

## Tampa Executive Summary

### First Quarter of 2011

#### LOCAL ECONOMIC OVERVIEW

During the quarter, the Bureau of Labor Statistics reported year over year job growth for both January and February of 2011, but in March, they once again reported year over year job losses. As of March 2011, the Tampa MSA had an employed workforce of 1,122,500. This was equivalent to the employment level in 1999. The cyclical high point for Tampa employment was the December 2006 level of 1,263,200 workers. The low point for the Tampa MSA workforce occurred in July 2010 when 1,105,700 workers were employed. This marginal job growth since July 2010 has allowed the local unemployment rate to ease somewhat over the last couple of quarters.

The Tampa Bay market lost 800 jobs (Annual Rate) as of the 1st Quarter of 2011, a rate of -0.1%. For the twelve months ending February 2011, Tampa was in the top 35 in the nation for job creation with 6,300 new jobs. With the March report, Tampa ranked in the bottom 35 in the nation with 800 job losses. Tampa went from essentially the top 10% to the bottom 10% in the nation. The data was reported as benchmarked data. Over the last twelve months, Orlando added 20,400 new jobs, Miami added 19,600 and Jacksonville added 1,000 new jobs.

Figure 1 reflects job creation over the last eight years. All of the employment gains from 2004 – 2007 were eliminated over the last three years. Figure 2 shows the current distribution of job growth/losses by industry. Five of the ten major sectors reported job creation over the last year. The Education and Health Services sector led the way with 2,000 new jobs. This was followed by the Hospitality sector, which is comprised mostly of restaurant and hotel jobs. The Professional and Business Services sector, which typically is a leading indicator of an improved job market, showed better performance this year versus last. The biggest losses were from construction.

Figure 3 indicates the unemployment rate for the Tampa MSA. The Tampa unemployment rate decreased during the quarter to 11.0%. The local unemployment rate continues to be well above the national average of 8.8%. In December 2000, the Tampa MSA had a workforce of 1,211,375 of which 37,164 were unemployed. This created an unemployment rate of just 3.1%. As of March 2011, the workforce was 1,293,362 of which 142,716 were out of work, an unemployment rate of 11.0%. One year ago, the unemployment rate in Tampa was 11.9%. As of March 2011, the unemployment rate in Miami was 12.3% and it was 10.4% in Orlando.

Figure 1: Tampa MSA Workforce Size

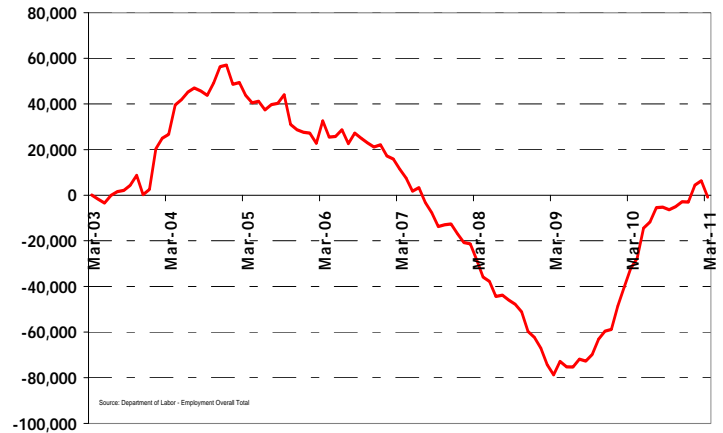


Figure 2: Distribution of Job Growth

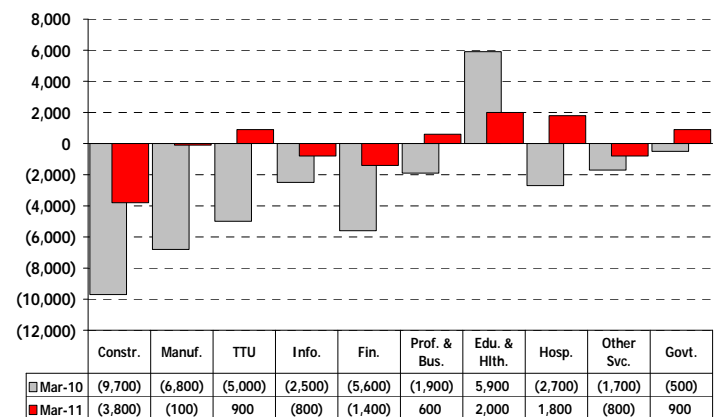


Figure 3: Tampa Unemployment Rate



## HOUSING MARKET TRENDS

In Tampa, 840 single-family units were started in the first quarter of 2011. This represents a decrease of 12.1% compared to last year's rate of 956 units. The annual starts rate, compared to last year, increased by 7.9%, to 3,974 annual starts. Figures 4 and 5 reflect the annual and quarterly starts & closings pace for the Tampa Bay market.

Figure 6 shows the price distribution of annual housing starts for the First Quarter of this year as compared to the three previous years.

The table below indicates the current distribution of annual starts by price range.

Price Range	Starts	Closings
\$0-149,999 .....	891	1,015
\$150,000 to \$199,999 .....	1,418	1,518
\$200,000 to \$249,999 .....	796	872
\$250,000 to \$299,999 .....	414	475
\$300,000 to \$349,999 .....	198	230
\$350,000 to \$399,999 .....	113	119
\$400,000 to \$449,999 .....	45	56
\$450,000+ .....	97	228

Single-family quarterly closings totaled 956 units, which is 2.4% lower than the 980 closings during the First Quarter of last year. The annual closings rate is 4,514 units for 2009, which is 0.9% above the annual rate of 4,474 units closed for the twelve months ending 1Q10.

Total single-family inventory, which is composed of units under construction, finished vacant and models equaled 2,720 units on the ground at the end of the 1st Quarter of 2011; an 7.2-month supply. Inventories dropped by 16.4% compared to 1st Quarter of 2010.

Compared to last year, the number of units under construction fell by 213 homes to 1,053 homes. Finished vacant inventory decreased by 15.5% from 1,623 units last year to 1,372 this year. The number of completions exceeded move-ins during the quarter and finished vacant inventory decreased by 14 units.

Model home inventory is down 68 units from last year at 295 total models. Builders in this market are closing 15.3 homes per year, per model, compared to 12.3 last year. By comparison, the market was closing 26 homes per model in 2002 and 43 homes per model in the summer of 2006. In 1997, the market was closing 15.9 homes per model, a level similar to current efficiencies.

Figure 4: Annual Starts & Closings of New Homes

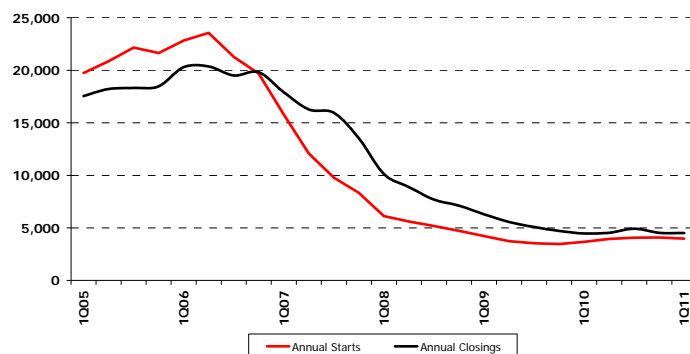


Figure 5: Quarterly Starts & Closings

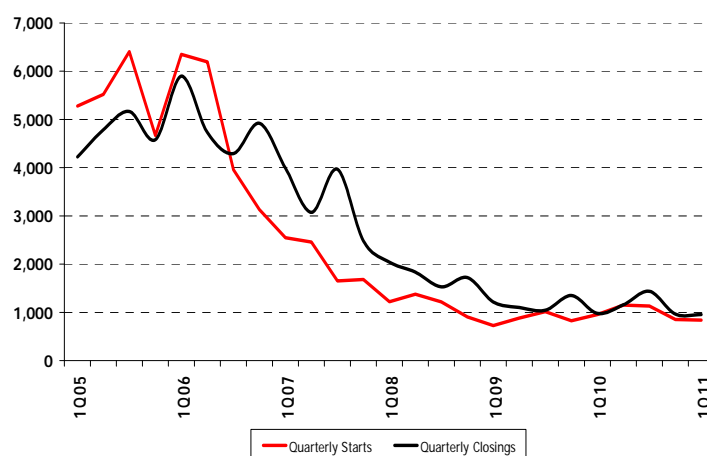
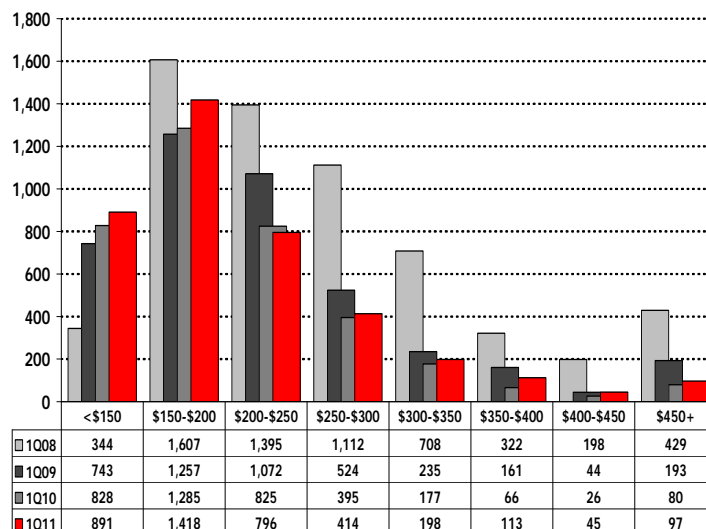


Figure 6: Annual Starts By Price Range



This quarter, 397 lots were delivered to the Tampa market. This same quarter a year ago, we delivered 434 lots. Vacant developed lot inventory stands at 33,940 lots, an increase of 1.5% compared to 33,446 lots last year. Based upon the annual start rate, this level of lot inventory represents a 102.5 months supply, a decrease of 6.5 months compared to last year.

## MARKET HIGHLIGHTS

Market areas based on annual starts are shown below.

Market Area	Ann Starts (% Chg)
Hillsborough.....	2,575 (+9.0%)
Pasco.....	1,023 (+2.1%)
Pinellas.....	138 (-30.7%)
Hernando.....	114 (+65.2%)

The table below ranks the top ten communities in the market by annual starts.

Community (Area)	Ann Starts
FishHawk Ranch.....	208
South Fork.....	135
Cypress Creek.....	130
Live Oak Preserve.....	122
Verandahs.....	113
Panther Trace.....	107
Bahia Lakes.....	91
Ayersworth Glen.....	86
Valencia Lakes.....	86
WatersEdge.....	83

Hillsborough County accounted for 64.8% of all new starts activity over the last twelve months, as buyers continue to look for housing close-by to jobs. This level of demand relative to peer Counties resulted in a 57.5 months supply of vacant developed lots for Hillsborough County. The next most active County was Pasco with 1,023 annual starts, a 25.7% market share. While the vacant developed lot count is 62% of the lot count for Hillsborough County, the drop in demand resulted in an 89.8 month supply of vacant developed lots for Pasco County. The two major counties accounted for 90.5% of all annual starts in Tampa Bay.

For the twelve months ending March 2011, new homes starts in price ranges under \$200k totaled 2,309 units. This was up 9.3% from the 1Q2010 activity in prices less than \$200k. New homes starts in prices over \$200k were up 6.0% for the twelve months ending 1Q2011 versus 1Q2010. The marginal 290 unit increase in the annual start pace was split: 196 more units under \$200k and 94 additional units above \$200k, a 68/32 split.

Figure 7: Under Construction & Finished Vacant Inventory

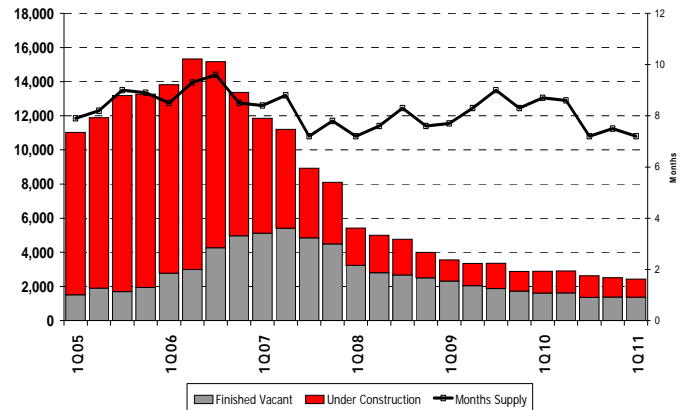


Figure 8: Inventory By Market Area

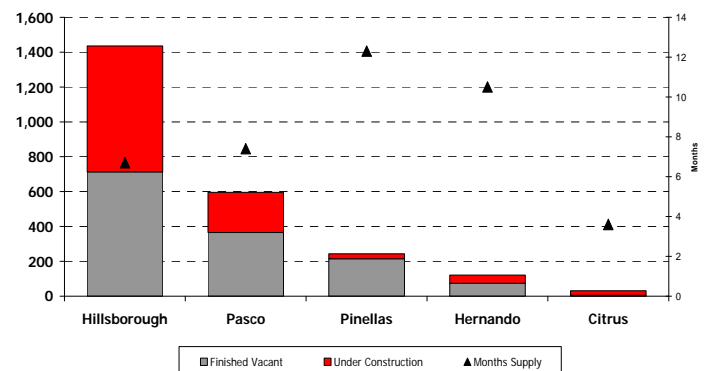
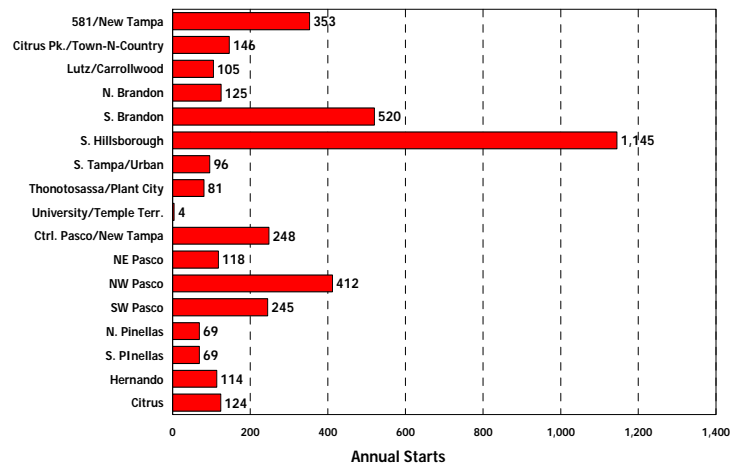


Figure 9: Annual Starts By Submarket



## CONCLUSIONS

The worst job losses are now behind us and the market is showing signs of job creation versus July 2010. Mortgage rates remain low, but they have risen from the October lows created by the government's QE2 program of quantitative easing through buying Treasury Bonds. The foundation is in place to see improvements in the housing sector as we move through 2011 and into 2012. We expect modest gains in 2011 in terms of building activity and better percentage and units gains in 2012. The major factors going forward will be consumer confidence and general continued improvement in the job market. It is highly likely that we will continue to see a local unemployment rate higher than the national average over the next few years. With a workforce of 1.3 million, the Tampa MSA would need to see the number of unemployed workers drop under 91,000 in order to report a local unemployment rate under 7%. The Tampa Bay area currently has 142,716 unemployed workers.

For the first 2 months of 2011, MLS SF sales were 17% higher than the same period of 2010 with 4,286 sales. The strong sales increases were directly attributed to a sharp decline in price. Figure 12 graphs the Tampa median home price each month since February 2001. It compares the actual median price to a hypothetical flat line appreciation of 3.5% annually, a historic average. Price started to rise greater than expected by 2000 and for the first time since then, median price returned to the 3.5% line in January 2009. It has now run below the line for six straight months. The prior bottom in the MLS median SF price for Tampa was January 2009 at \$122,400. The February 2011 MLS single-family median price was \$111,100, up slightly from the new cyclical low point of \$110,000 established in January 2011. It is likely that median single family price as reported through MLS will continue to show negative trend, albeit in single digits, for much of 2011.

The other significant trend is finished vacant units. The number of finished vacant housing units has been dropping since 1Q2007. As of March 2011, the months of supply of FV units for Tampa stood at 3.6 months. This was down from 3.7 months as of December 2010 and down even greater from the 4.4 months as of March 2010. While the trend is good, the months of supply remain high and requires a focused approach to pricing and land acquisition.

Figure 10: Vacant Developed Lot Inventory

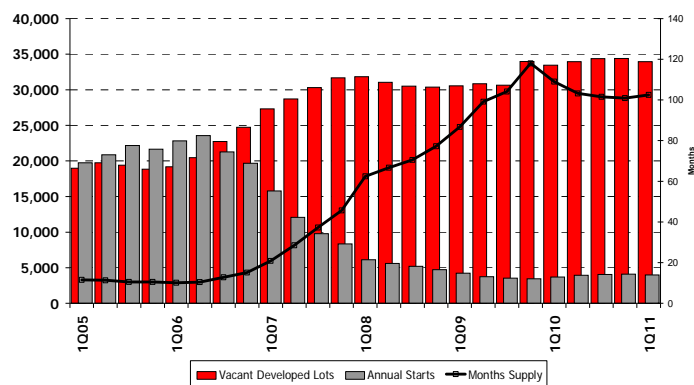


Figure 11: Vacant Developed Lot Inventory By Market Area

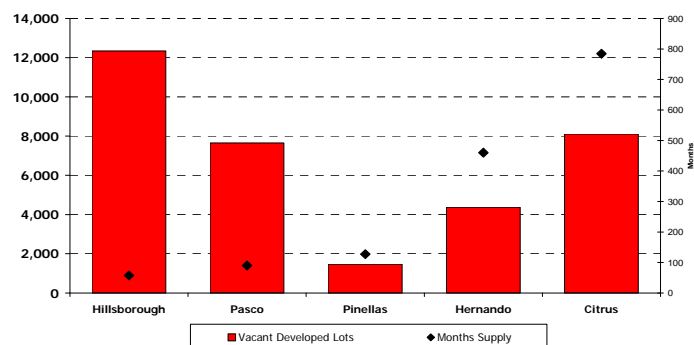
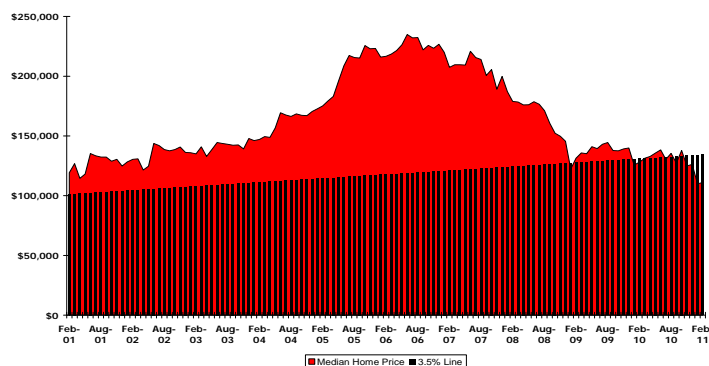


Figure 12: Tampa MLS Median Price



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