

MARKET SNAPSHOT: **TAMPA**

OCTOBER 2021



THE PLASENCIA GROUP
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TAMPA SHINES THROUGH CHALLENGES



Photo visittampabay.com

OVERVIEW

The Tampa Bay area continues to weather the pandemic better than most markets in the STR Top 25 thanks to a number of contributing factors. The Plasencia Group is headquartered in Tampa, giving our team an unparalleled perspective of the lodging market in our own backyard. While observing the market's recovery firsthand, we continue to field calls daily from investors across the country looking to place capital in what has proven to be one of the most resilient markets nationwide.

According to STR, Tampa's lodging properties have exceeded pre-pandemic performance each month since April 2021, a good sign for its continued outperformance.

RevPAR % Change - Top 25 Markets

2015		2016		2017		2018		2019		2020		Sep 2021 T-12	
Market	RevPAR Δ	Market	RevPAR Δ	Market	RevPAR Δ	Market	RevPAR Δ	Market	RevPAR Δ	Market	RevPAR Δ	Market	RevPAR Δ
Tampa	13.8%	Los Angeles	10.8%	Houston	10.5%	Minneapolis	6.8%	Phoenix	4.5%	Norfolk	(34.7%)	Norfolk	67.8%
Phoenix	12.8%	Norfolk	8.2%	Orlando	10.0%	Philadelphia	6.1%	Denver	4.3%	Tampa	(37.6%)	Nashville	64.1%
Nashville	11.1%	Nashville	8.0%	Detroit	6.0%	Miami	6.0%	San Fran.	4.2%	Phoenix	(38.0%)	Chicago	59.6%
Dallas	10.0%	Atlanta	6.0%	Tampa	5.5%	San Diego	5.7%	Atlanta	3.4%	Miami	(41.4%)	Saint Louis	57.0%
Orange Cty.	9.4%	Tampa	6.0%	Nashville	5.4%	Chicago	5.2%	Tampa	3.0%	Detroit	(45.6%)	Denver	56.8%
Atlanta	9.3%	Dallas	5.7%	Seattle	5.3%	Phoenix	5.0%	Orange Cty.	3.0%	Houston	(46.4%)	Boston	53.8%
Orlando	9.1%	Minneapolis	5.1%	Norfolk	4.9%	Norfolk	4.3%	Norfolk	2.9%	Atlanta	(47.9%)	Tampa	53.5%
Los Angeles	8.8%	Philadelphia	5.1%	Phoenix	4.1%	San Fran.	4.3%	Nashville	2.8%	Dallas	(49.6%)	Miami	52.3%
Seattle	8.8%	Washington	4.9%	Washington	3.9%	Boston	4.0%	Oahu Island	2.5%	San Diego	(50.8%)	San Diego	46.1%
San Diego	8.6%	Orange Cty.	4.3%	Atlanta	3.8%	New Orleans	3.9%	Saint Louis	2.1%	Los Angeles	(52.6%)	Seattle	41.2%
Boston	7.9%	Phoenix	4.1%	San Diego	3.6%	Detroit	3.8%	Washington	1.2%	Orlando	(52.8%)	Philadelphia	40.2%
Denver	7.9%	Detroit	3.8%	Orange Cty.	3.5%	Orange Cty.	3.2%	Philadelphia	0.7%	New Orleans	(53.6%)	Atlanta	38.0%
San Fran.	7.5%	San Diego	3.8%	Saint Louis	2.8%	New York	3.0%	Los Angeles	0.2%	Orange Cty.	(53.7%)	Minneapolis	37.1%
Norfolk	7.4%	San Fran.	3.6%	Denver	2.6%	Atlanta	2.5%	Dallas	(0.3%)	Saint Louis	(54.2%)	Orange Cty.	36.6%
Chicago	6.9%	Saint Louis	2.9%	Boston	1.8%	Nashville	2.0%	Orlando	(1.1%)	Philadelphia	(54.9%)	Houston	36.2%
Detroit	6.6%	Seattle	2.9%	Oahu Island	1.7%	Los Angeles	1.9%	New Orleans	(1.4%)	Oahu Island	(58.5%)	Dallas	35.5%
Miami	6.0%	Denver	2.8%	Miami	0.8%	Oahu Island	1.6%	Chicago	(1.6%)	Denver	(59.2%)	Los Angeles	34.0%
Minneapolis	5.8%	Oahu Island	2.5%	Los Angeles	0.7%	Orlando	1.4%	Detroit	(1.9%)	Nashville	(61.2%)	Detroit	31.5%
Philadelphia	5.5%	Orlando	1.9%	New York	(0.3%)	Tampa	0.8%	Miami	(2.1%)	Washington	(63.1%)	New York	29.8%
Washington	5.4%	Chicago	0.1%	Dallas	(0.4%)	Seattle	0.7%	San Diego	(2.1%)	San Fran.	(64.0%)	Orlando	25.6%
Saint Louis	5.3%	Boston	(0.6%)	New Orleans	(0.5%)	Dallas	0.4%	Boston	(2.3%)	Minneapolis	(64.2%)	Phoenix	21.8%
Oahu Island	4.1%	New Orleans	(1.1%)	Chicago	(1.7%)	Denver	(0.2%)	Minneapolis	(2.4%)	Seattle	(65.9%)	Washington	18.9%
New Orleans	3.4%	New York	(1.8%)	San Fran.	(2.4%)	Saint Louis	(0.3%)	Houston	(3.4%)	New York	(67.7%)	Oahu Island	16.2%
New York	(1.7%)	Miami	(5.5%)	Philadelphia	(2.7%)	Washington	(3.2%)	New York	(3.5%)	Chicago	(67.9%)	New Orleans	11.1%
Houston	(3.3%)	Houston	(12.4%)	Minneapolis	(3.6%)	Houston	(7.7%)	Seattle	(4.0%)	Boston	(71.3%)	San Fran.	(21.2%)

PERFORMANCE

While the Tampa / St. Petersburg / Clearwater lodging market experienced its worst year on record in 2020—as did most markets throughout the rest of the country—what’s remarkable is that beginning in May 2020, Tampa’s hotel performance improved rapidly thanks to a number of unique factors. In fact, according to STR, **Tampa’s lodging properties have exceeded pre-pandemic performance each month since April 2021**, a good sign for its continued outperformance.

Tampa got off to a hot start in 2021, catalyzed by an influx of NFL fans attending Super Bowl LV. While the champion Tampa Bay Buccaneers played in their own stadium, Tampa’s hotels and resorts benefited from those traveling from locations across the country to participate in the the Big Game. Even with a limited attendance and only one team’s travelling fans, the

array of activities surrounding the weekend provided a major spark for Tampa’s recovery.

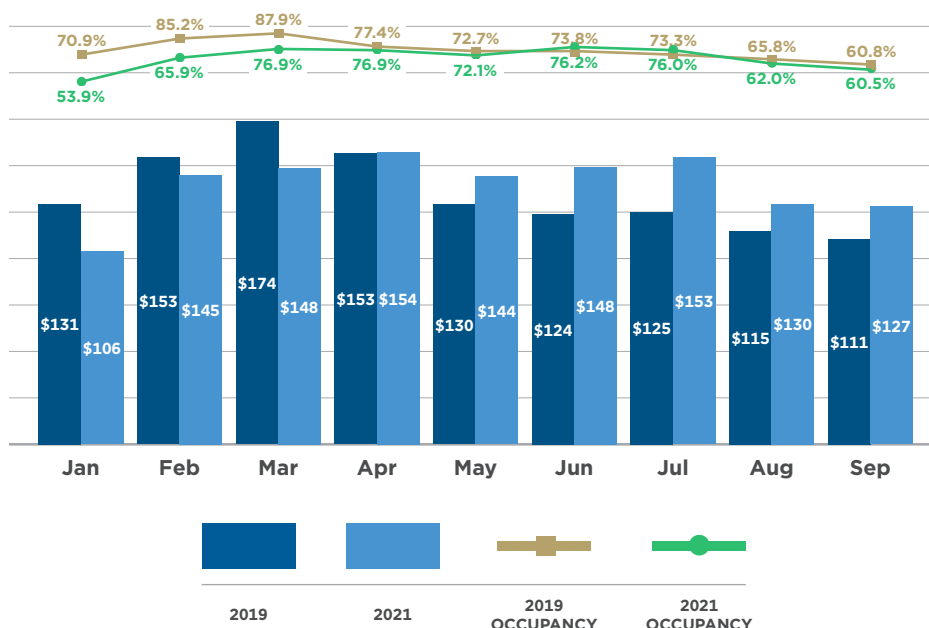
Seasonality and day-of-week trends have skewed due to the pandemic as well. Typically, Tampa’s annual occupancy is at its highest from February through April, and RevPAR peaks in March thanks to Spring Break and generally beautiful weather. In 2020 and 2021, the peak season extended well into the summer without the decline typically brought on by hot temperatures and seasonal heavy rains. Similarly, weekends have been much stronger than weekdays in the region. This trend can be attributed to the influx of leisure travelers driving in for long weekends while business and group demand remain relatively suppressed, though not nearly as adversely as much of the country.

While 2021 year-to-date occupancy remains slightly lower than in 2019, the Tampa Bay area’s market-wide ADR outperformed for the same period, indicating both the rapid absorption of new supply and the ADR lift created by the high quality of new product.

Tampa Bay Area Market Performance

	Sep'19 YTD	Sep '21 YTD
OCC	70.4%	68.9%
ADR	\$136.71	\$140.71

Tampa Occupancy-ADR 2019 vs 2021



DEMAND DRIVERS

Photo Don Miller from Venice, wikimedia

Remarkable Tourism Figures

As discussed in the Performance section, substantial increases in inbound leisure travel propelled Tampa to the top of STR's recovery figures as travelers took to the roads for vacations, short and lengthy alike. Florida's coastal destinations disproportionately benefited from international travel restrictions as many families opted to visit the Gulf and Atlantic beaches as an alternative to Caribbean or foreign resort destinations. Tampa undoubtedly benefits from its proximity to neighboring Pinellas County's acclaimed beaches. The resulting deluge of leisure travel has markedly altered the market's traditional weekday/weekend travel patterns.

Friendly Business Environment

The Sunshine State has been among the most unrestricted in the country as the pandemic has unfolded. As a result, favorable demographic trends that existed pre-pandemic have only accelerated. The state has welcomed many new full-time residents thanks to pro-business policies, the lack of a state income tax, a low cost of living, a critical mass of educated employees, and a temperate climate. Tampa has seen rapid population growth and a number of corporate moves and relocations, including those whose announcements made recent headlines, such as Ark Invest, Pfizer, Suzuki Marine, and more.

Water Street Evolution

Downtown Tampa's Water Street development has inarguably spurred unprecedented investment in the city's central business district. The megadevelopment, a joint venture of Tampa Bay Lighting owner Jeff Vinik and billionaire Bill Gates, will continue to be a boon in drawing enterprise to the previously lackluster downtown market. Notably, the University of South Florida's brand new downtown medical school campus has already spurred meaningful medical tourism and medically-related business activity.

Resilient TPA

Tampa International Airport, in the midst of a nearly \$2.6 billion, three-phase renovation and expansion, was one of the few airports nationally to see a rebound of passengers to allow it to close in on 2019 levels. Activity at the award-winning airport should continue to improve into 2022, especially as the market reenters peak leisure season.

Active Tampa Convention Center

Thanks to the heroic efforts of the Tampa Convention Center sales team and the Visit Tampa Bay staff, the Convention Center has been among the most active event venues nationally over the last year. The calendar for 2022 and beyond looks strong, as the waterfront event venue has been able to secure a significant portion of its baseline business plus a number of events normally hosted in markets which have not reopened to the extent Tampa has. Further, the Tampa Convention Center will soon embark on a multimillion-dollar renovation that will open its exhibit hall to the waterfront, add meeting spaces, and introduce several new restaurants.



SUBMARKET DYNAMICS

Downtown Tampa

Most of the attention has been on the downtown area of late, mostly spurred by the continuing impact of the Riverwalk and the evolution of the Water Street development. The opening of the EDITION Hotel will round out the new lodging supply in the region, and the entire area will benefit from the group and convention activity anticipated through the rest of the recovery and beyond. More specifically, the increased capacity directly adjacent to the Tampa Convention Center should draw larger conventions, and those of a higher caliber than were historically attracted to the city. We also expect a few repositionings and conversions of existing downtown properties in the near future.

Westshore District

The district encompassing Tampa International Airport, Raymond James Stadium, Midtown Tampa, International Plaza, and a plethora of businesses is the other major corporate-driven hospitality submarket to speak of in Tampa. Given that nearly every lodging property in the downtown market has traded in the past couple of years, we expect investors who remain interested in participating in Tampa's growth to expand their search to the impressive number of quality assets in the neighboring Westshore District, where performance is expected to continue to improve as the workforce returns to the office.



SUPPLY

When it comes to new guestroom supply in Tampa, quite a bit of fresh inventory was delivered over the course of the pandemic, which thankfully leaves very little in the pipeline. Notable recent additions include the JW Marriott Water Street, a dual-branded Aloft – Element in Midtown Tampa, a dual-branded Hyatt Place – Hyatt House in downtown Tampa, and a number of select service properties elsewhere in downtown and Westshore. The highly anticipated 172-room Tampa EDITION, located within the Water Street development, is the only major project still under construction.

Land for commercial development is scarce in the more attractive areas of the market, but there remain a few pockets, including near the Armature Works development, just north of the downtown office district.

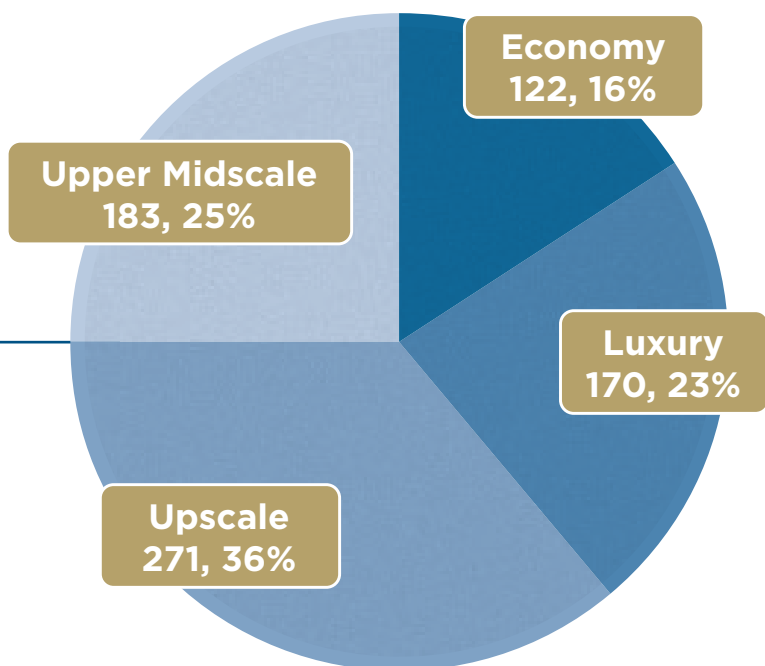
Supply Pipeline

Rooms Under Construction
and in Final Planning

Over the next 24 months or so, the Tampa market will absorb roughly 750 new rooms that will be relatively well distributed across downtown, the Westshore district and Tampa's suburbs.

Note: No rooms are under construction in the Midscale or Upper Upscale categories

Source: CoStar



RECENT TRANSACTIONS

Anyone paying attention to transaction activity in Tampa will have noticed a steady flow of trades in the market. In fact, the majority of full-service hotels in the market have either changed hands in the last few years or are held by long-term owners, resulting in an enhanced level of scarcity for institutional-caliber hotels.


Within the broader Tampa Bay region, beachfront properties have continuously achieved strong pricing, driven by record-setting operational performance. However, over the past several months, corporate- and group-heavy hotels have also achieved aggressive prices though for the most part, their underlying performance has not yet returned to 2019 levels. We expect to continue to see transaction prices over the next twelve months that exceed pre-pandemic numbers with what little inventory is left to trade.

Private equity groups have been the most active purchasers across the country throughout the recovery and that trend certainly also holds true in the Tampa Bay area, especially because many of these groups are working to meet investor mandates to purchase assets in Florida markets.

Tampa Bay Area Select Transactions Since January 1, 2020

Greater than \$10 million and \$100,000 per key

Date	Property Name	City	Keys	Built	Purchaser	Seller
 Oct-21	Residence Inn Clearwater Beach	Clearwater Beach	140	2017	Undisclosed	Key International
 Oct-21	SpringHill Suites Clearwater Beach	Clearwater Beach	115	2017	Undisclosed	Key International
Oct-21	Floridan Palace Hotel, BW Premier Collection	Tampa	212	1923	1754 Properties, Triangle Capital Group	Private Owner
 Sep-21	Westin Tampa Waterside	Tampa	309	1985	Newbond Holdings, Apollo Global	Walton Street Capital
Aug-21	The Godfrey Hotel & Cabanas Tampa	Tampa	276	1974	MCR Hotels	Mapletree US Management
 Jul-21	Hampton Inn Tampa Downtown Channel District	Tampa	116	2019	Noble Investment Group	Liberty Group
 Jul-21	Home2 Suites Tampa Downtown Channel District	Tampa	97	2019	Noble Investment Group	Liberty Group
Jul-21	Beachview Inn	Clearwater Beach	64	1954	3H Group Hotels	Ker Management Enterprises
 Jun-21	Thunderbird Beach Resort	Treasure Island	106	1959	Surf Style Retail Mgmt.	King Family Holdings
May-21	Harborside Suites at Little Harbor	Ruskin	157	1962	ESG Kullen	Carter Hospitality Group
Mar-21	Alden Suites	St. Pete Beach	141	1950	1754 Properties	Alden Enterprises
 Feb-21	Hilton St. Petersburg Carillon Park	St. Petersburg	227	2006	Lubert-Adler Partners, Hersha Hospitality Mgmt., Loci Capital	Hobbs & Curry
Jan-20	Hampton Inn & Suites Tampa Busch Gardens Area	Tampa	84	2017	Viking Enterprises	Daly Hotel Management

 **Note:** Transactions in blue facilitated by The Plasencia Group
Source: CoStar, The Plasencia Group

The Plasencia Group ("TPG") has compiled the above information from sources deemed reliable, and the information is presumed to be accurate. However, TPG does not warrant that the information is accurate, up-to-date or complete. Use of this information without verification from independent sources is at your own risk.

DID YOU KNOW...

The Hampton Inn & Home2 Suites Channel District transaction facilitated by The Plasencia Group earlier this year set a price-per-key record for an urban, select-service asset on Florida's Gulf Coast.

Since the start of the pandemic, we've successfully facilitated the transaction of more than 1,600 rooms from the Tampa Bay area to the Florida Keys with more successes on the way!

YOUR FLORIDA TEAM

Get in touch with one of our Florida lodging investment professionals to discuss your holdings anywhere in North America.

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