

# HUD PD&R Housing Market Profiles

## Tampa-St. Petersburg-Clearwater, Florida



### Quick Facts About Tampa-St. Petersburg-Clearwater

- **Current sales market conditions: balanced.**
- **Current rental market conditions: balanced.**
- **Tourist attractions, including beaches, Major League Baseball spring training, theme parks, and museums contributed to attracting an estimated 30 million visitors and \$9 billion in visitor spending in the Tampa metropolitan area in 2016 (Visit Tampa Bay, Visit St. Petersburg/Clearwater).**



By Marissa Dolin | As of May 1, 2018

## Overview

The Tampa-St. Petersburg-Clearwater (hereafter, Tampa) metropolitan area, coterminous with the Tampa-St. Petersburg-Clearwater, FL Metropolitan Statistical Area, encompasses four counties in the Tampa Bay region along the Gulf Coast of Florida. The metropolitan area is a center for financial and business services and a destination for retirees. Large government institutions, including MacDill Air Force Base and the University of South Florida, provide a stable base of employment, and growth in the business services, finance, and healthcare industries attract working-age people to the metropolitan area.

- The population is currently estimated at 3.13 million, rising by an average of 54,550, or 1.8 percent, annually since 2013. Net in-migration averaged 53,250 people annually, accounting for 98 percent of population growth.
- Population growth was slower from 2006 to 2013, with an average increase of 24,650 people, or 0.9 percent, annually (U.S. Census Bureau population estimates as of July 1). Net in-migration, which averaged 20,150 people annually, accounted for 82 percent of population growth. Weak economic conditions from the Great Recession and contraction in the national housing market made it harder for people to sell their homes outside the metropolitan area and move into the metropolitan area.
- Seniors, age 65 and over, comprise nearly 20 percent of the population compared with 15 percent for the nation, contributing to low net natural increase (resident births minus resident deaths) in the metropolitan area.



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Nearly every sector in the Tampa area added jobs, led by growth in the leisure and hospitality and the education and health services sectors.

	3 Months Ending		Year-Over-Year Change	
	April 2017 (thousands)	April 2018 (thousands)	Absolute (thousands)	Percent
<b>Total nonfarm payrolls</b>	1,319.8	1,351.5	31.7	2.4
Goods-producing sectors	138.8	143.8	5.0	3.6
Mining, logging, and construction	72.8	75.5	2.7	3.7
Manufacturing	66.1	68.3	2.2	3.3
Service-providing sectors	1,181.0	1,207.7	26.7	2.3
Wholesale and retail trade	216.2	217.9	1.7	0.8
Transportation and utilities	30.4	30.8	0.4	1.3
Information	25.2	24.4	-0.8	-3.2
Financial activities	110.5	116.3	5.8	5.2
Professional and business services	233.5	237.1	3.6	1.5
Education and health services	205.2	212.0	6.8	3.3
Leisure and hospitality	154.4	162.1	7.7	5.0
Other services	45.5	47.0	1.5	3.3
Government	160.0	160.0	0.0	0.0
	<b>(percent)</b>	<b>(percent)</b>		
Unemployment rate	4.0	3.5		

Note: Numbers may not add to totals because of rounding.  
Source: U.S. Bureau of Labor Statistics

## Economic Conditions

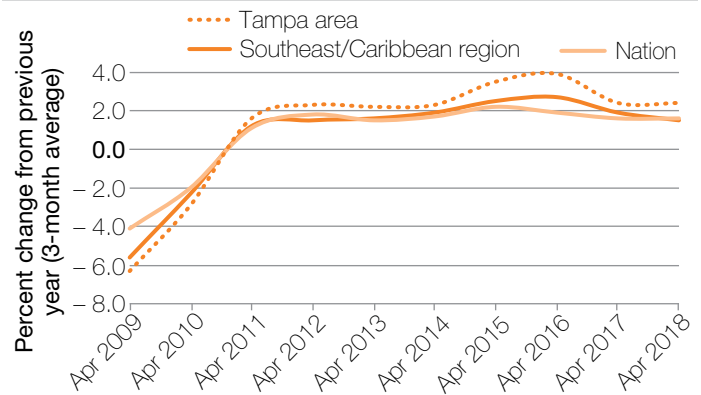
Economic conditions in the Tampa metropolitan area continue to strengthen, adding an average of 30,700 jobs, or 2.6 percent growth each year since 2011, and exceeding prerecessionary payroll levels during 2015. The metropolitan area is both a retirement destination and a center for business services. The cyclical nature of the finance, business services, and tourism industries causes payrolls in these sectors to expand and contract with national economic conditions. Defense, higher education, and healthcare are also major industries in the metropolitan area but tend to be less effected by national economic conditions.

During the 3 months ending April 2018—

- The leisure and hospitality sector added the most jobs, up by 7,700 jobs, or 5.0 percent from a year earlier. TripAdvisor named Clearwater Beach the “Best Beach in the U.S.” in early 2018, bringing national recognition to the metropolitan area and contributing to recent growth.
- The fastest growing sector was the financial activities sector, rising 5.2 percent, or by 5,800 jobs from a year ago. The addition of more than 1,100 jobs at Citigroup Inc. and 1,200 jobs at United Services Automobile Association, or USAA, supported growth in the sector.

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The rate of nonfarm payroll growth in the Tampa area has outpaced the rates in the region and the nation since 2011.



Note: Nonfarm payroll jobs.  
Source: U.S. Bureau of Labor Statistics

### Largest employers in the Tampa area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
MacDill Air Force Base	Government	18,800
HCA West Florida	Education and health services	16,450
University of South Florida Tampa and St. Petersburg	Government	15,000

Notes: Excludes local school districts and local governments. Data include military personnel, who are generally not included in nonfarm payroll survey data.  
Sources: MacDill Air Force Base, 2014; University of South Florida, 2017; Tampa Hillsborough Economic Development Corporation research, 2016



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- Payrolls in the government sector, which includes two of the three largest employers in the metropolitan area, were unchanged. Losses in the local government subsector offset growth in the state and federal subsectors.
- The unemployment rate averaged 3.5 percent, down from 4.0 percent a year earlier and the lowest since 2006.

Several major projects are under construction in downtown St. Petersburg and downtown Tampa to add housing, commercial space, and tourist attractions. The opening in April 2018 of the \$75 million James Museum of Western and Wildlife Art, which joins

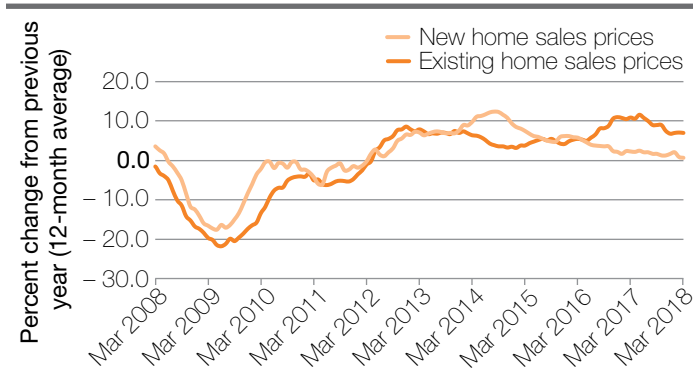
three existing art museums in downtown St. Petersburg, is expected to further the neighborhood’s reputation as a center for art. In downtown Tampa, construction of the \$3 billion Water Street development is under way. The first project, Morsani College of Medicine and Heart Institute began construction in 2017 and is expected to open in 2019. The second project, a 519-room hotel, began construction in April 2018. When completed in the late 2020s, the development is expected to include more than 2 million square feet of office space, 675 hotel rooms, 1 million square feet of retail and entertainment space, and 3,500 housing units.

## Sales Market Conditions

The Tampa metropolitan area home sales market is balanced, with a current estimated sales vacancy rate of 1.7 percent, down from 3.5 percent in 2010 when the market was soft. Recent job and population growth has contributed to improvements in sales market conditions. Home sales inventory of 2.1 months during March 2018 was unchanged from a year earlier but is well below the 9.8 months of inventory in March 2010. Average home sales prices are higher in Hillsborough and Pinellas Counties, partially because of the higher concentration of housing along the waterfront and near downtown business districts.

The effects of Hurricane Irma that made landfall in Florida on September 10, 2017, contributed to an increase in mortgage delinquencies. As of March 2018, 5.0 percent of home loans were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into real estate owned status, up from 3.4 percent in March 2017. Delinquencies peaked in January 2018 at 5.3 percent.

### New and existing home sales price growth in the Tampa area has been positive since mid-2012.



Note: Price data include single-family homes, townhomes, and condominiums. Source: Metrostudy, A Hanley Wood Company

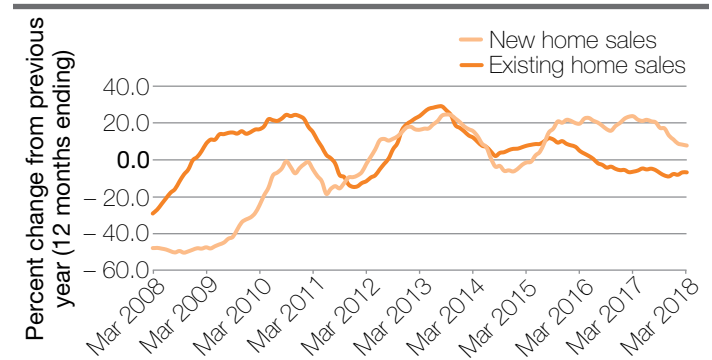
During the 12 months ending March 2018—

- New home sales totaled 9,500, up nearly 8 percent from the 8,800 sales a year ago. The average sales price for a new home was \$308,800, an increase of less than 1 percent from a year earlier (Metrostudy, A Hanley Wood Company).
- Existing home sales totaled 75,750, down 7 percent from the previous 12-month period. The average sales price was \$224,100, an increase of 7 percent from a year earlier. Existing home sales prices are \$7,425, or 3 percent below the 2007 peak, and \$77,400, or 26 percent above the 2011 low.
- Condominium sales, including new and existing homes, totaled 20,000, or 23 percent of all home sales, down from a high of 38 percent of total home sales in 2008.

Single-family homebuilding activity, as measured by the number of homes permitted, is increasing in the metropolitan area in response to rising home sales prices and a low level of for-sale inventory.

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### New home sales in the Tampa area have been rising since mid-2015, offsetting the decline in existing home sales.



Note: Sales data include single-family homes, townhomes, and condominiums. Source: Metrostudy, A Hanley Wood Company

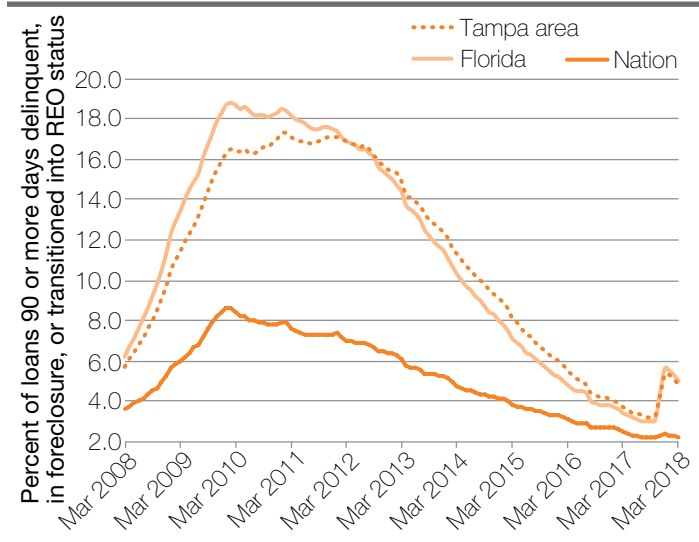


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New single-family home construction is concentrated in southeast Hillsborough County and southeast Pasco County, which are closest to existing employment centers with large parcels of vacant, developable land.

- The number of single-family homes permitted totaled 12,950 during the 12 months ending April 2018, an increase of 10 percent from the 11,750 homes permitted during the previous 12 months (preliminary data).

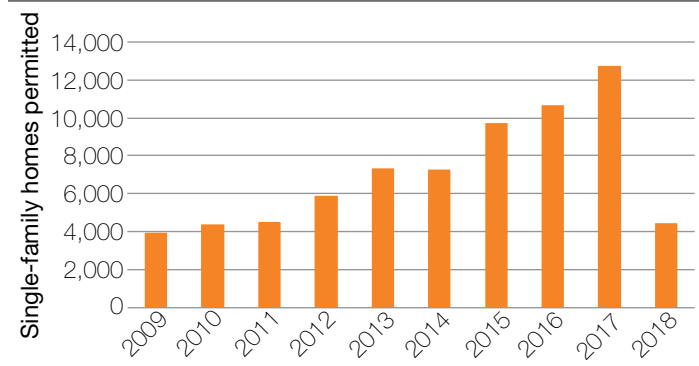
The percentage of seriously delinquent mortgages and REO properties in the Tampa area and the state of Florida rose in late 2017 because of Hurricane Irma.



REO = real estate owned. Source: CoreLogic, Inc.

- From the recent low of 3,925 homes permitted in 2009 to the recent high of 12,750 homes permitted during 2017, single-family permitting increased by an average of 1,100 homes a year.
- In Pasco County, where road expansion projects are opening new land for development, Stonebridge at Chapel Creek, a master-planned community with 900 homes when fully built out in the 2020s, is under construction. During the past 12 months, 62 homes sold, with an average sales price of \$216,800.

The number of single-family homes permitted in the Tampa area has generally risen each year since 2010.



Note: Includes preliminary data from January 2018 through April 2018. Source: U.S. Census Bureau, Building Permits Survey

## Rental Market Conditions

Rental market conditions in the Tampa metropolitan area are currently balanced, improved from soft conditions in 2010. The overall rental vacancy rate is estimated at 6.8 percent, down from 13.1 percent in 2010. Since 2010, the number of renter households increased 3 percent a year, faster than overall household growth, contributing to the decline in vacancy rate. Single-family homes and multifamily properties with four or fewer units comprise 50 percent of all renter-occupied housing, up from 48 percent in 2010. Institutional investors, such as Initiation Homes that buy, rehabilitate, and rent foreclosed homes, are estimated to own more than 8,000 single-family homes in the metropolitan area.

During the first quarter of 2018—

- The metropolitan area apartment market is also currently balanced, with a vacancy rate of 4.6 percent, down from 4.8 percent during the same quarter a year earlier and 8.9 percent in 2010 (RealPage, Inc.).
- The average apartment rent increased to \$1,125, up 5 percent from a year earlier. Apartment rents rose an average of 4 percent annually from 2010 through 2017.
- Rents were highest in the Central Tampa area, which includes downtown Tampa, averaging \$1,600, down 4 percent from a year earlier. More than 2,000 units were completed in the metropolitan area during 2017, and reduced rent is offered to quickly fill recently completed vacant units and to maintain occupancy in older, less competitive units.

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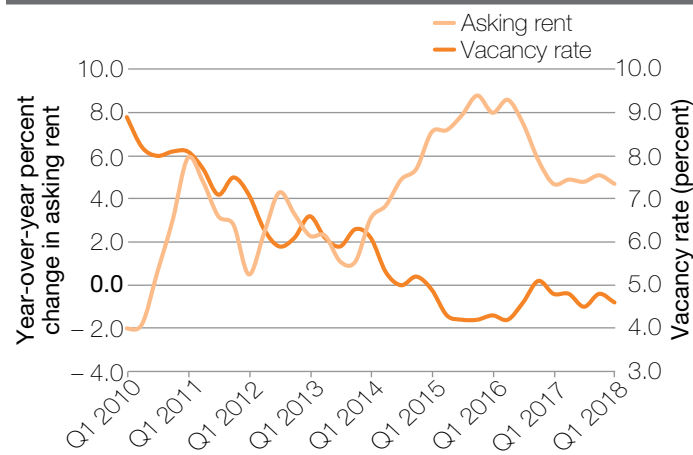
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- The Peninsula area, which includes MacDill Air Force Base and is adjacent to the Central Tampa area, has the lowest vacancy rate at 3.1 percent and one of the fastest increases in rent, up 7 percent from a year earlier to \$1,190.

Multifamily construction, as measured by the number of units permitted, has slowed since the recent peak year in 2016. Multifamily development has slowed to allow for absorption of recently completed rental properties.

- During the 12 months ending April 2018, multifamily permitting fell to 4,650 units, nearly 12 percent fewer than the 5,275 units permitted during the previous 12 months.
- From 2012 through 2016, multifamily permitting averaged 5,775 units annually compared with averages of 2,800 units from 2009 through 2011 and 7,100 units from 2000 through 2008.

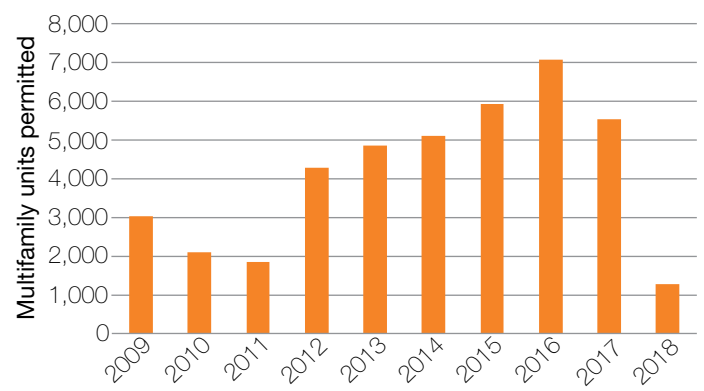
**Apartment rent growth in the Tampa area slowed during 2017, while the apartment vacancy rate remained below 5 percent.**



Q1 = first quarter.  
Source: MPF Research

- Condominiums accounted for less than 1 percent of multifamily units permitted during the past 24 months, down from one-fourth of multifamily units permitted from 2000 through 2008.
- Apartment construction is concentrated near major employment centers, including downtown Tampa, Westshore, Brandon, and downtown St. Petersburg. Apartments in suburban areas generally have lower rents than apartments in downtowns. Phase III of Valrico Station Apartments, a 60-unit property in the suburban community of Brandon, is currently in lease up, with one-bedroom rents averaging \$1,065 and two-bedroom rents averaging \$1,300. In downtown Tampa, Nine15, a 362-unit complex in lease up, offers studio, one-bedroom, and two-bedroom apartments with rents starting at \$1,550, \$1,645, and \$2,375, respectively.

**Multifamily permitting in the Tampa area rose each year from 2012 through 2016.**



Note: Includes preliminary data from January 2018 through April 2018.  
Source: U.S. Census Bureau, Building Permits Survey

