

A photograph of the Tampa skyline, featuring several prominent skyscrapers of varying heights and colors (blue, gold, white). In the foreground, a wide river flows, with a bridge and some buildings along the waterfront. The sky is bright blue with scattered white clouds.

Yardi® Matrix

Tampa's Bright Outlook

Multifamily Report Fall 2018

Rent Growth Accelerates Despite Heavy Supply

Migrant Millennials Fuel Apartment Demand

Property Values Climb to Cycle High

Market Analysis

Fall 2018

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Demand Keeps Up With Surging Supply

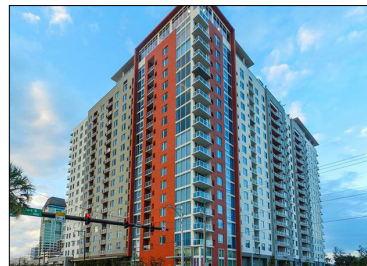
Population and employment gains fuel multifamily demand in Tampa–St. Petersburg, where low housing costs, a tax-friendly environment and a high quality of life continue to attract new residents and businesses.

Leisure and hospitality led employment growth by far, adding 14,100 jobs. Tourism revenue hit a new record in Hillsborough County in the year ending in September, which will likely continue as new hotel projects come online, including the 519-key JW Marriott within the 9 million-square-foot Water Street Tampa. Employment gains were also significant in education and health services (7,800 jobs) and trade, transportation and utilities (4,300), which is thriving following increased trade through the Panama Canal.

Multifamily deliveries hit a cycle peak in 2017, when roughly 5,400 units were completed, and continued at a strong pace in 2018. However, occupancy in stabilized properties recorded just a slight decrease of 20 basis points year-over-year, to 95.6% as of August, indicating strong apartment demand. Rent growth remained above the national average, at 5.2% as of September, while the average price per unit rose to a cycle peak of \$142,655. As the metro's population is projected to grow at a faster pace than the nation through 2020, we expect positive net absorption and above-average rent growth to continue in the foreseeable future.

Recent Tampa Transactions

Camden Pier District



City: St. Petersburg, Fla.
Buyer: Camden Property Trust
Purchase Price: \$126 MM
Price per Unit: \$352,793

The Cove



City: Tampa, Fla.
Buyer: Gamma Real Estate
Purchase Price: \$97 MM
Price per Unit: \$140,058

Avana Westchase



City: Tampa, Fla.
Buyer: Greystar
Purchase Price: \$82 MM
Price per Unit: \$205,000

Fusion 1560

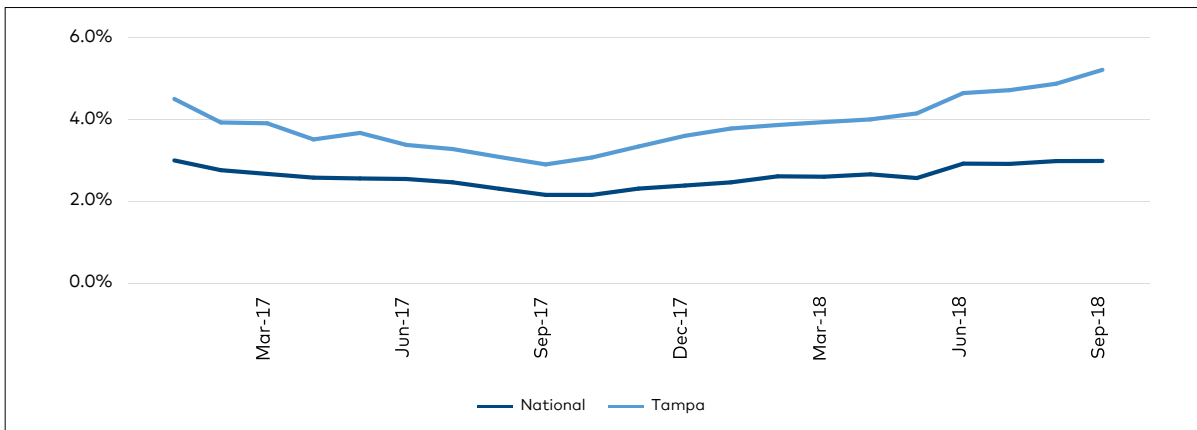


City: St. Petersburg, Fla.
Buyer: TH Real Estate
Purchase Price: \$81 MM
Price per Unit: \$249,538

Rent Trends

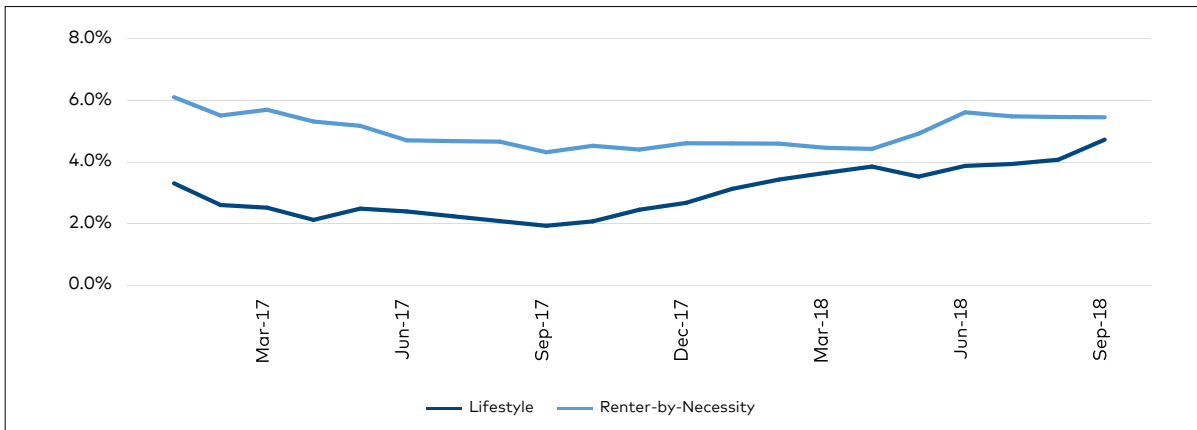
- Rents in Tampa rose 5.2% year-over-year as of September, outpacing the 3.0% national rate. The metro's average rent stood at \$1,230, below the \$1,412 national figure. Following a supply surge of roughly 5,400 units in 2017, which continued at a strong pace in 2018, occupancy in stabilized properties only saw a slight decrease of 20 basis points year-over-year, to 95.6% as of August.
- Rents in the working-class Renter-by-Necessity segment rose 5.5% to \$1,044, while Lifestyle rates increased 4.7% to \$1,440. Population gains, boosted by out-of-state Millennial migrants, should continue supporting apartment demand, along with employment growth and household formation. Despite a relatively low cost of single-family homes, which is putting a limit on rental demand, Tampa's multifamily market is expected to remain steady over the coming years, as its population increase is projected to continue to outpace the nation, generating positive net absorption and rent growth.
- All submarkets saw year-over-year rent increases. Growth was led by Mullis City (10.0% to an average of \$1,076), Gandy/Ballast Point (9.8% to \$1,362) and Wellswood (9.6% to \$1,047). The average rate in Hyde Park/Davis Island, which commands the metro's highest rents, rose 4.1% to \$1,984. In Downtown Tampa/Ybor City, Downtown St. Petersburg and Land O'Lakes/Odessa, which had a total of more than 3,500 units underway as of September, rents were up 5.5%, 0.7% and 3.2%, respectively.

Tampa vs. National Rent Growth (Sequential 3 Month, Year-Over-Year)



Source: YardiMatrix

Tampa Rent Growth by Asset Class (Sequential 3 Month, Year-Over-Year)

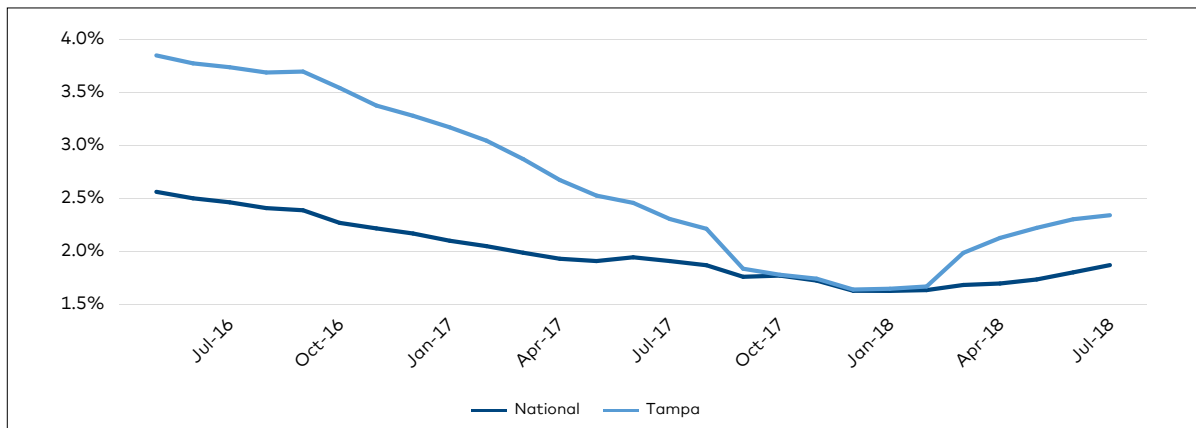


Source: YardiMatrix

Economic Snapshot

- Tampa added 35,600 jobs over the 12 months ending in July, a 2.4% year-over-year increase, outpacing the 1.9% national average. The unemployment rate stood at 3.8%, lower than the 3.9% national average and slightly higher than the state's 3.7%, which hit an 11-year low in July.
- Leisure and hospitality led employment growth by far, adding 14,100 jobs. Tourism revenue hit a new high in Hillsborough County in the 12 months ending in September with the collection of \$33.8 million in Tourist Development Tax, up 10.8% year-over-year and nearly 60% over the last five years, according to Visit Tampa Bay. And despite a modest guestroom supply increase of just 4%, hotel revenues grew 8.5% to more than \$718 million. New projects include a 519-key JW Marriott within the \$3 billion, 9 million-square-foot Water Street Tampa; a dual-branded Hampton Inn by Hilton & Home2 Suites in the Channel district; and the \$1.5 billion Seminole Hard Rock Hotel expansion.
- Education and health services added 7,800 jobs, followed by trade, transportation and utilities (4,300). Port Manatee, which generates more than \$2.3 billion in annual economic impact for the community, supports additional jobs due to increased trade through the expanded Panama Canal. Office-using employment has also been significant in recent years, boosting demand for space and bolstering rent growth.

Tampa vs. National Employment Growth (Year-Over-Year)



Sources: YardiMatrix, Bureau of Labor Statistics (not seasonally adjusted)

Tampa Employment Growth by Sector (Year-Over-Year)

Code	Employment Sector	Current Employment		Year Change	
		(000)	% Share	Employment	%
70	Leisure and Hospitality	190	12.2%	14,100	8.0%
65	Education and Health Services	242	15.5%	7,800	3.3%
40	Trade, Transportation and Utilities	307	19.7%	4,300	1.4%
15	Mining, Logging and Construction	91	5.8%	3,900	4.5%
55	Financial Activities	128	8.2%	3,100	2.5%
30	Manufacturing	87	5.6%	3,000	3.6%
80	Other Services	52	3.3%	1,000	1.9%
60	Professional and Business Services	266	17.1%	400	0.2%
50	Information	26	1.7%	-900	-3.3%
90	Government	170	10.9%	-1,100	-0.6%

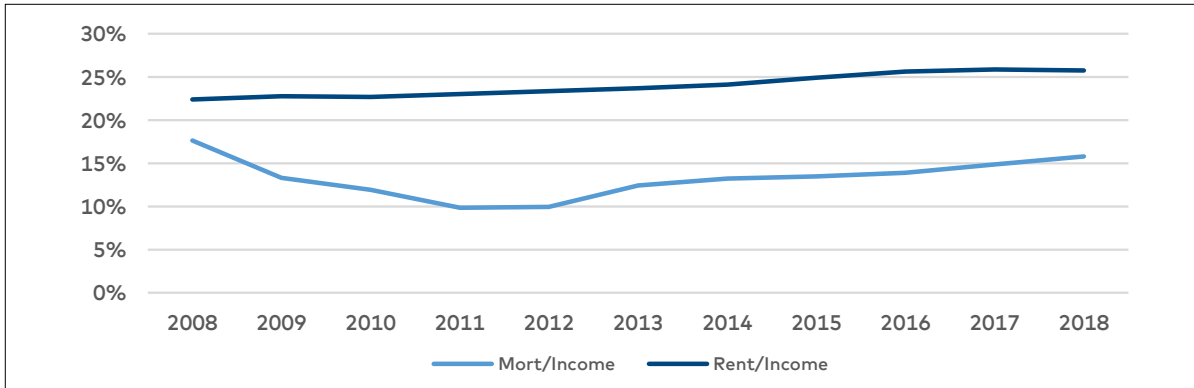
Sources: YardiMatrix, Bureau of Labor Statistics

Demographics

Affordability

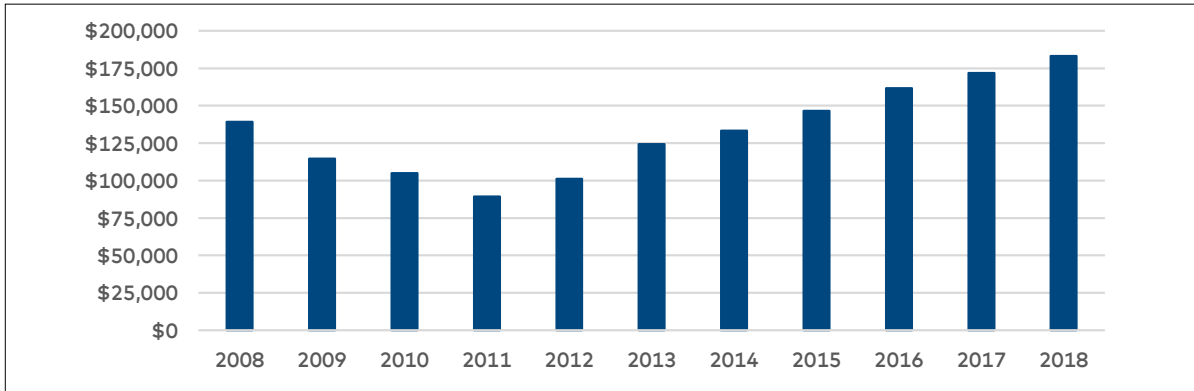
- The median home price in Tampa rose to a cycle peak of \$183,196 in the first half of 2018, up 6.7% since 2017 and 105% above the 2011 level. The average rent accounted for 26% of the area's median income, while the average mortgage payment equated to 16%.
- The metro continues to attract residents, thanks to its low housing costs, tax-friendly environment and quality of life compared to other metros throughout Florida and across the country. Between 2010 and 2015, the Millennial population increased by 3.6% in Tampa, which placed it among the nation's top 25 cities where Millennials are moving, according to real estate analytics firm RCLCO.

Tampa Rent vs. Own Affordability as a Percentage of Income



Sources: YardiMatrix, Moody's Analytics

Tampa Median Home Price



Source: Moody's Analytics

Population

- The metro gained more than 54,800 residents in 2017, a 1.8% increase, outpacing the 0.7% national growth rate.
- Tampa added 218,869 residents between 2013 and 2017, a 7.6% uptick, well above the 3.0% national rate.

Tampa vs. National Population

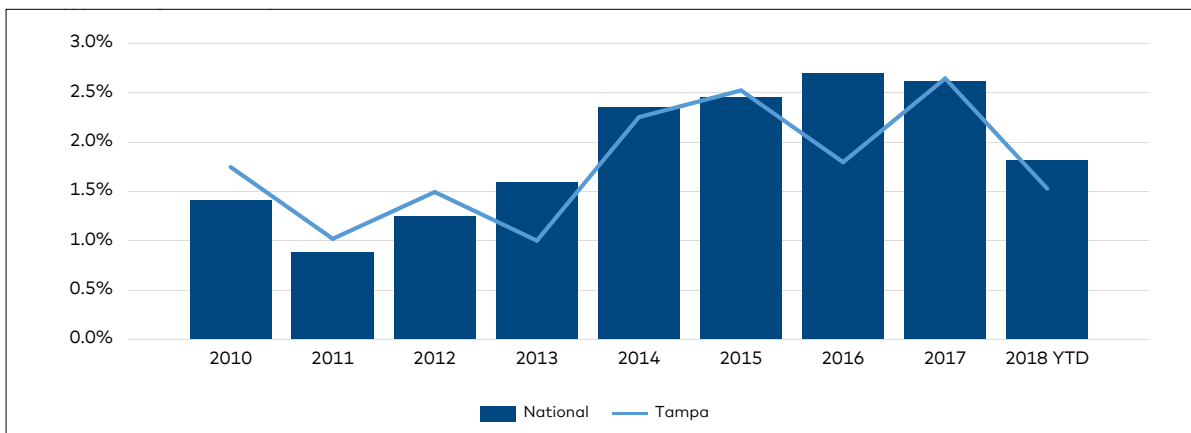
	2013	2014	2015	2016	2017
National	316,234,505	318,622,525	321,039,839	323,405,935	325,719,178
Tampa Metro	2,872,530	2,916,839	2,973,756	3,036,525	3,091,399

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

Supply

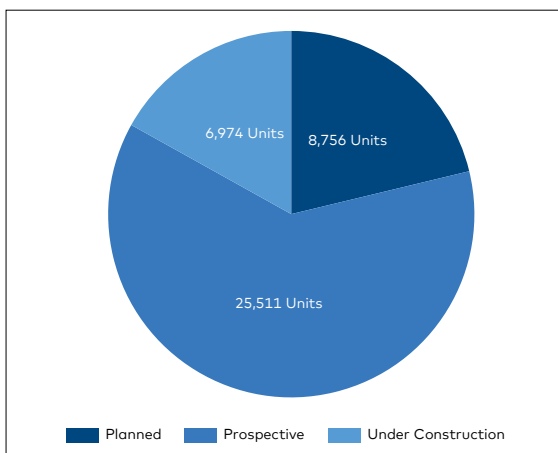
- Thirteen properties totaling 2,832 units came online this year through September, representing 1.5% of total stock, below the 1.8% national average. Ten of the 13 new projects are Class A, catering to Lifestyle renters. Almost 5,400 units were delivered in 2017, marking a cycle peak and representing 2.6% of stock, in line with the national figure.
- More than 6,900 units were under construction as of September, while another 34,000 units were in the planning and permitting stages. Favorable demographic and employment trends are expected to support the metro's ability to absorb new product.
- Construction is intense in high-density urban areas, including Downtown Tampa/Ybor City, which had 1,311 units underway, followed by Downtown St. Petersburg (1,163 units) and Land O'Lakes/Odessa (1,040 units). Manor Riverwalk—an eight-story, 400-unit community replacing the old Tampa Tribune building—ranked as the largest project as of September. Related Group, which has completed several other properties in Greater Tampa, is developing the project. The development is also set to include a 400-plus-foot river trail that will connect with similar paths on the west side of the Hillsborough River.

Tampa vs. National Completions as a Percentage of Total Stock (as of September 2018)



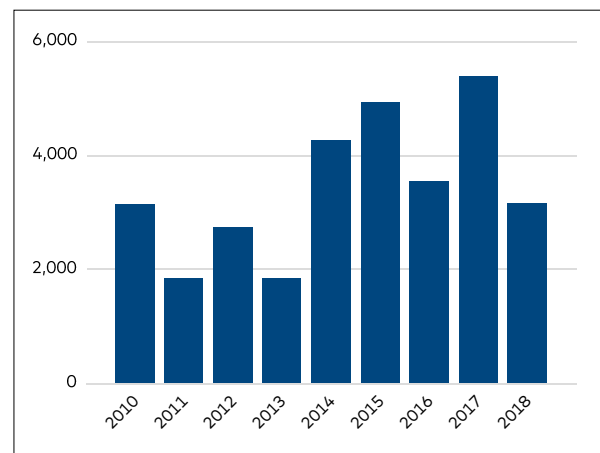
Source: YardiMatrix

Development Pipeline (as of September 2018)



Source: YardiMatrix

Tampa Completions (as of September 2018)

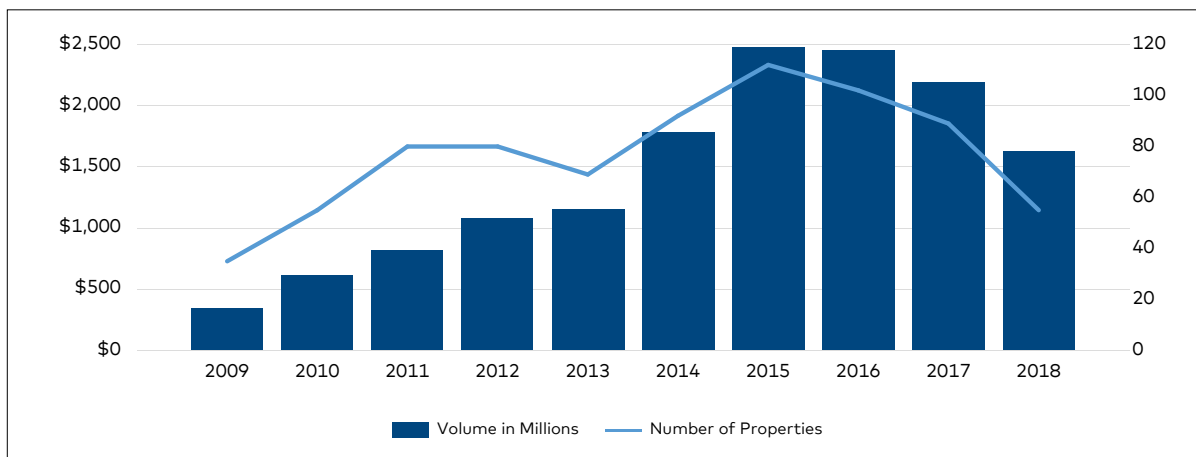


Source: YardiMatrix

Transactions

- Fifty-five properties worth a combined \$1.6 billion changed hands this year through September, at an average price per unit of \$142,655, which marks a new cycle peak but remains below the \$151,135 national average. In 2017, \$2.2 billion in assets traded at an average per-unit price of \$123,083.
- More than half of the properties that changed hands were Renter-by-Necessity, with acquisition yields ranging between 6.75% and 7.25% in infill locations, and between 7.0% and 7.5% for suburban stock.
- Camden Property Trust's acquisition of Camden Pier District—the 18-story, 358-unit former AER Luxury Apartments in downtown Tampa—ranks as the largest transaction in the 12 months ending in September. American Land Ventures sold the property for \$126.3 million, or a record-breaking \$352,793 per unit, which was 5% to 10% below replacement cost, according to the buyer.

Tampa Sales Volume and Number of Properties Sold (as of September 2018)



Source: YardiMatrix

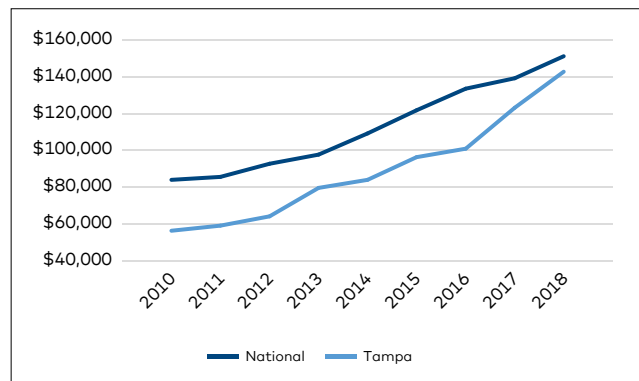
Top Submarkets for Transaction Volume¹

Submarket	Volume (\$MM)
Downtown St. Petersburg	258
Westchase	199
Clair–Mel City	163
Riverview/Valrico	161
Gandy/Ballast Point	117
Downtown Tampa/YborCity	112
Mainlands	112
Sunset Park/Bayside	105

Source: YardiMatrix

¹ From October 2017 to September 2018

Tampa vs. National Sales Price per Unit



Source: YardiMatrix

News in the Metro

Brought to you by:



Oxford Properties Sells Newly Built FL Community

PGIM Real Estate Finance provided the buyer with a 10-year, non-recourse Freddie Mac acquisition mortgage, which amortizes over 30 years.



Sunshine State Portfolio Changes Hands for \$98M

Priderock Capital Partners picked up the two Class B communities totaling 550 units with \$67 million in acquisition financing from Freddie Mac.



NKF Capital Markets, Berkeley Point Capital Refinance Tampa Asset

Brookview at Citrus Park includes 400 units as well as a sports pub, a dog park and a fireside lounge.



Inland Real Estate Buys Tampa Community for \$22M

Carroll Organization traded Laurel Oaks Apartments, a 192-unit property located 11 miles from downtown Tampa.



ARA Newmark Arranges Tampa Sale

Vice Chairman Patrick Dufour and Director Ryan Crowley represented seller Pollack Shores and equity partner HQ Capital Real Estate in the transaction.

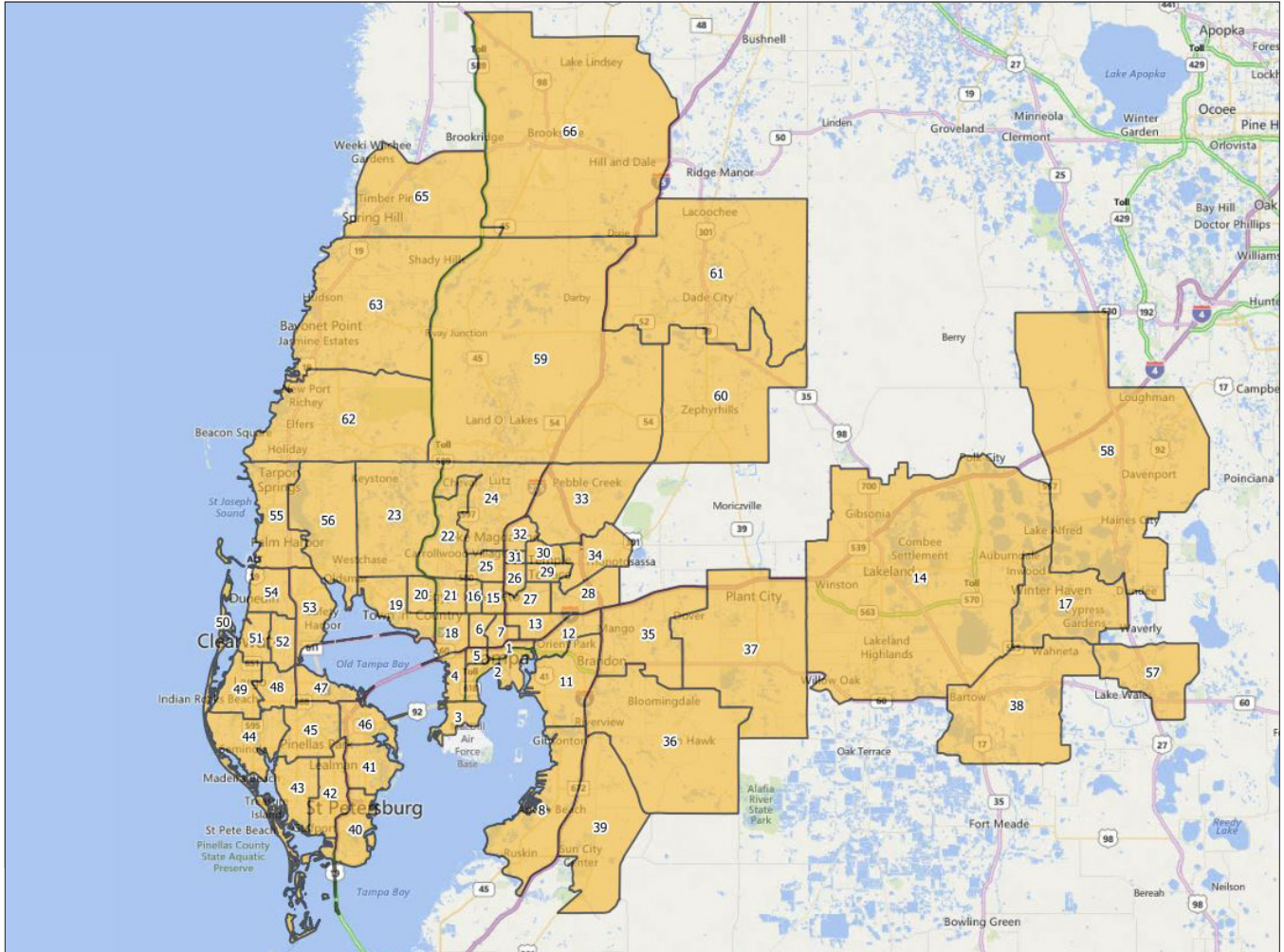


Tampa Asset Commands \$31M

Franklin Street arranged the sale of River View Apartments on behalf of both parties. The community includes 296 units.

Log on to Multi-HousingNews.com to get the latest metro-specific news.

Tampa Submarkets



Area #	Submarket
1	Downtown Tampa
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 #	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 #	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 may 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 may 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, may 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.

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President
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