



MULTIFAMILY REPORT

Philly Regains Strength

May 2025

T3 Rent Growth Accelerates

Investment Volume Up YoY

Supply Growth Breaks Record

PHILADELPHIA MULTIFAMILY



Rent Growth Positive, Fundamentals Solid

Philadelphia's multifamily market showed strength in the first quarter of 2025, with all fundamentals on a positive track. Average advertised asking rents regained momentum and were up 0.4%, on a trailing three-month basis through March, to \$1,821—30 basis points ahead of the U.S. figure. Despite record supply growth in 2024, the market's overall occupancy for stabilized assets remained healthy, at 95.5% as of February, unchanged year-over-year.

Employment growth was slightly slower, at 0.9% year-over-year through January, just 10 basis points below the U.S. rate and down 10 basis points since December. Over the 12-month period ending in January, Philadelphia gained 46,800 net jobs. Education and health services led growth with 29,900 positions. Meanwhile, four sectors lost a combined 5,600 jobs. Ongoing large-scale projects in the metro that have made progress include the first facilities at HRP Group's \$4 billion, 1,300-acre Bellwether District in South Philadelphia, as well as a new 614-unit community at the \$6 billion redevelopment of the Navy Yard.

Developers completed 8,470 units across the metro last year, making 2024 the best year for deliveries this decade. With 16,763 units under construction as of March, along with an additional 77,000 units in the planning and permitting stages, Philadelphia will maintain its healthy supply growth.

Market Analysis | May 2025

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Recent Philadelphia Transactions

The Diamond at Phoenixville



City: Phoenixville, Pa.
Buyer: Lindy Property Management
Purchase Price: \$48 MM
Price per Unit: \$235,122

Park Towne



City: Vineland, N.J.
Buyer: Goldcrest Properties
Purchase Price: \$12 MM
Price per Unit: \$111,111

Laurelton Village



City: Williamstown, N.J.
Buyer: Limestone Living
Purchase Price: \$11 MM
Price per Unit: \$63,707

Dorado Village

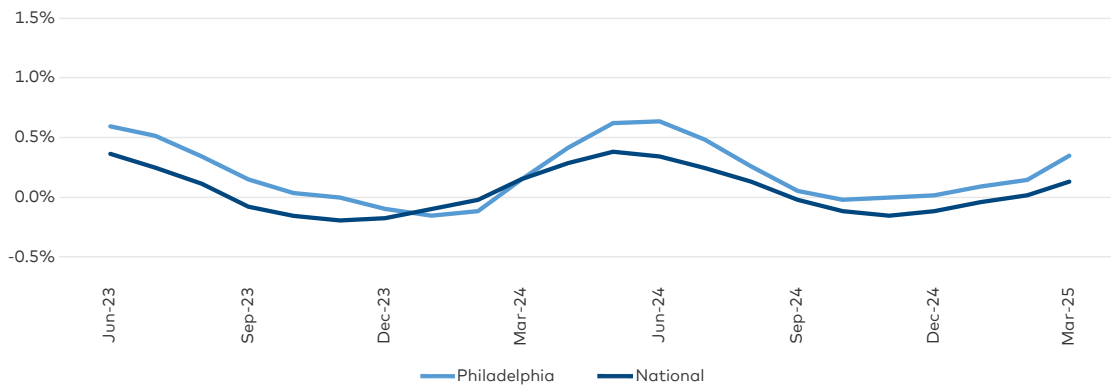


City: Philadelphia
Buyer: Shift Capital
Purchase Price: \$5 MM
Price per Unit: \$61,728

RENT TRENDS

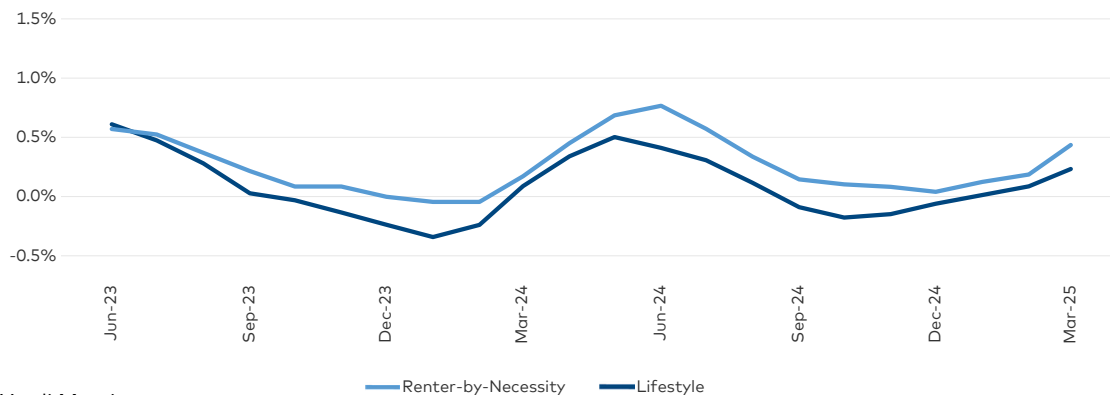
- Average advertised asking rents in Philadelphia were up 0.4% on a trailing three-month (T3) basis through March, to \$1,821, outpacing the U.S. figure by 30 basis points. Growth regained its momentum after the winter season. Rents were up 3.2% year-over-year through March, placing the metro first among Mid-Atlantic markets and fifth among the top 30 markets tracked by Yardi Matrix. This was on par with high-growth markets in the Northeast and Midwest, but a slowdown is in the cards. Yardi Matrix expects the metro's year-over-year growth to reach 2.1% this year.
- Advertisd asking rents for the working-class Renter-by-Necessity segment were up 0.4%, on a T3 basis through March, to \$1,613, while the upscale Lifestyle segment climbed 0.2%, to \$2,282.
- The average overall occupancy rate in stabilized assets was stable year-over-year, at 95.5% as of February, while the U.S. figure dipped 10 basis points, to 94.5%. Occupancy for Philadelphia's RBN segment stood at 95.8%, while the Lifestyle rate was 94.8%. Both were unchanged since last year, indicating that the significant increase in new supply is keeping up with demand.
- The strongest year-over-year advertised asking rent gains were in Suburban Philadelphia. Pottstown led with a 16.5% increase, to \$1,703 as of March, followed by Bordentown (12.7% to \$1,890), Wilmington-Central (11.5% to \$1,934) and Cumberland County (9.8% to \$1,496). North-East (13.2% to \$2,501) led among urban submarkets, followed by Abington (6.8% to \$1,810) and Conshohocken (5.8% to \$2,231).

Philadelphia vs. National Rent Growth (Trailing 3 Months)



Source: Yardi Matrix

Philadelphia Rent Growth by Asset Class (Trailing 3 Months)



Source: Yardi Matrix

ECONOMIC SNAPSHOT

- ▶ Philadelphia's employment growth was 0.9% year-over-year through January, just 10 basis points below the national figure. After holding steady for three months, the rate slightly improved. Throughout 2024, Philadelphia's job market trailed the U.S. by 10 to 40 basis points.
- ▶ Over the 12-month period ending in January, the metro gained 46,800 net jobs, with all but four sectors expanding. Education and health services led with 29,900 positions gained, followed by government (8,900) and other services (5,800). The largest losses were in the manufacturing (-2,400) and information (-2,300) sectors.
- ▶ Metro Philadelphia's unemployment stood at 4.2% in February, 10 basis points above the national figure and 40 basis points above Pennsylvania's rate, according to preliminary BLS data. After fluctuating between 3.3% and 4.6% last year, Philadelphia's rate settled just 10 basis points above the February figure.
- ▶ The first building at HRP Group's \$4 billion, 1,300-acre Bellwether District in South Philadelphia came online, with a second planned for completion later this year. Work is also ongoing at the \$6 billion revitalization of the Navy Yard, with upcoming additions including a \$285 million, 614-unit community set to come online this September.

Philadelphia Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
65	Education and Health Services	823.8	23.1%
90	Government	427	12.0%
80	Other Services	146.9	4.1%
60	Professional and Business Services	537.6	15.1%
40	Trade, Transportation and Utilities	641.3	18.0%
70	Leisure and Hospitality	330.4	9.3%
15	Mining, Logging and Construction	139.2	3.9%
55	Financial Activities	240.2	6.7%
50	Information	53.7	1.5%
30	Manufacturing	224.4	6.3%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- ▶ Metro Philadelphia gained 17,672 residents from 2021 to 2022, marking a 0.3% increase, while the U.S. population expanded 0.4%.
- ▶ Philadelphia's population expanded 4.0% over the 10-year period ending in 2022.

Philadelphia vs. National Population

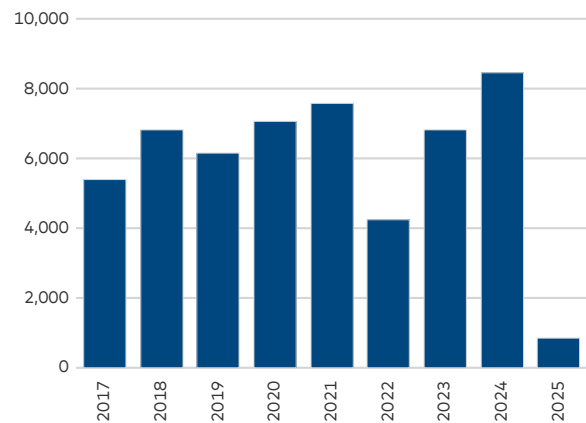
	2019	2020	2021	2022
National	324,697,795	326,569,308	329,725,481	331,097,593
Philadelphia	6,079,130	6,092,403	6,215,222	6,232,894

Source: U.S. Census

SUPPLY

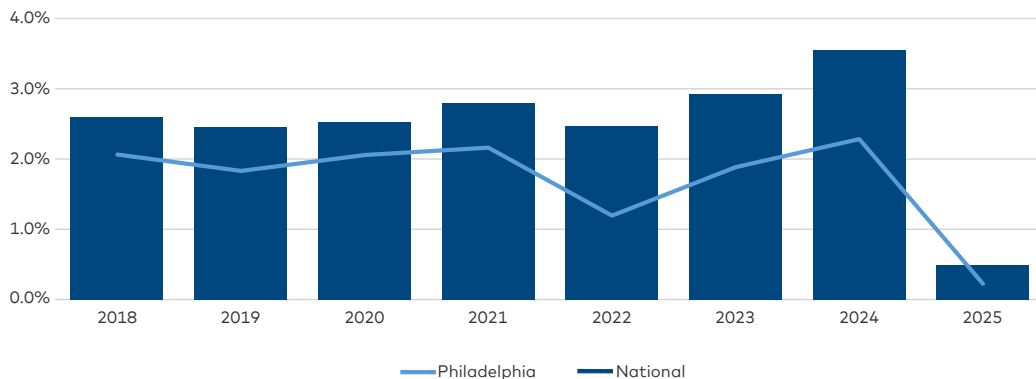
- ▶ Philadelphia had 16,763 units under construction as of March, along with an additional 77,000 units in the planning and permitting stages. Developers continued to bet on the up-scale segment's growth potential, as more than three-quarters of all units underway were in Lifestyle assets. Units in RBN developments accounted for 10% of the pipeline, while those in fully affordable projects totaled just under 5%.
- ▶ Developers completed 8,470 units across the metro last year, which was 2.3% of existing inventory and 120 basis points behind the U.S. figure. This makes 2024 the best year for deliveries, while 2025 is projected to become the second-best of the decade (roughly 8,000 units), according to the latest Yardi Matrix forecast. The under-construction pipeline is decreasing nationwide, but at a much slower pace than its expansion from 2021 through 2023.
- ▶ Seven projects, totaling 862 units, broke ground in the first quarter of 2025 across metro Philadelphia. Starts were down 57.1% year-over-year, as developers remain focused on completing current projects. Should market conditions hold, Yardi Matrix expects Philadelphia's inventory to grow by roughly 8,000 units.
- ▶ Urban Philadelphia had 10,508 units under construction in March, while Suburban Philadelphia accounted for the remaining 6,255 units. The North-East submarket led activity, with 3,596 units, followed by Frankford/Kensington (1,602) and South (1,491).
- ▶ Ensemble Real Estate Solutions and Korman Communities are developing a 614-unit project within the \$6 billion Navy Yard master plan, financed with a \$78 million loan from Ullico.

Philadelphia Completions (as of March 2025)



Source: Yardi Matrix

Philadelphia vs. National Completions as a Percentage of Total Stock (as of March 2025)

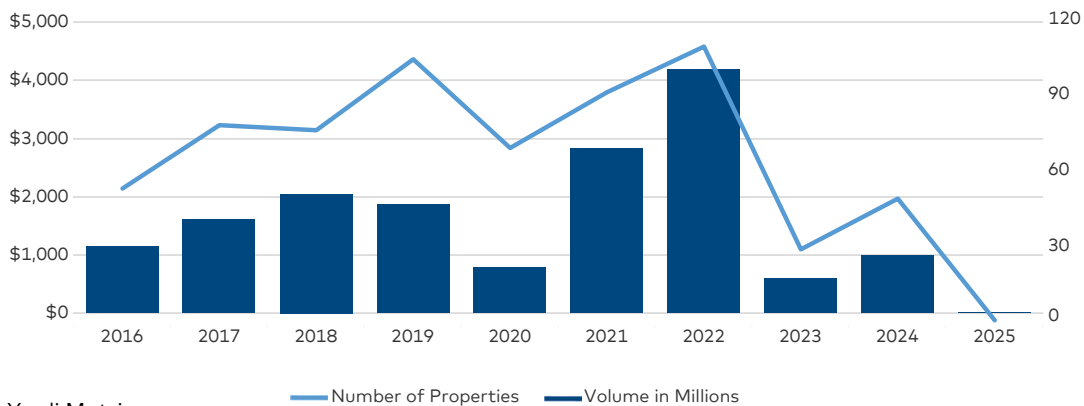


Source: Yardi Matrix

TRANSACTIONS

- ▶ Philadelphia investors traded \$990 million in multifamily assets last year. Volume increased 68% compared to 2023, but remained well below the \$1.6 billion annual average of the past eight years—excluding 2022, which was an outlier year for Philadelphia.
- ▶ The average per-unit price in the metro was down 4.2% year-over-year, to \$152,566, for 2024's sales, while the national figure grew 3.9%, to \$193,754. However, Philadelphia's price dip was wholly due to a larger sample size, as 49 assets traded last year, 20 more than in 2023. Over the past 10 years, the metro's per-unit average grew 17.7%, significantly slower than the U.S. figure, which grew 66.9%.
- ▶ Just one multifamily property of 50 units or more changed hands in the first three months of 2025. Goldcrest Properties paid \$12 million for Park Towne, a 108-unit community. Corsa Management sold the asset for \$111,111 per unit.

Philadelphia Sales Volume and Number of Properties Sold (as of March 2025)



Source: Yardi Matrix

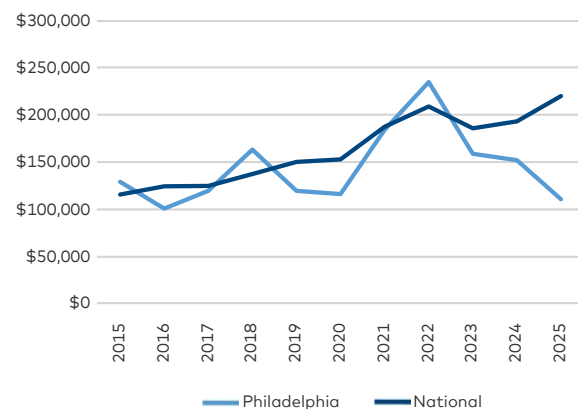
Top Submarkets for Transaction Volume¹

Submarket	Volume (\$MM)
Phoenixville	138
Horsham	125
Conshohocken	109
Mount Laurel	79
North-East	45
Camden	39
Far Northeast	36

Source: Yardi Matrix

¹ From April 2024 to March 2025

Philadelphia vs. National Sales Price per Unit



Source: Yardi Matrix



Building for the Long Term: Hankin Group's Approach to Development

By Olivia Bunescu

Over the past six decades, family-owned Hankin Group has been active on the residential development front through its dedicated division, bringing online more than 7,000 residencies and 2,500 apartments to date, most of them in Pennsylvania. Michael Hankin, COO & President of Hankin Apartments, highlights key trends he's seeing in the local multifamily market.

How is the multifamily development landscape evolving in the markets you're active in?

Across the region, we have seen a slowdown in development stemming from escalating land values. Due to high interest rates and construction costs, there is a disconnect between asking prices and what developers are willing to pay. We don't expect to see an influx of new multifamily development until the market is balanced. Developers are also being more creative in identifying financing solutions, such as exploring joint ventures.

What unique opportunities and challenges does Pennsylvania's multifamily housing market present?

Cities and boroughs often understand the benefits of density and mixed-use development, but there is more limited real estate. However, this also provides more opportunities for redevelopment.

Suburban markets, alternatively, have greater availability of land, which is an advantage, but



often municipalities have zoning obstacles and a lower appetite for adding housing. Zoning regulations have good intentions, but if not kept current, can impede strategic planning and development. Parking is a great example. For instance, multifamily buildings typically utilize approximately 1.4 parking spaces per unit, whereas many ordinances require 2.5 spaces per unit.

Regardless of where a community is being developed, working closely with the local governing body is key to getting projects across the finish line.

How have you adapted to meet the needs of today's renters, especially in terms of wellness, shared spaces and technological amenities?

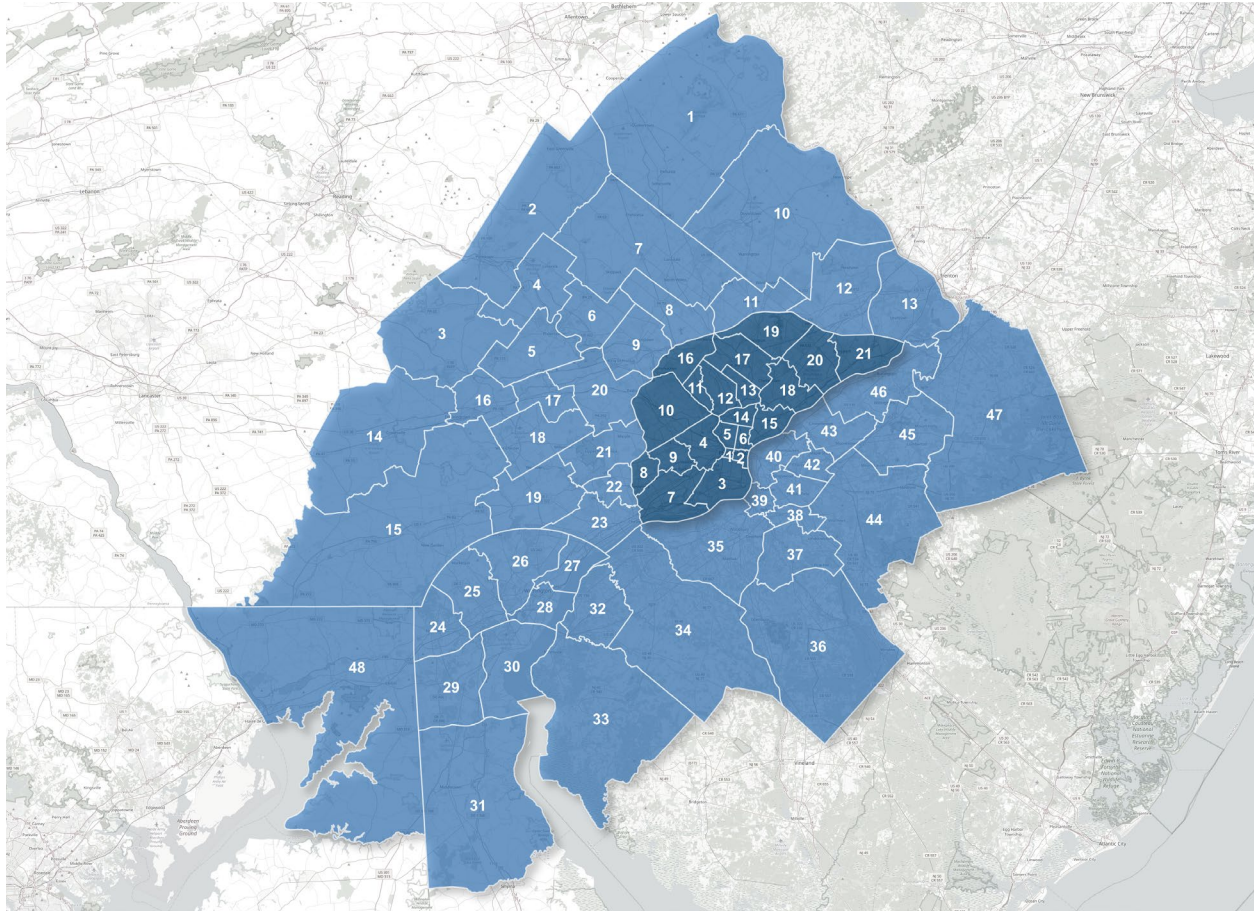
While the 'amenities arms race' of the past several years has cooled off, today's generation of luxury renters expect more than just basic living spaces, Wi-Fi and a community room. In-unit smart home technologies, including smart locks and thermostats, remote entry and USB outlets are a priority.

We anticipate wellness to be a continued emphasis for multifamily communities in 2025 and beyond. Developers will need to go beyond the traditional fitness center, and focus on offering more of a boutique, high-end gym experience.

Tell us a bit about your expectations for multifamily development this year.

(Read the complete interview on multihousingnews.com.)

PHILADELPHIA SUBMARKETS



Area No.	Submarket
1	Perkasie
2	Pottstown
3	Glenmoore
4	Royersford
5	Phoenixville
6	Audubon
7	Lansdale
8	Ambler
9	Norristown
10	Doylestown
11	Hatboro-Warminster
12	Feasterville-Langhorne
13	Fairless Hills-Morrisville
14	Coatesville
15	Oxford-Kennett Square
16	Exton-Downingtown
17	Malvern
18	West Chester
19	Concordville
20	Berwyn
21	Broomall
22	Media
23	Chester
24	Newark

Area No.	Submarket
25	Stanton-Pike Creek
26	Wilmington-West
27	Claymont-Wilmington North
28	Wilmington-Central
29	Bear
30	New Castle
31	Middletown
32	Carneys Point
33	Pennsville-Salem
34	Bridgeport-Woodstown
35	Woodbury
36	Glassboro-Williamstown
37	Lindenwold
38	Runnemede-Voorhees
39	Gloucester City
40	Camden-Pennsauken Township
41	Haddonfield
42	Cherry Hill
43	Cinnaminson
44	Marlton-Medford
45	Mount Holly
46	Willingboro
47	Bordentown-Browns Mills
48	Cecil County

Area No.	Submarket
1	Center City-West
2	Center City-East
3	South
4	West
5	North-West
6	North-East
7	Southwest
8	Springfield
9	Upper Darby-Drexel Hill
10	Ardmore
11	Northwest-West
12	Northwest-East
13	Oak Lane
14	Upper North
15	Frankford/Kensington
16	Conshohocken
17	Abington
18	Lower Northeast
19	Willow Grove
20	Far Northeast
21	Bensalem

DEFINITIONS

Lifestyle households (renters by choice) have wealth sufficient to own but have chosen to rent. Discretionary households, most typically a retired couple or single professional, have chosen the flexibility associated with renting over the obligations of ownership.

Renter-by-Necessity households span a range. In descending order, household types can be:

- *A young-professional*, double-income-no-kids household with substantial income but without wealth needed to acquire a home or condominium;
- *Students*, who also span a range of income capability, extending from affluent to barely getting by;
- *Lower-middle-income ("gray-collar") households*, composed of office workers, policemen, firemen, technical workers, teachers, etc.;
- *Blue-collar households*, which barely meet rent demands each month and likely pay a disproportionate share of their income toward rent;
- *Subsidized households*, which pay a percentage of household income in rent, with the balance of rent paid through a governmental agency subsidy. Subsidized households, while typically low income, extend to middle-income households in some high-cost markets, such as New York City;
- *Military households*, subject to frequency of relocation.

These differences can weigh heavily in determining a property's ability to attract specific renter market segments. The five-star resort serves a very different market than the down-and-outer motel. Apartments are distinguished similarly, but distinctions are often not clearly definitive without investigation. The Yardi® Matrix Context rating eliminates that requirement, designating property market positions as:

Market Position	Improvements Ratings
Discretionary	A+ / A
High Mid-Range	A- / B+
Low Mid-Range	B / B-
Workforce	C+ / C / C- / D

The value in application of the Yardi® Matrix Context rating is that standardized data provides consistency; information is more meaningful because there is less uncertainty. The user can move faster and more efficiently, with more accurate end results.

The Yardi® Matrix Context rating is not intended as a final word concerning a property's status—either improvements or location. Rather, the result provides reasonable consistency for comparing one property with another through reference to a consistently applied standard.

To learn more about Yardi® Matrix and subscribing, please visit www.yardimatrix.com or call Ron Brock, Jr., at 480-663-1149 x14006.



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- Gain complete new supply pipeline information from concept to completion
- Find acquisition prospects based on in-place loans, maturity dates, lenders and originators
- Access aggregated and anonymized residential revenue and expense comps



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