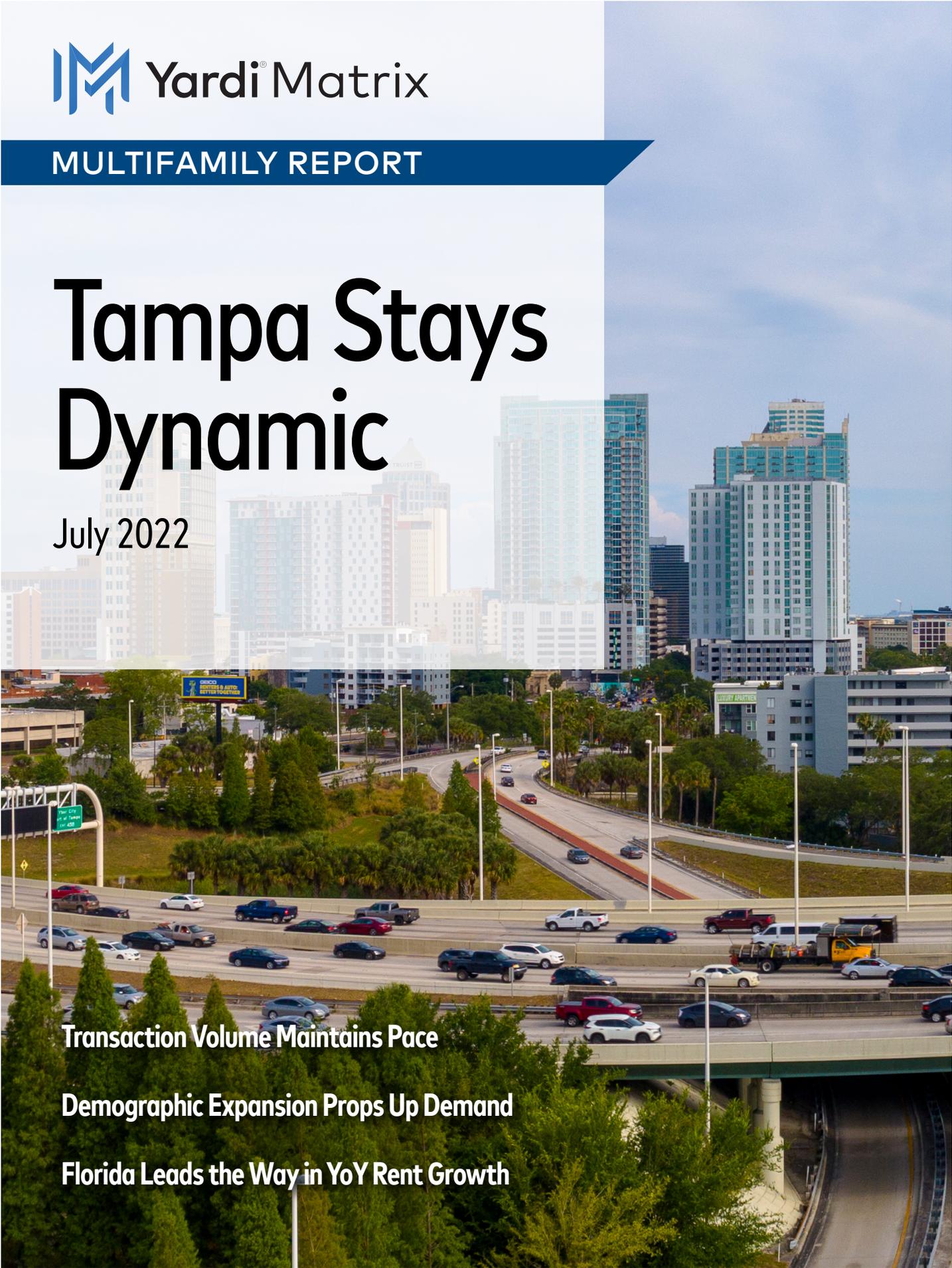


Tampa Stays Dynamic

July 2022



Transaction Volume Maintains Pace

Demographic Expansion Props Up Demand

Florida Leads the Way in YoY Rent Growth

TAMPA MULTIFAMILY



In-Migration, Job Market Back Rent Expansion

Multifamily continues to be one of the leading growth sectors for Tampa Bay's real estate industry. The current economic landscape—defined by rising interest rates, increasing prices and high inflation—has not yet dampened demand nor curbed the upward climb of rents. On a trailing three-month basis through May, rates rose 1.2% to an all-time high of \$1,797.

Tampa's job market has been steadily improving, with the employment rate expanding by 5.0% (81,200 jobs) in the 12 months ending in March. Leisure and hospitality (22,700 positions) and trade, transportation and utilities (21,500) led the way. Through a multiphase \$2.9 billion program—known as PIPES—the City of Tampa is aiming to bring water, wastewater, stormwater and transportation improvements to four underserved neighborhoods: East Tampa, MacFarlane Park, Forest Hills and Virginia Park. But authorities are also partnering with private developers in mixed-use projects: The \$300 million Rome Yard development is being built on a city-owned parcel in West Tampa.

As of May, developers brought online only 1,776 units, with deliveries marking a slowdown compared to the first five months of 2021. Investment activity stayed elevated, with \$3 billion in multifamily assets changing hands. Considering the real estate industry is sensitive to any changes in interest rates, it remains to be seen how recent spikes will impact deal flow and property values.

Market Analysis | July 2022

Contacts

Jeff Adler

Vice President & General
Manager of Yardi Matrix
Jeff.Adler@Yardi.com
(303) 615-3676

Ron Brock, Jr.

Industry Principal, Matrix
JR.Brock@Yardi.com
(480) 663-1149 x2404

Doug Ressler

Media Contact
Doug.Ressler@Yardi.com
(480) 695-3365

Author

Laura Calugar
Senior Editor

Recent Tampa Transactions

Nine15



City: Tampa, Fla.
Buyer: Goldman Sachs & Co.
Purchase Price: \$184 MM
Price per Unit: \$508,287

Bleeker Hyde Park



City: Tampa, Fla.
Buyer: Conti Organization
Purchase Price: \$115 MM
Price per Unit: \$444,015

Verso Luxury



City: Davenport, Fla.
Buyer: ECI Group
Purchase Price: \$86 MM
Price per Unit: \$342,000

Allister Place

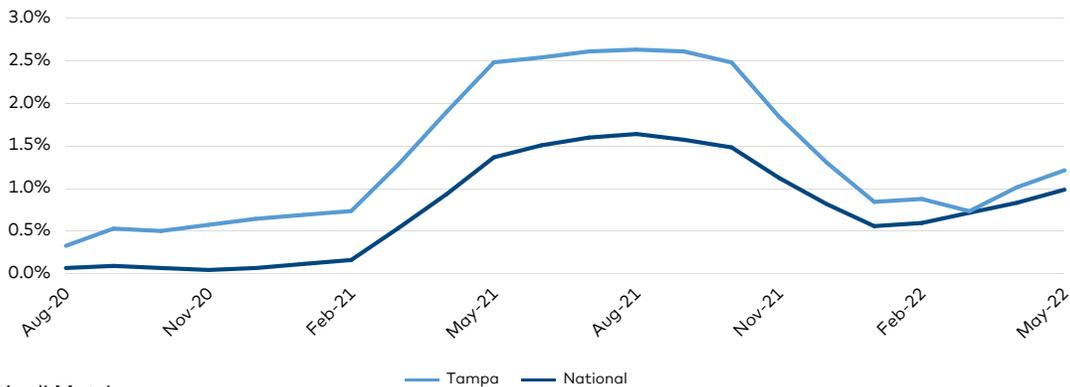


City: Tampa, Fla.
Buyer: Dasmien Residential
Purchase Price: \$70 MM
Price per Unit: \$182,292

RENT TRENDS

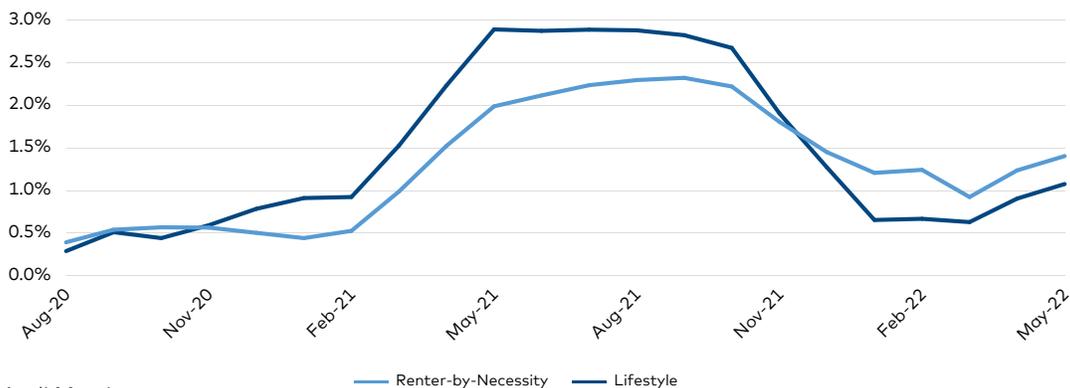
- ▶ Following a few months of deceleration, rent growth in Tampa began improving again, hitting 1.2% on a trailing three-month (T3) basis through May. That was 20 basis points above the U.S. rate. The \$1,797 average was \$117 higher than the national figure.
- ▶ On a year-over-year basis, Florida metros led the way in rent increases, with Miami (24.2%), Orlando (23.2%) and Tampa (21.6%) at the top of the rankings. The state and other metros in the Sun Belt area continue to benefit from both in-migration and the rapid addition of new jobs.
- ▶ Rent improvement was driven by the working-class Renter-by-Necessity segment, with rates up 1.4% on a T3 basis to an average of \$1,490. Lifestyle figures rose 1.1%, to \$2,087.
- ▶ In Tampa Bay, population growth is a key catalyst for multifamily construction as the metro's single-family market is undersupplied. Besides multifamily, the build-to-rent single-family industry is also benefiting from the increased demand for space in lower-density settings. SFR asking rates in Tampa increased by 18.3% in May, while U.S. rates rose by only 12.7%.
- ▶ In the 12 months ending in May, rents climbed the fastest in Tampa-West (28.7% to an average of \$2,129) and St. Petersburg-South (27.0% to \$1,461). However, downtown Tampa remained the most expensive submarket, with rates clocking in at \$2,794. Yardi Matrix expects rents in the metro to improve 8.1% this year.

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

- ▶ Tampa's unemployment rate improved to 2.3% in April, but remained below pre-pandemic levels, according to preliminary Bureau of Labor Statistics data. The figure placed the metro ahead of the state (3.0%), but also ahead of Orlando (2.6%) and Miami (2.5%) and almost on par with Jacksonville (2.2%).
- ▶ All but one economic sector—government—added jobs in the 12 months ending in March. Job gains totaled 81,200 jobs, with most of them in leisure and hospitality (22,700 positions) and trade, transportation and utilities (21,500). In April, the City of Tampa launched a multiphase project aimed to improve infrastructure in some of the city's most underserved neighborhoods: East

Tampa, MacFarlane Park, Forest Hills and Virginia Park. Part of the metro's larger \$2.9 billion PIPES program, the project includes water, wastewater, stormwater and transportation upgrades.

- ▶ Several large, mixed-use developments are underway across the metro. A Related Urban Development Group joint venture is developing Rome Yard, a \$300 million project that includes affordable housing units on an 18-acre, city-owned parcel in West Tampa. In downtown St. Petersburg, an 86-acre parcel that houses Tropicana Field's baseball stadium and a parking lot is set to be redeveloped into thousands of residential units, 25 acres of green space, and hospitality, retail and office space.

Tampa Employment Share by Sector

| Code | Employment Sector | Current Employment | |
|------|-------------------------------------|--------------------|---------|
| | | (000) | % Share |
| 70 | Leisure and Hospitality | 188 | 11.0% |
| 40 | Trade, Transportation and Utilities | 351 | 20.5% |
| 60 | Professional and Business Services | 309 | 18.0% |
| 55 | Financial Activities | 151 | 8.8% |
| 65 | Education and Health Services | 258 | 15.1% |
| 30 | Manufacturing | 90 | 5.3% |
| 50 | Information | 30 | 1.8% |
| 80 | Other Services | 52 | 3.0% |
| 15 | Mining, Logging and Construction | 102 | 6.0% |
| 90 | Government | 182 | 10.6% |

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- ▶ Tampa is the fastest-growing large metro in Florida, having added 36,129 residents last year for a 1.1% demographic expansion. Meanwhile, Orlando grew by 0.5% and Jacksonville by 0.2%. Miami was the only metro that lost residents, with its population contracting by 0.6%.

Tampa vs. National Population

| | 2018 | 2019 | 2020 | 2021 |
|-------------|-------------|-------------|-------------|-------------|
| National | 326,838,199 | 328,329,953 | 331,501,080 | 331,893,745 |
| Tampa Metro | 3,158,674 | 3,200,120 | 3,183,385 | 3,219,514 |

Source: U.S. Census

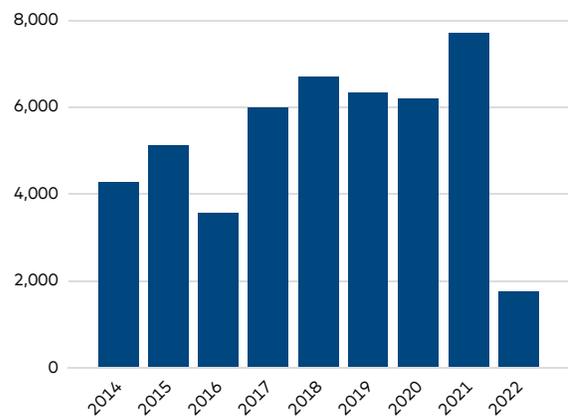
SUPPLY

- ▶ Tampa had 16,939 units under construction as of May, with most of them across luxury projects. Another 62,000 were in the planning and permitting stages, but with the Federal Reserve raising interest rates for the first time in decades to combat inflation, uncertainty looms.
- ▶ After the record 7,702 units delivered in 2021, developers brought online another 1,776 apartments in the first five months of the year. That was below the 2,667 units completed during the same period in 2021.
- ▶ The average occupancy in stabilized multifamily properties in Tampa stood at 96.4% as of April, with the rate steadily decelerating since the second half of 2021. Weakening occupancy may be a sign of the market cooling due to the current economic landscape. However, the occupancy rate remained relatively elevated, at 40 basis points above the national figure.
- ▶ Construction starts have also declined. Developers broke ground on only 1,906 units year-to-date through May, a significant dip from the 4,135 units they had begun work on this time last year. With the multifamily industry being financed with ample amounts of debt, the rise in interest rates might urge

some developers to refrain from launching new projects until inflation stabilizes.

- ▶ As of May, development activity was highest in Davenport, where developers had 2,447 units under construction. Hillsborough County suburb Brandon also had 1,730 units underway, with 660 of them in Brandon Town Center—a project developed by Rotunda Land & Development Group with a \$71 million CoreVest Finance loan.

Tampa Completions (as of May 2022)



Source: Yardi Matrix

Tampa vs. National Completions as a Percentage of Total Stock (as of May 2022)



Source: Yardi Matrix

TRANSACTIONS

- ▶ Multifamily sales totaled almost \$3 billion in the first five months of the year, roughly three times the 2021 deal volume for the same period. Transaction activity seems to be holding an accelerated pace, but the impact of increasing interest rates remains to be seen. Investors are likely to maintain conservative underwriting as inflation keeps rising amid economic volatility.
- ▶ Although investors were almost equally interested in both Lifestyle and RBN assets, the average

price per unit in Tampa climbed to \$267,289, while the U.S. per-unit price stood at \$213,724.

- ▶ In the 12 months ending in May, Tampa-West and downtown jointly accounted for a fifth of the overall \$7.3 billion total transaction volume. Modera, a 353-unit project in the north end of downtown Tampa, changed hands for \$249 million, marking the largest transaction in the metro. RXR Realty purchased the upcoming building from developer Mill Creek Residential and rebranded it as AVE Tampa Riverwalk.

Tampa Sales Volume and Number of Properties Sold (as of May 2022)



Source: Yardi Matrix

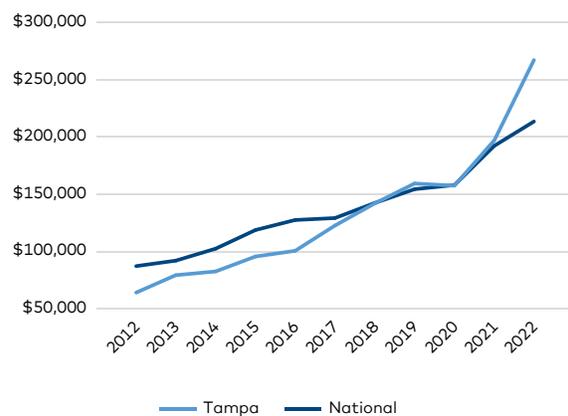
Top Submarkets for Transaction Volume¹

| Submarket | Volume (\$MM) |
|--------------------------|---------------|
| Tampa-Downtown | 746 |
| Tampa-West | 686 |
| Brandon | 497 |
| Davenport | 487 |
| University | 411 |
| St. Petersburg-Downtown | 332 |
| Tampa Palms-Pebble Creek | 298 |

Source: Yardi Matrix

¹ From June 2021 to May 2022

Tampa vs. National Sales Price per Unit



Source: Yardi Matrix

Top 10 Multifamily Markets by Sales Volume in 2021

By Anca Gagiuc

The multifamily market had an exceptional year in 2021, exhibiting healthy fundamentals across the board. Behind the market's unpredicted expansion was demand, with the pandemic highlighting not just the essential feature of the multifamily market but also its resilient nature. In the ranking below, we present the top 10 markets by multifamily investment volume in 2021, based on Yardi Matrix data.

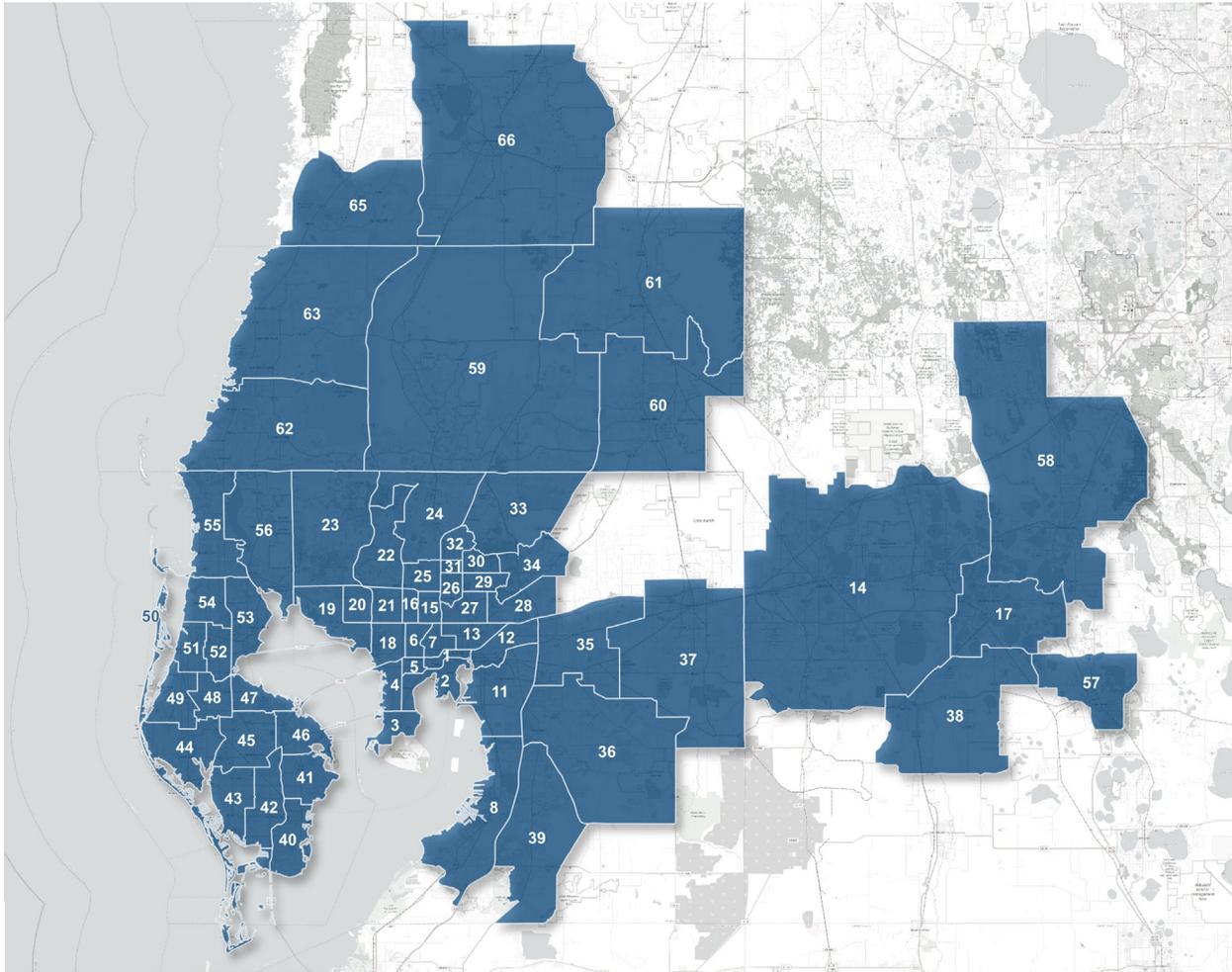
| Metro | Sales Volume 2021 | Properties Sold 2021 | Units Sold 2021 | Average Sale Price Per Unit 2021 |
|-------------------|-------------------|----------------------|-----------------|----------------------------------|
| Dallas – Ft Worth | \$14,638,381,314 | 551 | 140,640 | \$171,005.13 |
| Atlanta | \$14,462,137,683 | 325 | 83,765 | \$192,369.38 |
| Phoenix | \$14,412,674,811 | 270 | 56,789 | \$258,166.74 |
| Houston | \$11,059,042,386 | 426 | 115,011 | \$146,827.43 |
| Denver | \$9,771,559,229 | 143 | 32,630 | \$322,238.47 |
| Miami | \$9,310,892,009 | 201 | 45,806 | \$254,904.37 |
| Washington, D.C. | \$7,283,430,008 | 111 | 33,241 | \$267,832.24 |
| Orlando | \$5,736,315,365 | 128 | 33,434 | \$215,675.28 |
| Tampa | \$5,397,235,455 | 139 | 31,320 | \$197,556.20 |
| Raleigh | \$5,143,848,320 | 99 | 24,845 | \$215,070.80 |

Tampa

The third Florida metro in our ranking, Tampa's investment volume in 2021 nearly reached \$5.4 billion (139 properties, or 31,320 units), double 2020's \$2.7 billion total (75 properties, or 19,307 units) and well above the \$3.8 billion amount of 2019 (94 properties, or 24,843 units). Multifamily investment activity accelerated during the second half of 2021: from \$599 million in the first quarter, to \$643 million in the second quarter, to \$1.8 billion in Q3, then \$2.4 billion in the final quarter.



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 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 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, 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.

To learn more about Yardi® Matrix and subscribing, please visit www.yardimatrix.com or call Ron Brock, Jr., at 480-663-1149 x2404.



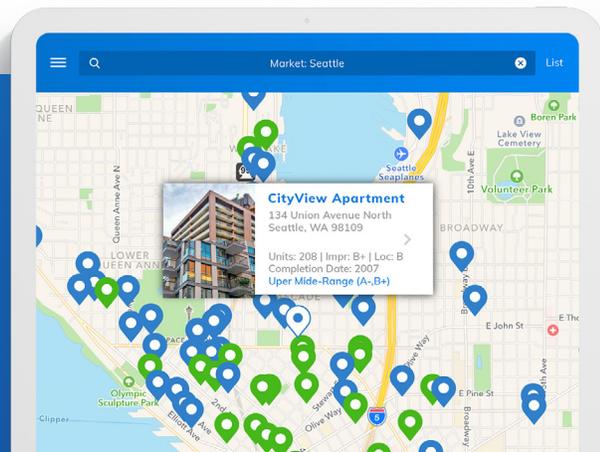
Yardi Matrix

Power your business
with the industry's
leading data provider



MULTIFAMILY KEY FEATURES

- Pierce the LLC every time with true ownership and contact details
- Leverage improvement and location ratings, unit mix, occupancy and manager info
- Gain complete new supply pipeline information from concept to completion
- Find acquisition prospects based on in-place loans, maturity dates, lenders and originators
- Access aggregated and anonymized residential revenue and expense comps



Yardi Matrix Multifamily
provides accurate data on
19.7+ million units, covering over
92% of the U.S. population.



(800) 866-1144

Learn more at yardimatrix.com/multifamily

Contact
US



DISCLAIMER

Although every effort is made to ensure the accuracy, timeliness and completeness of the information provided in this publication, the information is provided "AS IS" and Yardi Matrix does not guarantee, warrant, represent or undertake that the information provided is correct, accurate, current or complete. Yardi Matrix is not liable for any loss, claim, or demand arising directly or indirectly from any use or reliance upon the information contained herein.

COPYRIGHT NOTICE

This document, publication and/or presentation (collectively, "document") is protected by copyright, trademark and other intellectual property laws. Use of this document is subject to the terms and conditions of Yardi Systems, Inc. dba Yardi Matrix's Terms of Use (<http://www.yardimatrix.com/Terms>) or other agreement including, but not limited to, restrictions on its use, copying, disclosure, distribution and decompilation. No part of this document may be disclosed or reproduced in any form by any means without the prior written authorization of Yardi Systems, Inc. This document may contain proprietary information about software and service processes, algorithms, and data models which is confidential and constitutes trade secrets. This document is intended for utilization solely in connection with Yardi Matrix publications and for no other purpose.

Yardi®, Yardi Systems, Inc., the Yardi Logo, Yardi Matrix, and the names of Yardi products and services are trademarks or registered trademarks of Yardi Systems, Inc. in the United States and may be protected as trademarks in other countries. All other product, service, or company names mentioned in this document are claimed as trademarks and trade names by their respective companies.

© 2022 Yardi Systems, Inc. All Rights Reserved.