



MULTIFAMILY REPORT

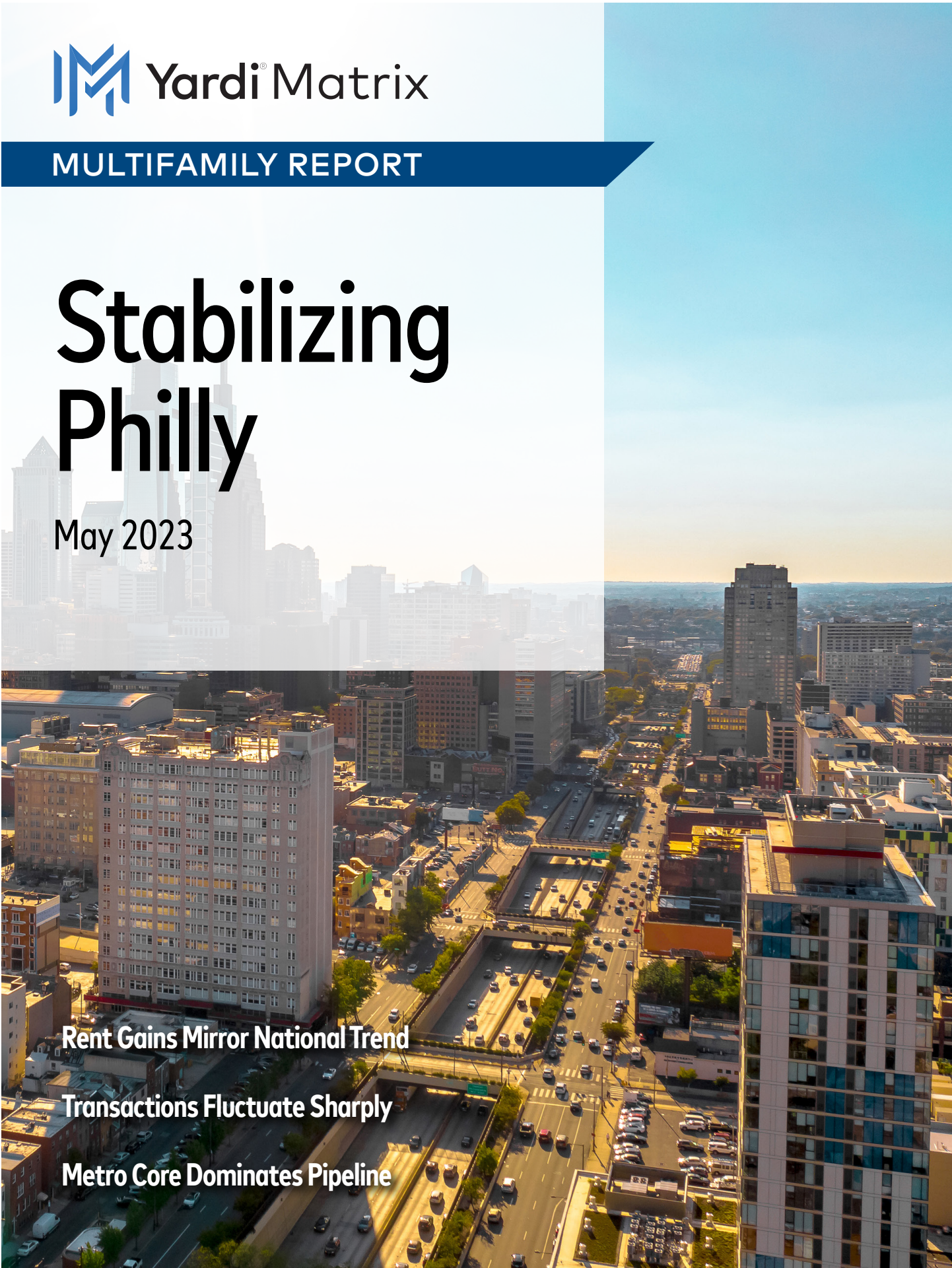
Stabilizing Philly

May 2023

Rent Gains Mirror National Trend

Transactions Fluctuate Sharply

Metro Core Dominates Pipeline



PHILADELPHIA MULTIFAMILY



Transactions Slow, Development Improves

After notable growth and a slight correction, the Philadelphia multifamily market is once again finding its footing. Coming out of a seasonal deceleration, rents were flat on a trailing three-month basis as of March, in line with the national average. Meanwhile, yearly growth decelerated to 4.0%, again on par with the U.S. figure. Occupancy slid 70 basis points in the 12 months ending in February, but remained relatively healthy, at 96.0%.

Metro Philadelphia gained 101,400 positions last year, with education and health services (30,400 jobs) driving growth. All areas added jobs, except for the public sector, which lost 1,400 positions. Meanwhile, Philadelphia unemployment increased slightly at the beginning of 2023, to 4.2%, but was still tight. What's more, several large projects, including multibillion-dollar ventures such as Schuylkill Yards and the Philadelphia Navy Yard, are moving forward and providing new economic anchors. Many such projects are centered around life science space, with the metro offering plenty of expansion opportunities in the field.

A total of 1,070 apartments came online during the first quarter, and Philadelphia had an additional 16,080 units under construction as of March. Yardi Matrix expects 5,292 rental units to be completed in 2023. Meanwhile, transactions slowed down significantly this year on the heels of the 2022 decade high, when \$3.9 billion in multifamily assets traded.

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Recent Philadelphia Transactions

Presidential City



City: Philadelphia
Buyer: KKR
Purchase Price: \$342 MM
Price per Unit: \$334,311

Arrive Chadds Ford



City: Chadds Ford, Pa.
Buyer: FPA Multifamily
Purchase Price: \$97 MM
Price per Unit: \$274,148

Metropolitan



City: Philadelphia
Buyer: GY Properties
Purchase Price: \$30 MM
Price per Unit: \$250,000

Pennsauken Tower



City: Pennsauken, N.J.
Buyer: PRD Management
Purchase Price: \$21 MM
Price per Unit: \$205,000