



MULTIFAMILY REPORT

Signs Of Growth In Philly

August 2023

Suburbs Push Rents Up

Transaction Activity Slows Down

Development Concentrated in Urban Areas

PHILADELPHIA MULTIFAMILY



Brighter Days For Philly Fundamentals

The Philadelphia market is showing signs of stabilizing. Rents were up 0.6% on a trailing three-month basis through June, to \$1,723, and 20 basis points above the U.S. rate of improvement. The average occupancy rate in stabilized properties decreased 60 basis points in 12 months, to 96.0%, as of June. Despite a decline, the metro's overall occupancy rate remained significantly above the national figure, which clocked in at 95.0%.

Greater Philadelphia added 91,600 jobs in the twelve months ending in April, for a 3.1% increase, 20 basis points higher than the national average. As recently as May, the unemployment rate stood at 3.6%, 50 basis points above the previous month, according to data from the Bureau of Labor Statistics. Education and health services added 35,500 positions, marking the largest number of positions gained across all sectors. The metro's economy will receive a boost, as a \$290 million research lab is coming to Philadelphia. The project is slated for completion by the end of 2024. Additionally, other R&D facilities are planned for the area.

Developers had 18,701 units under construction as of June. Of the projects underway, 4,283 units broke ground this year, with most projects concentrated in the metro's urban core. During the first six months of 2023, only \$148 million in multifamily assets traded, marking a steep slowdown in investment activity. Last year, \$2.4 billion traded during the same time frame.

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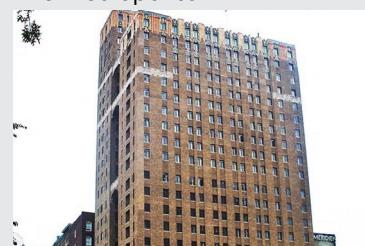
Recent Philadelphia Transactions

Burrough's Mill



City: Cherry Hill, N.J.
Buyer: New York Life Real Estate Investors
Purchase Price: \$78 MM
Price per Unit: \$252,864

The Metropolitan



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

Lakeview Terrace



City: Fairless Hills, Pa.
Buyer: Chelsea Management
Purchase Price: \$24 MM
Price per Unit: \$84,369

Colonial Village



City: New Castle, Del.
Buyer: Montium
Purchase Price: \$16 MM
Price per Unit: \$121,212