

Tampa's Mixed Metrics

July 2024



Development Remains Strong

Investment Activity Improves

Advertised Asking Rents Negative

TAMPA MULTIFAMILY



Fundamentals Cool Slightly, Supply Stays Solid

Tampa's multifamily fundamentals have cooled off amid strong supply expansion. Advertised asking rents were down 0.1% on a trailing three-month basis through May, to \$1,794, slightly above the nation's \$1,733 average. Year-over-year advertised asking rents were down 1.8%, with 19 of the 51 submarkets tracked by Yardi Matrix recording gains.

In March, Tampa's unemployment rate stood at 3.4%, based on data from the Bureau of Labor Statistics, outperforming the 3.8% national figure. Over the 12-month period ending in March, Tampa added a net total of 37,000 jobs. This represented a 2.3% expansion and significantly surpassed the 1.4% national figure. Education and health services recorded the strongest growth, with 17,100 jobs added. The historic Gas Plant District is one step closer to becoming a reality. Ahead of the St. Petersburg City Council's final vote on its redevelopment, the Tampa Bay Rays have agreed to stay in the city. A joint venture that includes the city of Tampa, Pinellas County, the Rays and Hines will develop a \$1.4 billion ballpark that will serve as an anchor for the 86-acre mixed-use project.

Developers completed 2,199 units in 2024 through May. A total of 25,300 units were under construction, while an additional 48,000 were in the planning and permitting stages. If market conditions hold, Yardi Matrix expects more than 11,000 units to come online in 2024, which would mark a decade-high.

Market Analysis | July 2024

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Recent Tampa Transactions

The Pointe on Westshore



City: Tampa, Fla.
Buyer: Electra America
Purchase Price: \$134 MM
Price per Unit: \$301,801

Lumi Hyde Park



City: Tampa, Fla.
Buyer: Greystone
Purchase Price: \$83 MM
Price per Unit: \$320,463

Windsor Highwoods Preserve



City: Tampa, Fla.
Buyer: GID
Purchase Price: \$64 MM
Price per Unit: \$180,763

Palmera Pointe

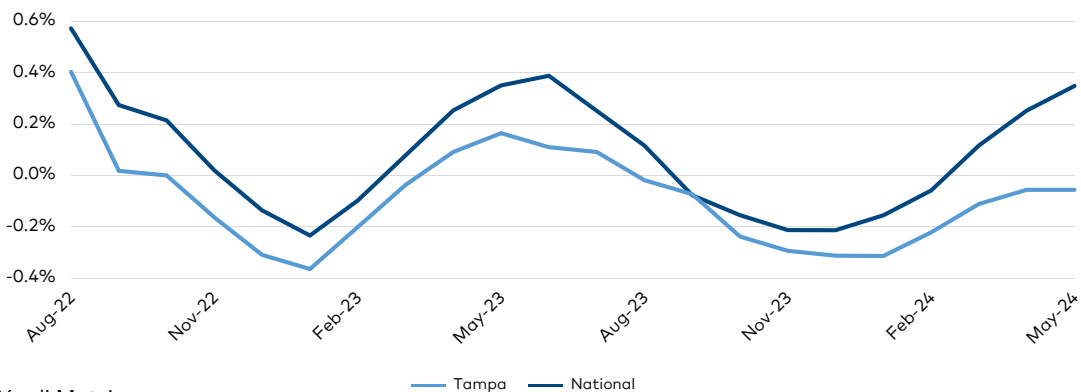


City: Tampa, Fla.
Buyer: Axonic Properties
Purchase Price: \$38 MM
Price per Unit: \$152,439

RENT TRENDS

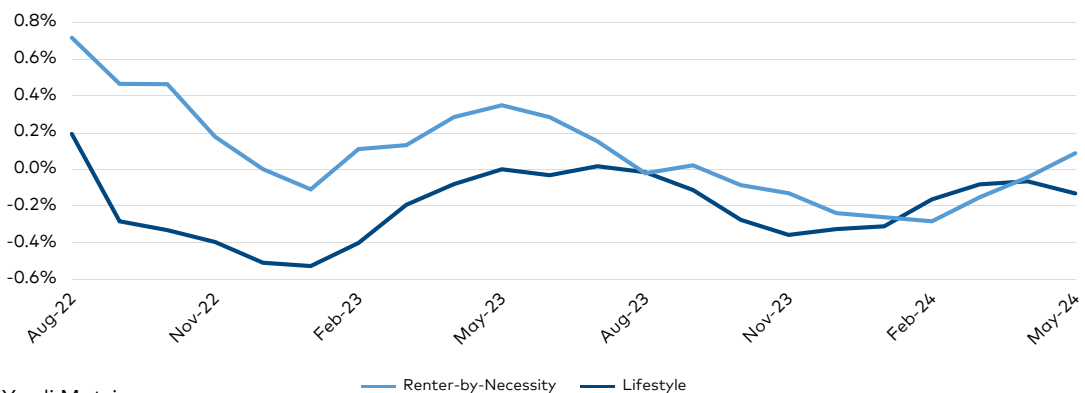
- ▶ Advertised asking rents across Tampa decreased 0.1% on a trailing three-month (T3) basis through May, to \$1,794. This marked nine consecutive months of contractions, while the national figure recovered to a 0.3% rate of improvement, to \$1,733. Year-over-year advertised asking rents in the metro were down 1.8% as of May, while the U.S. figure climbed 0.6%.
- ▶ The working-class Renter-by-Necessity segment bucked the trend, as advertised asking rents increased 0.1%, to \$1,524. Meanwhile, rates for upscale Lifestyle properties mirrored the metro-wide trend and were down 0.1%, to \$2,018. Both segments saw year-over-year contractions, with RBN down 1.0%, while Lifestyle was down 2.0%.
- ▶ As of April, the occupancy rate for stabilized assets was down 70 basis points year-over-year, to 94.0%, below the 94.5% national average. Lifestyle occupancy dropped 70 basis points, to 94.0%, while the RBN rate fell 70 basis points to 94.1%.
- ▶ The SFR segment also recorded mixed performance, with annual advertised asking rents down 4.5% year-over-year through May. Occupancy across the segment increased 1.6% year-over-year as of April.
- ▶ Only 19 of the 51 submarkets tracked by Yardi Matrix had an increase in year-over-year advertised asking rents. Spring Hill led gains with 8.6%, to \$1,608. Tampa – Downtown remained the metro’s most expensive submarket even with a 0.6% contraction, to \$2,794.

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

- ▶ In March, Tampa's unemployment rate was 3.4%, according to BLS data. This marked a 110-basis-point increase year-over-year and was slightly above Florida's 3.3% rate. However, the metro stood below the 3.9% national figure.
- ▶ Tampa gained 37,000 net jobs in the 12 months ending in March. Year-over-year, this amounted to a growth rate of 2.3%, well above the national average of 1.4%. Education and health services saw the largest job gains, adding 17,100 positions. Government was the second-best performer (up 5,600 jobs). Only the information sector recorded losses, down 100 jobs.
- ▶ Ahead of the St. Petersburg City Council's final vote on the redevelopment of The Historic Gas Plant District, The Tampa Bay Rays signed a non-relocation agreement with a 30-year term. The MLB team's \$1.4 billion ballpark will anchor the 86-acre, mixed-use project. Developed by a partnership including the city, Pinellas County, the Rays and Hines, the project includes 5,400 residential units, 1.4 million square feet of office and medical space, 750,000 square feet of retail space as well as a 750-key hotel, among others. To finance the projects, the city will issue bonds to raise \$287.5 million and the county will contribute \$312.5 million funded by taxes collected from tourists.

Tampa Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
65	Education and Health Services	292	15.9%
90	Government	196	10.7%
40	Trade, Transportation and Utilities	354	19.3%
70	Leisure and Hospitality	201	10.9%
80	Other Services	64	3.5%
30	Manufacturing	96	5.2%
15	Mining, Logging and Construction	110	6.0%
55	Financial Activities	160	8.7%
60	Professional and Business Services	331	18.0%
50	Information	32	1.7%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- ▶ Tampa-St. Petersburg-Clearwater gained 48,236 residents in 2022. This amounted to a 1.5% population expansion, well above the 0.1% national rate. Since 2010, the metro's population has expanded by 16.4%, or 448,960 residents.

Tampa vs. National Population

	2019	2020	2021	2022
National	324,697,795	326,569,308	329,725,481	331,097,593
Tampa	3,097,859	3,152,928	3,146,074	3,194,310

Source: U.S. Census

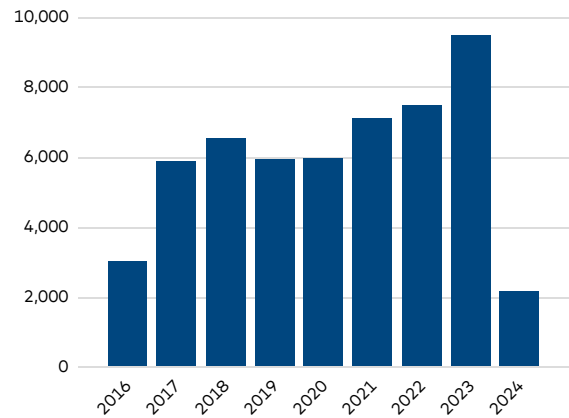
SUPPLY

- ▶ Tampa developers completed 2,199 units year-to-date through May. This was a 0.9% expansion of existing inventory, in line with the national rate. Roughly 11,500 units are expected to come online in 2024, should market conditions stabilize. This would account for a 4.7% expansion of total stock. That figure would also exceed the 9,481 units delivered in 2023, which marked a decade-high for Tampa.
- ▶ Construction starts have slowed. In the first five months of the year, developers broke ground on 2,493 units across Tampa. This was a 72.6% decline from the 9,110 units that broke ground during the same period last year.
- ▶ Overall, development activity remained strong, as Tampa had 25,285 units under construction, with a focus on upscale developments. The pipeline also included 48,000 units in the planning and permitting stages. Nearly 90% of the units underway were in Lifestyle properties, a little more than 7% were fully affordable, while RBN developments made up the remainder.
- ▶ Nine submarkets each had more than 1,000 units under construction. The top three exceeded 2,000 units, with Davenport (2,693 units),

Wesley Chapel (2,309 units) and Brandon (2,280 units) leading construction activity.

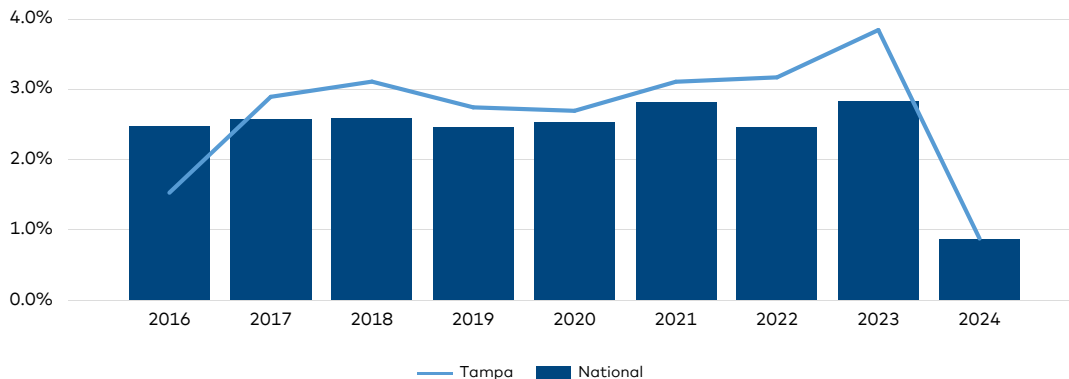
- ▶ The latter is home to the metro's largest development. Rotunda Land and Development broke ground on the 660-unit Brandon Town Center in late 2021. The developer secured a \$71.5 million construction loan funded by CoreVest Finance. Completion is expected in December.

Tampa Completions (as of May 2024)



Source: Yardi Matrix

Tampa vs. National Completions as a Percentage of Total Stock (as of May 2024)

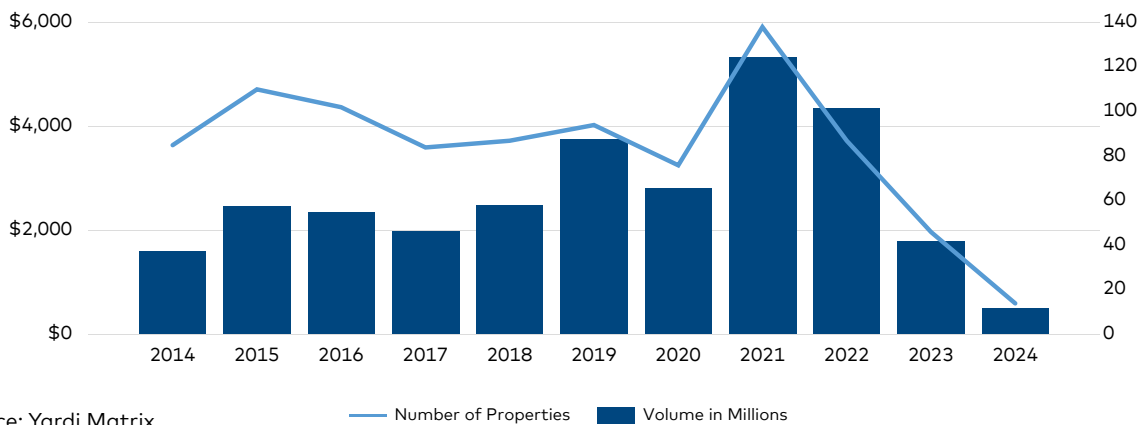


Source: Yardi Matrix

TRANSACTIONS

- ▶ Tampa investors traded \$520 million in multi-family assets in the first five months of the year. This marked a 13% improvement compared to the same period in 2023, when transactions totaled \$460 million.
- ▶ Investors were interested in the upscale segment, as eight of the 14 transactions involved Lifestyle assets. This contributed to an increase in per-unit prices, with the average rising 6.5% year-over-year, to \$186,924. The figure also exceeded the \$176,968 national average.
- ▶ The largest sale for the period was the \$83 million acquisition of the 259-unit Lumi Hyde Park in the Tampa-West submarket. Conti Organization sold the asset for \$320,463, the largest per-unit price year-to-date. KeyBank facilitated the sale with a \$48 million acquisition loan. The property last traded in mid-2022, when it fetched \$115 million, or \$444,015 per unit.

Tampa Sales Volume and Number of Properties Sold (as of May 2024)



Source: Yardi Matrix

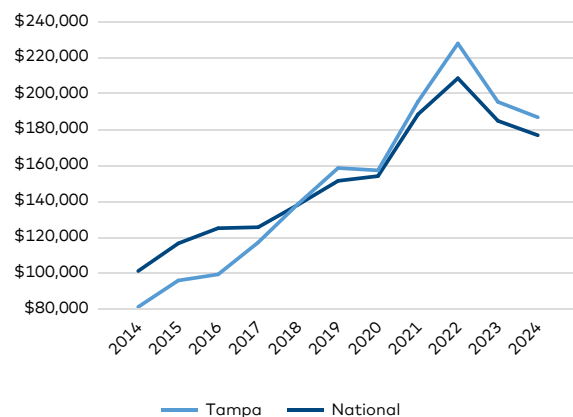
Top Submarkets for Transaction Volume¹

Submarket	Volume (\$MM)
Oldsmar	284
Tampa-Sun Bay South	239
Palm River-Clair Mel	152
Tampa-West	126
Town 'n' Country	115
Pinellas Park	113
Land O' Lakes	96

Source: Yardi Matrix

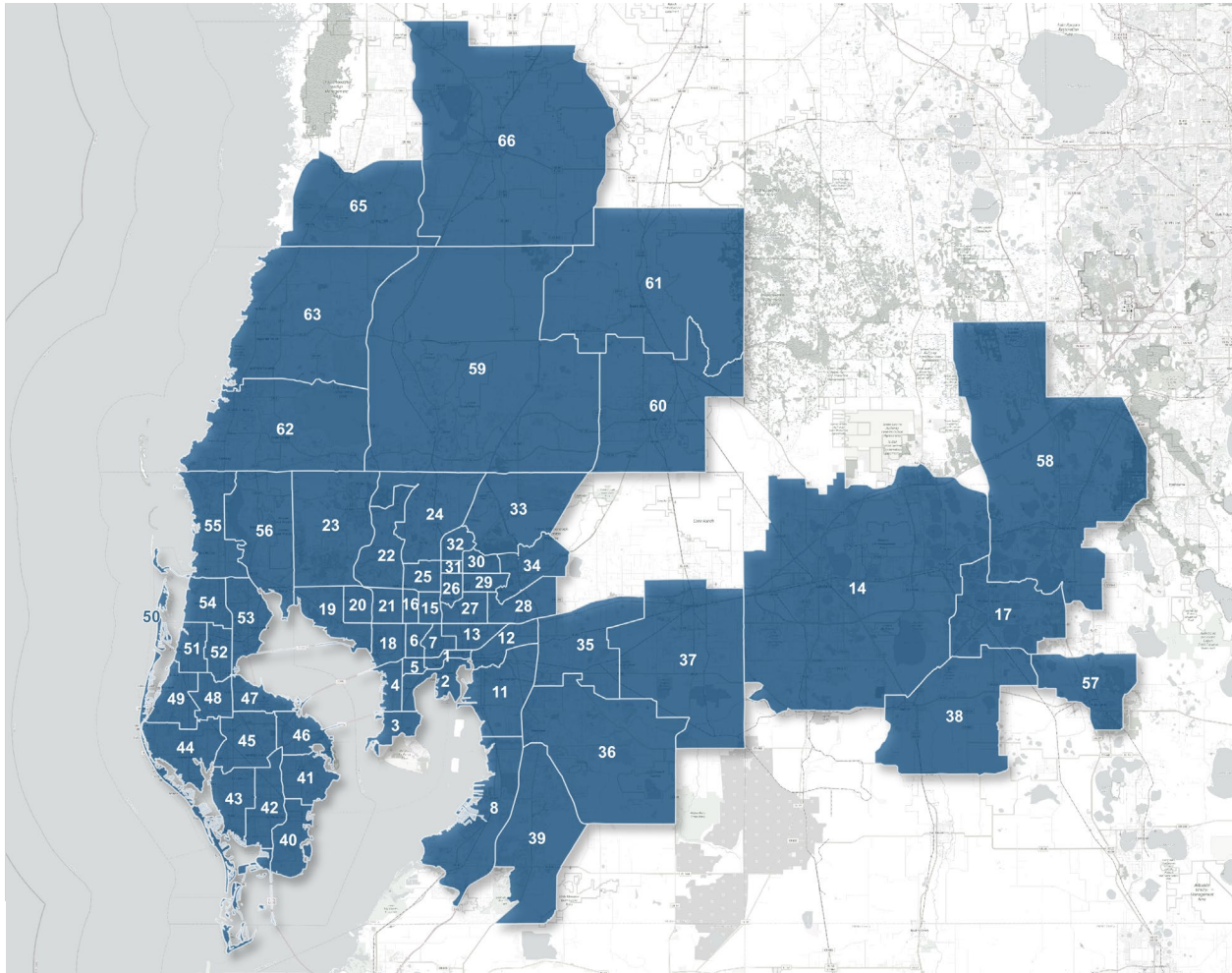
¹ From June 2023 to May 2024

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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