



MULTIFAMILY REPORT

Philadelphia's Comeback

Summer 2021



Per-Unit Prices Jump

Rent Growth Picks Up

Employment Rebounds

PHILADELPHIA MULTIFAMILY



Heading Out Of the Woods

Philadelphia's multifamily recovery is underway. After a rocky year, rents bounced back, up 1.1% on a trailing three-month (T3) basis through June to an average of \$1,510, a little over the \$1,482 U.S. average. Lifestyle rents increased by 1.4% on a T3 basis to \$2,015, while working-class Renter-by-Necessity rents grew at a slightly more moderate pace, up 0.9% to \$1,338.

The metro's diversified economy has made headway since the initial shock of the pandemic last spring, adding 265,900 positions during the 12 months ending in May. All sectors reported net job gains, and Philadelphia's unemployment rate in May—6.1%—gave further indication of a strengthening economy. The leisure and hospitality sector, hit hardest by last year's impositions of travel restrictions and social distancing, bounced back with the addition of 85,800 jobs, or a year-over-year gain of 64.5%.

Multifamily investment reached \$371 million in the first half of the year, more than 55% higher than during 2020's first two quarters. Pricing surged, with the per-unit price close to \$163,000, an increase of more than one-third from the previous year. Following a 2020 cycle high for deliveries, construction remained strong. Nearly 15,000 units were underway as of June, with 2,204 apartments already delivered during the first six months of the year.

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Recent Philadelphia Transactions

The Royal Athena



City: Bala Cynwyd, Pa.
Buyer: Harbor Group International
Purchase Price: \$60 MM
Price per Unit: \$216,364

The Manor at Downingtown



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

Awbury View



City: Philadelphia
Buyer: WNC & Associates
Purchase Price: \$17 MM
Price per Unit: \$134,000

Bala



City: Philadelphia
Buyer: Montium
Purchase Price: \$13 MM
Price per Unit: \$83,750