MARKET OUTLOOK

Tampa's multifamily market is navigating the late stages of its most significant supply cycle in recent history. Trailing 12-month starts have pulled back 24% and the under-construction count has declined for four consecutive quarters, positioning the market to move past peak delivery pressure by mid-2027, though the intervening quarters will continue to test absorption capacity.

The sequential improvement in rent growth suggests the worst of the pricing downturn may be behind Tampa. However, annual rents are projected to remain negative through early 2027, and occupancy may compress further as the remaining pipeline delivers. A labor market showing early signs of softening adds a layer of uncertainty to the demand outlook.

The metro's underlying fundamentals remain supportive. Tampa Bay's population and household formation are both forecast to grow well above the national rate over the next five years, providing a durable demand base as the supply overhang works through the system. The region's economy has also continued to diversify and attract investment even as the multifamily market corrects, with major projects underway across life sciences, financial services, and downtown development, which should help underpin absorption as the remaining pipeline delivers. Tampa requires patience and submarket selectivity. Northwest Tampa, with zero trailing 12-month deliveries, offers genuine supply-driven stability, while Downtown St. Petersburg has posted the market's strongest rent growth despite absorbing new supply. Properties with stabilized tenant bases and limited direct new competition are best positioned to weather the cycle's remaining headwinds.

Sources: Costar; U.S. Census Bureau; Federal Reserve Bank of St. Louis; National Association of Realtors

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