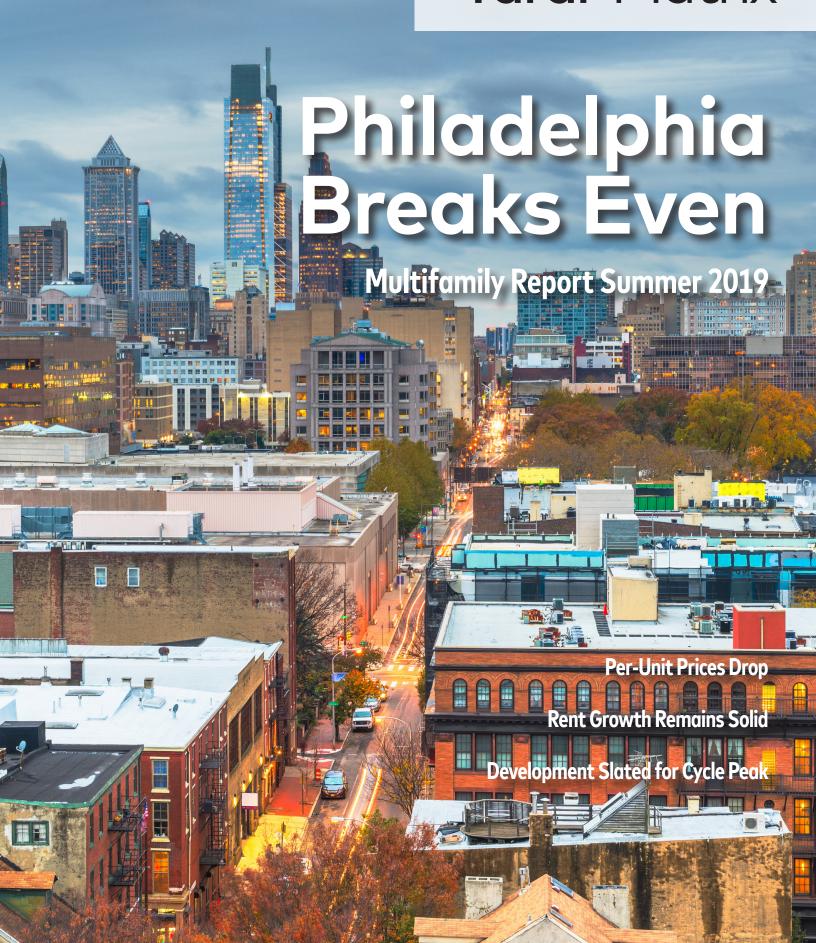
# Yardi<sup>®</sup> Matrix



## PHILADELPHIA MULTIFAMILY

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# 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