

TOPAZ MARKET OVERVIEW

TAMPA - ST.
PETERSBURG
MSA - FL

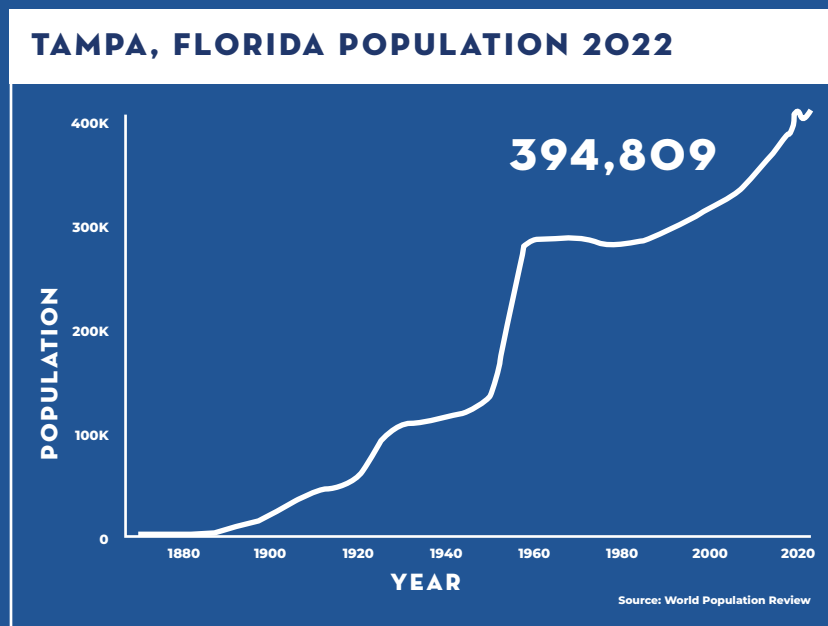
RESEARCH & INSIGHTS DIVISION

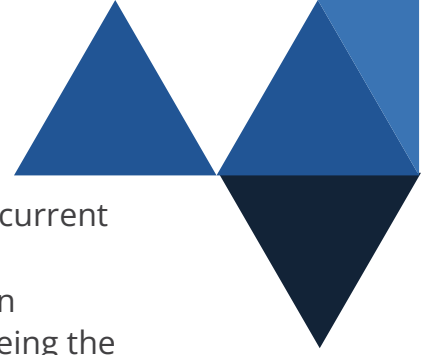


TOPAZ
CAPITAL GROUP
GROWING WEALTH. ENHANCING COMMUNITIES.

POPULATION GROWTH

Tampa is a city located in Hillsborough County Florida. It is the 3rd largest city in Florida after Miami and Jacksonville, and the 52nd most populous city nationwide. Tampa has a population of 394,809 and is currently growing at a rate of 1.26% annually.¹





Tampa MSA consists of Tampa, St, Petersburg, and Clearwater and the current metro area population of Tampa in 2022 is 2,945,000, which is a 1.17% increase from a year ago. In the last decade, the population grew 20% in Tampa MSA, with Tampa downtown, central Tampa, and New Tampa being the hottest districts with over 27% population growth.

Florida metros gained population as most of the US shrank. While large cities such as Delaware, Maine, New Hampshire, and Rhode Island had negative population growth, Tampa grew positively and is projected to grow at 3.3% in the next few years.² Tampa MSA has gained a significant population through inbound migration. According to the Census, although Tampa-St had one of “the highest levels” of natural decrease, Tampa MSA also had one of the largest net domestic migration gains. As a result, Tampa has experienced the biggest increase in people moving in from out of the city due to the Covid WFH (Work From Home) policy and looking for a better quality of life.

The population growth rate has consistently surpassed the average rate for Florida, and for the U.S. Tampa is expected to have more than 126,000 new residents in the metropolitan area by 2024 and have over 3.8 million people living in the metropolitan area by 2040. moving in from out of the city due to Covid WFH (Work From Home) policy and looking for a better quality of life.

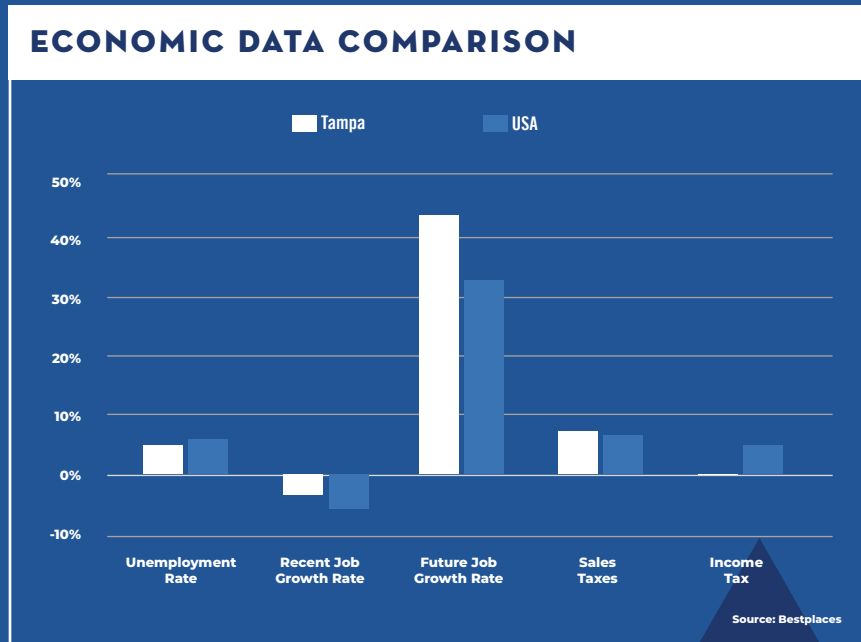
1. “Tampa, Florida Population 2022 (Demographics, Maps, Graphs).” *World Population Review*

2. “Tampa’s population grew by 27% from 2010 – 2020.” *Plan Hillsborough*

ECONOMY & JOB GROWTH

Tampa, as the fastest-growing large city in Florida, is now considered to have the highest number of new jobs in Florida. According to recent census data, it is estimated that there are around 6,000 open jobs in the city of Tampa. This reflects a 3.2 increase over the previous year and ten-year job growth of 21.5% compared to that Orlando's 15.7%.

Tampa has one of the hottest markets and is attracting more residents than ever. Affordability and the job market are the two most important factors in its popularity among home buyers.





Tampa has four Fortune 500 companies with corporate headquarters there, making it a moderately desirable location for employment and economic growth. Expansion and recovery in areas like business services, tourism, tech, and healthcare are projected to be the main drivers of growth in the job market. Companies such as Tech Data Corp, Baycare Health Care System, OSI Restaurant Partners LLC, Walmart, and Verizon Communications along with other twenty companies would generate a combined annual revenue of more than 1 billion GDP for Tampa, providing hundreds of thousands of job opportunities. According to a recent report by Economic Development Council,³ Tampa ranks #4 in the U.S. for job growth with the top tastiest-growing jobs being software developers, computer system analysts, doctors/surgeons, and dentists. As a result, Tampa provides a robust economy for tech and healthcare professionals. For employers, it also is one of the most competitive because of its lower average cost of labor and competitive real estate costs.

EDUCATION

Not only is the job market growing, but higher educational opportunities also have attracted more out-of-state professionals and students. The University of South Florida, the University of Tampa, Hillsborough Community College, and Stetson College of Law are some of the biggest institutions of higher education in Tampa. About 89.9% of the people in Tampa are high school graduates or higher, while 34.2% hold a bachelor's degree or advanced degree.

AFFORDABILITY AND QUALITY OF LIFE

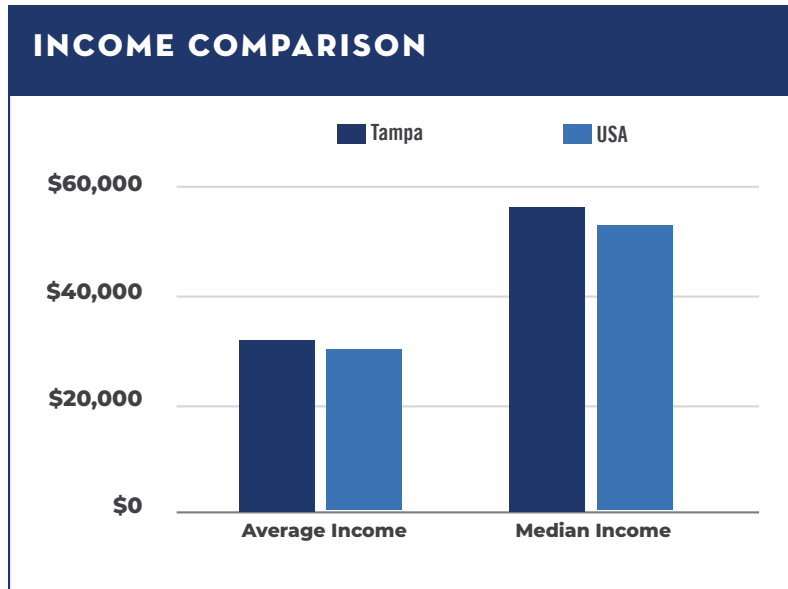
The affordability and quality of life in Tampa are also some of the most important reasons when considering moving to Tampa. The cost-of-living index from the Tampa Bay Economic Development Council reported that it is cheaper to live in Tampa than in other large metro areas such as Atlanta, Denver, Phoenix, Orlando, and Nashville. In fact, The cost of living is 5% lower than the national average and its housing expenses are 23% lower than the national average while the utility prices are 16% higher. Healthcare in Tampa is also 2% lower across the nation.

Niche has also ranked the Tampa metro area as the A grade for the quality of life, such as nightlife, weather, and outdoor activities. As a matter of fact, Tampa is best known for Busch Garden, which is one of the best theme parks for thrill seekers. It is also quickly becoming the sports capital of the state, home to the Buccaneers NFL team, the Rays MLB team, and the Tampa Bay

3. "Tampa Ranks #4 in the U.S. for job growth since Great Recession."
Tampa Bay Economic Development Council

Lightning NHL team.⁴ In addition, Water Street Tampa has developed a 3 billion dollar mixed-use project that transformed the Downtown Waterfront into a vibrant place to live, work, and play.

INCOME AND SALARIES FOR TAMPA



GDP (GROSS DOMESTIC PRODUCT)

The GDP of Tampa MSA is more than \$169 billion and has grown by nearly 46% over the last year. As the economy continues to recover, key employment sectors such as tourism, entertainment, construction, healthcare, and financial services are driving positive economic growth.



4. "Top 10 Fastest Growing Cities in the US in 2022." *Metropolis Moving*, 21 May 2022

REAL ESTATE MARKET

HOUSING

The demand for single-family homes has increased in Tampa's real estate market as more people move to this expanding metro area in search of work. According to the Zillow home value Index,⁵ a typical home would cost \$422,079, which is a 28.2% increase from the same time last year. The medium listing home price is \$425K, while the median sold home price is \$370.3K.⁶

SEVERAL STATS ON THE HOUSING MARKET:

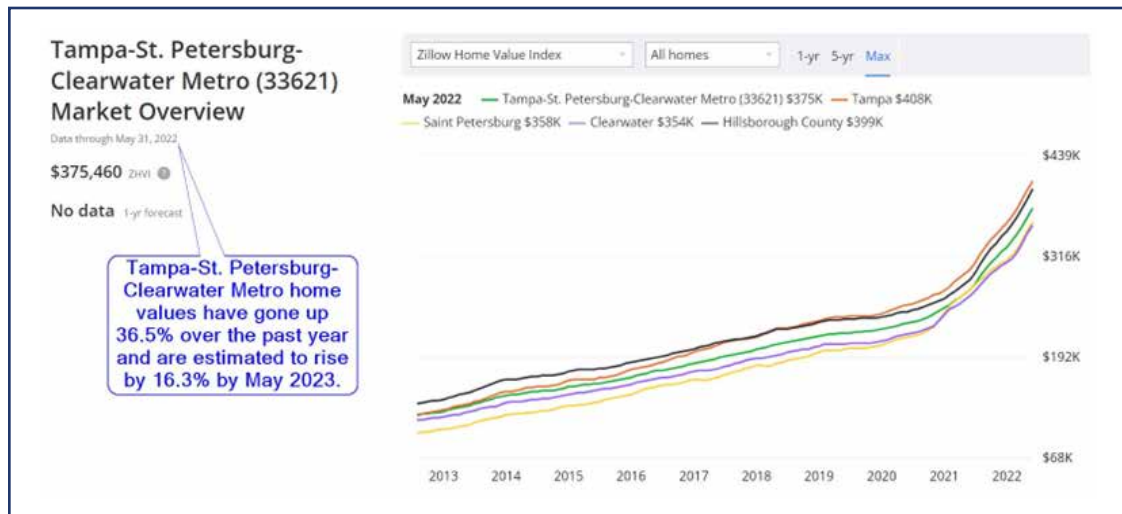
- The number of homes sold decreased by 14.9% from last month
Across the nation, 2% of homebuyers searched to move into Tampa from outside metros
- Closed sales were down 23.4% from last year
- The sale-to-list price ratio is 101.54%, which means most of the homes sell for slightly above the asking price on average.
- Five-year change in home prices: 97.3%
- One-year change in home prices: 32.8%

Stepping into the end of 2022, Tampa's real estate market is still projected to be very strong despite a slower market with fewer closed sales. However, with increasing interest to move to Tampa, it is still expected to be a very active market.

5. "Ybor City Tampa FL Home Prices & Home Values." *Zillow*

6. "Tampa, FL | realtor.com®." *Realtor.com*

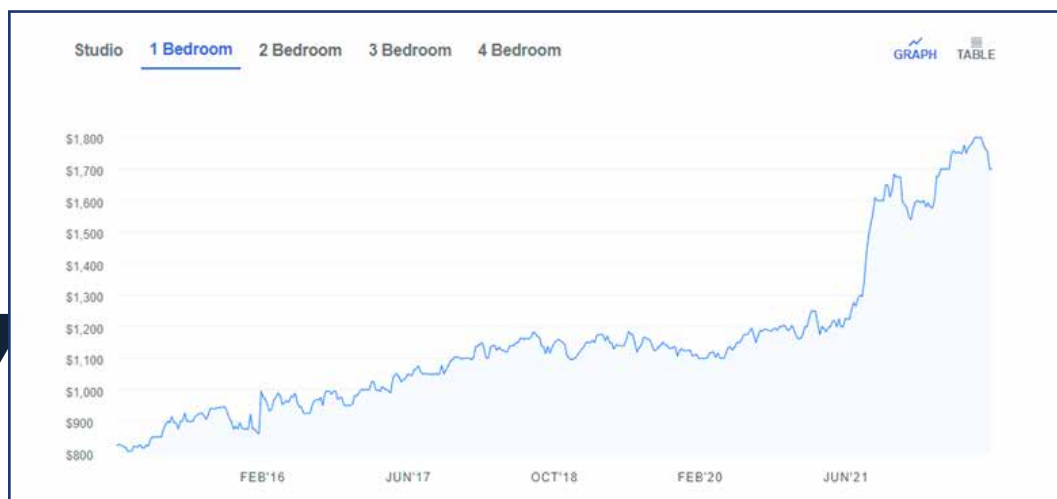
Below is the Tampa Metro real estate price appreciation graph by Zillow. It shows a current home price appreciation of 36.5% over the past year and is estimated to rise by another 16.3% by May 2023.



RENTAL

With a surge in job opportunities and out-of-state migration, Tampa's rental market has also been in hot demand. Investors are buying homes in Tampa at a record rate, creating steep competition. According to Tampa Bay, shares of investor purchases broke the national average of 18%, making it the 7th hottest metro area for investors.

The Median rent for an apartment in Tampa is 1,700 and is up 6% YoY. There are 48% renter-occupied households and 52% owner-occupied households. Over the past month, the average rent for a studio apartment in Tampa decreased by 4% to \$1,881. The average rent for a one-bedroom apartment decreased by 6% to \$1,700, and the average rent for a two-bedroom increased by 1% to \$2066.⁷



MULTIFAMILY INVESTMENT

Despite recent volatility, Tampa MSA continues to outperform the majority of markets nationwide with its incredible rent growth. Although the rent has recently taken a step back, Tampa has shown a strong historical record with consistent rent growth over the past few years. With a strong job market, Tampa MSA has already created 30,000 positions during the first half of the year and is expected to create 62,000 more jobs within the next year.

KEY DATA:

- 96.3 market-wide occupancy rate
- \$2.06 effective rent per SF
- Market cap rate of 3.5%

Investment activity stayed very robust, with 3 billion in multifamily assets in trading volume. Developers have also bought 2,600 units in the second quarter of 2022, largely due to supply chain issues. However, the inventory is expected to increase as more than 7,500 units are currently under construction and will be completed in the near future. The cap rate has lowered largely due to the growing multifamily demand and surge in price. But as covid recovers, occupancy rate increases, and the future of multifamily in Tampa is expected to rise steadily.

5. Santarelli, Marco. "Jacksonville Real Estate Market: Prices | Trends | Forecasts 2022." *Norada Real Estate Investments*

6. "Jacksonville Hospitality Market Report." *Marcus & Millichap*

CONCLUSION

In-Migration, job market, and affordability are the main factors that drive the growth in Tampa's real estate market. It is also why Topaz Capital Group believes that multifamily properties in Tampa provide a long-term investment opportunity with a steadily growing cash flow. We believe investing in garden-styled properties aligns with the growth story in Tampa and provide strong fundamentals and future potential.

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