



MULTIFAMILY REPORT

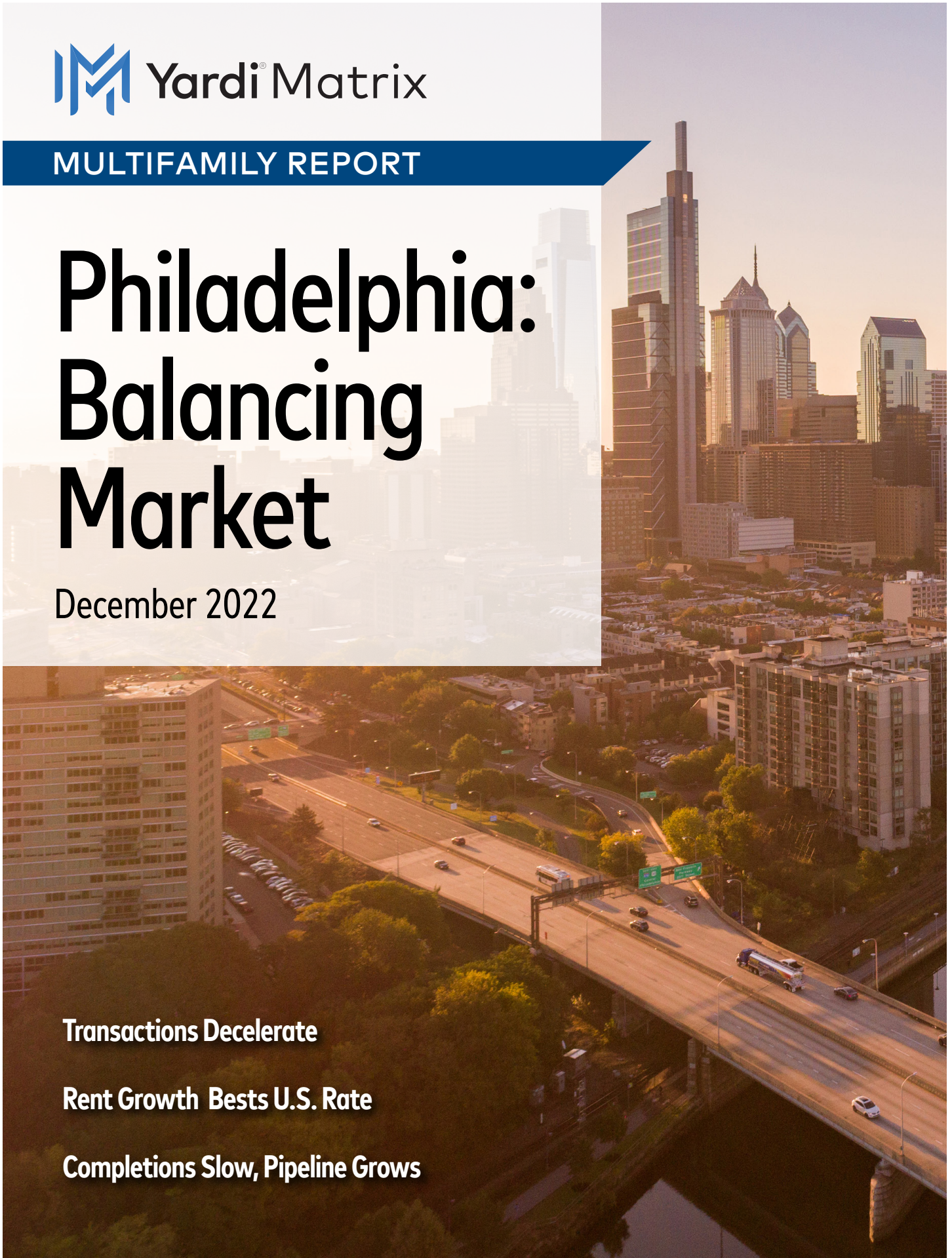
Philadelphia: Balancing Market

December 2022

Transactions Decelerate

Rent Growth Bests U.S. Rate

Completions Slow, Pipeline Grows



PHILADELPHIA MULTIFAMILY



Reroute in Progress

In lockstep with nationwide trends, Philadelphia's multifamily market continued to slow down, while still displaying relatively healthy fundamentals. Amid slower absorption, rents were still up 30 basis points on a trailing three-month basis through October. That brought year-over-year rate growth to 7.6%, not far from the 8.2% U.S. figure. Meanwhile, the occupancy rate dropped 60 basis points in 12 months, to 96.3% as of September.

Metro Philadelphia added 122,800 positions in the 12 months ending in August, marking a 4.1% expansion. Gains were broad, with four sectors adding more than 20,000 positions each. The unemployment rate dropped to 3.4% as of September, according to preliminary Bureau of Labor Statistics data, outperforming both Pennsylvania and the nation. The market has, in fact, recovered nearly all jobs lost in the early stages of the pandemic, reaching just 25,000 positions short of the figure recorded in early 2020.

More than \$2.5 billion in multifamily assets traded in 2022 through October, already surpassing 2021's total and marking a new decade high. Nonetheless, deals slowed down significantly in the third quarter, and this trend may continue if recent signs of capital availability persist. Meanwhile, completions slowed down to 2,473 units year-to-date, while the total pipeline actually grew.

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Recent Philadelphia Transactions

Racquet Club



City: Levittown, Pa.
Buyer: Rushmore Management
Purchase Price: \$397 MM
Price per Unit: \$696,997

Chestnut Hill Village



City: Philadelphia
Buyer: Premier Properties
Purchase Price: \$167 MM
Price per Unit: \$203,410

Briggs & Union



City: Mount Laurel Township, N.J.
Buyer: Brookfield Properties
Purchase Price: \$158 MM
Price per Unit: \$322,449

Pennbrook Station



City: Lansdale, Pa.
Buyer: New York Life Real Estate Investors
Purchase Price: \$107 MM
Price per Unit: \$309,610