



MULTIFAMILY REPORT

Tampa: Expansion Underway

February 2023

Employment Fundamentals Outperform

Rental Market Ends Year With a Slide

Development Stays Elevated

TAMPA MULTIFAMILY



Fundamentals Endure

As rent growth patterns began to change at the end of 2022, Tampa's multifamily sector found itself in a strong spot. The metro's average rate was \$1,798 as of December, following a 0.5% slide on a trailing three-month basis. Strong development and a propensity for adding upscale inventory to Tampa's rental stock have pressured the average occupancy rate in stabilized properties to 94.7% as of November.

Employment gains in Tampa trended 60 basis points above the national rate, at 4.7% as of October. Unemployment was at 2.6% as of November, as the metro was on par with the state. The local economy is anchored by the trade, transportation and utilities sector, which added 20,000 jobs in the 12 months ending in October. Ongoing projects such as a convention center expansion, riverfront developments and a proposed medical village will likely further the metro's economic progress.

Tampa's multifamily transaction volume was \$4.6 billion in 2022, as investment recorded its second-strongest year of the past decade. With per-unit prices at an all-time high of \$234,262, investment will likely slow, as ongoing economic pressures have increased the cost of capital. Development in Tampa Bay also recorded a solid 2022, with 7,268 units delivered, accounting for 3.0% of existing rental stock.

Market Analysis | February 2023

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Recent Tampa Transactions

The Enclave at Tranquility Lake



City: Riverview, Fla.
Buyer: Independence Realty Trust
Purchase Price: \$98 MM
Price per Unit: \$281,609

Avidity Living



City: Land O'Lakes, Fla.
Buyer: Abacus Capital Group
Purchase Price: \$98 MM
Price per Unit: \$386,905

Solano Belleair



City: Clearwater, Fla.
Buyer: White Oak Partners
Purchase Price: \$64 MM
Price per Unit: \$249,972

The Caroline

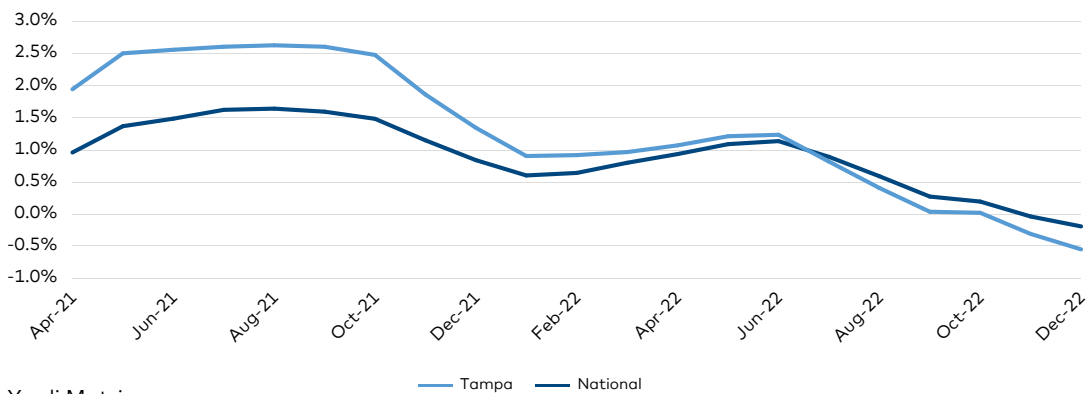


City: Lakeland, Fla.
Buyer: Topaz Capital Group
Purchase Price: \$60 MM
Price per Unit: \$262,701

RENT TRENDS

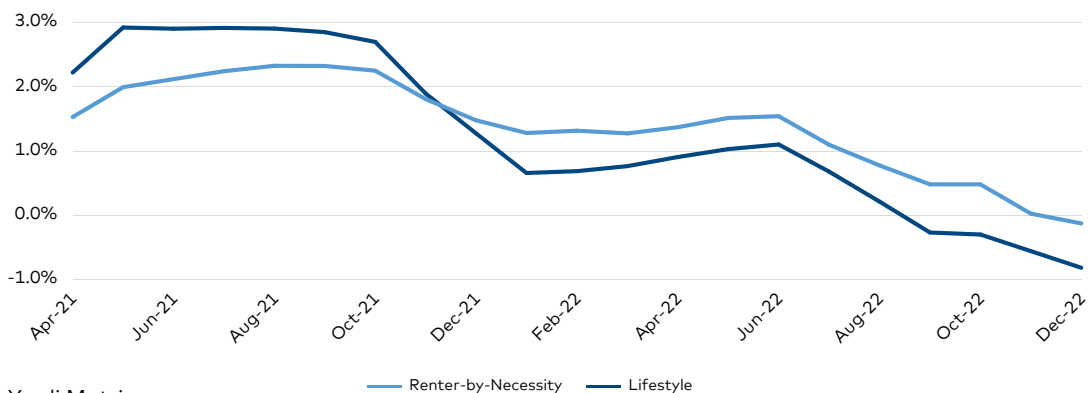
- ▶ Tampa rents saw a 0.5% decrease on a trailing three-month basis as of December, while the U.S. average stood at -0.2%. The average rate in the metro was \$1,798 at the end of 2022, while the national figure averaged \$1,715. On a year-over-year basis, Tampa's rent growth was at 5.1%, trailing the 6.2% national rate, which was at its lowest level since May 2021.
- ▶ Lifestyle figures were down 0.8%, while the working-class Renter-by-Necessity segment only saw a 0.1% drop. Despite the disparity in rent movement, the spread between segments remains substantial—above \$500. Lifestyle rents averaged \$2,038, while RBN rates were at \$1,534.
- ▶ The average overall occupancy rate in stabilized assets was 94.7%, 70 basis points lower than the national rate. With new inventory targeting the upscale Lifestyle segment, occupancy in these assets was slightly lower, at 94.6%, while Renter-by-Necessity assets were at 94.8%.
- ▶ All but four Tampa-St. Petersburg-Clearwater submarkets recorded some degree of rent growth last year. Areas with the highest gains in 2022 were St. Petersburg-West (up 22.1% year-over-year), Port Richey (up 19.0%) and New Port Richey (up 14.6%).
- ▶ The single-family rental sector had a stronger year for rent development, with year-over-year improvement at 12.0% at the end of 2022. The occupancy rate struggled, with the average down 340 basis points in 12 months, as of November.

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 added 79,400 jobs in the 12 months ending in October 2022, for a growth rate of 4.7% year-over-year. No job sector recorded losses during the interval. The metro's unemployment rate was 2.6% as of November, on par with the state average.
- ▶ Trade, transportation and utilities, the metro's employment cornerstone, added the largest number of jobs in the interval—20,000 positions. Port Tampa Bay is now the largest shipping hub in the state of Florida, further pushing economic development in the sector.
- ▶ Leisure and hospitality continued to regain jobs, as the sector most affected by the pandemic, with 17,400 positions. The sector is poised for future growth if ongoing plans to add a cruise ship terminal to Port Tampa Bay come to fruition. Education and health services rounded out the top three, with 15,000 positions added.
- ▶ A large number of projects along the city's riverfront are underway, setting the stage for future economic development. A convention center expansion project and hotel development will further boost the metro's appeal to tourists and companies, while the city is setting up the Tampa Medical and Research District.

Tampa Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
40	Trade, Transportation and Utilities	359	20.4%
70	Leisure and Hospitality	197	11.2%
65	Education and Health Services	271	15.4%
60	Professional and Business Services	317	18.0%
55	Financial Activities	152	8.6%
80	Other Services	59	3.4%
30	Manufacturing	90	5.1%
15	Mining, Logging and Construction	103	5.8%
50	Information	31	1.8%
90	Government	182	10.3%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- ▶ Tampa-St. Petersburg-Clearwater added 36,129 residents in 2021, for a population increase of 1.1%.
- ▶ Tampa's population rose 13% over the past decade, far outpacing the national rate of growth, which stood at 5.7%.

Tampa vs. National Population

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

Source: U.S. Census

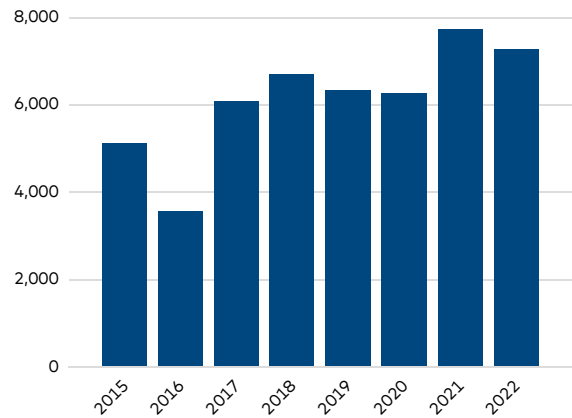
SUPPLY

- ▶ Developers added 7,268 units to metro Tampa's multifamily stock in 2022, accounting for 3.0% of existing inventory. That was 90 basis points higher than the slowing national rate of multifamily completions. It was also the market's second-best year for apartment construction during the past 10 years, trailing only 2021's high of 7,754 units.
- ▶ The market had 17,712 units under construction at the end of 2022. There were another 67,200 apartments in the planning and permitting stages across metro Tampa.
- ▶ Development is primarily catering to upscale renters, with nearly 90% of units underway at the start of this year set to be added to the Lifestyle quality segment.
- ▶ The average occupancy rate in stabilized assets was 94.7%, as of November 2022. That marked a 190-basis-point drop year-over-year but hovered right around pre-pandemic levels.
- ▶ Six Tampa submarkets had more than 1,000 units under construction at the end of 2022: Davenport (2,933 units underway), Wesley Chapel (1,514 units), Tampa-Downtown (1,339

units), Brandon (1,168 units), St. Petersburg-Downtown (1,108 units) and Tampa-Sun Bay South (1,006 units).

- ▶ Brandon Town Center was the largest multifamily property being built in Tampa at the end of 2023. Rotunda Land and Development is developing the 660-unit property using a \$71.5 million construction loan originated by CoreVest Finance.

Tampa Completions (as of December 2022)



Source: Yardi Matrix

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

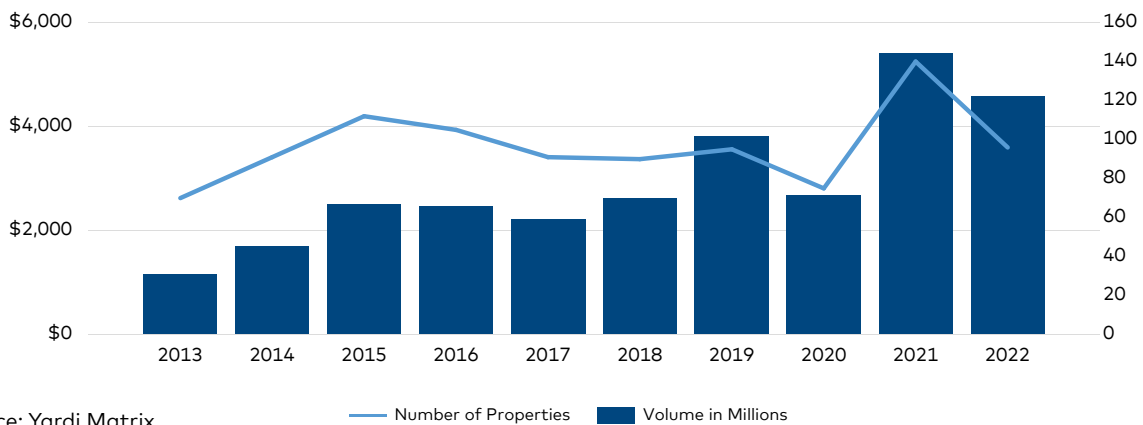


Source: Yardi Matrix

TRANSACTIONS

- ▶ Investment activity in metro Tampa reached \$4.6 billion in 2022, the second-highest annual sales total of the past decade. This came on the heels of 2021's record \$5.4 billion.
- ▶ The average per-unit price was \$234,262 in 2022, up 18.4%, although deal distribution favored assets in the Renter-by-Necessity class. The per-unit figure was also some \$19.00 higher than the U.S. average. Tampa property values have trended very closely to the national rate throughout the past few years.
- ▶ The submarkets with at least \$400 million in multifamily investment activity in 2022 were University (\$522 million), Davenport (\$494 million) and Tampa-West (\$476 million). The latter made the top three largely on the back of CBRE Investment Management's purchase of the 390-unit Novel property. The company paid Crescent Communities \$236 million for the asset, at a per-unit price of \$606,327.

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



Source: Yardi Matrix

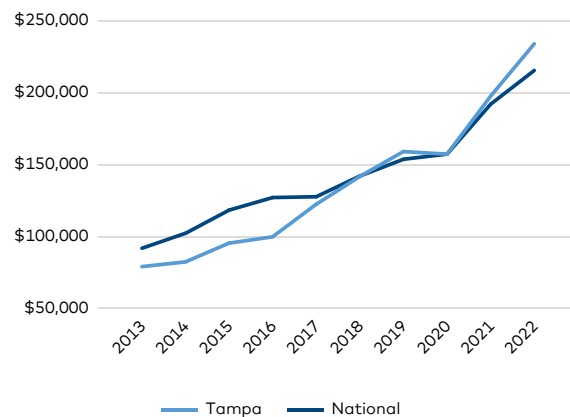
Top Submarkets for Transaction Volume¹

Submarket	Volume (\$MM)
University	522
Davenport	494
Tampa-West	476
Tampa-Downtown	309
Palm River-Clair Mel	218
Brandon	208
Tampa-South Tampa	187

Source: Yardi Matrix

¹ From January 2022 to December 2022

Tampa vs. National Sales Price per Unit



Source: Yardi Matrix

Top Florida Markets for Multifamily Construction

By Anda Rosu

More than 38,337 units were delivered year-to-date through November, according to Yardi Matrix data. As of November, the state had more than 110,609 units underway, representing 11% of the national stock under construction. In the list below, we've highlighted the top multifamily markets in Florida for construction activity, using Yardi Matrix data as of the end of November 2022.

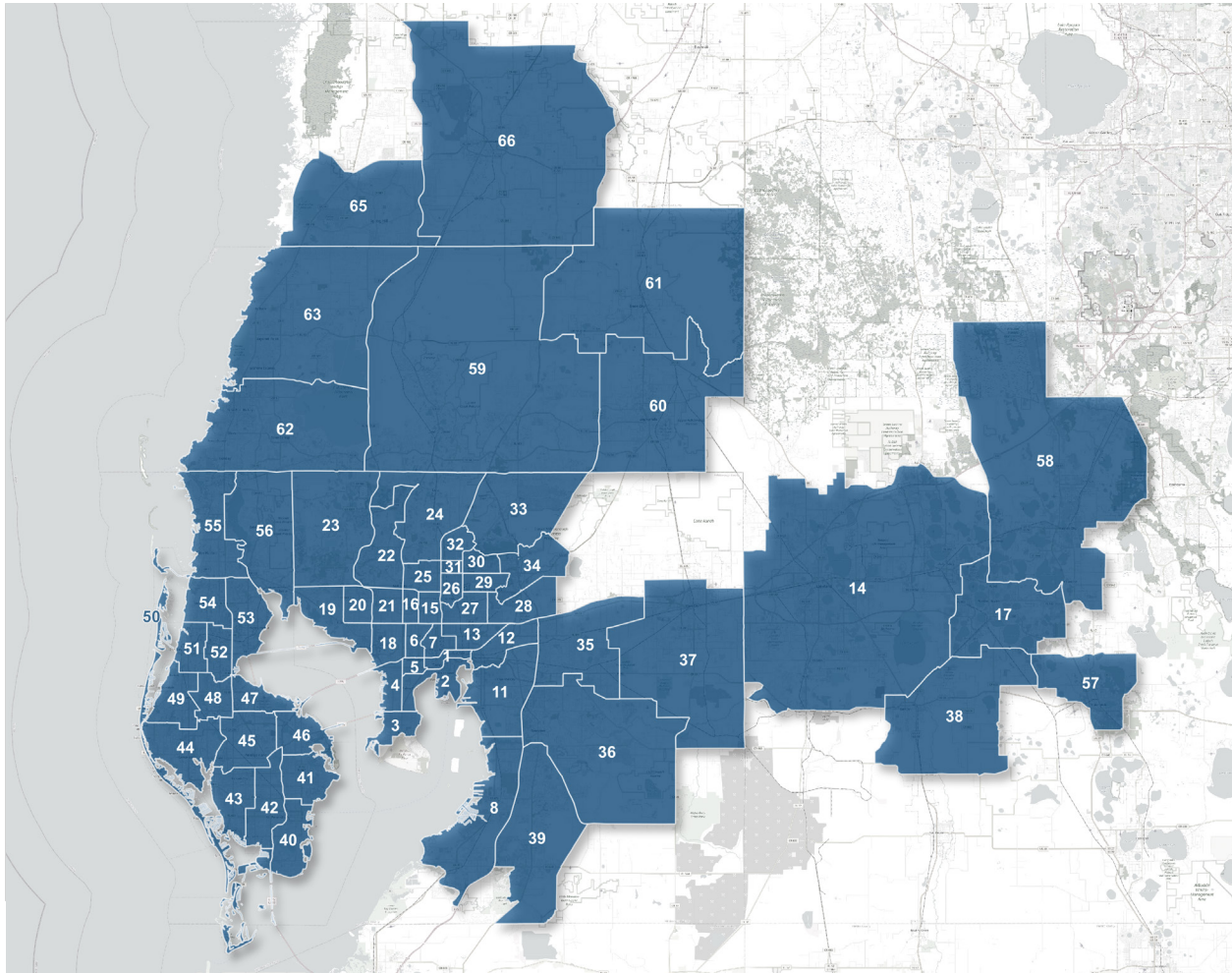
Rank	Metro	Units Under Construction	Units Delivered 2022 YTD	Units Delivered 2021
1	Miami Metro	39,889	12,434	16,887
2	Orlando	25,330	6,725	14,086
3	Tampa	17,522	7,268	7,950
4	Jacksonville	10,291	3,476	3,564
5	Southwest Florida Coast	8,811	2,871	7,462
2	North Central Florida	3,992	1,507	2,741
3	Tallahassee	2,432	252	719
4	Pensacola	2,342	3,804	2,206

Tampa-St. Petersburg-Clearwater

Construction forged ahead in the metro, where 17,522 units were underway as of November. The figure places Tampa-St. Petersburg-Clearwater third among Florida's metros, with the total number of units underway accounting for 15.8% of existing stock. By November, construction had started on 6,956 units throughout 34 properties in the metro in 2022, whereas in 2021, there were 39 properties totaling 9,125 units. The 6,956 units that broke ground this year represent roughly 40% of the total stock that is being built in the metro.



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.



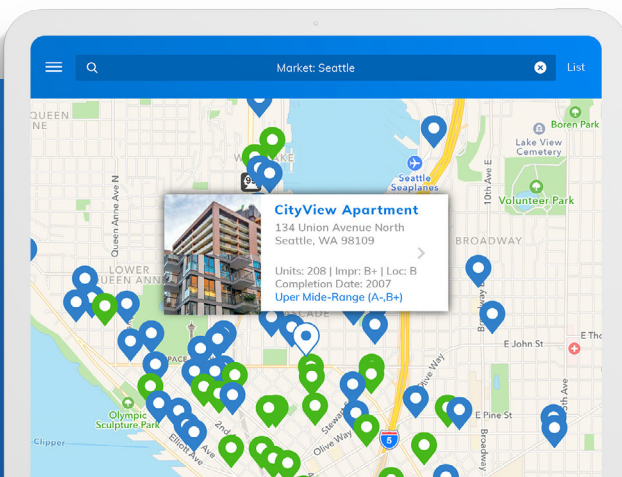
Yardi® Matrix

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
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