

# Yardi® Matrix

# Philly's New Fare

## Multifamily Report Summer 2017

**Redevelopments Reshape Skyline**

**Purchase Prices Reach U.S. Average**

**Rents Creep Up in Face of Robust Absorption**

# PHILADELPHIA MULTIFAMILY

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## Market Analysis

Summer 2017

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## Employment Gains Spur Growth

An evolving wage structure, influx of young professionals and boom in hospitality and development are helping Philadelphia's multifamily market keep its head above water. In an effort to attract employment, the city lowered its wage tax again in July. For the first time in 25 years, the metro is adding jobs at a faster pace than its regional peer New York City, with education and health services remaining the city's economic backbone.

Children's Hospital of Philadelphia alone added 600 jobs in the past year. High-earning sectors such as professional services, finance and information are also attracting skilled labor and increasing demand for office space, particularly in the central business district. The \$300 million investment in the expansion and modernization of the Port of Philadelphia is also expected to create at least 9,000 jobs in the trade and transportation sector. A number of vacant buildings in core submarkets are being redeveloped into luxury mixed-use high-rises. In University City, Schuylkill Yards, a \$3.5 billion project, will transform the area around Drexel University into an innovation hub.

With 4,500 units slated to come online in 2017, this year is expected to exceed the 2016 cycle peak of 4,000 units. The expanding economy and the fact that millennials are flocking to Philadelphia's core should keep demand healthy for the foreseeable future. We expect rent growth to reach 2.4% by year-end.

## Recent Philadelphia Transactions

### Exton Crossing



City: Exton, Pa.  
Buyer: Harbor Group International  
Purchase Price: \$96 MM  
Price per Unit: \$236,379

### Village Square



City: Bensalem, Pa.  
Buyer: Berger Rental Communities  
Purchase Price: \$71 MM  
Price per Unit: \$102,305

### Narraticon



City: Deptford, Pa.  
Buyer: AJH Management  
Purchase Price: \$70 MM  
Price per Unit: \$158,485

### Jefferson on the Creek



City: Warminster, Pa.  
Buyer: Priderock Capital Partners  
Purchase Price: \$64 MM  
Price per Unit: \$163,462

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