

Multifamily Metro Outlook:

Tampa - Q2 2021

Overview:

- One of the features that continues to stand out in Tampa Bay, aside from its prime oceanside location, is the metro's rebounding labor force, which has allowed the economy to slowly but steadily reverse course to put it further along than the rest of the country. Unemployment rates in the metro began the second quarter of 2021 at 3.3%, a decline of more than two percentage points compared to 5.5% the end of 2020.
- Year-to-date, deliveries in the metro topped more than 2,300 units – exceeding the rest pace of the rest of the country by about 20% – bringing the vacancy rate down two full percentage points to 4.25%; however, most of the drop occurred in the first quarter of the year, quarter-over-quarter the decline is just 50 bps, but this was still enough to push vacancies in the metro around 1.25 percentage points below the national average.
- In Q2 2021, the increase in occupancies across the metro allowed rents to increase 3.75%, 75 bps more than the average increase across all metros, over the last quarter to \$1,360, which is 7.0% above the levels seen during the same time last year. Most of the annual increase was felt among Class B properties, which increased 14.1%, primarily as a result of offering the lowest concessions, at 3.7%, compared to the other property classes.

Market Strengths:

- Tourism has outperformed throughout the pandemic, owing to more relaxed COVID-19 policies and a favorable visitor profile. The metro area is much less dependent on business and international travel than its theme park- and cruise-heavy cross-state rivals. Visitors to Tampa trend older and focus more on beaches, golf, and other outdoor activities less affected by COVID-19 restrictions.
- Tampa's apartment market performance continues to be bolstered by a high proportion of older age demographics, which have higher incomes that can support a larger demand pool of renters. With Covid restrictions preventing many lifestyle activities from resuming normal activity, many have used this as an opportunity to upsize their apartments.

Market Weaknesses:

- The market's greatest strength in the metro, may also be its greatest weakness. With Tampa serving as a haven for older residents, the economy is particularly exposed to significant downturns as a result of illness. Among metro areas with more than one millions residents, only Pittsburgh has a higher proportion of residents 65+.

Development:

- Development in Tampa, with a population of just 3 million people, exceeds the pace in larger metros like Chicago and San Francisco. Just over 11,000 units are in the pipeline, which is about 50% greater than the average construction pipeline around the country.
- Although the housing market represents a comparative bargain, single-family housing deliveries and permitting remain very low compared to historical levels. However, condo development, which currently has about 2,000 units underway, comprises a significant portion of the delivered inventory, accounting for around a fifth of the total units completed since 2016.

Outlook:

- The economic outperformance seen at the end of 2020 carried over into Tampa's apartment market, which has tightened significantly, to start 2021. All the signs of cooling seen prior to the pandemic have all but abated, as the high quality of life and moderate costs of living continue to fuel demand for the metro. The unique combination of renters in Tampa's apartment market means that long-term demographics can only point towards continued growth, which should keep the market steady even with the surge of new supply that is expected.
- The unemployment rate in the metro has already come down below the national average, and with Tampa continuing to make progressive strides towards economic recovery, is expected to fully return to pre-pandemic levels before the end of 2021, making it an above average performer for the foreseeable future.

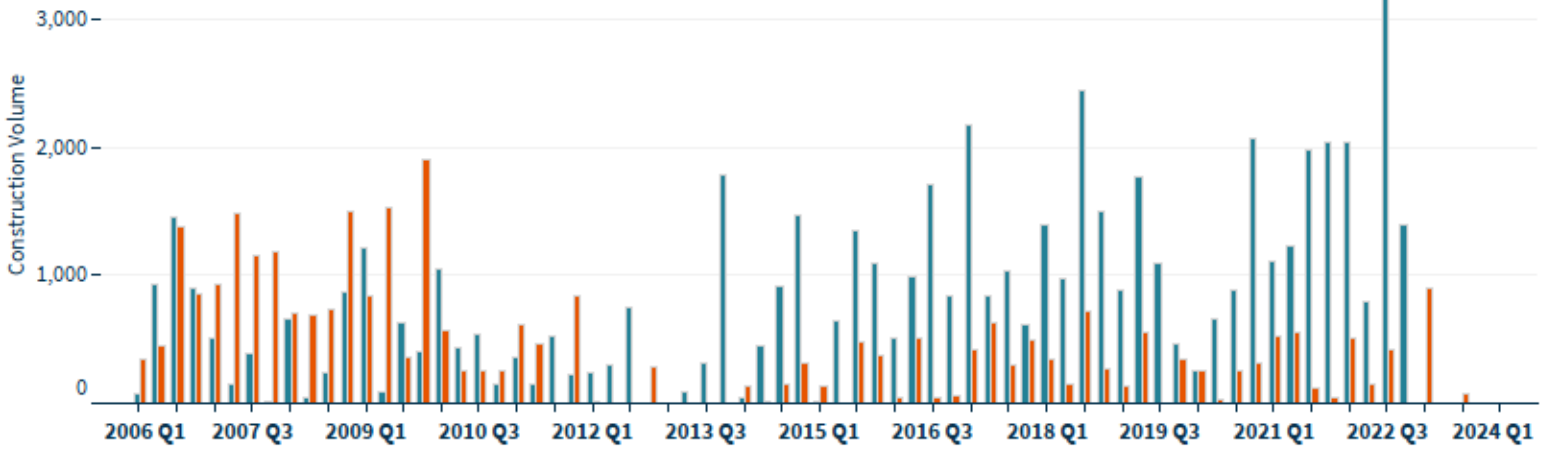
Five Year Metro Area Growth Forecast

	2019	2024	Tampa (5-Year Annual Average Change)	National (5-Year Annual Average Change)
Population	3,235	3,391	0.95%	0.52%
Households	1,311	1,462	2.21%	1.41%
Renting Cohort (Ages 20-34)	603	607	0.15%	-0.26%
Total Employment	1,345	1,528	2.58%	1.71%
Median Household Income	\$57,676	\$66,784	2.98%	2.83%
Median SF Home Price	\$288,422	\$287,926	-0.03%	4.30%
Net Migration	26,417	39,245		

SupplyTrack Pipeline

Apartments & Condos/Townhomes: Units Completed and Underway

Apartments | Condos



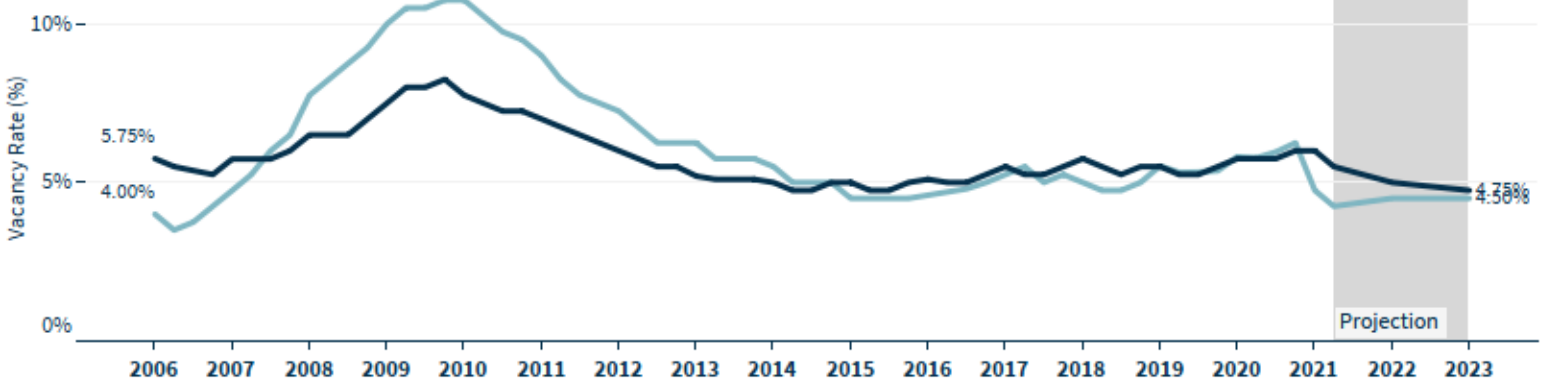
Vacancy & Rent Composite Estimates

Vacancy Rates

Tampa | National

Q2 2021 Vacancy Rate:

4.25%

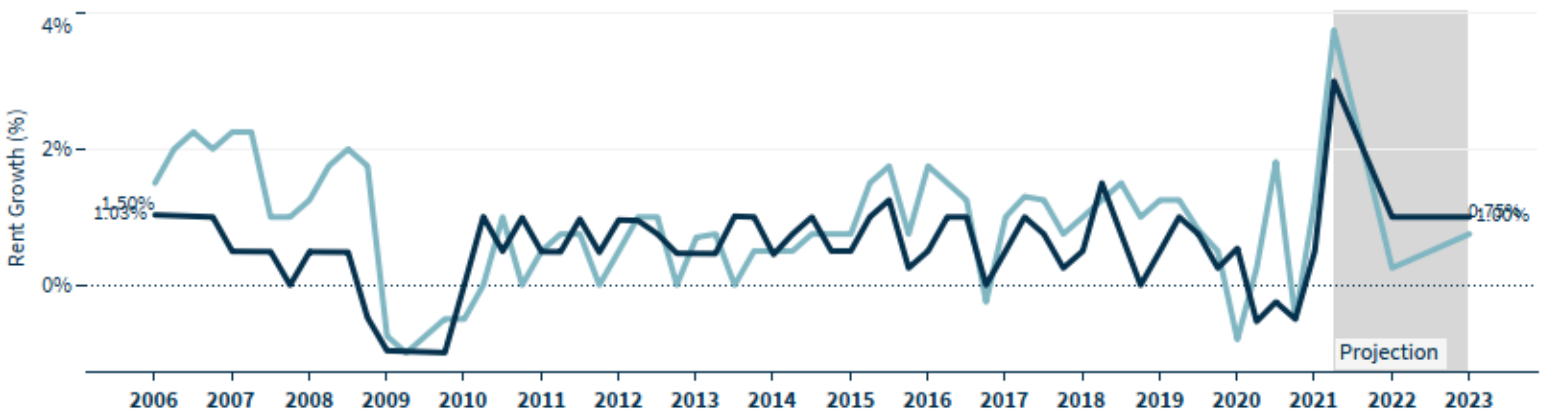


Asking Rent Growth

Tampa | National

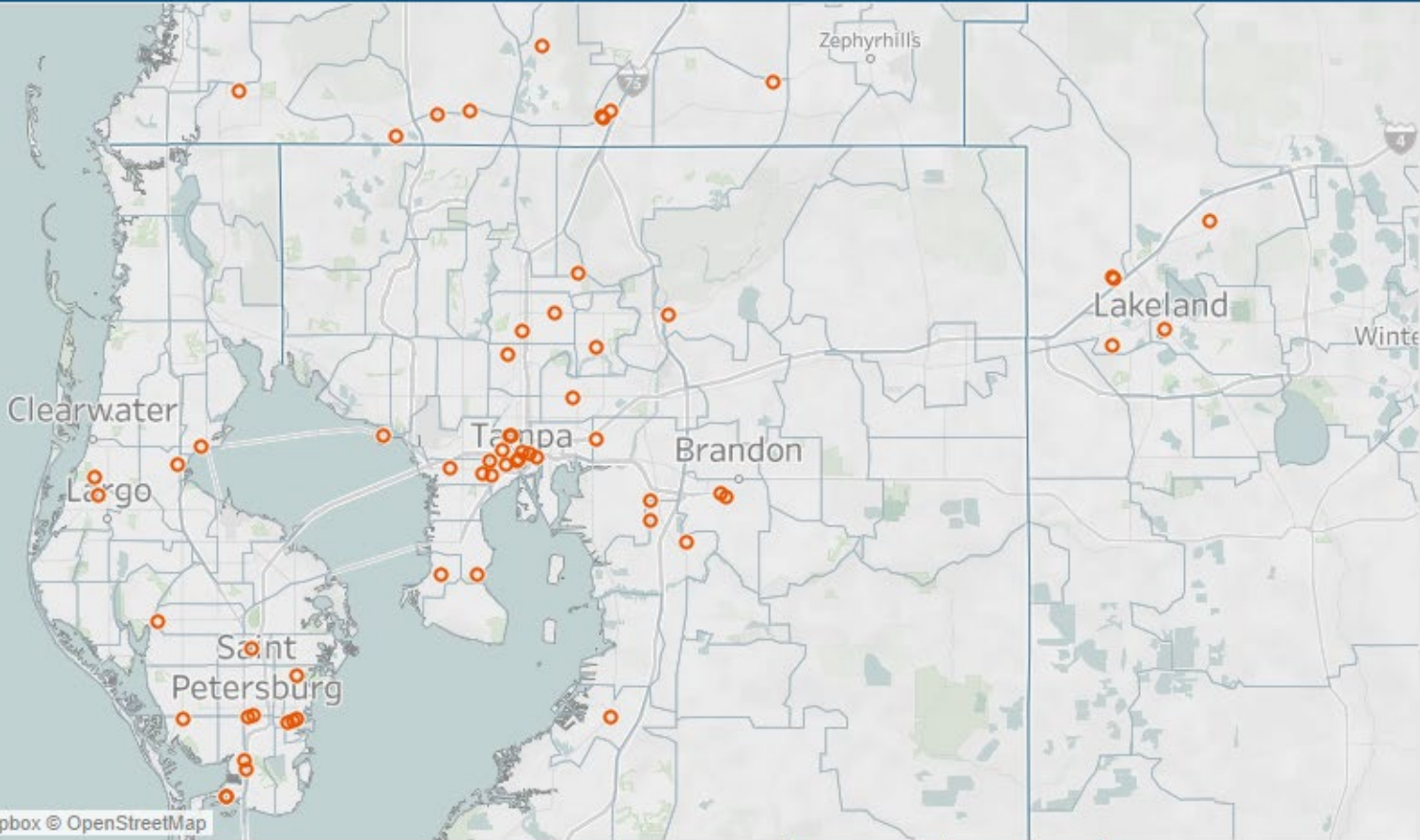
Q2 2021 Asking Rent:

\$1,360



Source: Multifamily Economics and Research

Construction: Bidding & Underway



<i>Sub-Market</i>	<i>Projects</i>	<i>Units</i>	<i>Sq. Ft. (M)</i>
Brandon/Southeast Hillsborough County	7	1,914	2.08M
Carrollwood/Citrus Park	2	661	0.81M
Central Tampa	14	1,893	2.76M
Clearwater	3	851	0.93M
Egypt Lake/Lowry Park	6	1,216	1.58M
Largo/Seminole	1	241	0.20M
New Tampa/East Pasco County	7	1,916	2.26M
North St. Petersburg	2	354	0.44M
Peninsula	2	211	0.24M
South St. Petersburg	13	857	1.13M
Temple Terrace	2	302	0.34M
University	2	392	0.39M
West Pasco County/Hernando County	2	274	0.40M
Grand Total	63	11,082	13.55M

Multifamily: ESR Team

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Sources Used

- Moody's Economy.com
- REIS
- CoStar
- Real Capital Analytics
- RealPage
- Dodge Data and Analytics SupplyTrack Pipeline
- Axiometrics
- CBRE-Econometric Advisors
- Yardi

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