PHILADELPHIA

MULTIFAMILY MARKET REPORT | MID-YEAR

2025

SELECT MARKET

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Jobs Added / Lost

LAST 12 MONTHS
43,200

1.4% YOY

Unemployment

JUNE 2025
4.2%

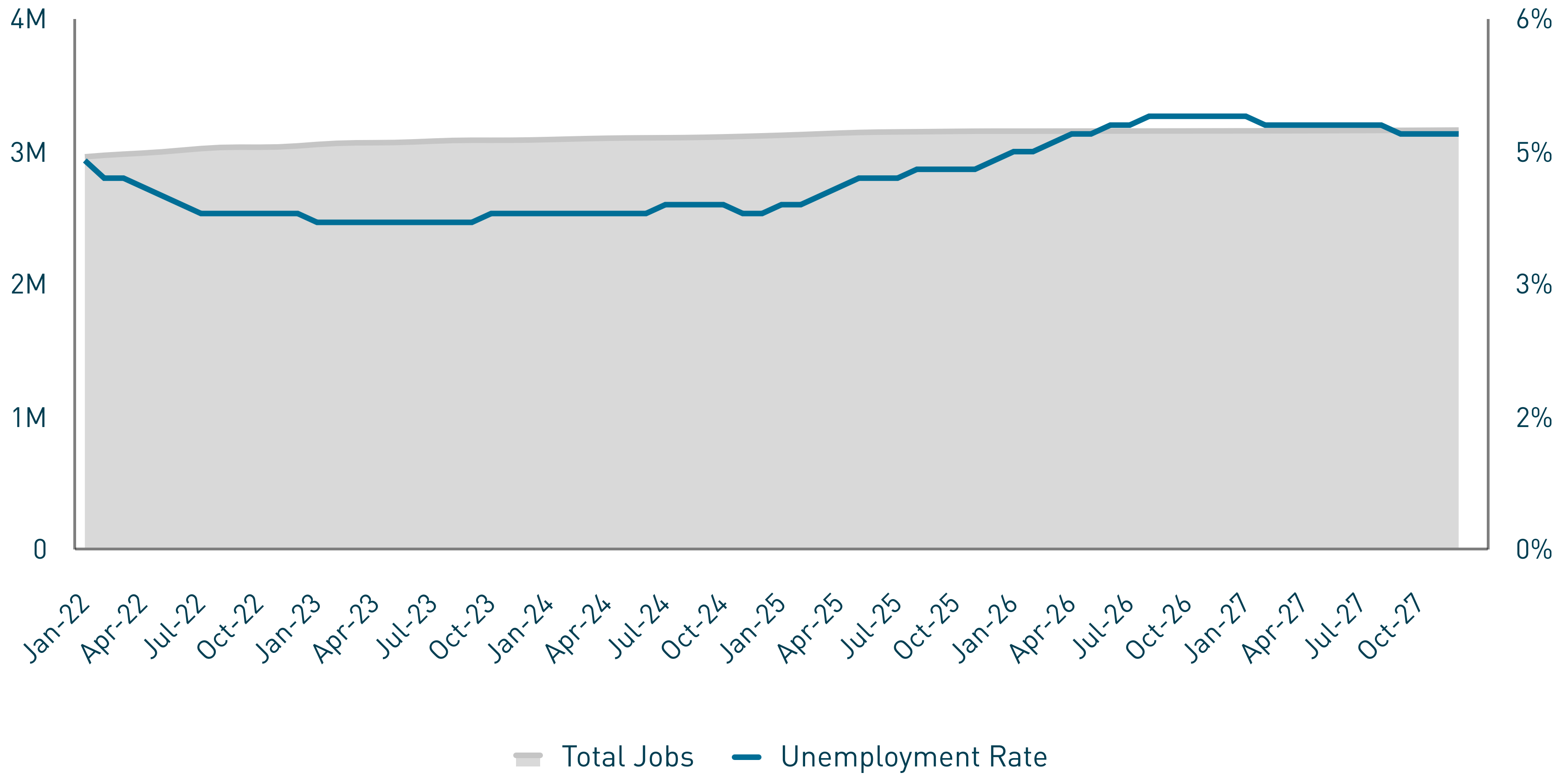
40 BPS YOY

Employment

In response to recent rapid population growth, Metro Philadelphia's private education and healthcare sector heavily contributed to the 28,300 net new jobs created in the first half of 2025. Net in-migration was estimated to have reached a 20-year peak in 2024, as over 39,800 people made the metro their home. This growth necessitated the creation of 13,200 new private education and healthcare jobs - 46.6% of the metro total - to accommodate increased demand for both schooling and medical care. Philadelphia is one of the top 10 U.S. metro areas for private school enrollment. According to data from the Pennsylvania Department of Education, the number of full-time equivalent teachers more than doubled from the 2023-2024 to 2024-2025 school year, leading to substantial growth within the private health and education sector.

This was possible because there is a metrowide shortage of teachers, and many teachers often leave the public-school systems for private employment. Additionally, multiple major health providers are underway on expansions, which will continue to fuel private healthcare growth in the near term. For example, Children's Hospital of Philadelphia (CHOP) has had $3.5 billion in ongoing development that is projected to create 5,000 jobs at completion in 2028. The next to complete will be their 350,000-square-foot research center by the end of 2025. Most notably, CHOP will complete a $1.9 billion new patient tower at their main campus in 2028.

Employment Trends



Source: Moody's Analytics

In the News

25-story office tower added to $250M Camden redevelopment
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Philadelphia investing $67M for new forensics lab
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Pennsylvania invests $30M into Navy Yard redevelopment
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2025 Year to Date

DELIVERIES
4,619 UNITS

ABSORPTION
8,319 UNITS

2025 Total*

DELIVERIES
7,701 UNITS

ABSORPTION
6,599 UNITS

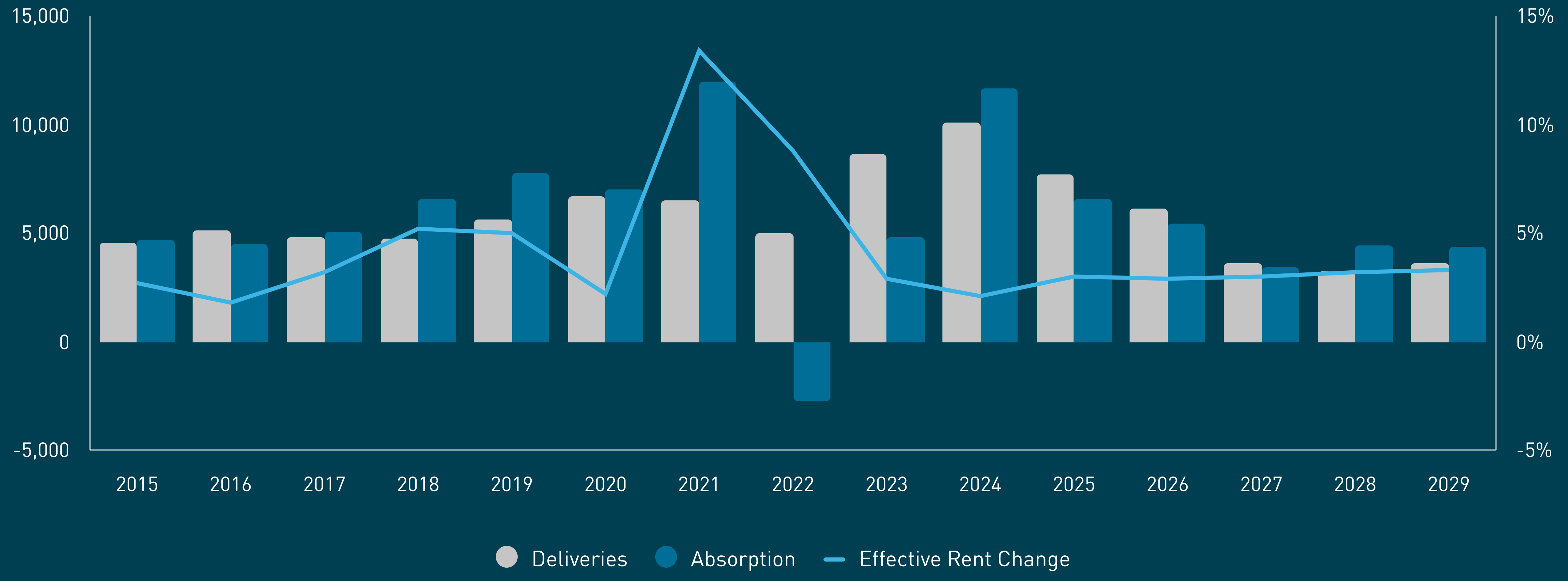
**Projected*

Deliveries & Absorption

Population growth amid increases in single-family home prices spurred year-to-date apartment demand in Metro Philadelphia. According to Moody's, single-family home prices increased 4.9% annually between June 2025 and last year, keeping many people renting for longer. Renters increased the number of net move-ins 129% annually to 8,319 during the first six months of 2025. The Center City Philadelphia submarket claimed 2,860 net move-ins, accounting for 34.4% of the market total. Over $1.2 billion has been invested in more than 30 in Center City District developments, with more than 805,000 square feet of commercial space and 522,000 square feet of retail space underway. New mixed-use developments have attracted a variety of exciting restaurants, the city's first Equinox gym, and more, drawing in renters keen to capitalize on new amenities and Class A units.

Metro Philadelphia multifamily developers brought 4,619 units online during the first half of 2025, up 20.8% year over year. The Center City submarket comprised 45.8% of the market's new inventory. Philadelphia's Center City District is the nation's fourth-largest residential downtown, and the area has seen a 20% population increase over the past decade. As Center City undergoes its revitalization into a more residential neighborhood, many of the new multifamily projects are adaptive reuse of old office buildings, as Philadelphia has led the nation in office-to-residential conversions over the past 25 years.

Deliveries, Absorption, & Effective Rent Change



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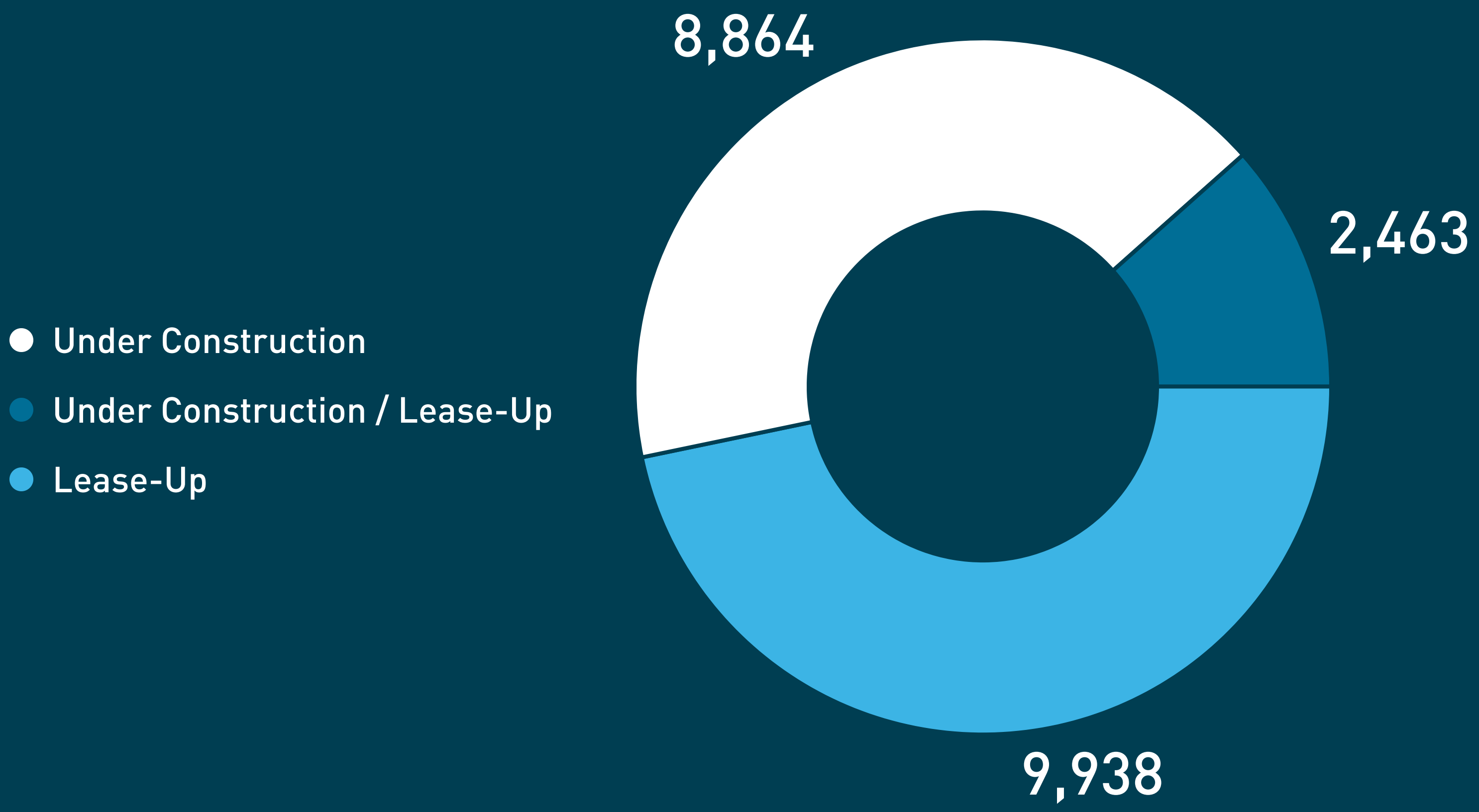
Philadelphia Pipeline



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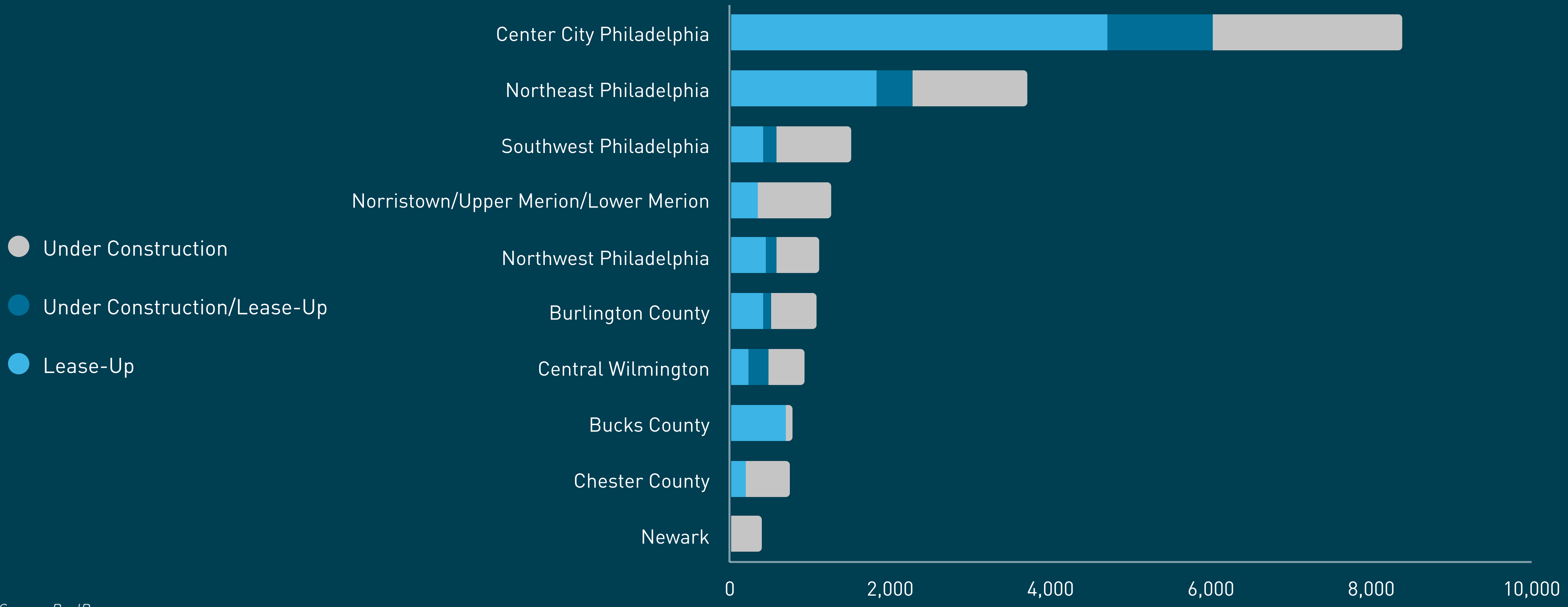
Largest Submarket Pipelines



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Effective Rent

Q2 2025
$1,902

4.4% YOY

Occupancy

Q2 2025
96.7%

140 BPS YOY

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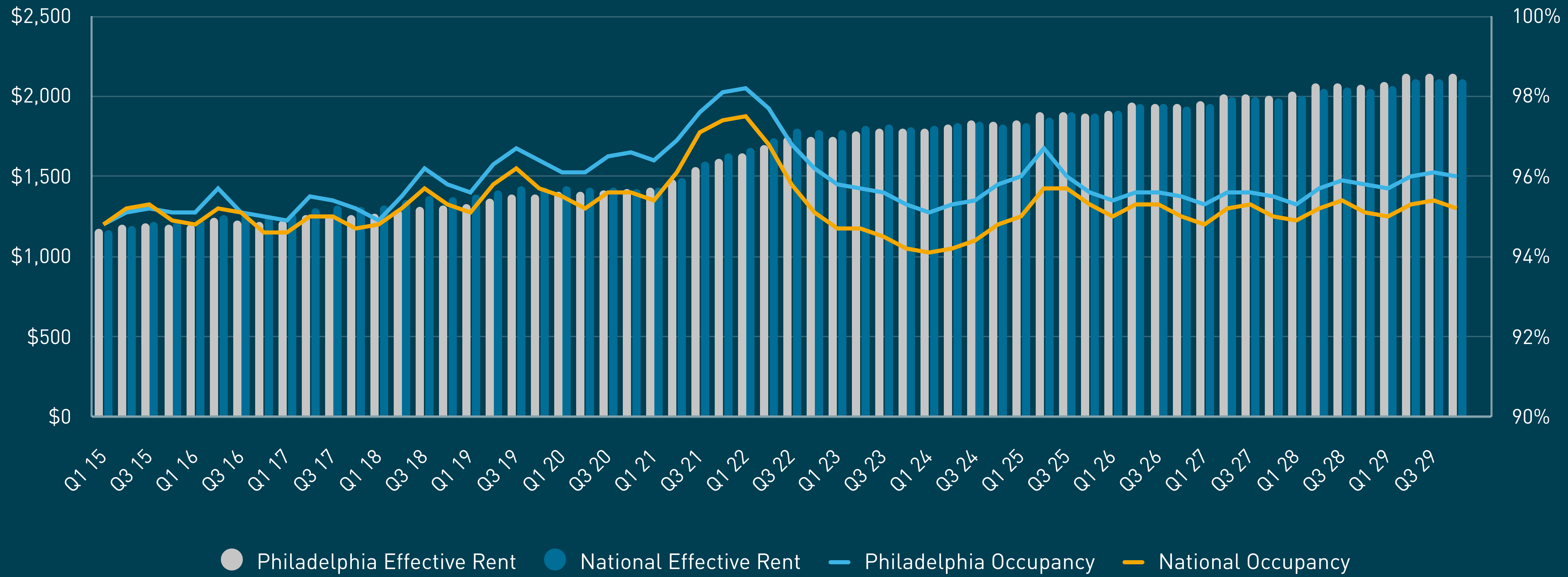
Rent & Occupancy

Metro Philadelphia experienced a 4.1% annual effective rent increase in the second quarter of 2025, surpassing the national average of 2.1% . By mid-year, the average effective rent in Greater Philadelphia reached $1,902 per month. Unlike many Sunbelt markets that saw annual rent reductions, most Northeast Coast markets, including Philadelphia, were able to increase effective rent above the national average due to moderate construction pipelines and consistently high demand for apartments. Philadelphia also reported positive year-over-year trade-out rates for both new leases and renewals, while many other markets faced negative rate changes for new leases due to concessions. The Northeast Philadelphia submarket led the metro with an 8.0% annual increase in average effective rent.

Landlords in this area could raise rents more aggressively, as the effective rent was $1,512 per month in the second quarter of 2025, the lowest in Metro Philadelphia. During the second quarter of 2025, Greater Philadelphia posted an average occupancy rate of 96.7%, marking a 140-basis-point increase from the previous year. Northeastern markets commonly had higher occupancy rates compared to the national average. Philadelphia was no exception, with its average occupancy rate standing 100 basis points above the national average of 95.7%. High occupancy rates were driven by the volume of net move-ins exceeding the number of new apartments delivered in the first half of the year.

Effective rent and occupancy reflect stabilized properties and does not include preleased units or properties in lease-up. A newly constructed property is considered stabilized once it becomes 85% occupied.

Philadelphia vs. National Effective Rent & Occupancy



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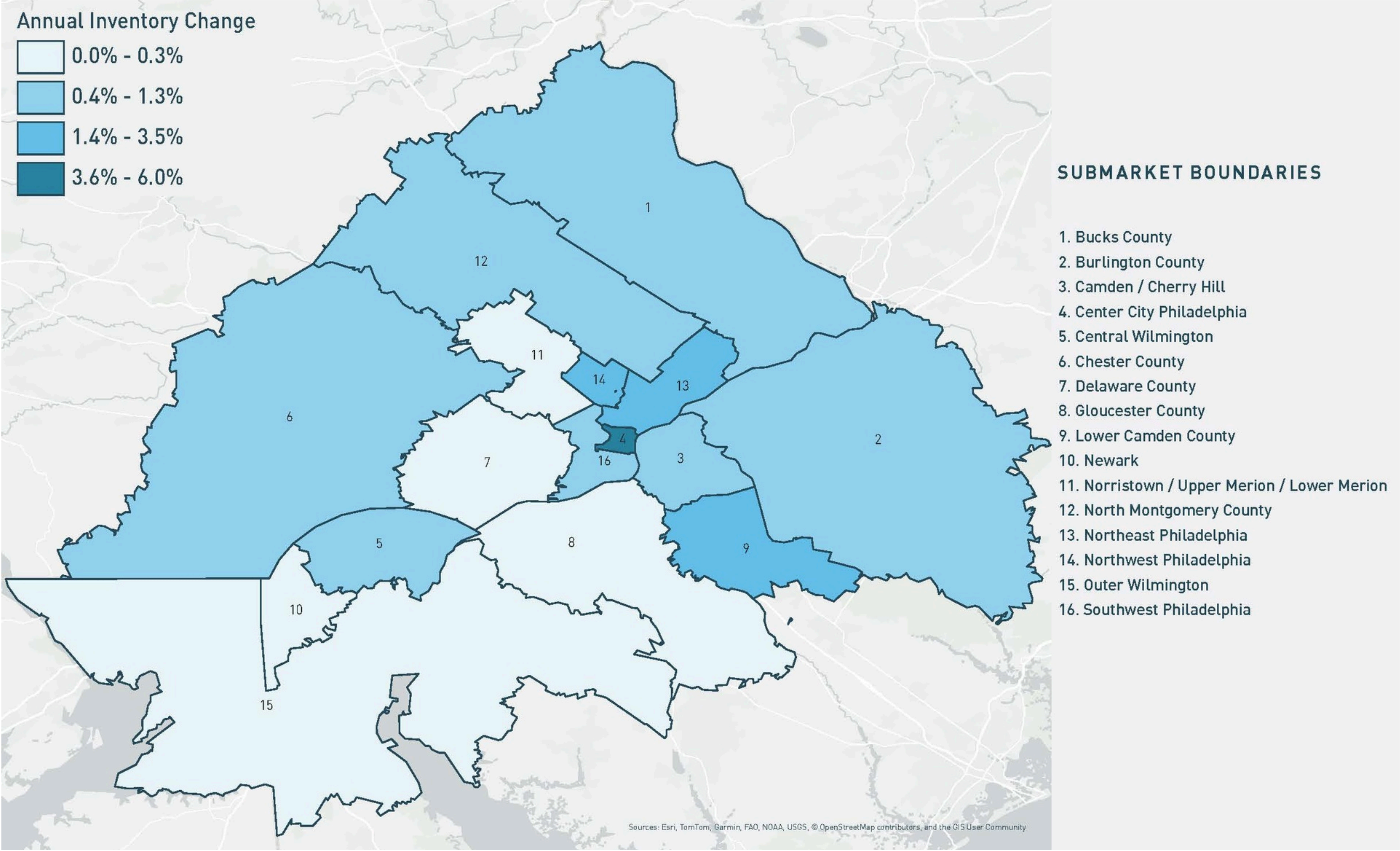
Rent & Occupancy

Submarket Performance

Submarket Name	Q2 25 Occupancy	YOY (BPS)	Q2 25 Effective Rent	YOY
Bucks County	98.0%	140	$1,813	5.4%
Burlington County	97.7%	90	$1,873	3.0%
Camden/Cherry Hill	97.0%	250	$1,945	3.7%
Center City Philadelphia	95.2%	140	$2,580	1.5%
Central Wilmington	96.8%	130	$1,754	7.7%
Chester County	96.2%	190	$2,057	4.8%
Delaware County	97.5%	100	$1,668	6.9%
Gloucester County	96.9%	170	$1,840	5.6%
Lower Camden County	97.6%	90	$1,643	5.1%
Newark	98.1%	210	$1,619	2.7%
Norristown/Upper Merion/Lower Merion	96.7%	210	$2,027	2.3%
North Montgomery County	96.3%	150	$1,914	1.8%
Northeast Philadelphia	96.3%	40	$1,512	8.0%
Northwest Philadelphia	95.7%	190	$1,665	3.4%
Outer Wilmington	96.4%	160	$1,660	2.0%
Southwest Philadelphia	94.4%	40	$1,980	0.9%

Source: RealPage

Submarket Mid-Year 2025 Annual Inventory Change



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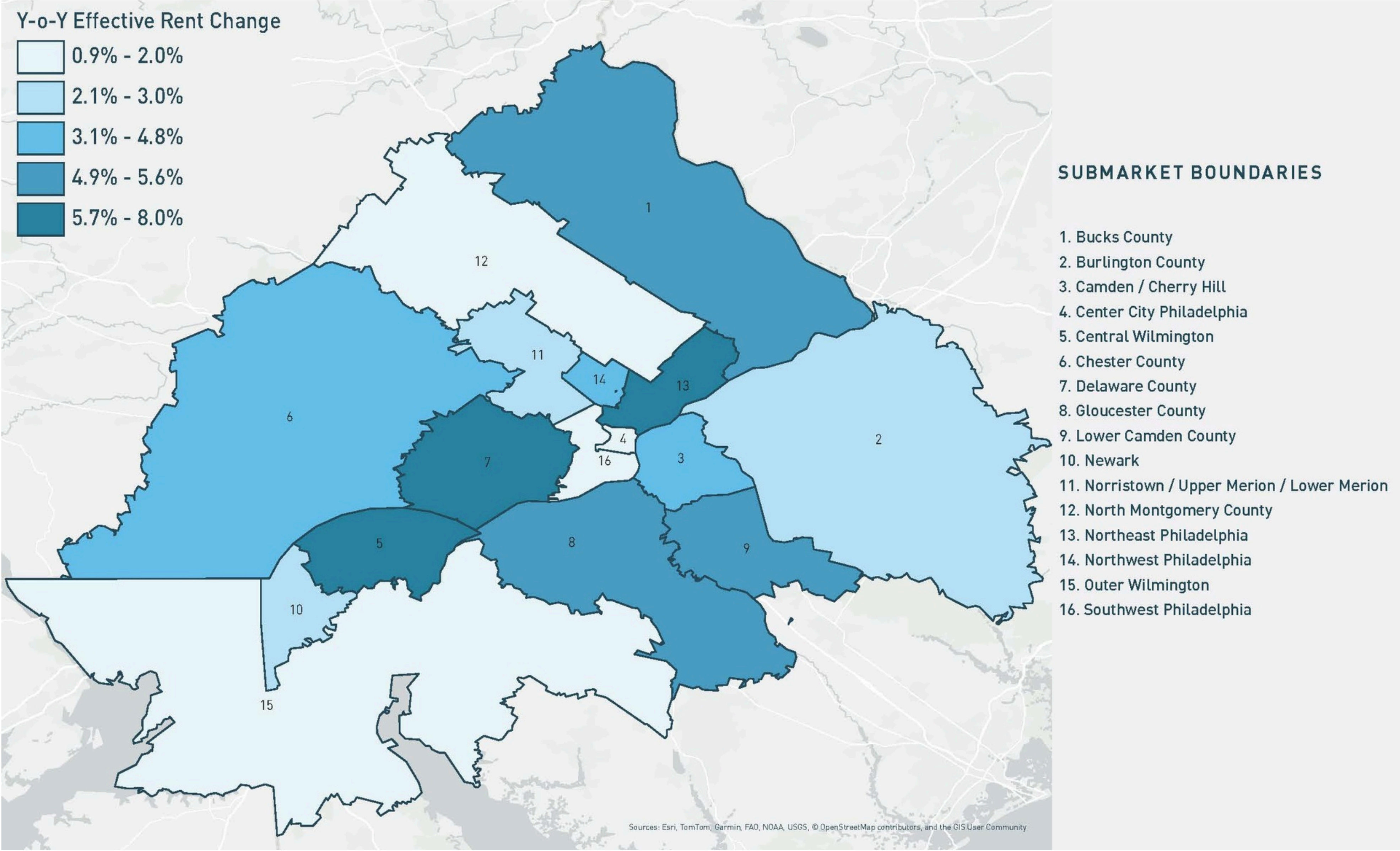
Submarket Mid-Year 2025 Annual Effective Rent Change



Source: RealPage

Sales

2025 Year to Date*		What's Trading?*	
Volume $581.8M	**Price Per Unit (Avg)** $279,898	**Units (Avg)** 318	**Year Built (Avg)** 2000s
Transactions 8	**Cap Rate (Avg)** 5.2%	**Buildings (Avg)** 8	**Acres (Avg)** 13.77

$50M+ Transactions

Sources: MSCI Real Capital Analytics; CoStar Group; Berkadia Research

Sales

Top Buyers*

Buyer	Location
Harbor Group International	Norfolk, VA
Cantor Commercial Real Estate Lending	New York, NY
Philadelphia Housing Authority	Philadelphia, PA
Pantzer Properties	New York, NY
Equus Capital Partners	Newtown Square, PA

Top Sellers*

Seller	Location
CBRE Investment Management	New York, NY
ECHO Realty Services Development	Pittsburgh, PA
Sterling Properties	Livingston, NJ
DiLucia Management Corp.	Lansdale, PA
Asher Handler	Lakewood, NJ

$50M+ Transactions

Sources: MSCI Real Capital Analytics; CoStar Group; Berkadia Research

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