Market Report

MULTIFAMILY 2Q/26

Tampa-St. Petersburg Metro Area

2026 FORECAST

EMPLOYMENT
13,500 — Jobs will be created
0.9% — Increase Y-O-Y

CONSTRUCTION
5,800 — Units will be added
1.9% — Inventory increase Y-O-Y

VACANCY
5.8% — Vacancy rate
30 — BPS decrease Y-O-Y

RENT
$1,800 — Average effective rent by year-end
0.7% — Increase Y-O-Y

Accelerating Hiring Bolsters Demand As Mid- and Upper-Tier Properties Outperform

Household formation, not in-migration, driving demand now. As post-pandemic Sun Belt migration has slowed, conditions in Tampa's apartment market are normalizing. While household formation of 0.9 percent in the year ended in March remained above the national rate of 0.5 percent, population growth was just 0.2 percent, slightly below the national level. This divergence suggests demand is being driven by more smaller households than by overall growth. Renewed hiring momentum, however, may support improved in-migration. As well, the volume of units under construction in the first quarter fell to its lowest level since early 2021, pointing to supply pressure continually easing.

Demand shifts away from lower end. Contrary to the past decade's average, Class C properties now hold the highest vacancy rate among classes at 6.8 percent as of March. This is partly attributable to the average effective rent in Class B apartments having declined nearly 4 percent in the past three years, compared to a 1.5 percent increase in Class C. Meanwhile, concession usage has become pervasive across tiers, while Tampa continues to rank among the nation's fastest-growing major metros for household income. Combined, these factors are shifting demand toward mid- and higher-tier units.

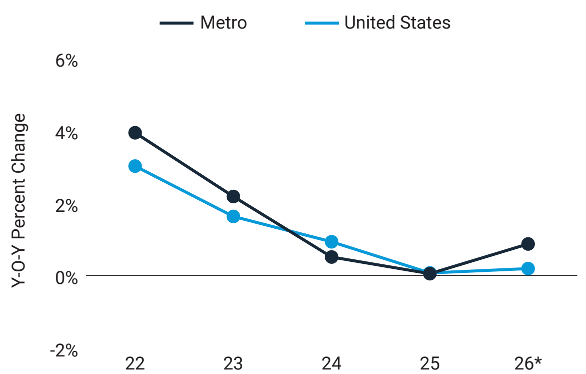
EMPLOYMENT

After seven consecutive months of job losses that ended in October 2025, employment growth in Tampa has steadily improved. The metro added more than 7,000 positions in the first four months of the year, largely driven by the professional and business services sector's recovery from recent losses. GEICO's new Tampa campus near Tampa International Airport is expected to support up to 1,500 new jobs over time. Still, at 4.9 percent in April, the unemployment rate remains above the 4.1 percent trailing-decade average.

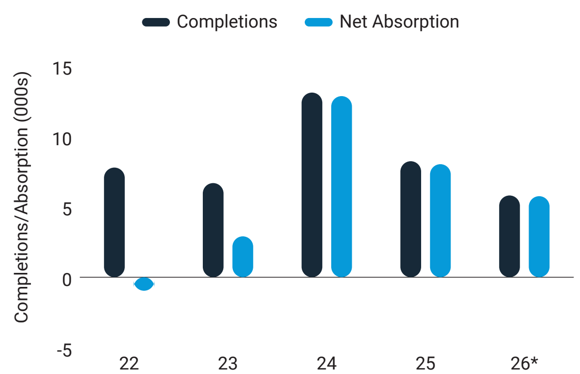
CONSTRUCTION

Development slows for the second consecutive year in 2026, with inventory growth reaching its lowest level since 2020. Central Tampa and New Tampa-East Pasco County will record the largest concentrations of new supply, with each expected to receive more than 1,400 units. Meanwhile, the Brandon-Southeast Hillsborough County submarket, the metro's largest by inventory, should find relief, with fewer than 200 units scheduled for delivery after nearly 4,000 units were added over the past two years.

EMPLOYMENT TRENDS



CONSTRUCTION TRENDS



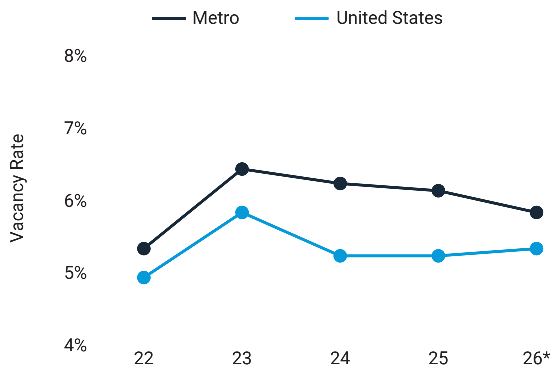
* Forecast

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

VACANCY

Tampa's vacancy rose 70 basis points during the 12 months ended in March, among the sharpest increases across major markets as declining employment weighed on leasing activity in the back half of 2025. At 6.0 percent in the first quarter, the rate remains 100 basis points above the trailing decade's average. However, with only about 4,500 units set to be delivered through the final three quarters of the year, and employment trends helping to firm demand, vacancy compression is expected ahead.

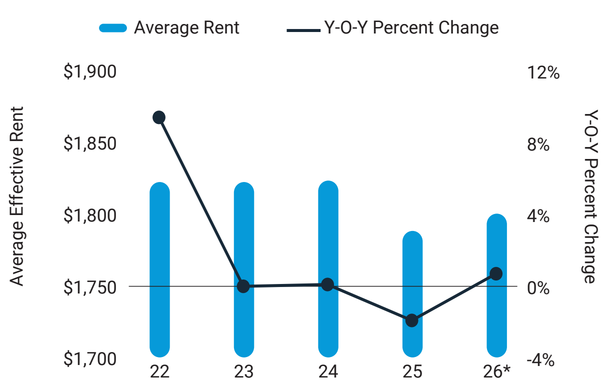
VACANCY TRENDS



RENT

Tampa's average effective rent declined for the first time since 2009 last year, falling more than 3 percent during the final two quarters alone amid weakening net absorption. The metric appeared to stabilize in early 2026, however, as leasing conditions improved. Still, the share of units offering concessions reached a five-year high of nearly 38 percent in the first quarter, with Class C properties exceeding 50 percent. This underscores pricing pressure that is expected to limit near-term upside in rent growth.

RENT TRENDS



* Forecast ** Through 1Q

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

INVESTMENT HIGHLIGHTS

- Investor interest in Tampa's apartments largely held steady heading into the second quarter. Transaction velocity rose 20 percent for the year ended in March, in line with the national increase. However, this momentum came from deals priced between $1 million and $10 million, while those exceeding $10 million noted a slight year-over-year decline. Institutional capital may remain hesitant to transact in 2026 amid elevated financing and insurance costs, which, while down from recent peaks, remain well above levels from five years ago. Meanwhile, private buyers will likely continue to pursue smaller assets amid improving fundamentals.

- Class C assets accounted for roughly three-quarters of all transactions during the year ended in May. Many of these properties traded at cap rates over 8 percent, well above the metro average of 6.2 percent, suggesting investors may be targeting assets and locations that carry higher-return profiles. Pinellas County, particularly the Clearwater area, recorded a sharp uptick in Class C trading with per-unit prices near $130,000.

- Temple Terrace and the area around the University of South Florida may continue to draw increased investor attention. The submarket maintained vacancy below 5 percent as of the first quarter. At the same time, USF's planned Fletcher District, RITHM@Uptown, and other mixed-use redevelopment efforts are expected to add housing, retail, research, hospitality, and entertainment uses to the corridor. Long-term, this could strengthen the area's lifestyle appeal and broaden renter demand.

SALES TRENDS

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