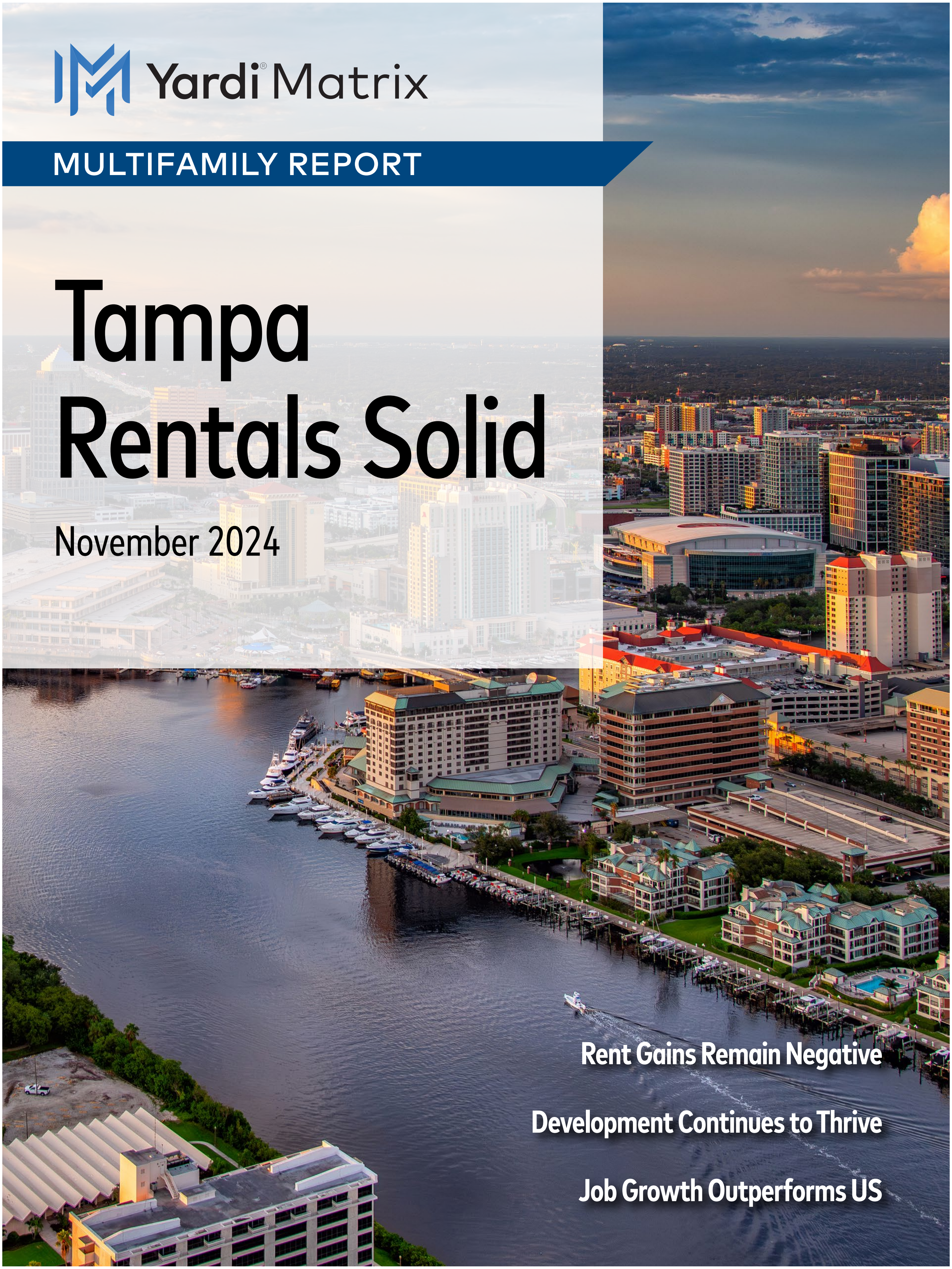
Yardi Matrix

MULTIFAMILY REPORT

Tampa Rentals Solid

November 2024



Rent Gains Remain Negative

Development Continues to Thrive

Job Growth Outperforms US

TAMPA MULTIFAMILY

Yardi Matrix

Supply Stays Strong As Fundamentals Soften

Tampa's multifamily market fundamentals have cooled, amid a robust supply expansion. Advertised asking rents dipped 0.3% on a trailing three-month basis through September, reaching $1,789, just above the U.S. average of $1,750. On a year-over-year basis, advertised asking rents declined 2.3%, with only 16 of the 58 sub-markets tracked by Yardi Matrix recording gains.

In July, Tampa's unemployment figure was 3.8%, outperforming the national rate of 4.3%. Over the 12 months ending in July, Tampa saw a net increase of 34,500 jobs. This marked a 1.9% rate of growth, significantly higher than the 1.3% national figure. The education and health services sectors posted the strongest growth, adding 9,300 positions, for a 15.6% improvement. At the end of September, the metro had 22 fully affordable housing projects in the planning stages. Among these, HP Capital Group is heading a 264-unit project which will replace a lumber yard. The development leverages a state law allowing affordable housing to be built on lots previously zoned as nonresidential.

Developers had completed 5,910 units by September 2024. The metro's thriving development pipeline included 23,700 units under construction, with an additional 102,000 units in the planning and permitting stages. This year's first nine months saw $1.4 billion in transactions, mirroring the volume for the same period in 2023.

Market Analysis | November 2024

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Recent Tampa Transactions

Azola South Tampa

City: Tampa, Fla.
Buyer: Momentum Real Estate Partners
Purchase Price: $64 MM
Price per Unit: $300,467

Bell Westchase

City: Tampa, Fla.
Buyer: Bell Partners
Purchase Price: $62 MM
Price per Unit: $286,234

The Drake at St. Pete

City: St. Petersburg, Fla.
Buyer: Excelsa Holding
Purchase Price: $62 MM
Price per Unit: $129,099

Gateway at Pinellas

City: Pinellas Park, Fla.
Buyer: Independence Realty Trust
Purchase Price: $61 MM
Price per Unit: $212,708

RENT TRENDS

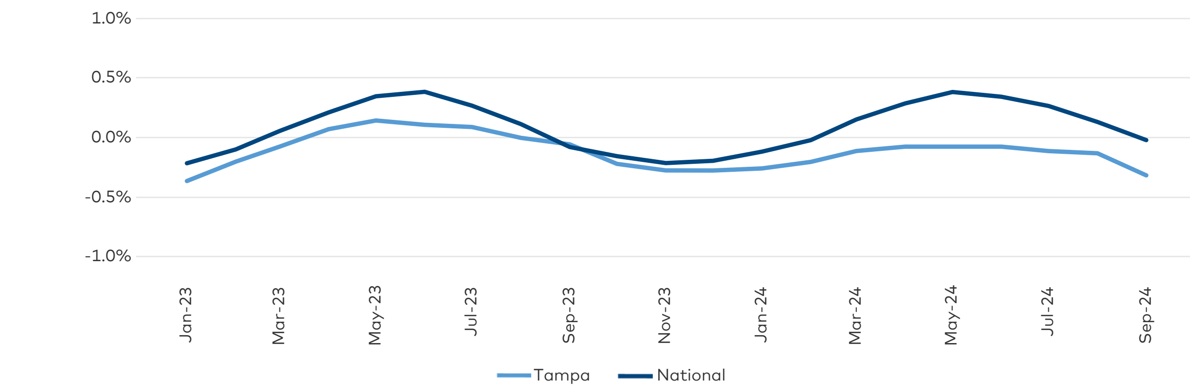
- Tampa's advertised asking rents fell 0.3% on a trailing three-month (T3) basis as of September, reaching $1,789. Meanwhile, the national average remained flat, at $1,750. On a year-over-year basis, the metro's average advertised asking rent decreased 2.3%, while the national figure saw a 0.9% increase.

- The advertised asking rent for both segments contracted on a T3 basis through September. Renter-by-Necessity figures dropped 0.4%, while Lifestyle averages fell 0.2%. Annually, the advertised asking rents for the RBN segment fell 2.7%, to $1,499, while the Lifestyle averages slid 2.0%, to $2,021.

- As of August, the occupancy rate in stabilized assets across Tampa remained flat year-over-year at 94.3%. The figure was 50 basis points below the national average of 94.8%. Occupancy in the Lifestyle segment increased 40 basis points, to 94.7%. Meanwhile, RBN occupancy dropped 50 basis points to 93.9%.

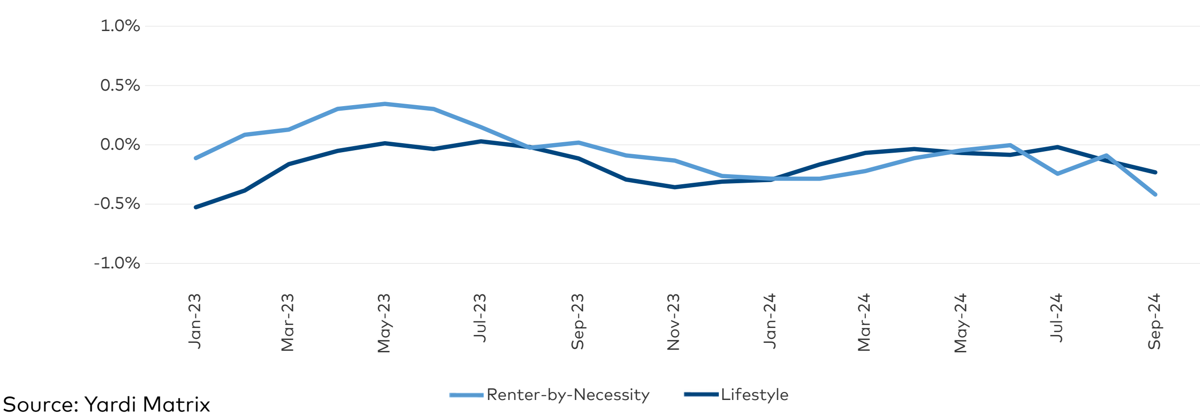
- Of the 58 submarkets tracked by Yardi Matrix, only 16 saw rent growth year-over-year. St. Petersburg–Downtown led gains with advertised asking rents up 3.5%, to $2,857. The area took the lead as Tampa's most expensive submarket. At the other end of the spectrum, advertised asking rents dropped 4.7%, to $1,592, in the New Port Richey submarket. Brandon (down 4.6% to $1,738) and St. Petersburg–East (down 4.5% to $1,695) saw similar contractions.

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 July, Tampa's unemployment rate was 3.8%, based on data from the Bureau of Labor Statistics. This represented a 60-basis-point increase year-over-year and was above Florida's 3.3%. However, the metro's rate remained below the 4.3% national figure, on par with Jacksonville's average and above Miami's 3.4% unemployment rate.
- Over the 12 months ending in July, Tampa added 34,500 net jobs and no employment sector recorded losses. Overall, this represented a 1.9% growth rate year-over-year, well above the national average of 1.3%. The largest job gains were in the education and health services sector, which added 9,300 positions.
- At the end of September, the Tampa metro area had 22 fully affordable projects encompassing 2,700 units in the planning stages. One of these planned projects is the 264-unit Fairfield in the St. Petersburg–West submarket being developed by HP Capital Group. The development will replace a lumber yard, taking advantage of a state law, that permits the construction of affordable housing on lots previously not zoned for residential purposes. The National Low Income Housing Coalition highlighted that Florida faces a significant shortage of affordable rental homes. This affordability and accessibility issue particularly affects extremely low-income households, which are facing a shortage of 435,879 rental homes.

Tampa Employment Share by Sector

		Current Employment	
Code	Employment Sector	(000)	% Share
65	Education and Health Services	285.9	15.6%
40	Trade, Transportation and Utilities	356.3	19.5%
15	Mining, Logging and Construction	113.3	6.2%
70	Leisure and Hospitality	200.9	11.0%
90	Government	180.7	9.9%
30	Manufacturing	97.4	5.3%
80	Other Services	64.5	3.5%
55	Financial Activities	161.4	8.8%
60	Professional and Business Services	334.7	18.3%
50	Information	32.2	1.8%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- In 2022, the Tampa-St. Petersburg-Clearwater area saw an influx of 48,236 new residents, or 1.5% population growth. This rate significantly outpaced the national average of 0.1%. Since 2010, the metro area has seen a 16.4% increase in population, adding 448,960 residents.

Tampa vs. National Population

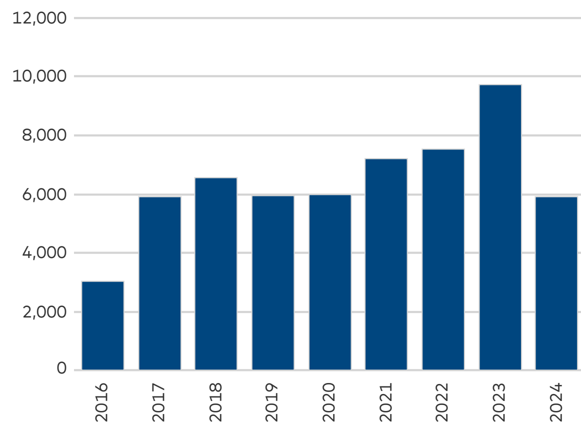
	2019	2020	2021	2022
National	324,697,795	326,569,308	329,725,481	331,097,593
Tampa Metro	3,097,859	3,152,928	3,146,074	3,194,310

Source: U.S. Census

SUPPLY

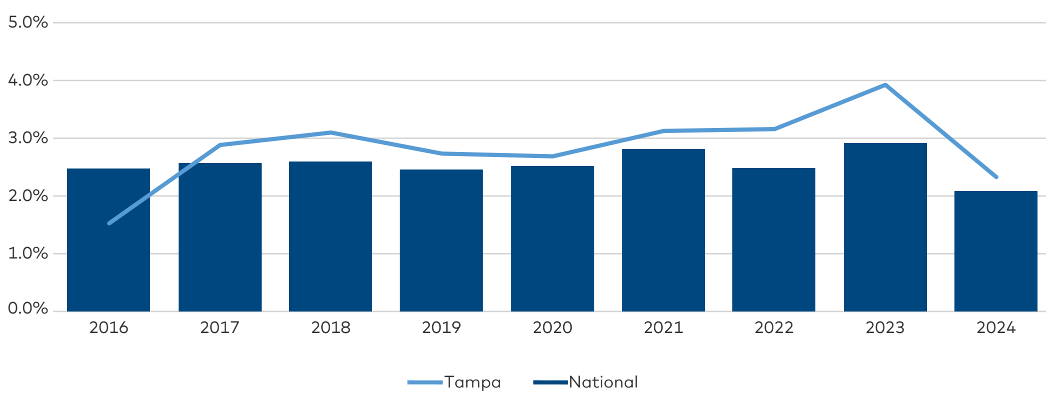
- As of September, Tampa had 23,702 units under construction. Nearly 7% of these projects were fully affordable developments, with Lifestyle projects making up the majority of ongoing developments. Only five projects totaling 1,111 units underway were RBN developments. Additionally, the metro's pipeline also included 102,000 units in the planning and permitting stages.
- In the first nine months of the year, Tampa developers completed 5,910 units. Deliveries accounted for 2.3% of the total stock, which was 20 basis points higher than the U.S. average.
- Construction activity has significantly decreased, influenced by rising construction costs, labor shortages and tighter financing conditions. In the first nine months of the year, developers broke ground on 3,276 units in Tampa, marking a 70.3% drop from the 11,023 units that were started during the same period last year.
- Nine submarkets had over 1,000 units under construction each. The top three submarkets all exceeded the 2,000-unit mark. Davenport led construction activity with 2,529 units underway. Wesley Chapel followed with 2,479 units, and Brandon with 2,400 units to round out the top three.
- The largest property underway was the 660-unit Brandon Town Center in Brandon, Fla. Rotunda Land and Development started construction on the project with the help of a $71 million construction loan funded by CoreVest Finance. Brandon Town Center is expected to come online by the end of the year.

Tampa Completions (as of September 2024)



Source: Yardi Matrix

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

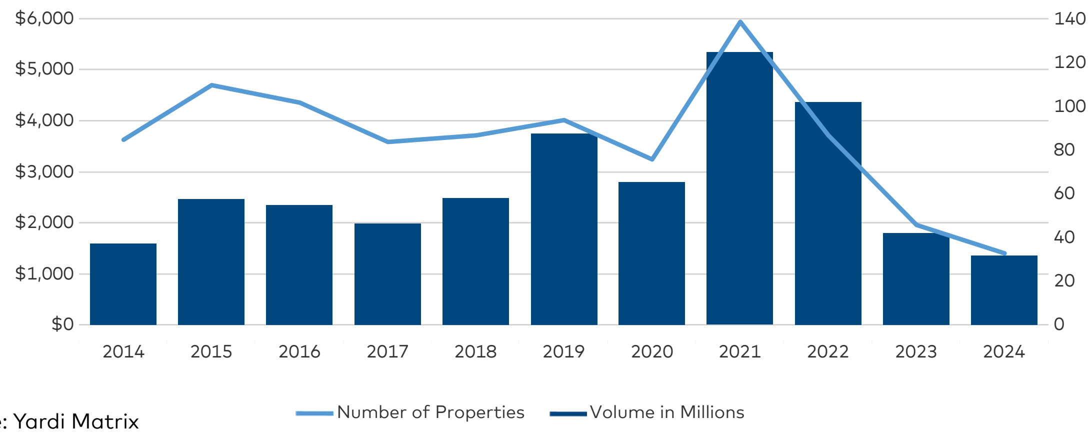


Source: Yardi Matrix

TRANSACTIONS

- During the first nine months of 2024, sales volume soared to $1.4 billion, on par with the $1.4 billion recorded in the same period of 2023. Overall, the past year's sales totaled $1.8 billion, which was below the $2.9 billion 10-year average.
- The upscale segment attracted more investors, as Lifestyle assets accounted for 19 of the 33 total transactions. This also helped nudge the average price per unit in Tampa to $198,370, as of September. The figure was above the metro's 2023 average of $193,829 as well as the national average of $188,379.
- One of the notable recent transactions was the $62 million acquisition of the 218-unit Bell Westchase in the Citrus Park–Westchase submarket. Bell Partners purchased the six-building property, formerly known as 5 Oaks at Westchase, from LivCor. As part of the transaction, the buyer also assumed a $32 million loan financed by Nationwide, which is set to mature in 2031.

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



Source: Yardi Matrix

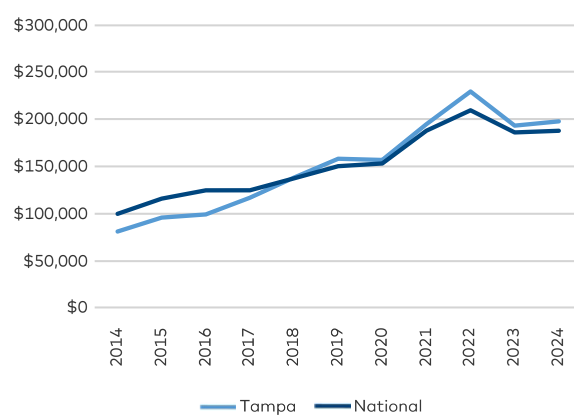
Top Submarkets for Transaction Volume[1]

Submarket	Volume ($MM)
Tampa–Sun Bay South	221
Tampa Palms–Pebble Creek	179
Tampa–West	176
University	172
Citrus Park–Westchase	120
Lake Magdalene–Northdale	94
Oldsmar	90

Source: Yardi Matrix

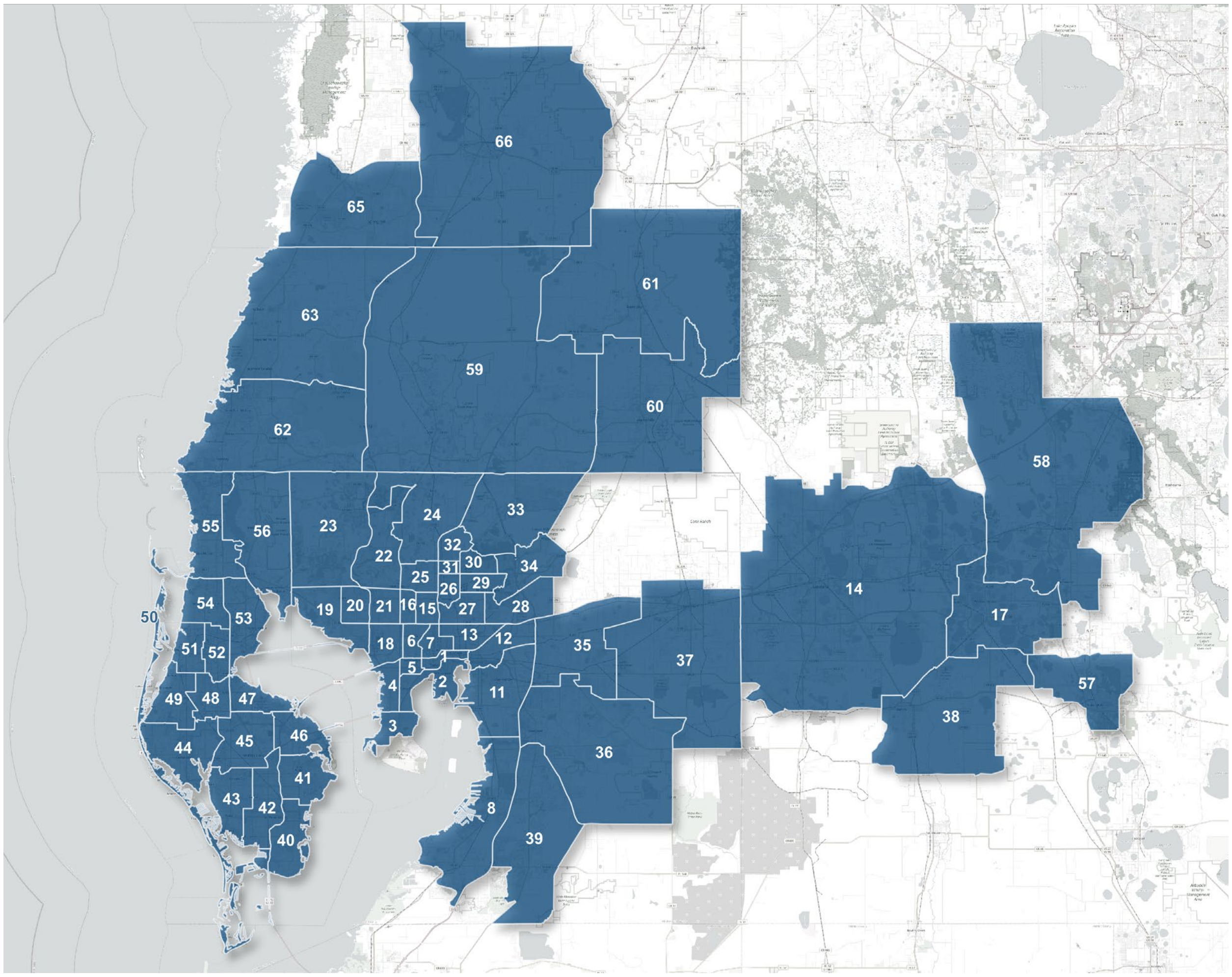
[1] From October 2023 to September 2024

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.

To learn more about Yardi® Matrix and subscribing, please visit www.yardimatrix.com or call Ron Brock, Jr., at 480-663-1149 x14006.

Yardi Matrix

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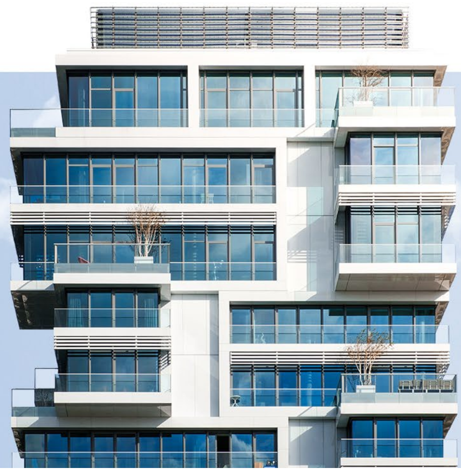
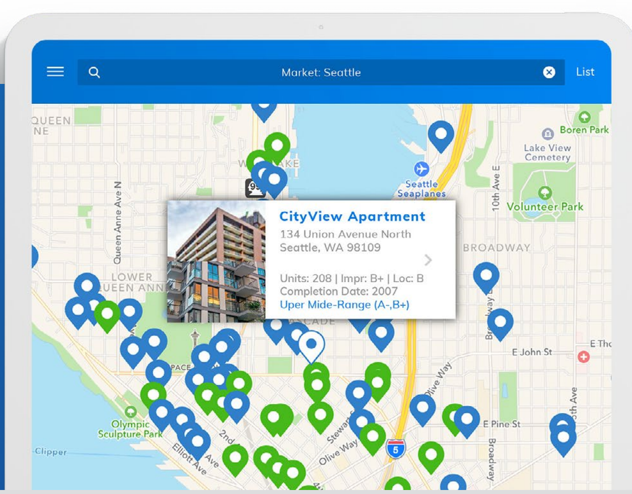


MULTIFAMILY KEY FEATURES

- 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 **22.3+ million units**, covering over **92% of the U.S. population.**

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