

Yardi® Matrix

Philadelphia's Persistence

Multifamily Report Winter 2019

Rent Growth Picks Up

Skilled Talent Drives Demand

Investment Activity Remains High

PHILADELPHIA MULTIFAMILY

Yardi® Matrix

Market Analysis

Winter 2019

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Millennials Push Up Demand

Philadelphia's consistent population and job gains sustain a strong multifamily market, which continues to attract investors. Rent growth picked up in the fourth quarter, closing 2018 at 2.9% year-over-year.

Employment gains were led by education and health services (13,200 jobs) and professional and business services (12,200), followed by the trade (6,400) and construction (4,400) sectors. The metro is beginning to polish its status as an emerging tech city with its own identity. The business community is supporting technology startups and emerging ventures, while focusing on retaining highly skilled talent, one of the metro's top rental demand drivers. The fast pace of development has led to a 3.7% jump in construction jobs year-over-year, the highest sector expansion for the 12 months ending in October.

At \$1.4 billion, 2018 transaction volume was almost on par with the 2017 figure and second only to the 2015 cycle high, when 72 deals closed for \$1.7 billion. Young professionals prefer well-located apartments in core areas, which is spurring further development. The metro is anticipated to add 5,460 units in 2019, which would mark a peak for this prolonged cycle. However, in line with national trends, strong demand is expected to sustain absorption, keeping rent growth at 2.2% in 2019.

Recent Philadelphia Transactions

Lincoln Green



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

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

ReNew Glenmoore



City: Glenmoore, Pa.
Buyer: FPA Multifamily
Purchase Price: \$43 MM
Price per Unit: \$196,759