



Multifamily Metro Outlook: Tampa Fall 2017

Overview

Above-average job growth has been propelling the Tampa economy over the past few years and, although it is slowing down, is still projected to remain fairly robust in the near-term. According to Moody's Analytics, the Tampa economy is likely to add approximately 64,000 jobs through 2018, representing 2.5 percent growth on average annually.

The pace of construction is picking up with about 8,000 units underway, representing a 3.5 percent increase in inventory. Fortunately, while the vacancy rate ticked up to 5.5 percent in Q2 2017, it remains well below the historic average of about 6.5 percent and concessions remain virtually non-existent at -0.4 percent of asking rents.

The aftermath of Hurricane Irma will likely only temporarily slow migration because the job market continues to grow. Moody's Analytics projects that Tampa's average annual population growth will be more than double that of the nation through 2020. In fact, the rate of household formation is also expected to be double the national average.

Although the metro still tends to skew to an older demographic cohort, younger families are moving in, drawn by the increases in job growth. According to Moody's, the metro has seen above-average growth in residents younger than 20 years old. While the U.S. population of residents younger than 20 years old has declined by 1.4 percent since the end of 2009, the number in Tampa has increased by 1.5 percent during the same period. Even so, Tampa needs even stronger growth in a younger demographic to see dramatic improvement in apartment demand. Currently, the prime renter cohort (aged 20-34) is around 19 percent, below the 20.7 percent national average.

Although Tampa's living costs are in line with the rest of the nation, per capita income is below both the state and national averages making it relatively expensive for Tampa residents. Per capita income in Tampa is approximately \$44,000 compared to \$46,000 for Florida overall and almost \$50,000 for the U.S.

Development

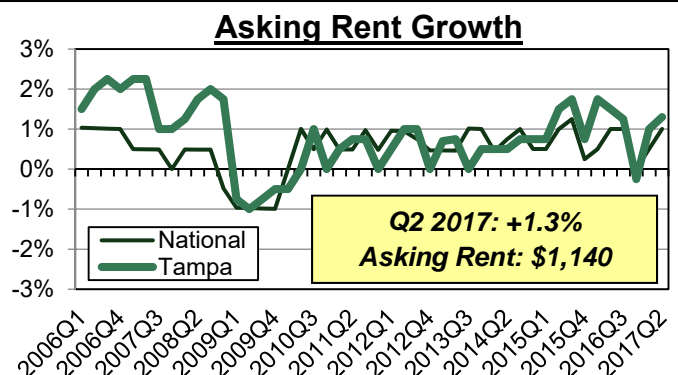
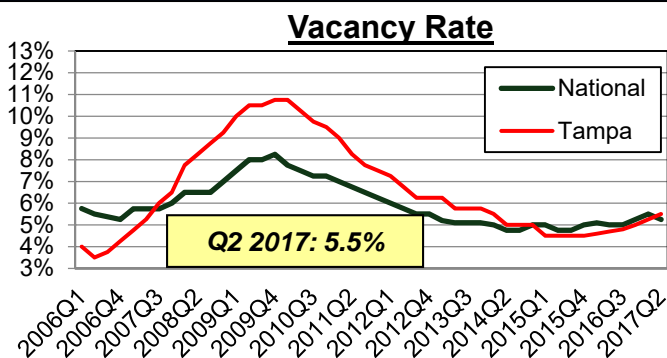
Tampa is starting its quest to transform itself into an urban, walkable city. Much of the upcoming development will be centered around South Tampa in the central business district. One of the most notable of these projects is the \$3 billion Water Street Tampa redevelopment project scheduled to break ground in late 2017. When completed in 2027, the project will likely produce an estimated 3,500 new units.

Outlook

The outlook for Tampa remains steady. While a significant amount of new supply will be coming online in the next two years, Tampa also has one of the fastest growing economies in the country and relocating retirees are well positioned to absorb the new Class A rentals coming online. However, damage from Hurricane Irma remains a wildcard for now.

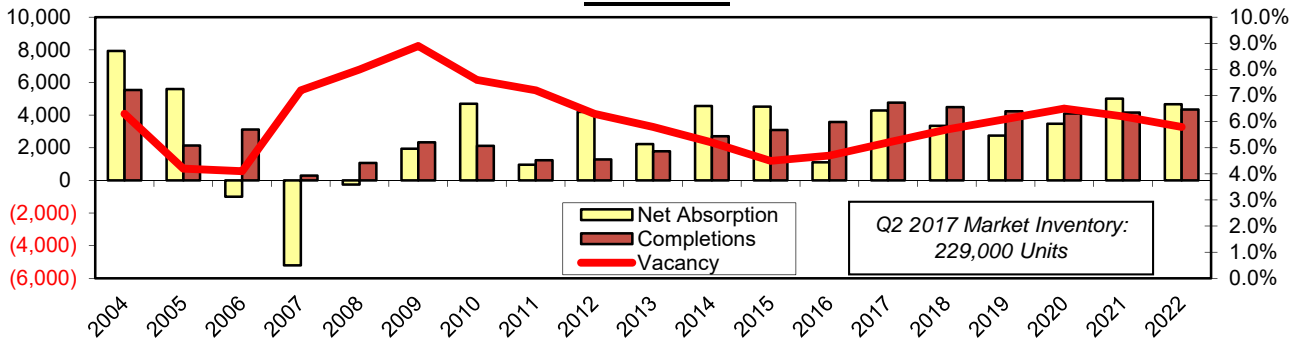
Over the longer term, with Tampa's prime renter cohort of 20- to 34-year-olds likely to grow at three times the national average through 2020, the multifamily rental sector will likely continue to be dependable. As long as the planning pipeline delivers at a slow and steady pace, new supply is expected to be absorbed. However, the relatively low cost of homes puts an upper bound on rental demand.

Vacancy and Rent Composite Estimates

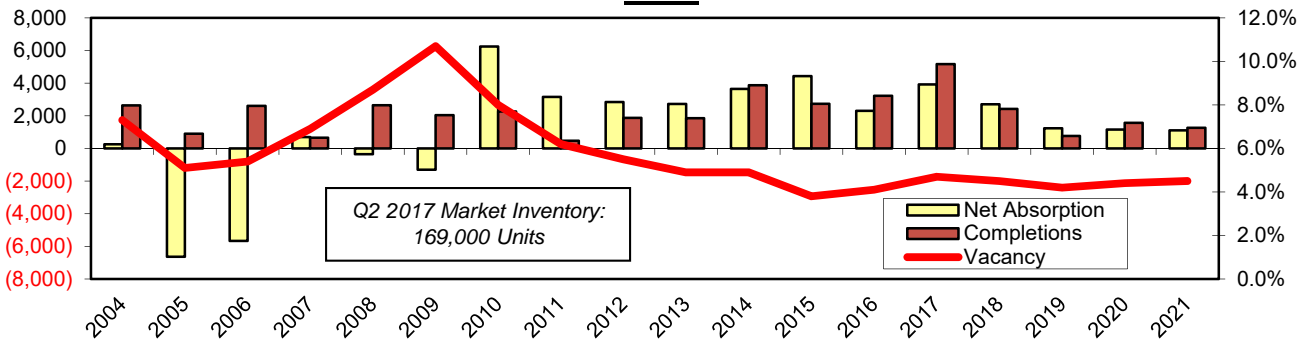


Source: Fannie Mae Multifamily and Economics Research

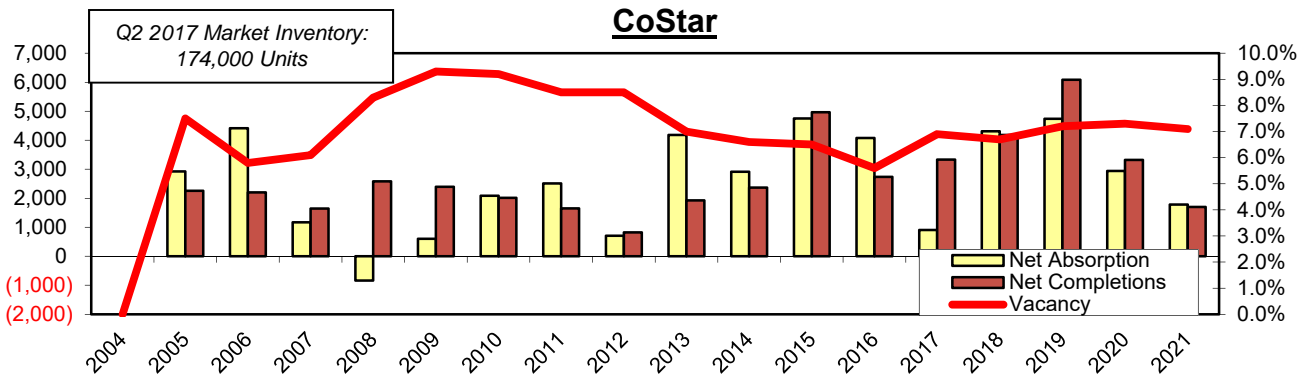
CBRE-EA



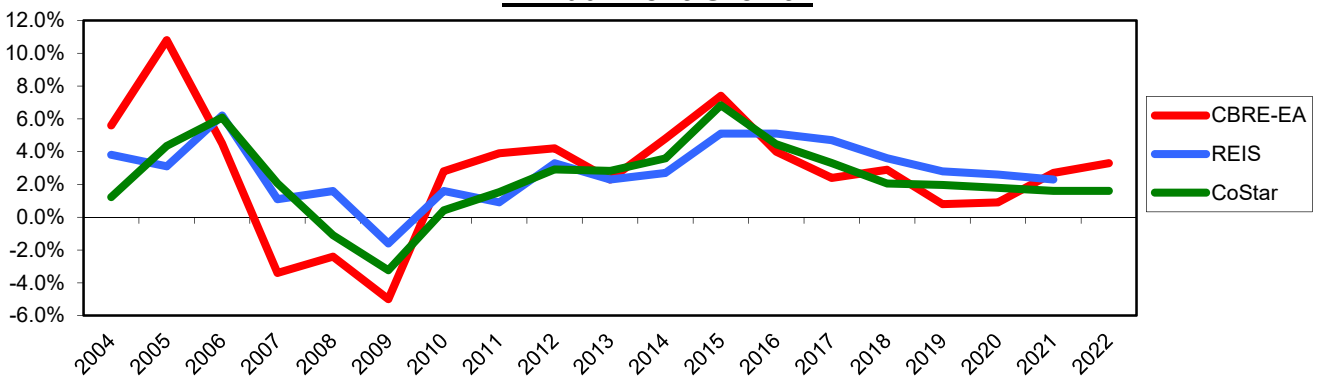
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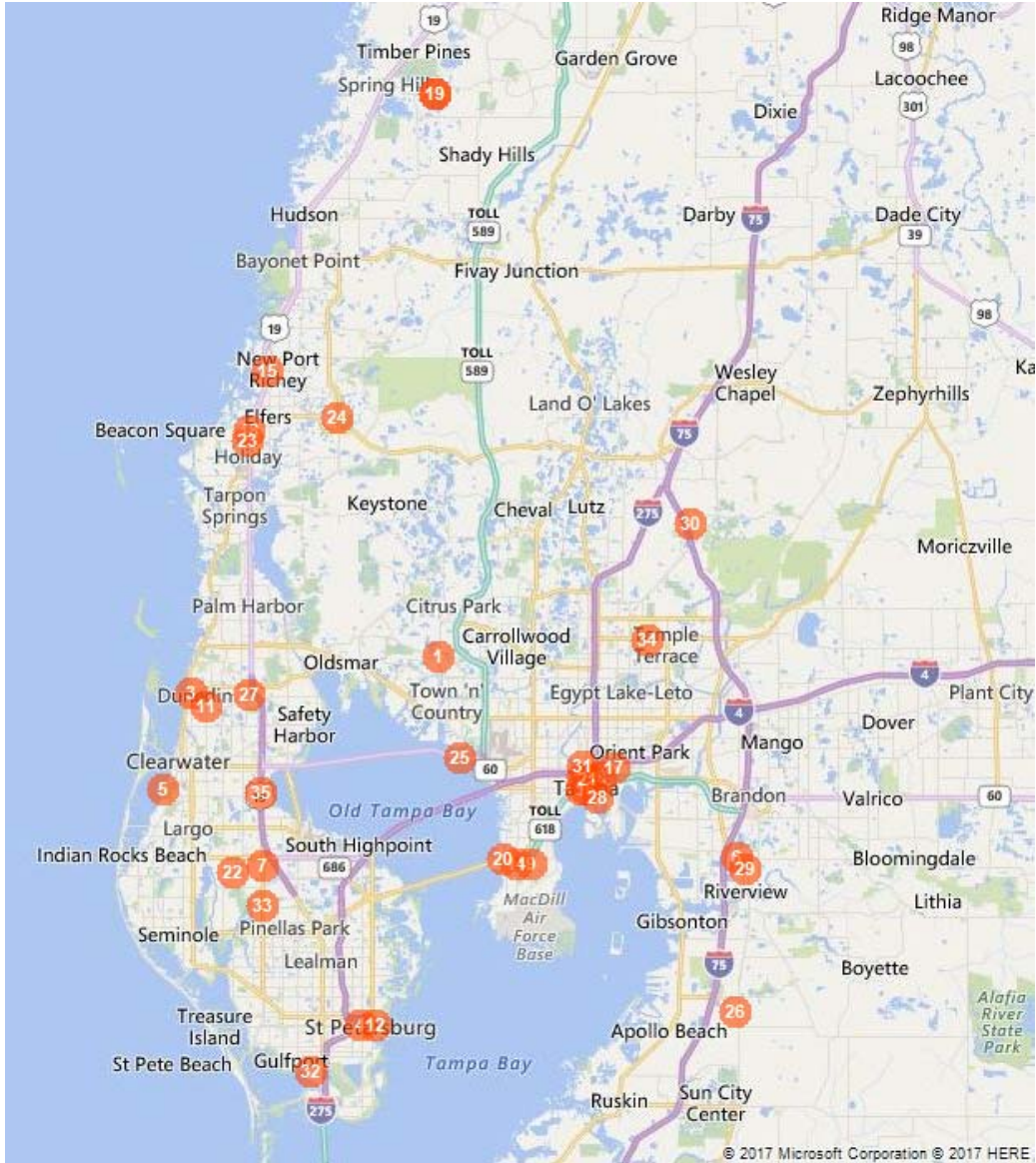
CoStar



Annual Rent Growth



Construction Bidding/Underway
(8 projects/8,200 Units/9.8 M Sq. Feet)



CBRE-EA Submarket	Number of Projects	Total Sq Ft (000's)	Total Units
Central Tampa	8	3274	2549
MacDill Air Force Base	3	1249	984
Clearwater	2	657	669
Central St. Petersburg	3	624	532
North Hillsborough	2	250	520
Brandon/Plant City	2	576	498
Largo	2	363	350
North Pinellas	2	421	343

CBRE-EA Submarket	Number of Projects	Total Sq Ft (000's)	Total Units
Pasco County	4	386	338
Westshore	1	516	323
Hillsborough County/Other	1	256	264
Pinellas Beaches	1	419	165
Hernando County	2	166	151
University South	1	203	106
Pinellas Park/Seminole	1	22	25



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Fannie Mae Multifamily Economics and Market Research

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Sources Used

- AxioMetrics
- CBRE-Econometric Advisors
- Bureau of Labor Statistics
- Census Bureau
- CoStar
- Dodge Data & Analytics
- Moody's Analytics
- Real Capital Analytics
- Reis, Inc.

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