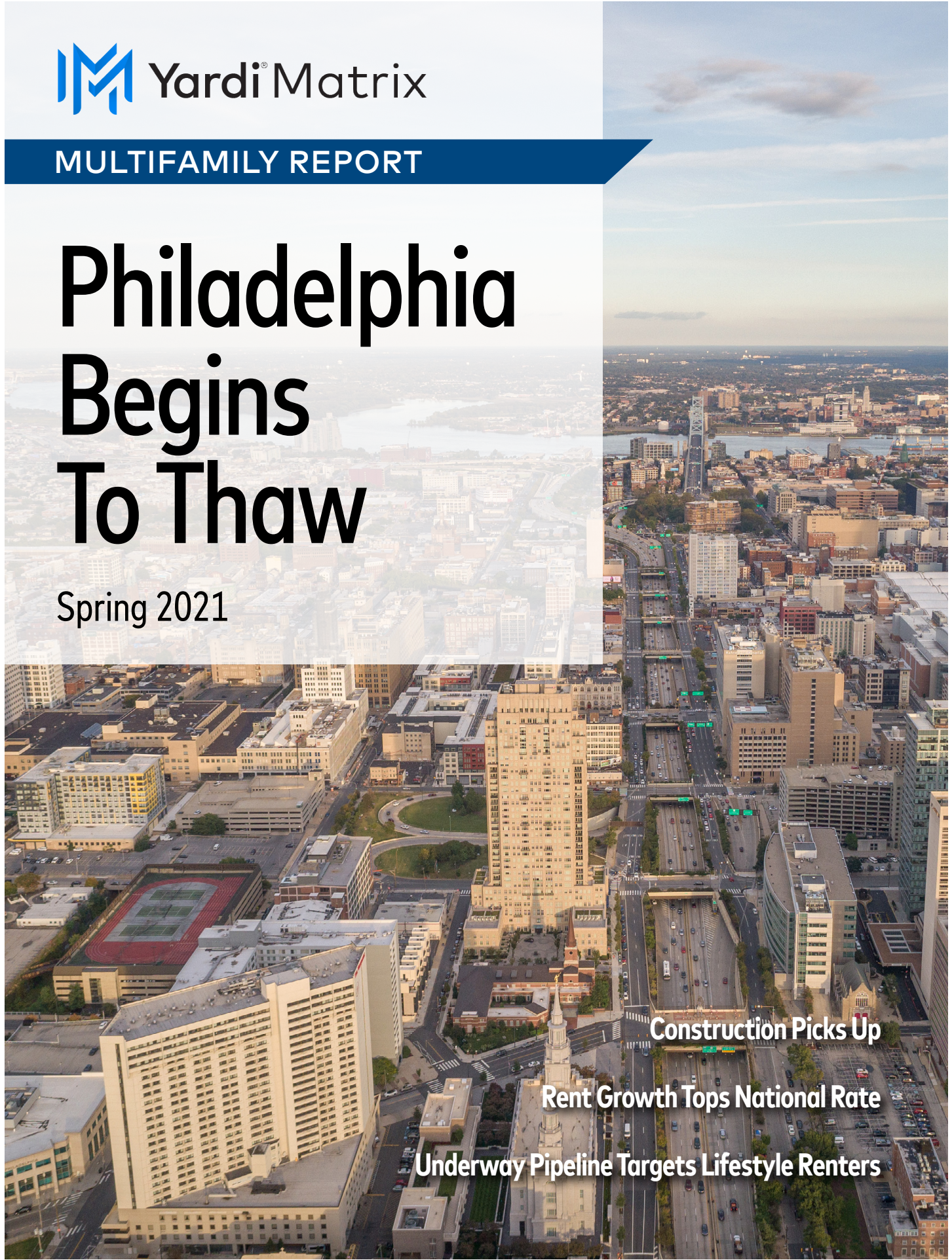




MULTIFAMILY REPORT

Philadelphia Begins To Thaw

Spring 2021



Construction Picks Up

Rent Growth Tops National Rate

Underway Pipeline Targets Lifestyle Renters

PHILADELPHIA MULTIFAMILY



Multifamily Keeps Its Footing

Philadelphia's multifamily fundamentals remain solid, though the market has been put to the test during the past year. Rents increased 0.4% on a trailing three-month basis through March to \$1,455, slightly outperforming the 0.3% national rate during the same period. Working-class Renter-by-Necessity figures expanded at the same pace as Lifestyle rents, highlighting growth in demand across the quality spectrum.

The metro's economy has a long road to recovery after shedding more than 215,000 jobs in the year ending in December. While unemployment had dropped following a spike in June to 18.2%, the rate was 11.2% in February, a 1.9% uptick from the end of last year. Struggling employment sectors are also spelling trouble for local government: Philadelphia anticipates a \$284 million budget shortfall for the 2021 fiscal year, despite cuts to spending and the infusion from the \$1.9 trillion federal stimulus package.

After 557 units delivered in the first three months of 2021, more than 13,000 units were under construction in Philadelphia at the end of March. This follows a cycle high of 6,129 units completed in 2020. Following a 58% drop in transaction volume to \$717 million last year, investment in the first quarter of 2021 totaled \$104 million. Nearly 60% of that volume involved RBN assets.

Market Analysis | Spring 2021

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Recent Philadelphia Transactions

The Premier @ City Line



City: Philadelphia
Buyer: Premier Properties
Purchase Price: \$75 MM
Price per Unit: \$247,185

The Village at Windermere



City: West Chester, Pa.
Buyer: Hampshire Properties
Purchase Price: \$61 MM
Price per Unit: \$252,066

The Manor at Downingtown



City: Downingtown, Pa.
Buyer: White Oak Partners
Purchase Price: \$42 MM
Price per Unit: \$173,215

The Garrison



City: New Castle, Del.
Buyer: Goldcrest Properties
Purchase Price: \$38 MM
Price per Unit: \$319,271