

Tampa Bay: City of Champions

Top 10 reasons why Tampa might be the best hotel market in the country

February 15, 2021

Tampa is having a moment. After capturing the Super Bowl championship as the first team to win a Super Bowl as the host city, the city of Tampa has been thrust into the national spotlight. But Tampa has been having a moment for a lot longer than just the last week. In fact, the city of Tampa is having its best year ever. Not only did the Tampa Bay Buccaneers win the Super Bowl in February 2021, but the Tampa Bay Lightning captured the NHL's Stanley Cup championship in September 2020, and the Tampa Bay Rays were the runner-up in the World Series in October 2020.

Outside of the sports world, Tampa ranked #1 in Occupancy in 2020 amongst the top 25 U.S. markets tracked by STR, and only one market – Norfolk, Virginia – saw more demand than Tampa. And all of this happened without the throngs of devoted fans and travelers that typically would have packed stadiums and arenas to cheer for their hometown heroes. But Tampa's relevance as a prominent lodging and tourism market has been growing in recent years due to an ideal balance between corporate, leisure, educational, and military demand. New hotel products, new investors, and a harmonious relationship with its sister cities St. Petersburg and Clearwater Beach have made the Tampa Bay market one of the most attractive lodging investment markets for 2021. Here are a few reasons why:

1. Strong occupancy, continued demand

Tampa ranked #1 in 2020 for U.S. hotel occupancy. Tampa was the only market in the U.S. to surpass 50% occupancy for the year. For the month of January 2021, Tampa shared the top spot with Miami, posting over 54% occupancy for the month, a 16 percentage point premium over the broader top 25 US markets.

2020 RANK	CITY	2020 OCCUPANCY	JAN-21 OCCUPANCY	JAN-21 RANK
1	Tampa	50.8%	54.2%	2
2	Phoenix	49.8%	49.7%	3
3	Norfolk	49.1%	42.9%	6
4	Los Angeles	48.9%	42.7%	7
5	San Diego	48.4%	35.1%	14
-	Florida	47.9%	-	-
6	Atlanta	47.8%	47.7%	4
7	New York	46.6%	38.2%	10
8	Miami	46.4%	54.7%	1
9	Detroit	44.8%	37.1%	11
10	Anaheim	44.2%	34.7%	16
	Total US	44.0%	39.7%	

Source: STR

2. New and improved assets draw new guests

As Tampa continues to mature as a lodging market, new brands and new concepts that have arrived on the scene are attracting a new customer to Tampa. As part of billionaire Jeff Vinik and Cascade's Channelside project in downtown Tampa, the JW Marriott opened in December 2020 with the Tampa EDITION, the fifth U.S. outpost for the luxury brand, opening later in 2021, representing the first luxury hotels in the market. On the beaches, the Sandpearl Hotel and the newly-imagined Don Cesar properties represent the upper echelon of resort product with valuations competitive with Miami Beach.



3. Relocations to Tampa top most US markets

In February 2021, real estate brokerage Redfin released their rankings for net inflow US metros in 2020. Tampa ranked number four nationally, behind Phoenix, Dallas, and Orlando. The area gained about 47,000 new residents in 2020 according to Redfin. This was the most gain in residents in Tampa in the last decade, with the exception of 2016, according to the Tampa Bay Business Journal. Real estate brokerage Zillow also released their list of hottest housing markets for 2021, ranking Tampa number four behind Austin, Phoenix, and Nashville.



#4
Ranked
NATIONALLY
NET INFLOW
US Metros in 2020

THE AREA GAINED
47,000
New Residents in 2020

source: Redfin 2020

4. Sports Mecca

In addition to the aforementioned Buccaneers, Lightning, and Rays, Tampa is home to a professional soccer team, the Tampa Bay Rowdies, the spring training location for the New York Yankees, and the 2020-2021 host of the NBA's Toronto Raptors who have temporarily relocated from Canada due to international travel restrictions. The city was the host city for Super Bowl LV and is a regular host for national sporting events including men's and women's NCAA basketball final fours, the College Football Playoff National Championship and bowl games, and will host the rescheduled WrestleMania 37 in April 2021.



TAMPA BAY
BUCCANEERS



SUPER BOWL LV
CHAMPIONS



RAYS



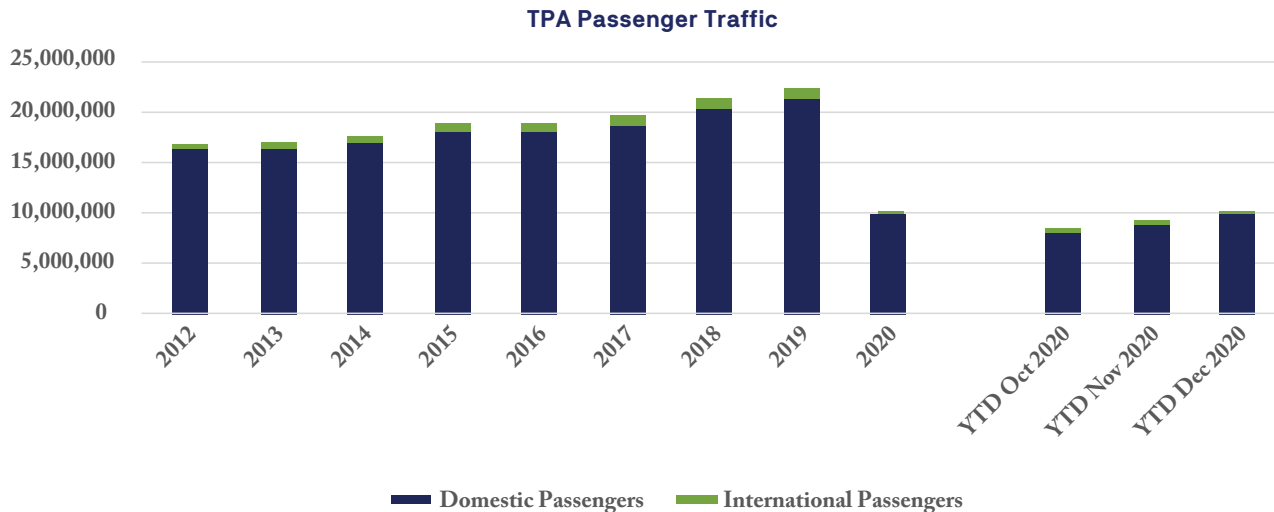
AMERICAN LEAGUE
CHAMPIONS 2020



STANLEY CUP
CHAMPIONS 2020

5. Increasing airlift, domestically and internationally

The growth of Tampa International Airport (TPA) has been a critical component in Tampa's rise. In 2019, TPA processed 22.5 million passengers, an all-time record for the airport and a 5.7% increase over 2018. Even more interesting, since 2012, TPA's international passengers have increased by 136% thanks to several international routes providing strong connections to Europe through Frankfurt, Amsterdam, London, and Zurich. TPA is currently undergoing over \$150 million in improvements which will continue to expand and improve the airport's infrastructure and ability to attract airlines and passengers in the future.



Source: Tampa International Airport

6. Downtown re-urbanization underway

Downtown re-urbanization that other cities talk about is actually happening in Tampa. Tampa Bay Lightning owner Jeff Vinik has joined forces with Bill Gates' Cascade on a \$1 billion redevelopment of Channelside, promising to showcase some of Tampa Bay's greatest treasures starting with its waterfront. Vinik plans to maximize the potential of 45 acres of largely vacant former industrial land around the Amalie Arena, and laid out plans for office towers, housing, shops, a hotel, and the University of South Florida's medical school. The USF board of trustees has voted unanimously to build a 12-story tower to house the new Morsani College of Medicine and the USF Heart Health Institute in the district.



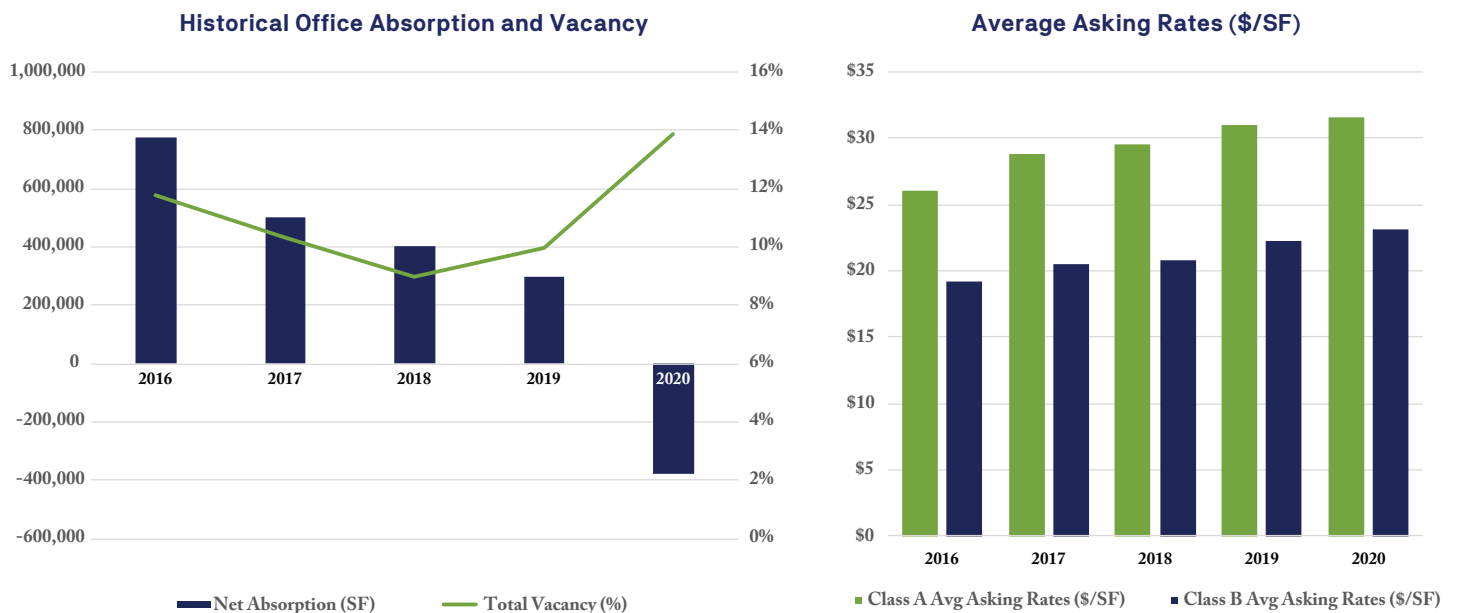
7. Prime candidate for corporate relocations

The existing investment management industry infrastructure makes Tampa a prime candidate for investment management groups and corporations moving from high tax jurisdictions like New York City and Chicago to Tampa. Currently, six Fortune 500 Companies call Tampa Bay home including Raymond James Financials, Tech Data, Jabil Circuit, WellCare Health Plans, QVC (Quarte Retail Group) and Mosaic. Fortune 500 pharmaceutical giant Johnson & Johnson relocated its corporate services headquarters to Tampa in 2016. As Florida's business-friendly and tax-incentivized environment continue to lure corporations and a new millennial workforce to the state, Tampa's low-cost of living, culturally rich, and live-work-play reputation will be a major driver of population growth in the near future.



8. Largest commercial office submarket in the state of Florida

The Westshore office submarket, located four miles west of downtown and one mile south of TPA, is the largest commercial office market in the state of Florida. With over 12 million square feet of class A and B office space, Westshore makes up 30% of the total Tampa office inventory, and 35% of the class A inventory. Class A office space in Westshore commands the highest rental rates in the market. While vacancies have increased slightly in 2020 due to firms adjusting their real estate strategies, rental rates have stayed stable.



Source: CoStar



9. Military and educational provide consistent base of business

MacDill Air Force Base has been a driver of employment for Tampa for nearly 80 years. It is one of the largest employers in the metro, employing 18,000 military and civilian on-base personnel. A crucial piece of the country's military, MacDill Air Force Base is the headquarters of the United States Central Command. In addition to military demand, Tampa is home to over 50,000 full-time students with the University of South Florida as the largest in the region. USF is the second largest public university system in Florida and the eighteenth largest in the U.S. Other major universities in the area include University of Tampa, Stetson Law, Eckered College, and Saint Leo University.



LARGEST EMPLOYERS
IN THE METRO
18,000
MILITARY AND CIVILIAN



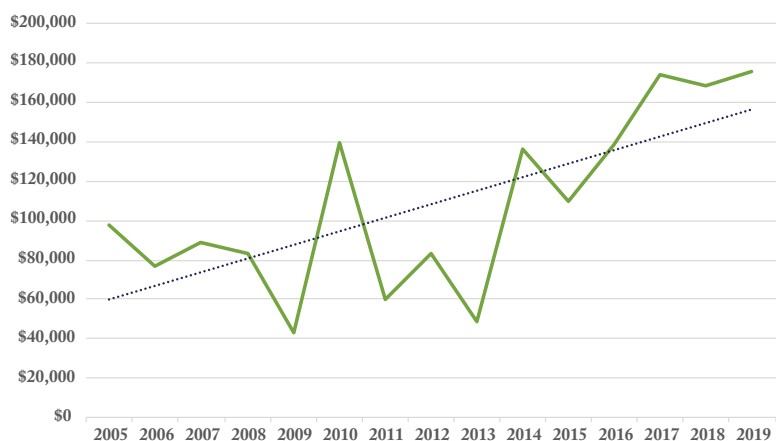
50,000+
FULL-TIME STUDENTS
SECOND LARGEST
PUBLIC UNIVERSITY SYSTEM



10. Valuations on the rise

As more take notice of Tampa's merits as a hotel investment market, the price of entry has increased. Since bottoming in 2009, the average price per key of hotel sales has increased over 300%. Marquee transactions, including the Renaissance Vinoy and the Don Cesar Beach Resort, have created valuations that rival that of Miami Beach.

Tampa Hotels Price Per Key



Source: RCA

DATE	PROPERTY NAME	CITY	ROOMS	PRICE (\$)	\$/ROOM
Dec-19	Howard Johnson Resort St Pete Beach	Saint Pete Beach	133	34,500,000	259,398
Aug-19	Grand Hyatt	Tampa	445	146,737,500	329,747
Jul-19	Westin Tampa Bay	Tampa	244	68,000,000	278,689
Apr-19	Hilton Tampa Downtown	Tampa	521	123,000,000	236,084
Feb-19	Westshore Grand	Tampa	322	71,156,472	220,983
Jan-19	Residence Inn Tampa Westshore	Tampa	160	44,500,000	278,125
Dec-18	Grand Plaza Beachfront Hotel	Saint Pete Beach	258	100,000,000	387,597
Oct-18	Residence Inn Clearwater Beach	Clearwater	255	71,000,000	278,431
Aug-18	Renaissance Vinoy Resort & Golf Club	Saint Petersburg	362	185,000,000	511,050
Jun-18	Renaissance Tampa	Tampa	293	68,000,000	232,082
May-18	Residence Inn Tampa Downtown	Tampa	109	24,000,000	220,183
Oct-17	Postcard Inn	Saint Pete Beach	196	47,400,000	241,837
Feb-17	Don CeSar Beach Resort	Saint Pete Beach	347	214,000,000	616,715
Jan-17	Sirata Beach Resort	Saint Pete Beach	382	108,190,000	283,220
Dec-16	The Kimpton Hotel Zamora	Saint Pete Beach	50	14,525,000	290,500
Sep-16	Bilmar Beach Resort	Treasure Island	165	37,100,000	224,848
Jun-16	Residence Inn - Downtown Clearwater	Clearwater	115	24,450,000	212,609
Feb-16	Hyatt Regency Clearwater Beach Resort	Clearwater	250	120,500,000	482,000
Nov-15	Aloft Tampa Downtown	Tampa	130	28,621,500	220,165
Jan-15	Hilton Clearwater Beach Resort	Clearwater	416	134,000,000	322,115
Sep-14	Tampa Marriott Waterside	Tampa	719	199,000,000	276,773
May-13	Pier House Resort & Caribbean Spa	Key West	157	90,000,000	573,248

Source: RCA and HWE