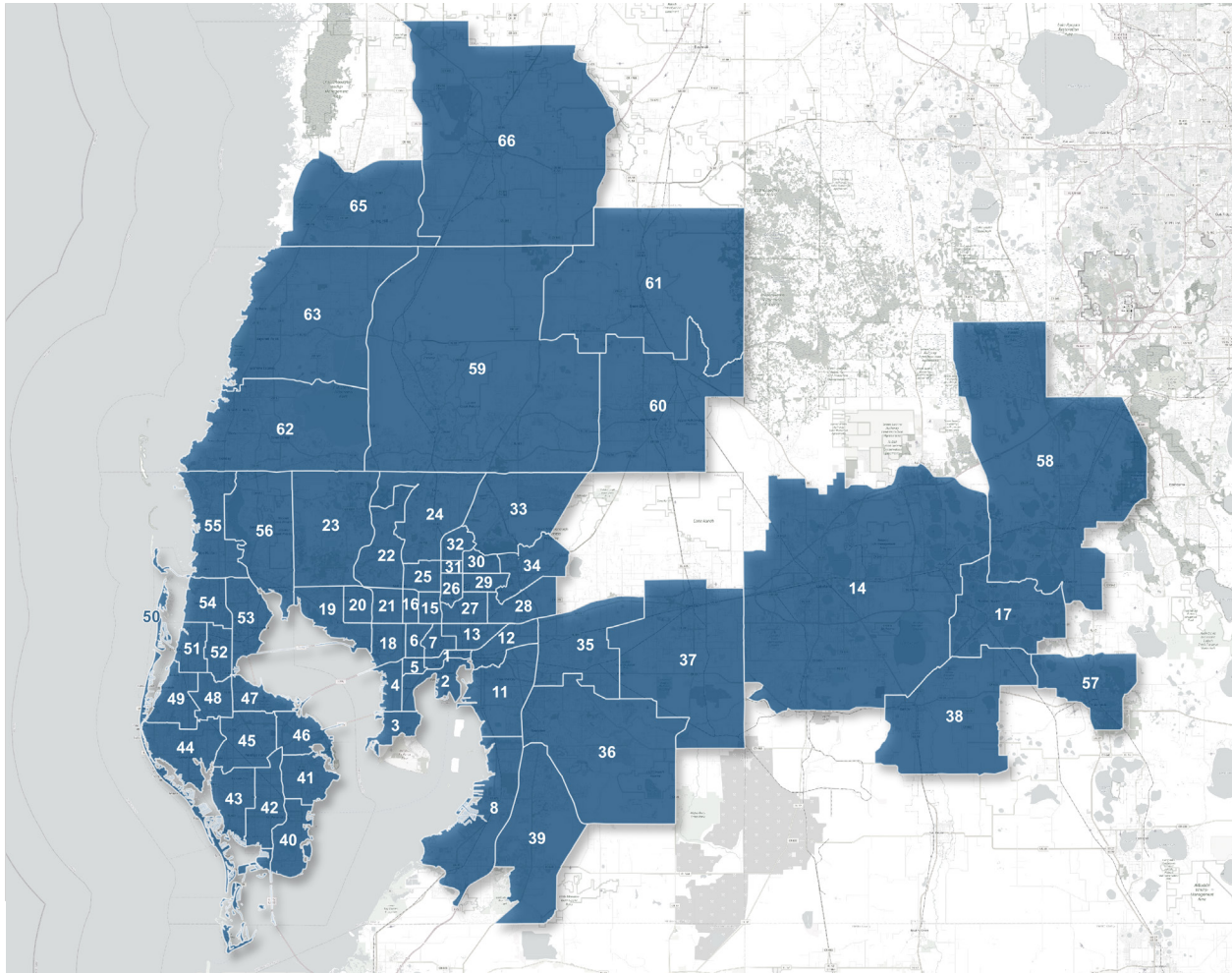
Rank	Market	Transaction Volume (MM)	Price Per Unit
1	Phoenix	\$5,879.7	\$187,251
2	Dallas	\$5,501.8	\$128,712
3	Washington, D.C.	\$5,468.2	\$235,076
4	Atlanta	\$5,253.5	\$142,429
5	Denver	\$4,435.8	\$247,160
6	Charlotte	\$2,959.3	\$158,235
7	Tampa	\$2,518.9	\$155,874
8	Austin	\$2,387.3	\$160,872
9	Miami	\$2,333.2	\$224,266
10	Houston	\$2,328.2	\$113,460

TAMPA

While at the outbreak of the COVID-19 pandemic it was unclear how Tampa's economic development would be impacted, the picture is a lot clearer now. Despite the initial shockwave that saw the jobless rate go up to a record 13.2 percent in April, by November it had declined to 5.7 percent, 70 basis points below the national average. In the 12 months ending in November, the metro lost almost 70,000 positions, with the leisure and hospitality sector down 16.5 percent year-over-year, or 31,000 jobs.



TAMPA SUBMARKETS



Area No.	Submarket
1	Downtown Tampa/Ybor City
2	Hyde Park/Davis Island
3	Gandy/Ballast Point
4	Sunset Park/Bayside
5	Oakford Park
6	Wellswood
7	Tampa Heights
8	Ruskin
11	Clair-Mel City
12	Orient Park
13	Highland Pines
14	Lakeland Highlands
15	Rivercrest
16	Egypt Lake
17	Winter Haven
18	Garver City
19	Rocky Creek
20	Town 'n' Country
21	Mullis City
22	Carrollwood Village
23	Westchase

Area No.	Submarket
24	Lake Magdalene
25	Forest Hills
26	Sulphur Springs
27	Del Rio/College Hill
28	Harney
29	Temple Terrace
30	University of South Florida
31	University Square
32	Livingston
33	Tampa Palms/Pebble Creek
34	Thonotosassa
35	Brandon/Seffner
36	Riverview/Valrico
37	Plant City
38	Bartow
39	Sun City Center
40	Downtown St. Petersburg
41	Upper St. Petersburg
42	Gulfport/Lealman
43	St. Pete Beach/Pasadena
44	Seminole/Indian Shores

Area No.	Submarket
45	Pinellas Park
46	Mainlands
47	Feather Sound/High Point
48	Largo
49	Belleair
50	Clearwater Beach
51	Clearwater
52	Coachman
53	Safety Harbor
54	Dunedin
55	Palm Harbor/Tarpon Springs
56	Oldsmar
57	Lake Wales
58	Davenport/Haines City
59	Land O'Lakes/Odessa
60	Zephyr Hills
61	Dade City
62	New Port Richey
63	Port Richey
65	Spring Hill
66	Brooksville

DEFINITIONS

Lifestyle households (renters by choice) have wealth sufficient to own but have chosen to rent. Discretionary households, most typically a retired couple or single professional, have chosen the flexibility associated with renting over the obligations of ownership.

Renter-by-Necessity households span a range. In descending order, household types can be:

- *A young-professional*, double-income-no-kids household with substantial income but without wealth needed to acquire a home or condominium;
- *Students*, who also December span a range of income capability, extending from affluent to barely getting by;
- *Lower-middle-income ("gray-collar") households*, composed of office workers, policemen, firemen, technical workers, teachers, etc.;
- *Blue-collar households*, which December barely meet rent demands each month and likely pay a disproportionate share of their income toward rent;
- *Subsidized households*, which pay a percentage of household income in rent, with the balance of rent paid through a governmental agency subsidy. Subsidized households, while typically low income, December extend to middle-income households in some high-cost markets, such as New York City;
- *Military households*, subject to frequency of relocation.

These differences can weigh heavily in determining a property's ability to attract specific renter market segments. The five-star resort serves a very different market than the down-and-outer motel. Apartments are distinguished similarly, but distinctions are often not clearly definitive without investigation. The Yardi® Matrix Context rating eliminates that requirement, designating property market positions as:

Market Position	Improvements Ratings
Discretionary	A+ / A
High Mid-Range	A- / B+
Low Mid-Range	B / B-
Workforce	C+ / C / C- / D

The value in application of the Yardi® Matrix Context rating is that standardized data provides consistency; information is more meaningful because there is less uncertainty. The user can move faster and more efficiently, with more accurate end results.

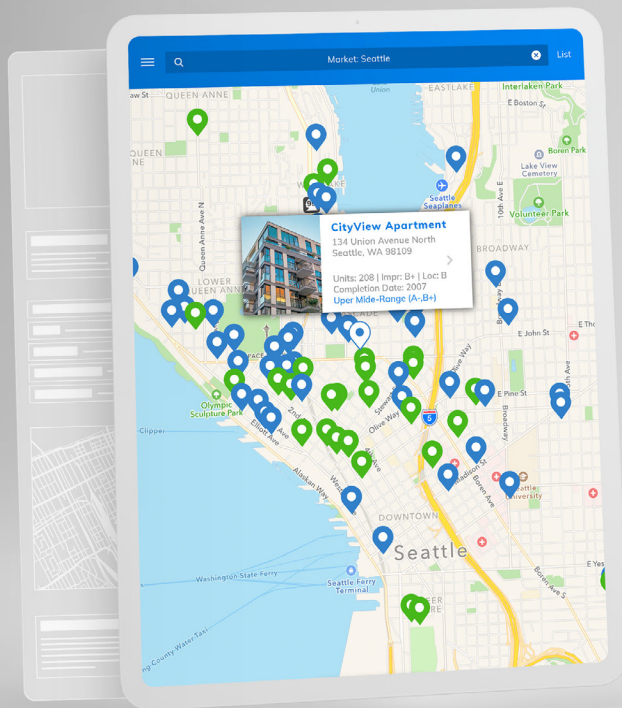
The Yardi® Matrix Context rating is not intended as a final word concerning a property's status—either improvements or location. Rather, the result provides reasonable consistency for comparing one property with another through reference to a consistently applied standard.

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