

# Multifamily Metro Outlook:

## Tampa - Q4 2023

### Overview:

- Tampa's economy is slightly lagging compared to the rest of the nation. Healthcare is buoying the labor market – leading to Inflation adjusted economic output expanding 3.3% as well as job gains of 29,500 in 2023. In turn, the unemployment rate increased by just 0.5 points from last year's levels to 3.1%, below the national average of 3.5%.
- Incomes in the metro, which averaged \$67,200 as of the fourth quarter ending 2023, are considerably below the national average, making it harder for the metro to resist inflationary pressures building around the country.
- Lackluster incomes in the metro mean that even with estimated mortgage costs that are in line with the rest of the nation, homeownership affordability remains more of a challenge in Tampa compared to other parts of the country. Just a little over a year ago, single-family was the more affordable housing option, but since the estimated P&I costs have risen to nearly 50% more than the average asking rents for rental apartments in the metro.
- New multifamily supply continues to be added to the market, with an additional 6,619 units delivered in 2023 and an annual inventory growth of 2.3%. At the end of 2023 there were 15,505 units under construction with 10,514 of those units scheduled to be completed in the next four quarters.

### Market Strengths:

- Logistics has emerged as a strong secondary growth driver since the pandemic; robust hiring across firms, especially Amazon, has payrolls growing at nearly twice the national clip since early 2020. Though activity has slowed, consumer spending is still running far ahead of its pre-pandemic trend. While this is expected to slow as the economy downshifts, there is little room for wage improvements, but long term, access to the Port of Tampa Bay and relatively cheap real estate will provide ample growth opportunities for the logistics industry.
- Moody's forecast that Tampa's finance sector will do well in the coming years. Tampa boasts a significant cost advantage over other finance hubs in the region and, coupled with strong demographic trends that ensure a steady pool of labor, positions the finance industry to expand at an above-average pace when interest rates normalize
- Tampa has a strong tourism industry with Tampa Bay generating \$1 billion in taxable hotel revenue alone as well as 26.7 million people visited the Tampa Bay area.

### Market Weaknesses:

- In past years, Tampa relied on the financial sector to boost its economy. However, with high interest rates, the financial sector has taken a hit over the past year and has only managed to claw back some gains. Commercial banks are tightening lending standards, limiting loan volume. Deposits have also been pulling back which is driving banks to trim costs. Overall, the financial sector will likely continue to struggle.

### Outlook:

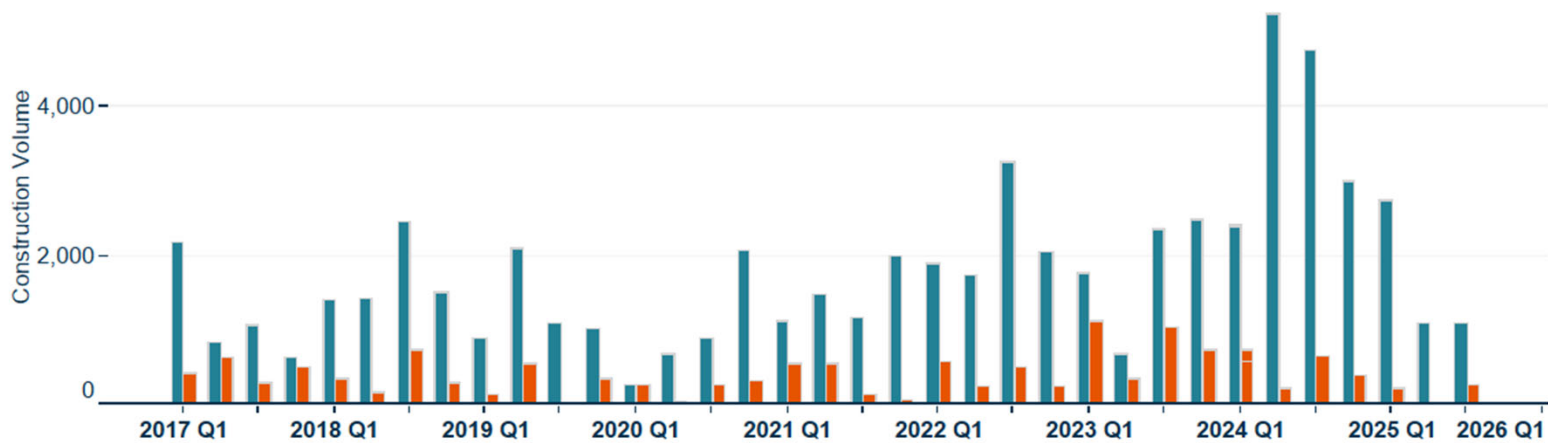
- Tampa's multifamily vacancy rate increased further reaching a decade high at 6.5%, a 150-basis point increase over the previous year. Asking rents have also decrease -1.25% for last year averaging about \$1,690. Class A appeared to be holding strong while class B and C product have struggled to stabilize amidst increased supply headwind.
- Economic growth in Tampa is expected to slow through this year and next. Job growth over the past six months has fallen roughly half the regional pace and now trails that of the US. However, robust labor force growth and strong demographics should enable the metro area to withstand the recent slowdown. In the long run, those advantages should enable Tampa to remain an above-average economic performer.



## Multifamily Apartment Pipeline

### Apartments & Condos/Townhomes: Units Completed and Underway

Apartments | Condos



Source: Dodge Data & Analytics SupplyTrack Pipeline

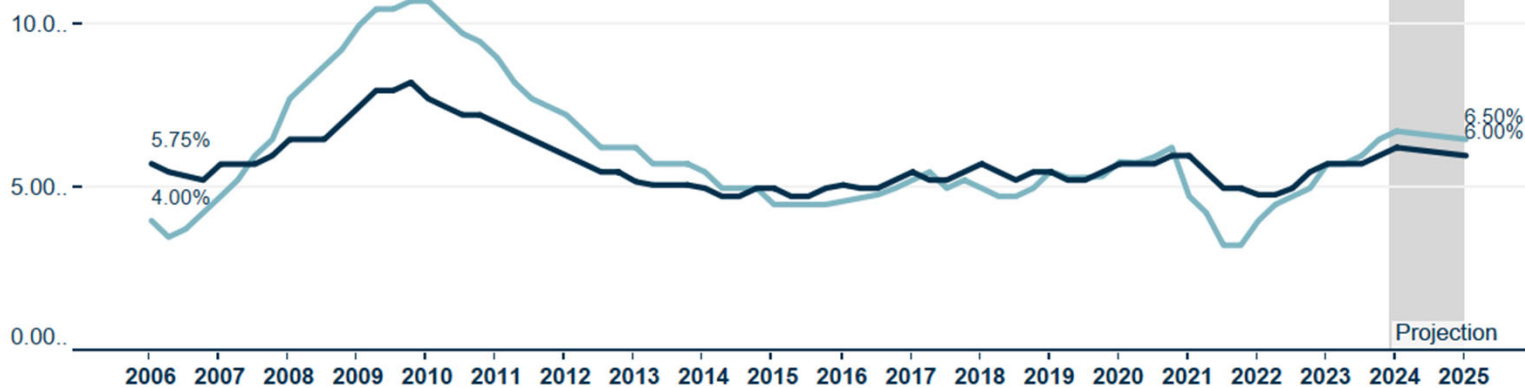
## Multifamily Vacancy & Rent Estimates

### Vacancy Rates

Tampa | National

Q4 2023 Vacancy Rate:

6.50%



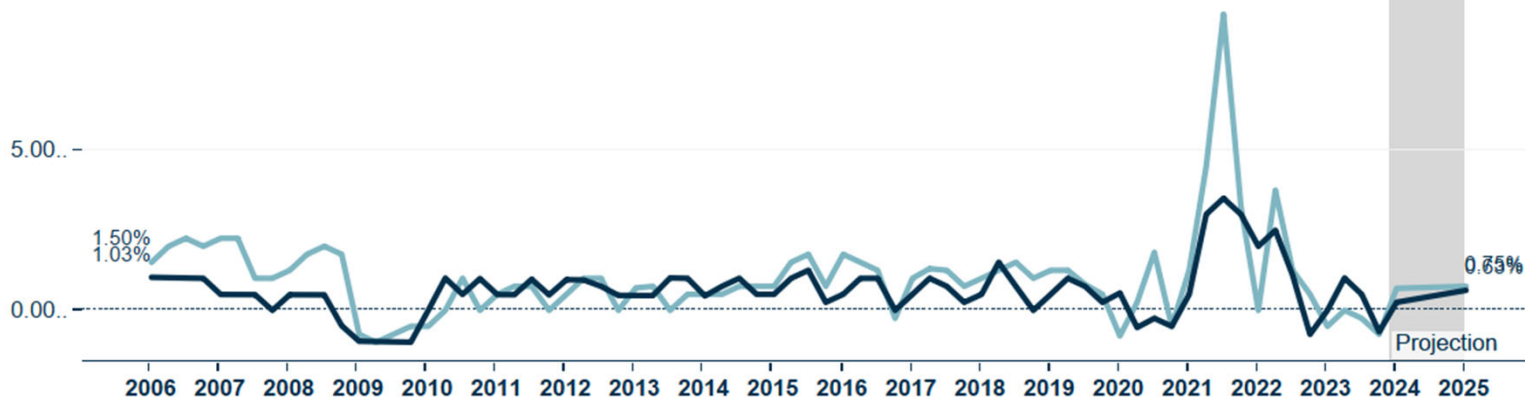
Projection

### Asking Rent Growth

Tampa | National

Q4 2023 Asking Rent:

\$1,690

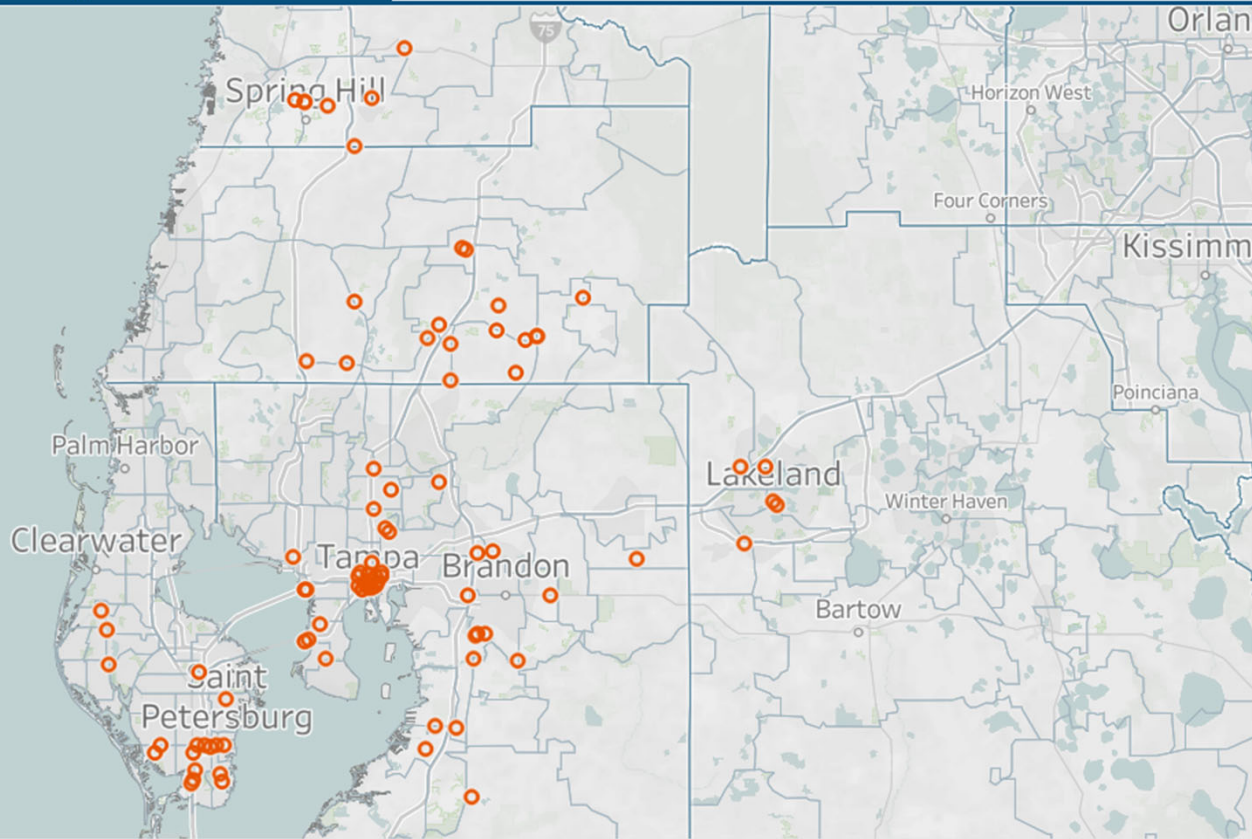


Projection

Source: Fannie Mae Multifamily Economics and Research



## Multifamily Construction: Bidding & Underway



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MultiHousingSubmarketName	Apartments	Units
Brandon/Southeast Hillsborough County	13	2,524
Carrollwood/Citrus Park	1	234
Central Tampa	17	4,352
Egypt Lake/Lowry Park	6	903
Largo/Seminole	3	250
New Tampa/East Pasco County	13	3,665
North St. Petersburg	2	840
Peninsula	4	1,270
South St. Petersburg	13	2,543
Temple Terrace	4	798
Town and Country/Westchase	1	277
University	3	694
West Pasco County/Hernando County	10	1,919
<b>Grand Total</b>	<b>90</b>	<b>20,269</b>

Source: Dodge Data & Analytics SupplyTrack Pipeline



## Multifamily: ESR Team

# Multifamily Metro Outlook: Tampa Q4 2023

## Multifamily Economics and Market Research Team

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### Sources Used

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

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