

Yardi® Matrix

Philadelphia Breaks Even

Multifamily Report Summer 2019

Per-Unit Prices Drop

Rent Growth Remains Solid

Development Slated for Cycle Peak

PHILADELPHIA MULTIFAMILY

Yardi® Matrix

Market Analysis

Summer 2019

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Techies Boost Rental Demand

Philadelphia's tech hub status continued to draw in a young and skilled labor force, boosting housing demand and supporting a solid multifamily market. Positive fundamentals attract investors, mostly interested in well-positioned urban assets. Rents rose 3.0% year-over-year through April to \$1,354, while occupancy in stabilized properties remained virtually flat.

The metro added 38,400 jobs in the 12 months ending in March. Gains were led by the education and health services sector (17,600), followed by construction (5,600), leisure and hospitality (5,200) and government (3,800). Philadelphia's business-friendly landscape nurtures some 1,800 startups in various fields, attracting young professionals preferring to rent rather than own. Renewing business infrastructure through mega projects such as the \$3.5 billion Schuylkill Yards is expected to boost employment growth further.

A total of 16 assets traded in the first quarter of 2019 for \$134.4 million. Going forward, investment volume is very likely to depend on the fate of the 10-year property tax abatement. Inventory continues to expand at a rapid pace, with 5,460 units anticipated to come online this year, which would mark a new cycle peak. New supply is bound to moderate rent growth in Philadelphia, with the average expected to advance 2.2% this year.

Recent Philadelphia Transactions

Lincoln Green



City: Philadelphia
Buyer: Chelsea Management
Purchase Price: \$103 MM
Price per Unit: \$161,321

Valleybrook at Chadds Ford



City: Chadds Ford, Pa.
Buyer: Crow Holdings
Purchase Price: \$75 MM
Price per Unit: \$211,648

The Versailles



City: Philadelphia
Buyer: Spring Creek
Investment Management
Purchase Price: \$71 MM
Price per Unit: \$638,066

The Isle



City: Philadelphia
Buyer: Friedkin Realty Group
Purchase Price: \$53 MM
Price per Unit: \$340,160