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ON EVERY TRANSACTION

## QUARTERLY REPORT

Tampa Bay | Orlando | Southwest Florida  
Fourth Quarter 2016

Marcus & Millichap

# FOURTH QUARTER MARKET DATA

## Tampa Bay

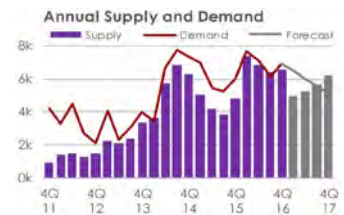


**Occupancy:** In Q4 2016, the average occupancy rate in the Tampa Bay MSA landed at 96.0%. The Tampa Bay MSA has experienced average occupancy rates between 96.0% and 96.6% over the past seven quarters which is above the 95.0% average over the previous five years. While still strong, Q4 2016 average occupancy is down 0.6% year-over-year which may be a reflection of the aggressive rent growth in recent periods. The strongest vintage classes for occupancy rates during Q4 2016 were the Pre-1970s (97.0%), 2000s+ (96.3%), and 1970s (96.5%) segments. Over the past two years, occupancy was generally tighter in Class B and C product, but Class A product has remained essentially full for the past seven quarters which is a testament to the market's strong absorption rate. Given Tampa Bay's elevated supply volumes next year, occupancy is anticipated to recede to approximately 95% to 96%. Submarket highlights for occupancy include South St. Petersburg (97.7%), Egypt Lake/Lowry Park (97.4%) and North Pinellas County (97.3%).

**Rent Growth:** Annual rent growth in the Tampa Bay MSA continues to impress. In the year-ending Q4 2016, rents climbed 5.2% overall, well above the five-year annual average of 3.8% but below the 7.2% post-recession peak. Tampa Bay's recent annual rent increase outpaced the preliminary norms for both the South Region (3.1%) and the U.S. overall (3.8%). This is also impressive given the elevated supply cycle currently present in the MSA. Rent growth in Tampa Bay has been most pronounced in Class A and B product, which saw annual rent growth levels jump to roughly 5% to 9% over the last seven quarters. Although, of all vintage classes, the pre-1970s segment recorded an 8.0% year-over-year rent increase. Among submarkets, year-over-year rent growth was most pronounced in Hillsborough County which benefits by the following submarket leaders: Central Tampa (10.9%), Egypt Lake/Lowry Park (8.1%), Temple Terrace (7.1%) and the South Tampa Peninsula (6.1%).

**Supply:** In Q4 2016, the Tampa Bay MSA expanded its inventory 1.1% as 2,947 new units were added to supply. Over the last two years, supply additions have been concentrated in Central Tampa, North St. Petersburg, South St. Petersburg, and Brandon/Southeast Hillsborough County. Looking ahead, Central Tampa will continue to lead with new supply as over half of all units under construction in the metro at the end of Q4 2016 were located within the submarket. For the metro overall, inventory expansion should accelerate in the coming year, with nearly 5,000 new units set to grow the apartment stock an additional 2.0%. For the past 24 months, many analysts expected Tampa Bay's multifamily performance metrics to soften given the recent supply additions, although, these effects remain minimal as occupancy and rent growth have remained strong.

## Orlando



**Occupancy:** In Q4 2016, the average occupancy rate in the Orlando MSA landed at 96.7%. The Orlando MSA has seen average occupancy rates between 96% and 97% during each of the past ten quarters. While still strong, Q4 2016 average occupancy is down 0.2% from the Q3 2016 occupancy level. The strongest vintage classes for occupancy rates during Q4 2016 were the 1990s (97.4%), 1970s (98.0%), and Pre-1970s (97.6%) segments. New supply has not had a substantial impact on occupancy rates across the submarkets as the 2000+ vintage class recorded 95.8% occupancy during Q4. Given the controllable levels of new supply hitting the market and Orlando's strong demand drivers, occupancy is projected to stay above 96% for the foreseeable future. The strongest submarkets for occupancy are University (98.7%), North Lake County (98.1%) and Northwest Orlando (98.0%).

**Rent Growth:** Annual rent growth in the Orlando MSA came in at 5.4%, slightly higher than Q3 2016 (5.3%) but still healthy above the preliminary estimates for the South Region (3.1%) and the Nation (3.8%). Of all the vintage classes, the 1970s segment recorded an astonishing year-over-year rent growth of 7.6%. University and Southwest Orlando were the highest performing submarkets in terms of annual rent change at 9.3% and 6.7% respectively. All in all, rent growth is expected to continue above Orlando's historical rent growth numbers which can be attributed to the market's healthy demand drivers.

**Supply:** During the year ending Q4 2016, the Orlando MSA expanded its inventory base 3% by added nearly 6,570 new units to supply. Furthermore, forecasts for current construction activity over the next year suggest inventory is slated to grow an additional 4.4% as an additional 9,562 units are in progress throughout the Metro. The Orlando MSA's supply levels remain the highest since 2009 with annual inventory expansion rates of 2% to 3.5% in each of the past 13 quarters. South Orange County and Central Orlando submarkets were responsible for nearly half of the MSA's total units under construction at the end of Q4 2016. Considering the recent inventory expansion, demand for multifamily housing in the Orlando MSA has remained strong with annual absorption levels ranging from 5,200 units to 7,800 units in each of the last eleven quarters.

## Southwest Florida



**Occupancy:** The Southwest Florida Region, made up of Ft. Myers/Naples and Sarasota/Bradenton registered an average occupancy of 97.1% at the end of Q4 2016. Specifically, 96.6% in Sarasota/Bradenton and 97.6% in Ft. Myers/Naples. This marked 12 consecutive quarters of a 96%+ occupancy level in the Ft. Myers/Naples market. The Q4 2016 Ft. Myers/Naples occupancy rate increased slightly by 0.4 points year-over-year, the second highest rate in the South Region. Although, occupancy in Sarasota/Bradenton is down 0.4 points year-over-year. This could be a market reaction to the aggressive annual rental increases the market has experience over the past 24 months. All in all, occupancy in Southwest Florida remains very strong compared to regional and national benchmarks.

**Rent Growth:** Southwest Florida has experienced significant rent growth since late 2013 as post-recession economic recovery and limited additions to supply have facilitated demand for multifamily housing. During the year ending Q4 2016, the Southwest Florida Region registered 4.4% annual rent growth. While still strong, this is down 0.75% from the Q3 2016 level. Specifically, the Ft. Myers/Naples Region experienced a 4.2% annual increase and Sarasota/Bradenton recorded 4.6% annual growth in the latest 12-month period. While still healthy growth levels, these figures are slightly more modest compared to recent periods which recorded aggressive, above-average rent increases. However, the future outlook for the Region is still positive as the overall economy has reached economic recovery and although supply additions have picked up, annual growth levels and demand are expected to remain strong.

**Supply:** In the year-ending Q4 2016, 2,109 units were delivered to the market place in the Southwest Florida market which is significant compared to recent years in which supply expansion has been minimal. In the year-ending Q4 2016, a total of 616 units were completed in the Sarasota/Bradenton metro which resulted in net inventory expansion of 1.0%. Furthermore, nearly all of the 616 units were completed in Bradenton. Additionally, 1,493 units were completed in the last year in the Ft. Myers/Naples market which represents a long-term high. At the end of Q4 2016, 4,537 units were under construction in Southwest Florida which is projected to increase supply by 3.7%. As expected, the supply pipeline has lagged or shadowed that of nearby, more-primary markets such as Tampa Bay and Orlando. Due to the limited number of new projects completed in Southwest Florida in the past 5 years, demand and rent growth metrics are expected to remain strong which should only facilitate additional multifamily expansion in the area.

Resources: MPF Publications, Co-Star Group, Pierce Eislen Inc and Respective Property Appraiser Websites

# NOTABLE MARKET TRANSACTIONS

## Tampa Bay

PROPERTY	CITY	UNITS	CLOSE OF ESCROW	YEAR BUILT	PRICE	PRICE PER UNIT	PRICE PER SQUARE FOOT	CAP RATE	GRM
Viera Bayside	St. Petersburg	208	10/5/2016	1986	\$20,250,000	\$97,356	\$130.65	6.37%	7.99
BayVue (fka ARIUM Bay Pointe)	Tampa	368	10/6/2016	1984	\$36,500,000	\$99,185	\$128.91	6.09%	8.73
University Lake	Tampa	300	10/12/2016	1980	\$24,325,000	\$81,083	\$136.27	5.20%	6.48
Arbors At Carrollwood	Tampa	223	10/17/2016	2001	\$28,625,000	\$128,363	\$123.90	5.98%	7.14
Lantower Westshore (fka Modera Westshore)	Tampa	300	10/19/2016	2014	\$69,000,000	\$230,000	\$223.69	4.80%	11.26
Captiva Club	Tampa	357	10/24/2016	1974	\$32,770,300	\$91,794	\$100.36	6.34%	8.45
Griffin Park	Lakeland	173	10/27/2016	1975	\$10,075,000	\$58,237	\$84.80	6.29%	7.11
The Park at Palermo (fka Carrollwood Palms)	Tampa	204	11/16/2016	1986	\$18,000,000	\$88,235	\$111.53	6.21%	8.67
Skyhouse Channelside	Tampa	320	11/17/2016	2015	\$88,000,000	\$275,000	\$347.22	5.36%	12.35
Oak Chase (fka Key Vista)	Tampa	328	11/22/2016	1999	\$12,100,000	\$36,890	\$38.68	7.32%	5.01
Regency Square	Tampa	120	11/30/2016	1975	\$5,500,000	\$45,833	\$51.31	7.00%	5.59
Ashford Place	Tampa	376	12/9/2016	1973	\$24,050,000	\$63,963	\$66.43	6.25%	6.52
Modera Prime	St. Petersburg	309	12/14/2016	2014	\$77,550,000	\$250,971	\$312.08	4.85%	12.39
Bel Air Apartment Homes	St. Petersburg	528	12/15/2016	1973	\$44,500,000	\$84,280	\$86.48	5.85%	8.60
Grand Reserve @ Tampa Palms	Tampa	390	12/20/2016	1999	\$65,500,000	\$167,949	\$138.43	5.65%	10.82
<b>2016 Q4 Average</b>				<b>1990</b>	<b>\$37,116,353</b>	<b>\$119,943</b>	<b>\$138.72</b>	<b>5.97%</b>	<b>8.47</b>
<b>2016 Q3 Average</b>				<b>1987</b>	<b>\$32,337,660</b>	<b>\$92,312</b>	<b>\$103.21</b>	<b>6.23%</b>	<b>8.33</b>
<b>T12 Average</b>				<b>1986</b>	<b>\$29,802,468</b>	<b>\$96,677</b>	<b>\$109.51</b>	<b>6.23%</b>	<b>8.18</b>

## Orlando

PROPERTY	CITY	UNITS	CLOSE OF ESCROW	YEAR BUILT	PRICE	PRICE PER UNIT	PRICE PER SQUARE FOOT	CAP RATE	GRM
Century Millenia	Orlando	252	10/5/2016	2016	\$42,800,000	\$169,841	\$177.44	5.97%	10.03
Calibre Bend	Winter Park	212	10/7/2016	1987	\$29,000,000	\$136,792	\$137.27	5.20%	10.74
The Vista At Lost Lake	Clermont	468	10/13/2016	2007	\$75,000,000	\$160,256	\$147.14	6.12%	9.92
Winter Park Flats (fka Howell Crossing)	Winter Park	120	11/8/2016	1974	\$9,000,000	\$75,000	\$92.29	6.70%	7.37
Enclave at Lake Ellenor	Orlando	296	11/15/2016	1973	\$26,200,000	\$88,514	\$106.06	6.45%	7.95
Crane's Landing	Aloma	252	11/16/2016	1991	\$28,650,000	\$113,690	\$118.13	4.90%	9.14
Casa Mirella	Windermere	276	11/22/2016	2014	\$56,000,000	\$202,899	\$146.23	5.48%	11.21
Nine12 Gateway	Altamonte Springs	249	11/30/2016	2016	\$49,100,000	\$197,189	\$195.17	5.41%	11.58
Eagle Bend (fka Willow Bend)	Orlando	192	12/5/2016	1974	\$8,525,000	\$44,401	\$60.93	6.69%	6.59
Polo South	Kissimmee	196	12/7/2016	1991	\$18,170,000	\$92,704	\$94.56	6.83%	7.71
EOS	Orlando	296	12/14/2016	2014	\$52,000,000	\$175,676	\$198.61	5.27%	10.89
Stonecastle	Winter Park	214	12/14/2016	2001	\$30,150,000	\$140,888	\$149.36	5.39%	10.27
The Park at Rialto II (fka The Palms at Magnolia Grove)	Fern Park	352	12/15/2016	1972	\$25,000,000	\$71,023	\$108.99	6.29%	8.11
Holley Gardens	Orlando	258	12/27/2016	1973	\$16,254,000	\$63,000	\$127.84	4.50%	8.34
Shoreview at Baldwin Park	Orlando	184	12/28/2016	1976	\$14,100,000	\$76,630	\$97.85	6.01%	8.61
<b>2016 Q4 Average</b>				<b>1992</b>	<b>\$31,996,600</b>	<b>\$120,567</b>	<b>\$130.52</b>	<b>5.81%</b>	<b>9.23</b>
<b>2016 Q3 Average</b>				<b>1989</b>	<b>\$31,059,794</b>	<b>\$101,226</b>	<b>\$113.38</b>	<b>6.38%</b>	<b>8.31</b>
<b>T12 Average</b>				<b>1989</b>	<b>\$31,574,622</b>	<b>\$107,693</b>	<b>\$119.98</b>	<b>6.08%</b>	<b>8.58</b>

## Southwest Florida

PROPERTY	CITY	UNITS	CLOSE OF ESCROW	YEAR BUILT	PRICE	PRICE PER UNIT	PRICE PER SQUARE FOOT	CAP RATE	GRM
Gulfstream Isles	Fort Myers	936	10/5/2016	1986	\$95,250,000	\$101,763	\$107.19	6.07%	8.89
Oak Haven	Immokalee	160	10/31/2016	1993	\$7,950,000	\$49,688	\$57.81	7.52%	N/A
Jade At Olde Naples (fka River Park)	Naples	104	10/31/2016	1960	\$12,300,000	\$118,269	\$190.53	6.10%	8.27
TGM University Park (fka The Tuscany)	Sarasota	386	11/8/2016	2000	\$70,550,000	\$182,772	\$168.29	5.66%	11.09
City Walk	Bradenton	139	11/9/2016	1981	\$6,500,000	\$46,763	\$57.24	7.29%	4.91
Sun Chase	Bradenton	168	12/2/2016	1986	\$20,000,000	\$119,048	\$148.41	5.75%	9.64
<b>2016 Q4 Average</b>				<b>1984</b>	<b>\$35,425,000</b>	<b>\$103,051</b>	<b>\$121.58</b>	<b>6.40%</b>	<b>8.56</b>
<b>2016 Q3 Average</b>				<b>2006</b>	<b>\$58,699,600</b>	<b>\$204,854</b>	<b>\$211.94</b>	<b>5.39%</b>	<b>12.12</b>
<b>T12 Average</b>				<b>1991</b>	<b>\$32,643,426</b>	<b>\$112,956</b>	<b>\$121.02</b>	<b>6.15%</b>	<b>9.31</b>

# ANOTHER CLIENT SUCCESS

THE PALMS AT  
MAGNOLIA  
GROVE

Fern Park, FL



SHOREVIEW  
AT BALDWIN PARK  
APARTMENT HOMES

Orlando, FL



Sale Price	\$25,000,000
Sale Date	December 15, 2016
Year Built	1972
Number of Units	352
Price Per Unit	\$71,023
Price Per Square Foot	\$108.99
CAP Rate	6.29%
GRM	8.11

Sale Price	\$14,100,000
Sale Date	December 28, 2016
Year Built	1973 / 1976
Number of Units	184
Price Per Unit	\$76,630
Price Per Square Foot	\$97.85
CAP Rate	6.01%
GRM	8.61

Francesco Carriera and Michael Regan of Marcus & Millichap represented both the seller and buyer in these transactions.

*"The substantial market response for these assets signifies the continued demand and competition surrounding true, value-add opportunities throughout Central and Southwest Florida."* - Francesco Carriera

## CARRIERA REGAN

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