MARKET REPORT

Multifamily

Tampa-St. Petersburg Metro Area

IPA INSTITUTIONAL PROPERTY ADVISORS

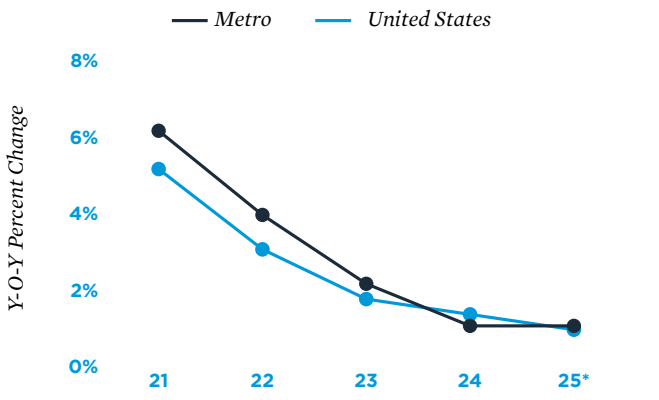
2Q/25

Resilient Demand Offsets Supply Wave, Fueling Vacancy Compression and Rent Growth

Fundamentals still firm. Recently elevated construction was focused in the New Tampa-East Pasco County area, which welcomed nearly 3,200 units last year, followed by the Brandon-Southeast Hillsborough County area with 2,300. This influx of new supply was met with record levels of demand. Metrowide net absorption exceeded 4,700 units in each of the past two quarters, driven by strong household formation, in-migration that ranked eighth in the nation and displaced residents finding new housing after the 2024 hurricanes. Looking ahead, potential nonrenewals from these renters could soften demand, though this may be offset by completions falling to just over half of 2024's total. The aforementioned submarkets and West Pasco-Hernando will still receive most of the new supply.

Continued vacancy declines drive rent outlook. Record demand helped Tampa's vacancy compress entering this year, reaching its lowest level since late 2022. Suburban areas in the metro's outskirts recorded some of the steepest declines despite rapid local inventory growth — in part due to heightened concessions. Meanwhile, the urban core is expected to ramp up construction in 2026 — more than doubling 2025's anticipated additions — potentially causing upward vacancy pressure. Still, continued population growth and a scaled-back delivery pipeline elsewhere should push metrowide vacancy down through the rest of 2025. This will aid rent growth, particularly in the supply-constrained submarkets that led recent gains.

Employment Trends



** Forecast*

Sources: BLS; CoStar Group, Inc.; RealPage, Inc.

Multifamily 2025 Outlook

16,000 JOBS
will be created

EMPLOYMENT:

Tampa's employment market grew at the second-slowest pace among major Florida markets last year. Yet momentum picked up in early 2025, adding 4,100 jobs and outpacing gains in each of the previous three quarters.

7,000 UNITS
will be completed

CONSTRUCTION:

Although deliveries will taper from previous levels through the remainder of 2025, another 6,500 units are slated to hit the market in 2026, highlighting ongoing developer confidence here.

120 BASIS POINT
decrease in vacancy

VACANCY:

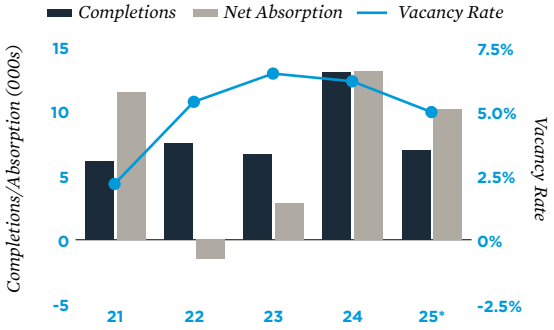
Moderating population and employment growth will coincide with a pullback in completions this year. As such, a continuation of vacancy declines will bring the metro's rate down to 5.0 percent by year-end.

3.7% INCREASE
in effective rent

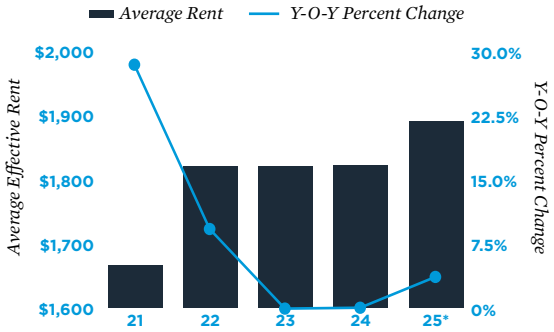
RENT:

The average Class A concession fell 1.2 percent during the year ended in March, while Class B/C properties recorded slight upticks. Strong fundamentals in higher-end assets will help monthly rents rise to $1,890.

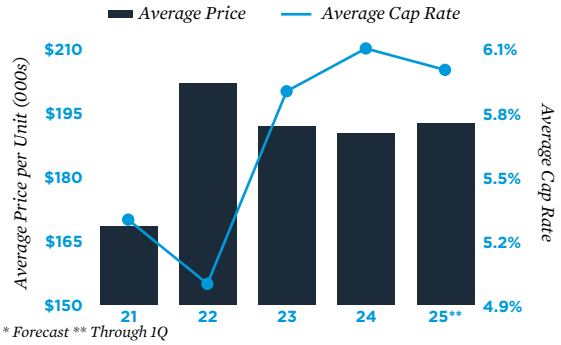
Supply and Demand



Rent Trends



Sales Trends



* Forecast ** Through 1Q

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

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Price: $250

1Q 2025 — 12-Month Period

CONSTRUCTION

12,666 units completed

- As of March, Tampa's inventory grew by 4.5 percent year over year, placing the metro in the top 25 percent of major U.S. markets.
- Development has been heavily focused on suburban outskirts. New Tampa-East Pasco County recorded inventory growth of 14.5 percent during the year ended in March, placing it in the top 3 percent of U.S. submarkets.

VACANCY

120 basis point decrease in vacancy Y-O-Y

- Demand outpaced deliveries by just over 2,700 units during the trailing 12-month interval, pushing the metro's vacancy down to 5.4 percent.
- Localized demand in outlying areas led Brandon-Southeast Hillsborough and West Pasco County-Hernando County — submarkets with some of the largest annual inventory growth— to still see triple-digit vacancy declines.

RENT

1.9% increase in the average effective rent Y-O-Y

- Tampa posted the strongest annual increase in mean rent among major Florida metros heading into April as the metric rose to $1,842 per month.
- While Class A assets recorded the smallest vacancy decline due to elevated new supply, they led average rent growth with a 2.1 percent increase, compared with 0.8 percent and 1.6 percent in Class B and C, respectively.

Investment Highlights

- Tampa saw year-over-year average sale price appreciation of 1.3 percent, lagging behind the national rate of 1.5 percent. Transaction velocity during the year ended in March rose by 20 percent from the previous year, however, while dollar volume grew by over 50 percent. Trades in the $20 million-and-up price tranche nearly doubled from last year. The metro outpaced other Florida markets in this category, including Orlando — the next most active — which recorded 40 percent fewer deals. Meanwhile, trading in the $1 million to $10 million range only noted a slight uptick.
- Momentum should continue this year as insurance costs per unit — which posted annual growth near 35 percent entering January — were down roughly 13 percent in the first quarter of 2025. Still, these costs are volatile, and potential future natural disasters pose an upside risk to premiums.
- The Interbay Peninsula recorded the largest annual increase in transaction velocity among submarkets, nearly doubling the prior year's total. Most of the properties that traded hands were pre-1990 builds priced under $10 million. The area also posted its highest quarterly net absorption since at least 2000, helping drive a 170-basis-point annual vacancy decline.