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# Record-setting sale of 500 Harbour Island shows how far Tampa Bay's apartment market has come in five years

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Tampa Bay's apartment market has come a long way in five years.

Crescent Bayshore — now 2Bayshore — near downtown Tampa was the first market-rate apartment development in the region to break the \$300,000 per unit threshold in October 2014. That record was trounced by the sale of downtown St. Petersburg's Camden Pier District, which traded for \$354,748.

The sale of 500 Harbour Island, a 21-story tower that was seen as a pioneering project when it broke ground in 2014, trumps them all: The tower sold for \$103.45 million or \$440,212 per apartment — a number that surprised even seasoned market observers in Tampa Bay.



ARRAY  
500 Harbour Island

“We had fully expected this to break the \$400,000-a-unit barrier, but flying past it the way it did was certainly a shock,” said Sean Lance, principal with Vertica Partners LLC in Tampa, who was not involved in the deal. “It was 5 to 10 percent higher

than what we expected.”

A building near downtown Sarasota, the DeSota, sold for more than \$440,000 per apartment earlier this year — but that building includes street-level retail, which is factored into the overall sales price and affects the price per unit.

From investment sales to new construction to rising rents, multifamily has been one of the most active sectors of commercial real estate in Florida for close to a decade, since the recovery of the Great Recession began. As far back as 2015, Tampa Bay apartment experts were predicting a coming squeeze in the high end of the market, saying there were potentially too many luxury units under construction — and that land and construction costs were getting too high to make most deals profitable.

More than four years later, most of the apartments that have been delivered since then have been a success, and even more are under construction. The \$3 billion Water Street Tampa includes several apartment towers, with 815 Water Street — which has 420 apartments in 21- and 26-story towers — well under construction. The long-awaited AER tower is about to break ground on the northern end of downtown Tampa, where two other projects have recently started construction.

There are two big factors driving the demand for apartments, Lance said: Job creation and population growth, and both remain strong in the Sunshine State. The data that Vertica Partners relies on showed a population increase of 1,000 people per week in the Tampa area in the last 12 months.

“I think it’s a testament to Florida in general and Tampa specifically,” he said of the apartment market. “The demand drivers for the state and for Tampa are extraordinary.”

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