



MULTIFAMILY REPORT

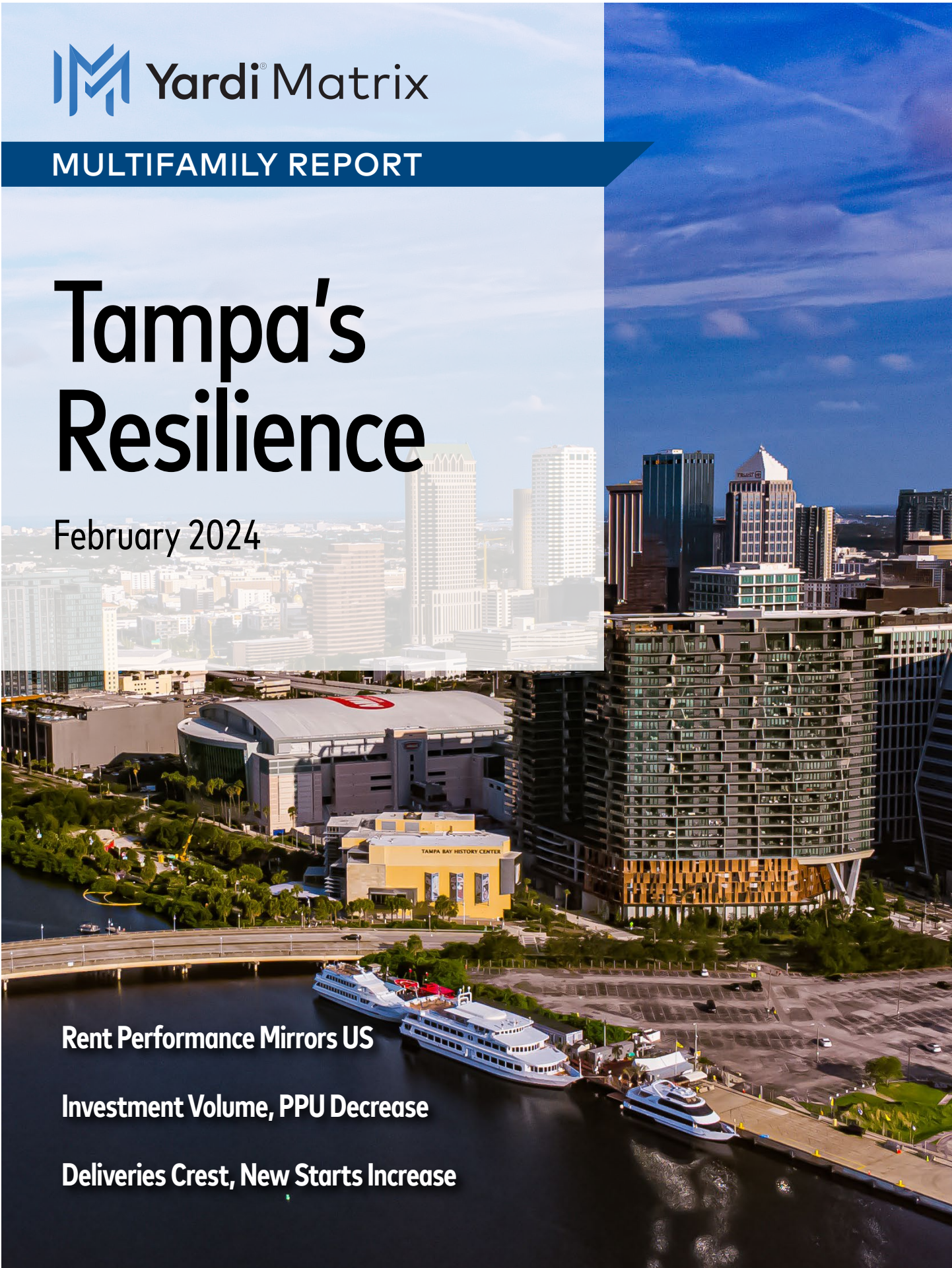
# Tampa's Resilience

February 2024

**Rent Performance Mirrors US**

**Investment Volume, PPU Decrease**

**Deliveries Crest, New Starts Increase**





# TAMPA MULTIFAMILY



## Strong Supply, Steady Demand

Tampa's multifamily market posted steady progress in 2023, recording more typical performance following two remarkable years. The average rent closed the year at \$1,793, following a 0.3% decline on a trailing three-month basis through December, on par with the U.S. rate, which clocked in at \$1,709. Still, demand remained stubbornly steady. The occupancy rate in stabilized properties reflected that, down just 50 basis points in the 12 months ending in November, to 94.1%, despite three consecutive years of record deliveries.

Tampa employment expanded 3.1% in the 12 months ending in October 2023, or 41,500 net jobs, well ahead of the 2.3% U.S. figure. In addition, the metro's jobless rate stood at 3.1% in November, outperforming the 3.7% national figure. While market conditions remained positive, the rate was 50 basis points higher than in January 2023. Financial activities and information are the two sectors that lost jobs in the 12 months ending in October, shedding 6,700 positions combined. Education and health services led gains, adding 25,800 jobs, accounting for more than half of the total.

Developers delivered 8,384 units in 2023, a new decade high for Tampa. Of the 22,263 units underway in December, 14,683 apartments broke ground in 2023, marking a 50% increase from 2022's figure. Meanwhile, the annual investment volume totaled just \$1.7 billion, and the price per unit fell 18% year-over-year.

## Market Analysis | February 2024

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### Recent Tampa Transactions

#### Rowan Pointe



City: Pinellas Park, Fla.  
Buyer: Praedium Group  
Purchase Price: \$109 MM  
Price per Unit: \$311,175

#### Azora at Cypress Ranch



City: Lutz, Fla.  
Buyer: Carter-Haston  
Purchase Price: \$96 MM  
Price per Unit: \$290,030

#### Avasa Grove West



City: Wesley Chapel, Fla.  
Buyer: Venterra Realty  
Purchase Price: \$95 MM  
Price per Unit: \$287,879

#### Seven Lakes at Carrollwood

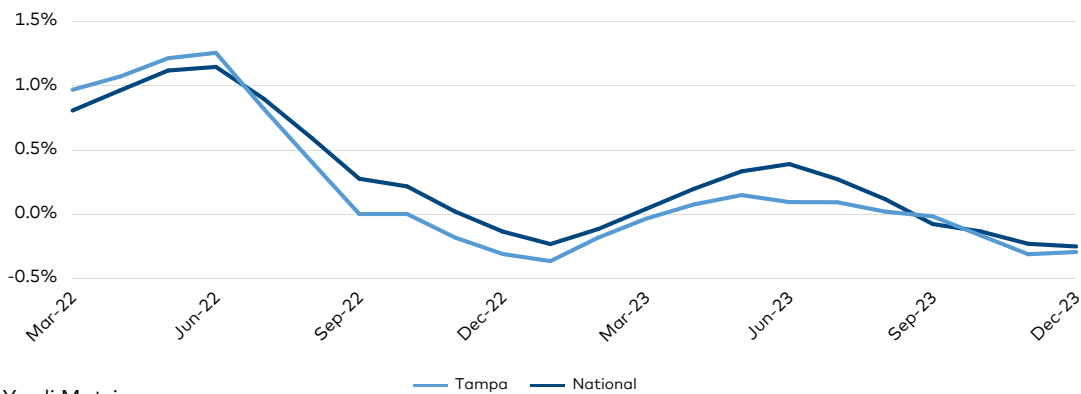


City: Tampa, Fla.  
Buyer: Bridge Investment Group  
Purchase Price: \$94 MM  
Price per Unit: \$147,444

## RENT TRENDS

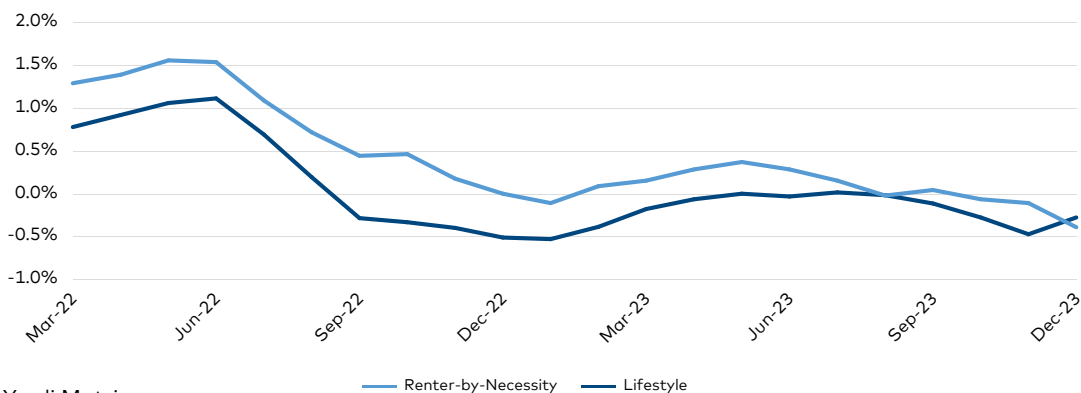
- ▶ Tampa rents decreased 0.3% on a trailing three-month (T3) basis through December, to \$1,793, on par with the national rate, which ended the year at \$1,709. Year-over-year, the average asking Tampa rent dropped 0.8% in 2023, while the U.S. rate increased 0.3%.
- ▶ Rents contracted across quality segments, but the trend has shifted—Lifestyle rents decreased 0.3% on a T3 basis to, \$2,026, but posted a 20-basis-point improvement from November. Meanwhile, working-class Renter-by-Necessity rents declined 0.4%, to \$1,522, but marked a 30-basis-point decrease from the November rate.
- ▶ Even with the robust supply growth in recent years, Tampa demand was nearly in lockstep. As such, the occupancy rate in stabilized properties declined just 50 basis points in the 12 months ending in November, to 94.1%. Lifestyle occupancy held on a little better, down by 40 basis points, to 94.2%, while RBN occupancy declined 70 basis points, to 94.1%.
- ▶ Rents increased last year in two of the three most expensive submarkets: Tampa–Downtown (2.6% to \$2,839) and St. Petersburg–Downtown (0.8% to \$2,765). Meanwhile, rates fell 4.2% to \$2,243 in Tampa–Airport. As of December, seven submarkets had average rents above the \$2,000 mark, the same number recorded 12 months prior.
- ▶ The average rent in Tampa single-family rentals declined 1.6% year-over-year, to \$2,089. Even so, the occupancy rate increased 2.9%, to 96.8%, as of November 2023.

### 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 job growth rate remained ahead of the U.S., up 3.1% in the 12 months ending in October, with the metro netting 41,500 jobs. Meanwhile, the national rate softened to 2.3%. Similarly, the metro outperformed when it came to unemployment, which was 3.1% as of November, 60 basis points tighter than the U.S. figure, but trailing the 2.3% Miami rate. Even so, current economic conditions didn't leave Tampa unscathed, and the unemployment rate rose by 50 basis points since January 2023.
- ▶ Two sectors lost jobs in the 12 months ending in October: financial activities (-5,200 jobs) and information (-1,500 jobs). During this time, education and health services remained in the lead, adding more than half the volume, or 25,800 jobs. Professional and business services (7,500 jobs) and trade, transportation and utilities (6,300 jobs) were next in line.
- ▶ Tampa General Hospital acquired three facilities from Community Health Systems for \$294 million, establishing a new division known as TGH North. A systemwide upgrade is planned, which is expected to take a year. TGH also received approval to rezone land for a new 13-story, 565,000-square-foot medical facility that will house Tampa General's surgical, neuroscience and transplant services. Construction begins in 2024 and should wrap up in three years.

### Tampa Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
65	Education and Health Services	293	16.2%
60	Professional and Business Services	340	18.8%
40	Trade, Transportation and Utilities	361	19.9%
30	Manufacturing	97	5.4%
15	Mining, Logging and Construction	110	6.1%
90	Government	184	10.2%
80	Other Services	57	3.1%
70	Leisure and Hospitality	188	10.4%
50	Information	30	1.7%
55	Financial Activities	152	8.4%

Sources: Yardi Matrix, Bureau of Labor Statistics

### Population

- ▶ Tampa-St. Petersburg-Clearwater gained 36,129 residents in 2021, for a 1.1% population increase and well above the 0.1% U.S. rate.
- ▶ Except for a one-time drop in 2020, the metro's population expanded each year between the 2010 Census and 2021.

### 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

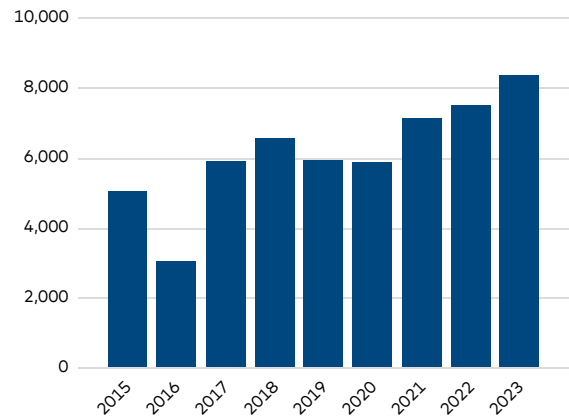
## SUPPLY

- Metro Tampa's inventory grew 8,384 units in 2023, a new decade high. That was the equivalent of 3.4% of existing stock, ahead of the U.S. rate by 100 basis points. This supply expansion comes on the heels of two other years with robust deliveries, accounting for 14,665 units combined. Just 5% of last year's supply additions were units in fully affordable communities. The bulk, north of 90%, were Lifestyle apartments.
- The construction pipeline remained robust, with 22,263 units underway as of December and an additional 84,000 apartments in the planning and permitting phases. The composition of the pipeline didn't change much—90% of units are in the upscale segment, 6% in fully affordable communities and the remaining 4% in workforce projects.
- Strong housing demand encouraged developers, and last year 14,683 units across 57 properties broke ground in Tampa, well above the 9,543 units across 42 properties that started construction in 2022.
- Of the 53 submarkets tracked by Yardi Matrix, developers were active in 37. Eight of these had more than 1,000 units under construction each, and two surpassed the 2,000-unit threshold—

Davenport (2,915 units) and Wesley Chapel (2,179 units).

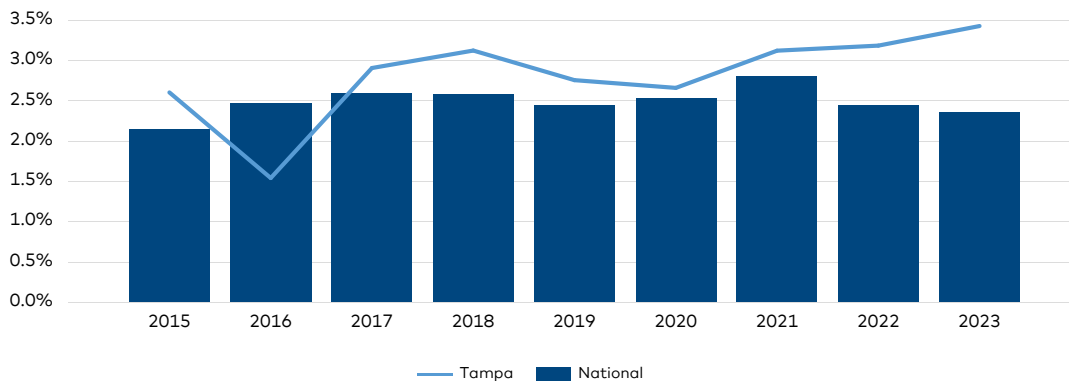
- The largest project under construction as of December was the 660-unit Brandon Town Center, east of the city. Rotunda Land and Development is building it with aid from a \$71.5 million construction loan funded in 2021 by CoreVest Finance. Completion is slated for the second quarter of 2024.

**Tampa Completions** (as of December 2023)



Source: Yardi Matrix

**Tampa vs. National Completions as a Percentage of Total Stock** (as of December 2023)



Source: Yardi Matrix

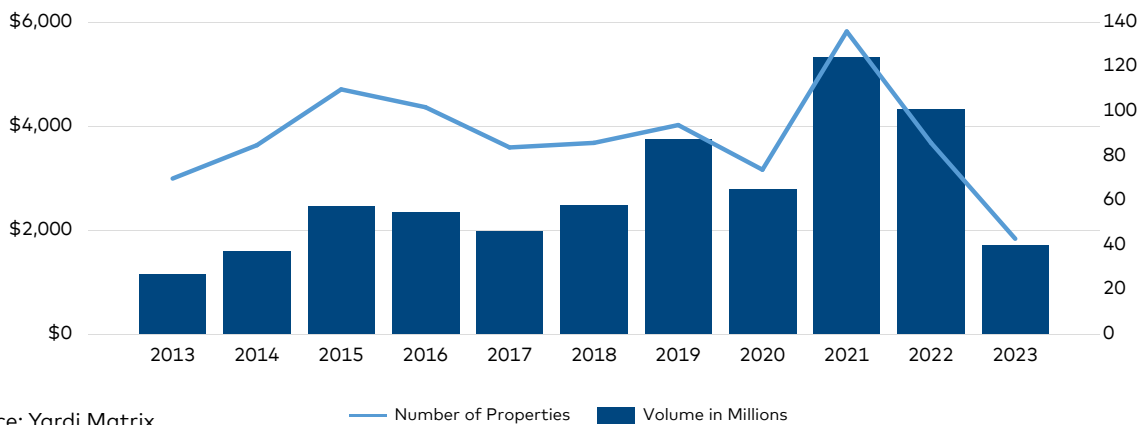
## TRANSACTIONS

- ▶ Investment volume dropped to \$1.7 billion in 2023, the second lowest annual volume of the past decade. The third quarter was the strongest, with \$831 million in multifamily assets trading. By number of assets trading, however, 2023 was the slowest year, with 43 properties changing ownership.
- ▶ Investors leaned toward value-add opportunities, as 27 of the 43 sales of 2023 involved RBN properties. This preference contributed

to the decline in per-unit prices, with the average dropping 18% year-over-year, to \$189,331. Tampa's per-unit price was just above the \$185,172 U.S. average.

- ▶ The largest recent transaction was Praedium Group's \$109 million acquisition of Rowan Pointe in Pinellas Park. The 349-unit asset was sold by LIV Development for \$311,175 per unit. For its acquisition, the new owner took out a \$57 million loan funded by Northwestern Mutual.

**Tampa Sales Volume and Number of Properties Sold** (as of December 2023)



Source: Yardi Matrix

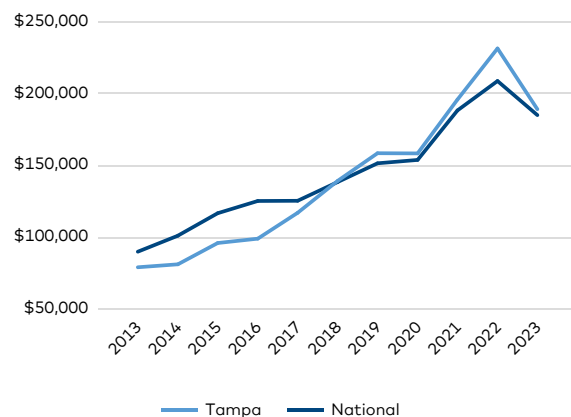
**Top Submarkets for Transaction Volume<sup>1</sup>**

Submarket	Volume (\$MM)
Oldsmar	284
Largo	146
Tampa-Sun Bay South	122
Pinellas Park	109
Land O'Lakes	96
Wesley Chapel	95
Lake Magdalene-Northdale	94

Source: Yardi Matrix

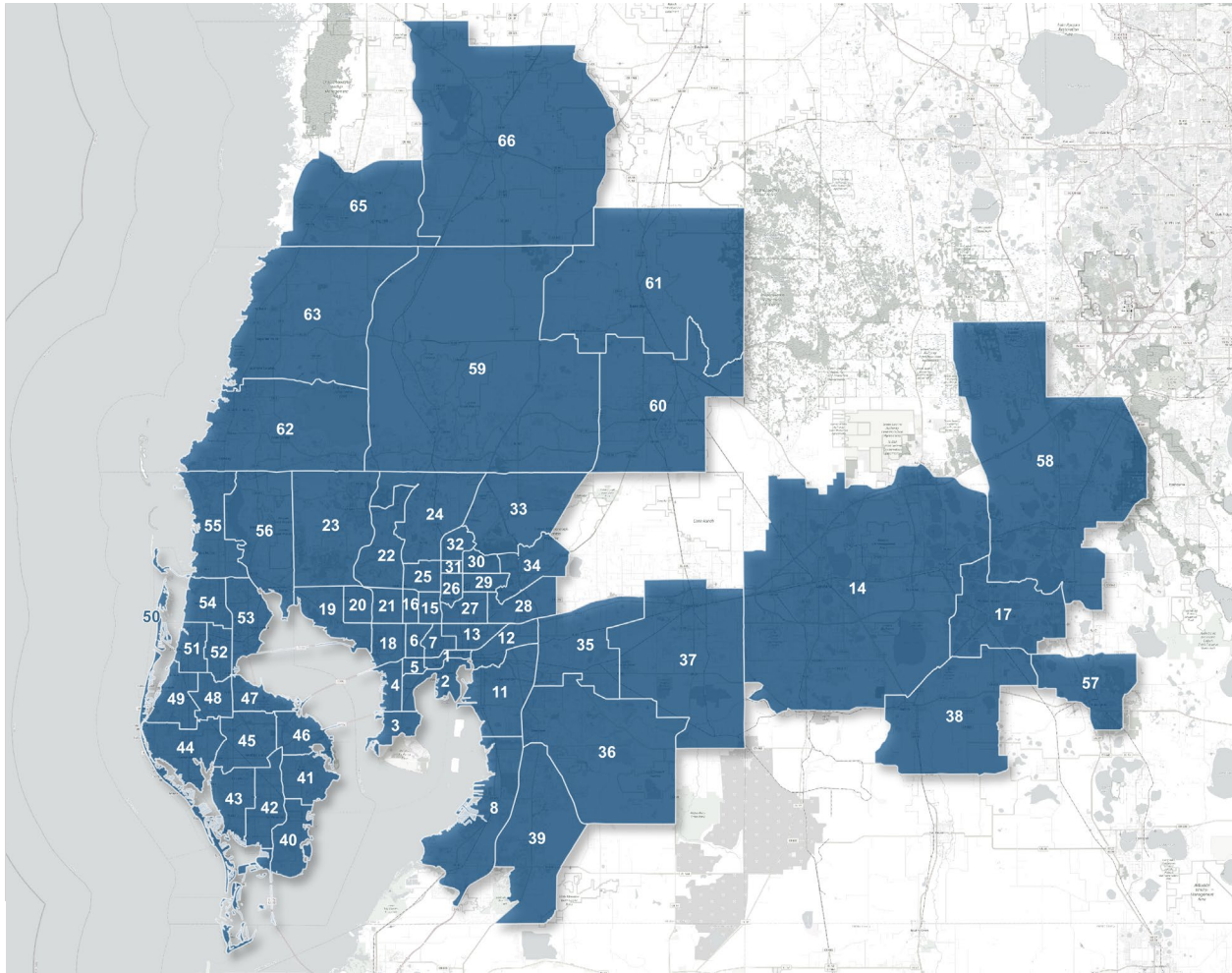
<sup>1</sup> From January 2023 to December 2023

**Tampa vs. National Sales Price per Unit**



Source: Yardi Matrix

# 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.

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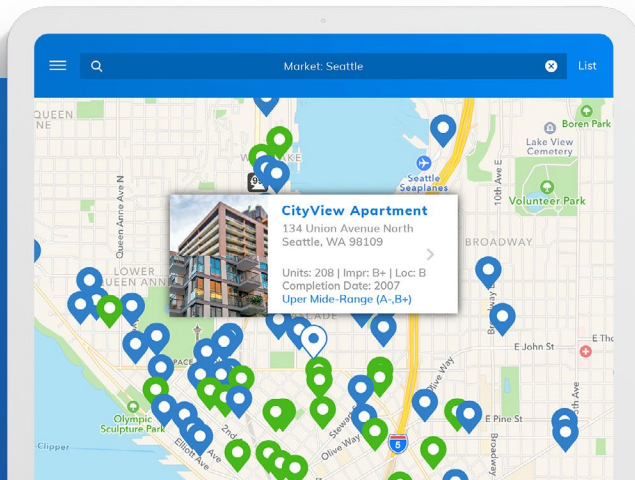
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- Find acquisition prospects based on in-place loans, maturity dates, lenders and originators
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