

2Q25

Greater Philadelphia Multifamily Market Overview



Market Observations

Rent Growth

- The Greater Philadelphia region demonstrated a positive 2.2% year-over-year rent growth, the third-highest among the top ten most populated regions in the country. Submarket growth within the region ranged from -0.4% to 5.0%.
- Southern New Jersey has demonstrated robust five-year average rent growth, leading the region in this metric. Specifically, Gloucester County recorded an average annual rent increase of 3.8%, while Lower Camden County surpassed this with a notable 5.0% average annual growth rate. These figures highlight the strong demand and resilient rental market in these counties over the past five years.
- Rent growth in the Greater Philadelphia market is projected to average 3.0% annually through 2029, reflecting sustained demand and a healthy outlook for the region's rental sector over the next several years.

Sales Volume

- After record-setting multifamily sales volumes in 2021 and 2022, the Greater Philadelphia market experienced a period of moderation. However, 2024 marked a notable resurgence, with sales volume surging to approximately \$2.6 billion—a 130.3% increase over the prior year. Additionally, the average price per unit for multifamily investment transactions climbed sharply in the second quarter, reaching \$221,925, which represents a 33.3% year-over-year increase.
- Several high-profile multifamily transactions underscore the strong investment activity in the Greater Philadelphia region. Notable deals include Equus Capital Partners' investment in Jacob Woods at \$317,935 per unit, SC Capital's acquisition of College Arms at \$153,409 per unit, and Turio Residential's purchase of 1600 Callowhill at \$257,895 per unit. These premium transactions highlight the region's robust investor demand and affirm the ongoing vitality of the local multifamily market.

Market Demand Drivers

- Greater Philadelphia's multifamily occupancy rate was 96.7% as of the second quarter of 2025. The elevated occupancy rate is driven by robust employment growth coupled with a constrained housing market, where high interest rates continue to deter single-family home purchases.
- Philadelphia stands out among major U.S. cities for its sustained affordability, particularly when evaluating the relationship between average income and cost of living. In the current year, Philadelphia reports an average annual salary of \$81,333 alongside a cost-of-living index of 102.8, which translates to annual living expenses of approximately \$30,889. This combination yields a purchasing power of \$79,130—an impressive \$4,949 above the national average. In contrast, cities such as New York have a much higher cost-of-living index at 169.6 with annual expenses surpassing \$50,900, making Philadelphia a notably more budget-friendly place to live. With a favorable salary-to-cost-of-living ratio of 2.63, Philadelphia residents enjoy a comfortable lifestyle without the financial strain often experienced in other major metropolitan areas.

New Inventory

- Office-to-residential conversions are rapidly gaining momentum in Greater Philadelphia, highlighting a broader move toward adaptive reuse of commercial spaces. Notable current projects include 400 Market Street, where floors 2 to 12 are being converted into 176 apartments by Q3 2026, and Six Penn Center's transformation into 299 apartments by Q3 2025. Three Parkway is adding 175 residential units from the ninth floor down, and Ten Penn Center will see a partial conversion from the 14th floor up. Additionally, 1500 Market Street is being marketed for potential residential, hotel, or retail uses. These projects reflect Philadelphia's innovative approach to urban living and responsiveness to evolving market needs.
- There are currently 11,584 multifamily units under construction across the Greater Philadelphia market, representing approximately 2.7% of the existing inventory. Center City Philadelphia leads all submarkets with 3,741 units underway—accounting for more than 7% of its total inventory and highlighting its status as the region's development focal point. However, construction activity has tempered compared to the robust levels seen in 2021 and 2022. In the second quarter of 2025, 2,590 units broke ground throughout the region, marking a 12.3% decline in construction starts compared to the same period last year. This moderation signals a more measured pace of development amid changing market conditions.

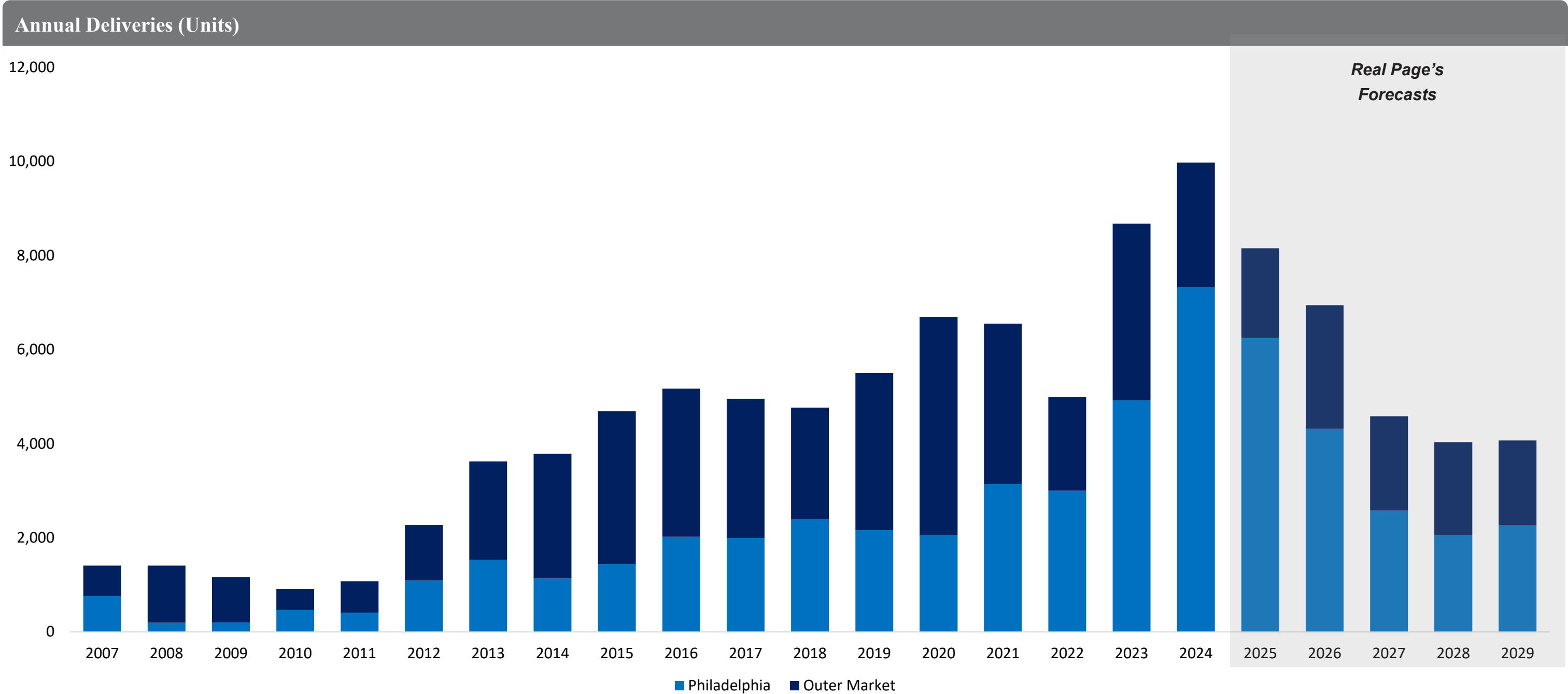
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Market Statistics



Quarterly Deliveries In The Philadelphia Metro Remain Heightened

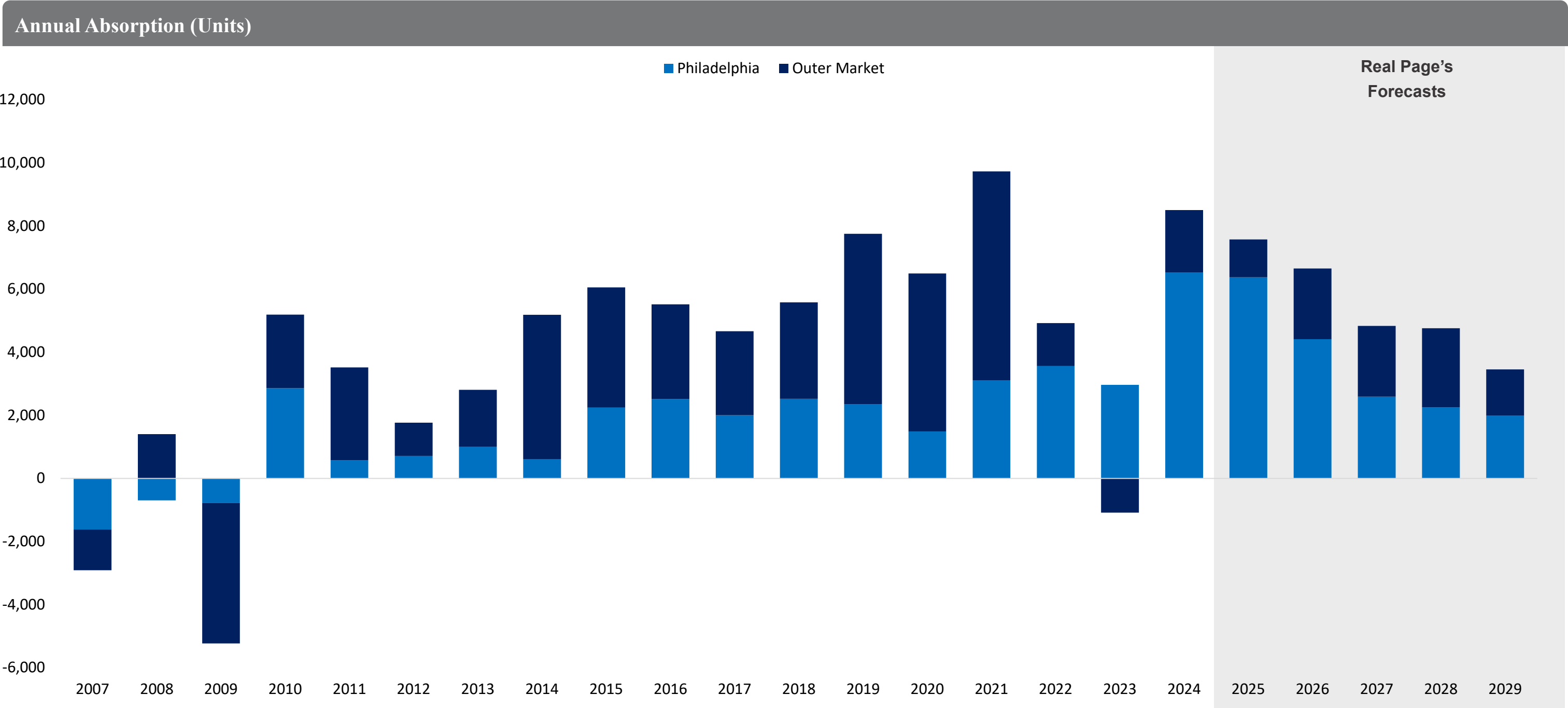
In 2024, the Greater Philadelphia market saw 9,972 units delivered, a 15% increase in deliveries since 2023. Among the 2024 deliveries, 73.4% of the inventory was delivered in Philadelphia. This quarter saw a total of 2,217 units delivered, with 1,894 units (85.4%) being delivered in Philadelphia. Near-term deliveries are projected to stabilize in the wake of this “higher-than-average” delivery period. It is projected that deliveries will decline by an average of 15.6% year-over-year from 2025 to 2029 in the Philadelphia metro. Declines in deliveries over the next few years, coupled with the slowing starts this quarter, suggest less competition in the market for newly developed, high-end space.



Source: Newmark Research, Real Page

Quarterly Absorption Reaches All Time High In The Greater Philadelphia Region

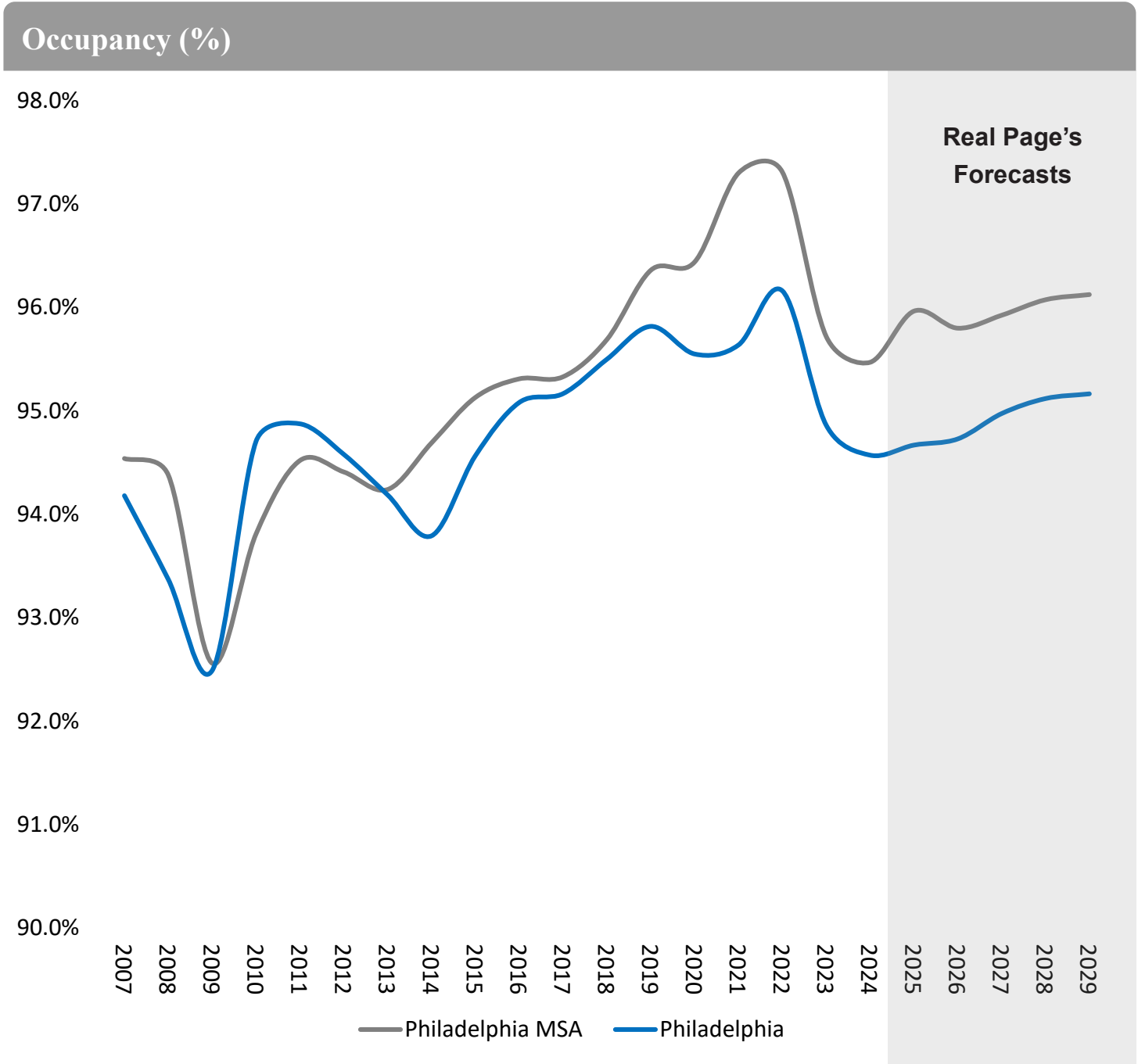
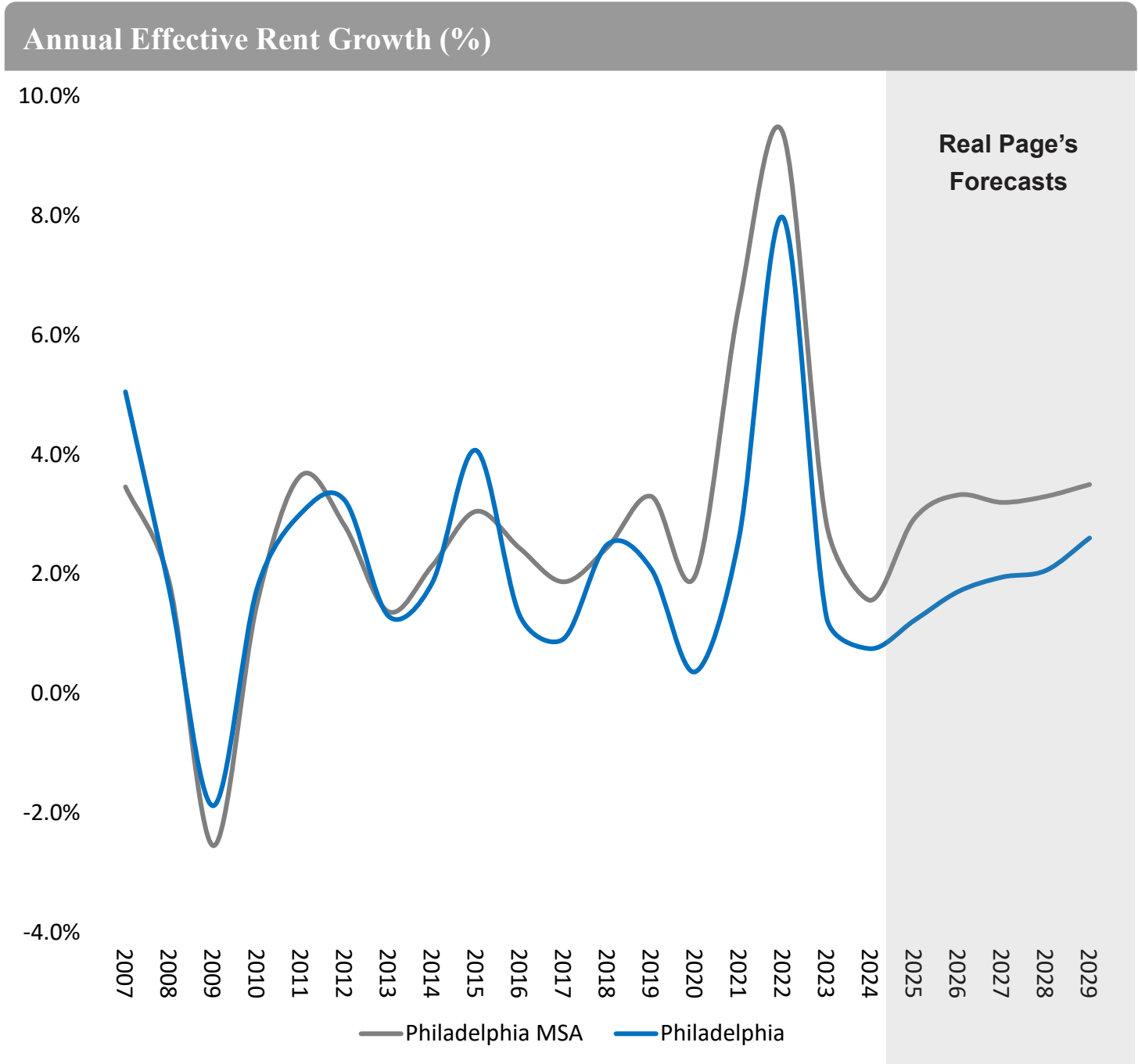
In 2024, Greater Philadelphia saw one of its strongest years of positive absorption, with 8,504 units absorbed—6,525 of them in Philadelphia, the city's highest annual total in recent memory. This quarter's 5,287 units of positive absorption (60.3% from Philadelphia) underscores robust demand. Looking ahead, forecasts project an average of 5,456 units of annual positive absorption over the next five years, in line with recent delivery trends.



Source: Newmark Research, Real Page

Philadelphia Market Forecasted For Strong Rent Growth And Occupancy Gains

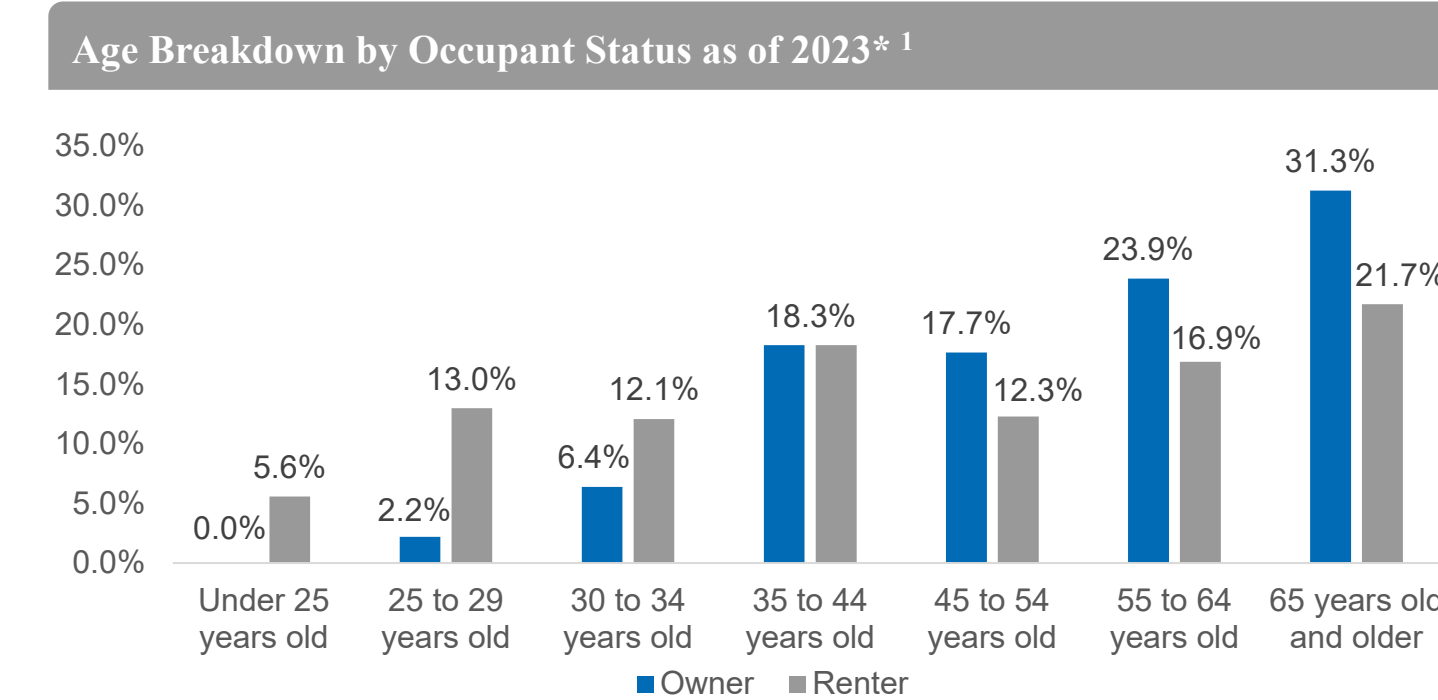
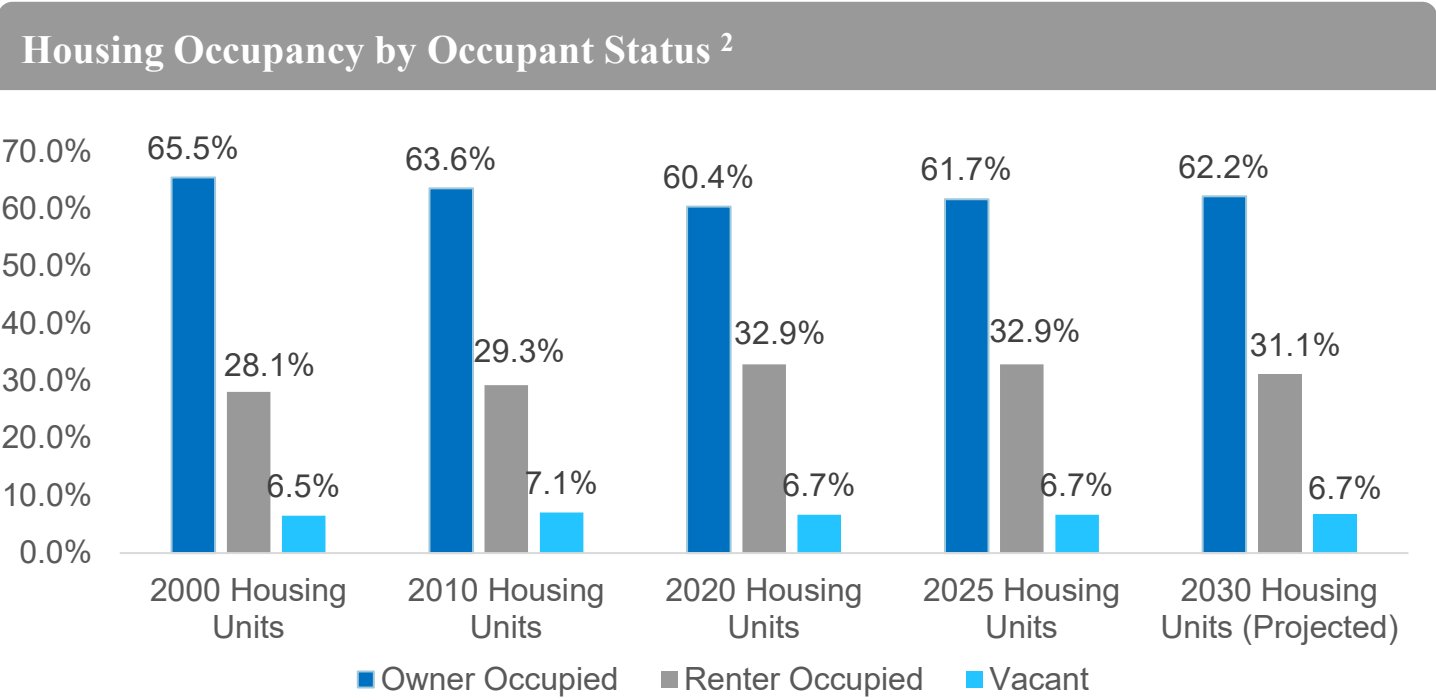
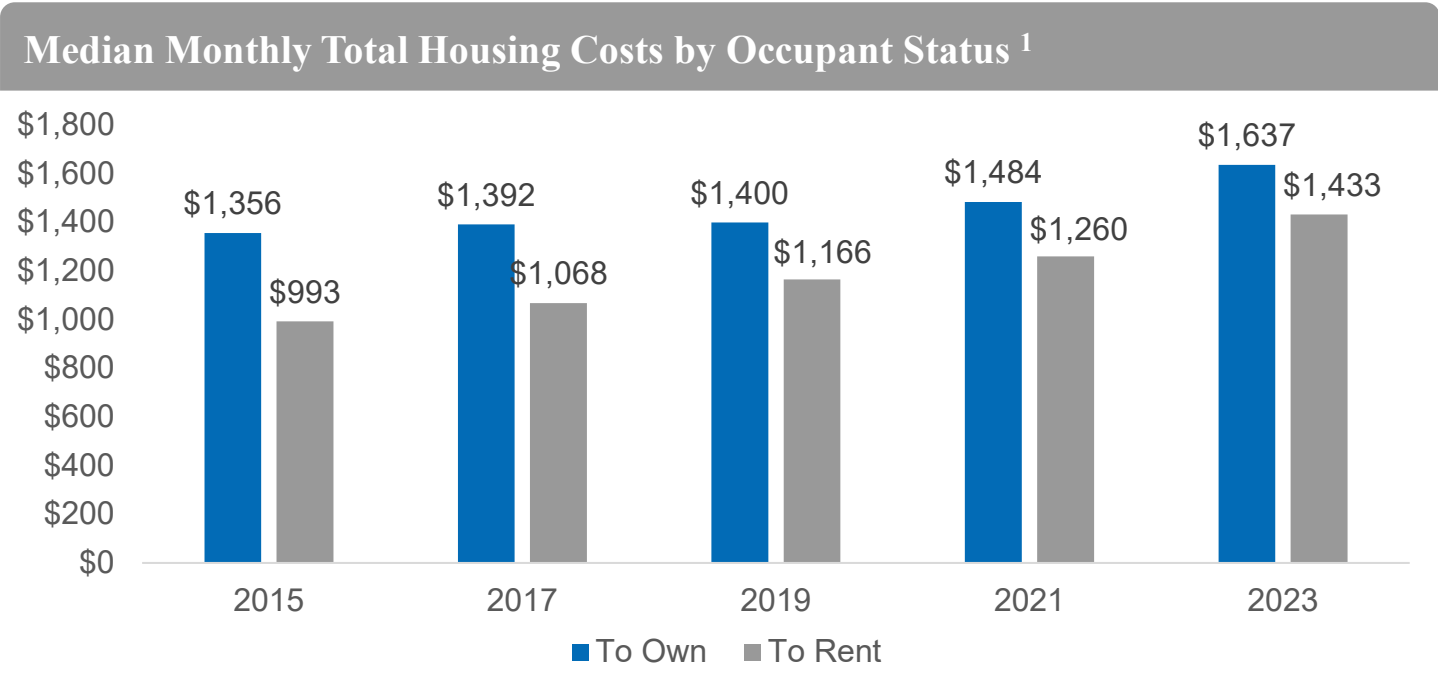
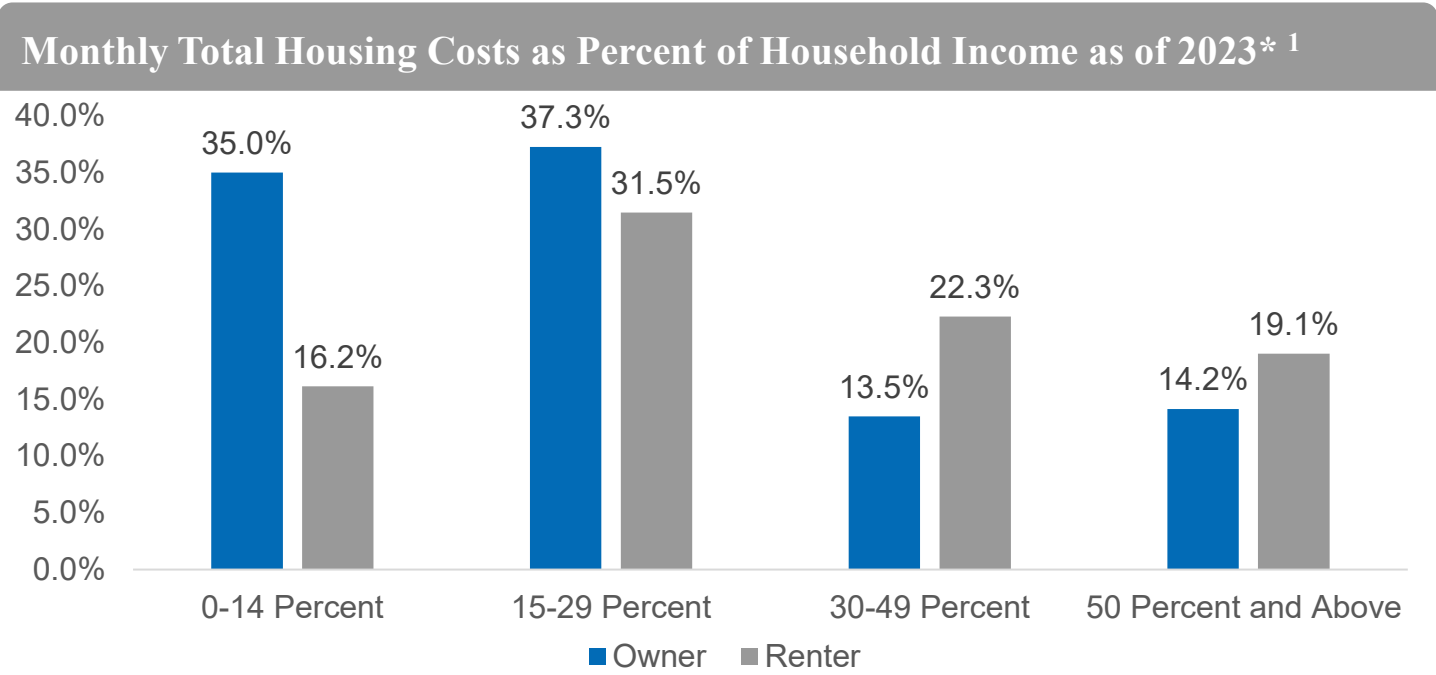
In the second quarter, effective rents in Philadelphia increased by 233 basis points year-over-year, while the overall market saw an annual increase of 219 basis points. Over the next five years, the city of Philadelphia is projected to experience an average annual growth of 191 basis points in rent and an average annual growth of 9 basis points in occupancy rates. Projections for growth reflect stable demand for multifamily space in both Philadelphia and the Philadelphia metropolitan area.



Source: Newmark Research, Real Page

Renting Remains The Most Affordable Option In Greater Philadelphia

Between 2015 and 2023, median monthly housing costs for Greater Philadelphia renters rose 44.3%, compared to 20.7% for homeowners. Despite this, the cost of renting remains more affordable than owning a home in the Philadelphia metro. The combination of affordability and new supply has increased the proportion of renters in the housing market. Since 2010, the share of rental units within the market's total housing inventory has increased by 220 basis points.

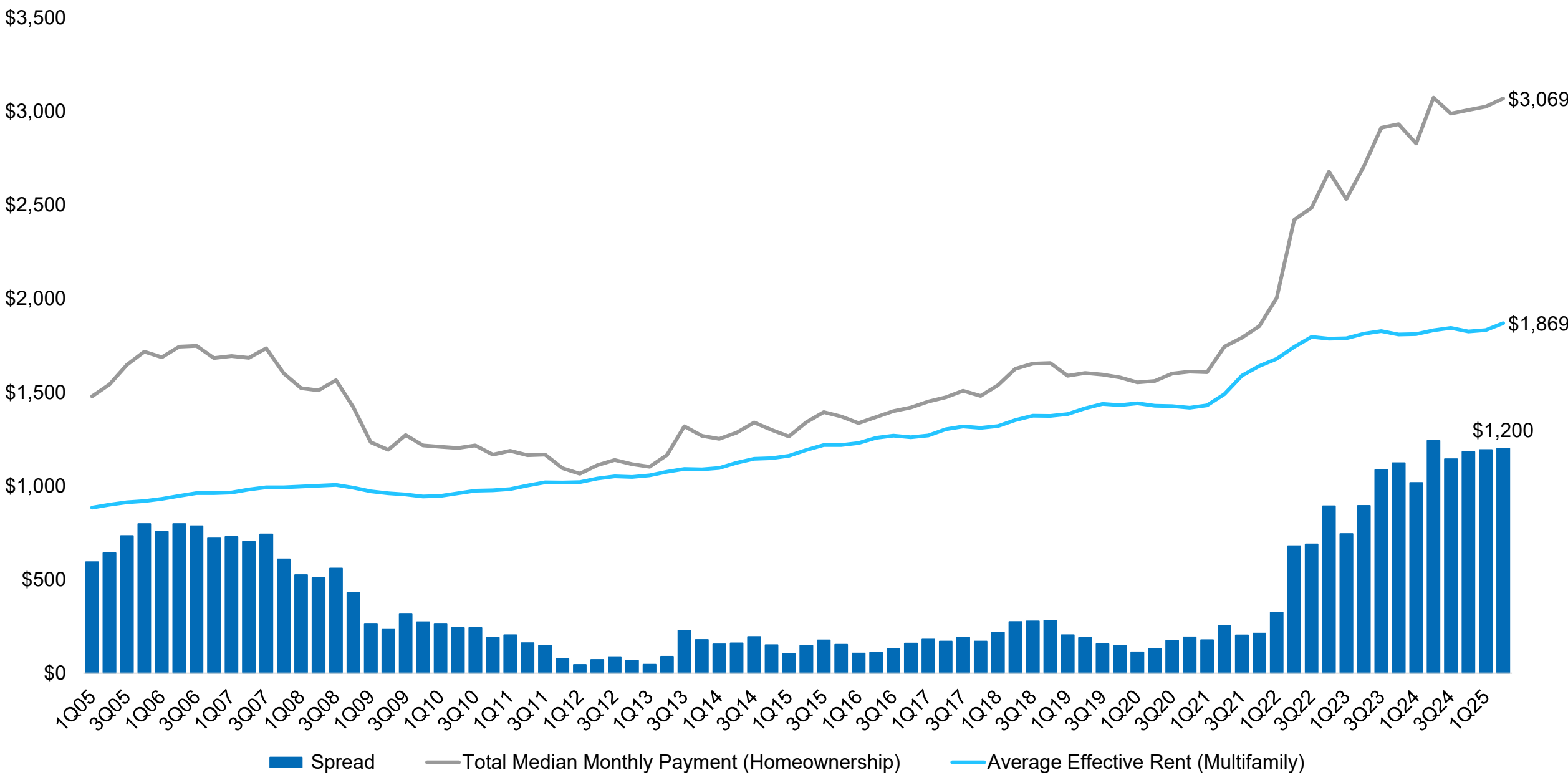


Source:
1: US Census Bureau: American Housing Survey (AHS)
2: ESRI
The most up-to-date AHS data is as of 2023

Rents Continue To Increase At A Slower Rate Than Home Ownership Costs

By the second quarter of 2025, the monthly cost gap between renting and homeownership in the U.S. expanded to \$1,200—nearly three times the long-term average. The persistent gap highlights the increasing financial advantage of buying over renting. This premium has remained above the \$404 long-term average for 13 consecutive quarters.

Cost of Homeownership Compared to Renting



Source: Newmark Research, RealPage, Atlanta Federal Reserve (July 8, 2025)

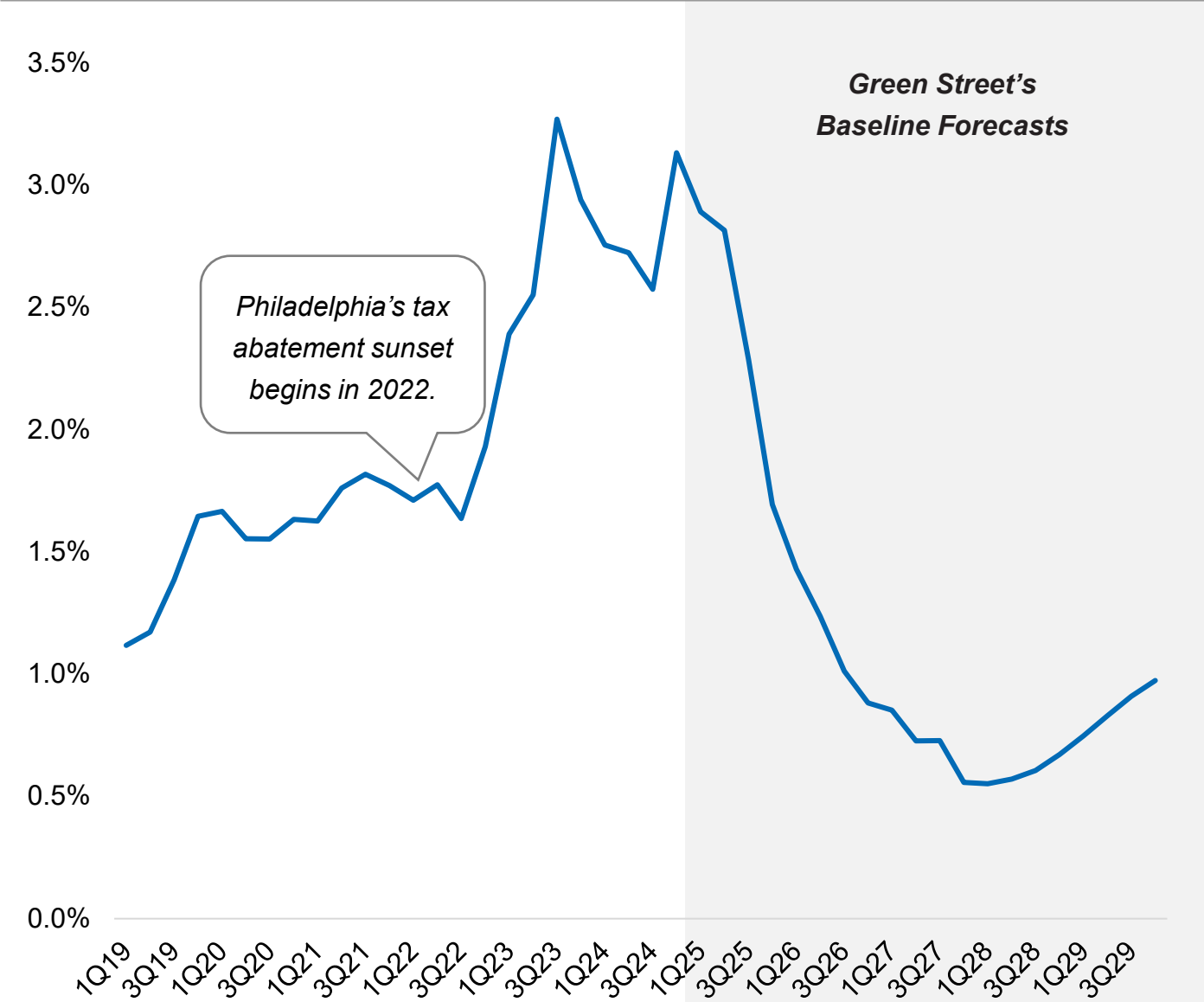
Philly’s Residential Tax Abatement Sunset Spurred Recent Runup in New Supply

An influx of apartment deliveries is temporarily weighing on fundamentals in Philadelphia. The new supply is tied back to the surge in 5+ unit multifamily permits filed at the end of 2021, as developers rushed to take advantage of a tax abatement prior to its phased expiration.

Changes to the City of Philadelphia's Tax Code

- The Philadelphia residential tax abatement was a significant factor in stimulating new real estate development across the city for decades. Initially implemented in the late 1990s, this policy offered a 10-year tax break on the increased value of a newly constructed property or one that had undergone significant improvements.
- In 2020, Philadelphia did not entirely end its residential tax abatement but revised it. The modification began impacting projects with permits filed in 2022 and beyond. Prior to this change, projects benefited from a 100% tax exemption on the increase in property value resulting from construction for a period of 10 years. The current structure phases out this exemption by 10% annually over a 10-year period. Starting with projects filed in 2022, the full exemption gradually decreases, reaching 0% in the eleventh year.
- The changes to the tax code accelerated some recent deliveries, but market players expect new supply to temper after 2025 in the city of Philadelphia.

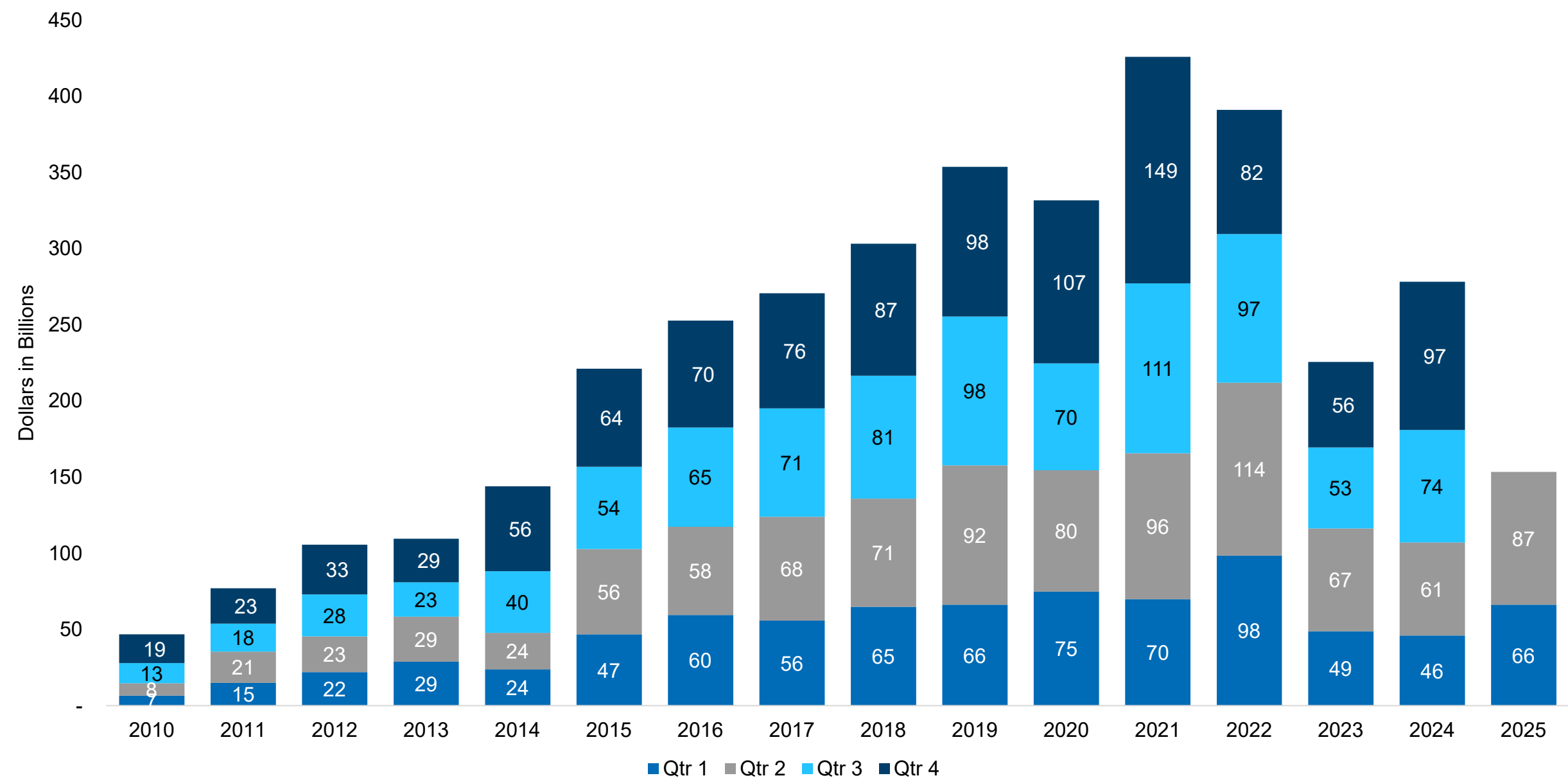
Forecasted Philadelphia Market YOY Apartment Supply Growth



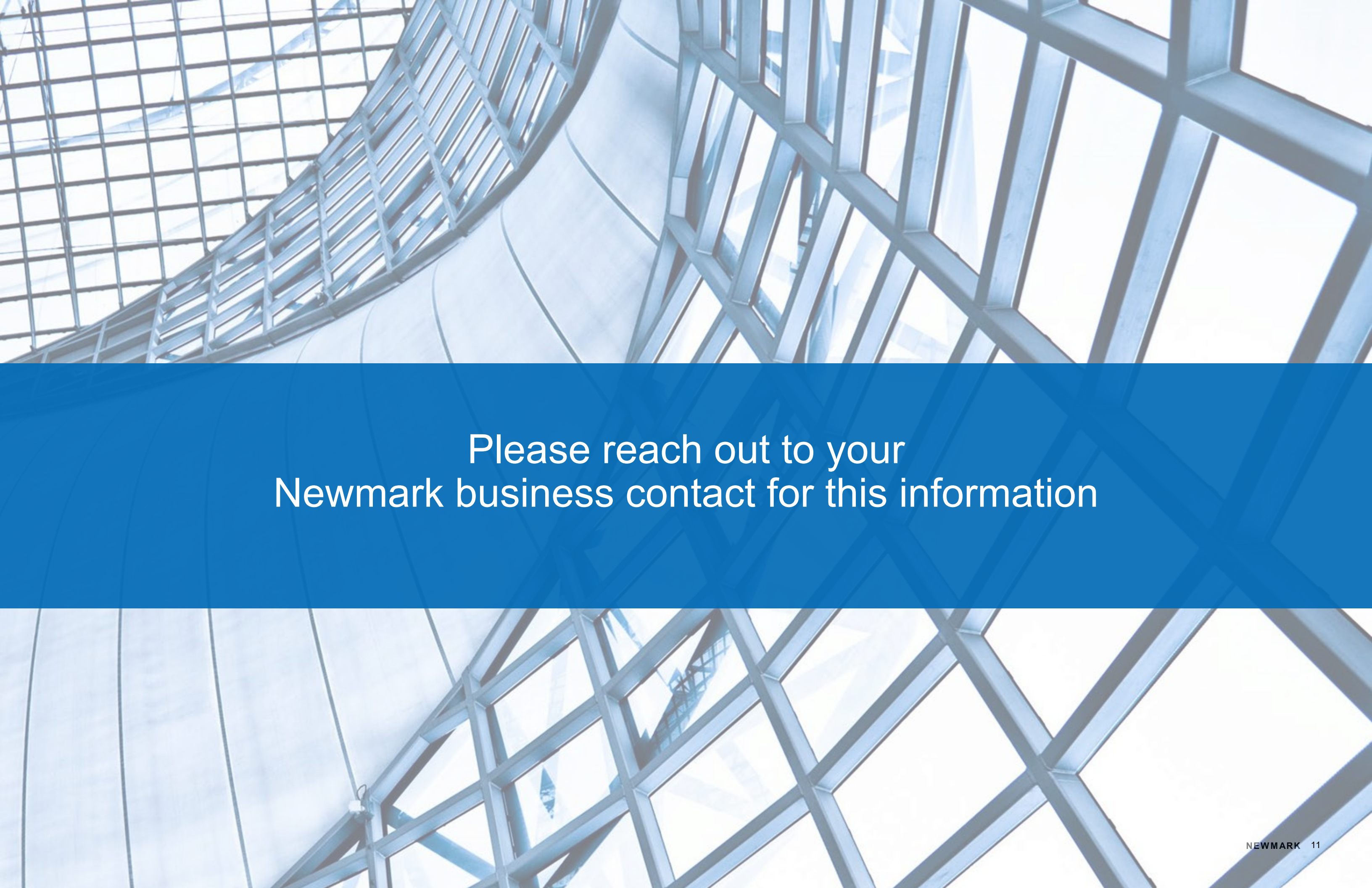
National Multifamily Debt Originations Accelerated 43% Year-Over-Year in 1H

Activity gained momentum in the first half of 2025, with volume surpassing the first halves of 2023 and 2024, resulting in a 43% year-over-year increase. Borrowers benefited from narrow loan spreads, improved confidence in fundamentals as construction slowed, and carryover momentum from the second half of 2024.

Multifamily Debt Origination Volume*



Source: RCA, Newmark Research as of July 25, 2025
Note: loan origination volumes are adjusted for future expected revisions using Newmark’s proprietary models



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Comparative Analysis



Philadelphia vs. Top Markets



Vacancy Rate and Year-over-Year Change:

Top 14% among the top 50 US Markets



Class A Effective Rent Premium over Class B:

Top 30% among the top 50 US Markets



Year-Over-Year Rent Growth

#3 among the top 10 most populated US cities

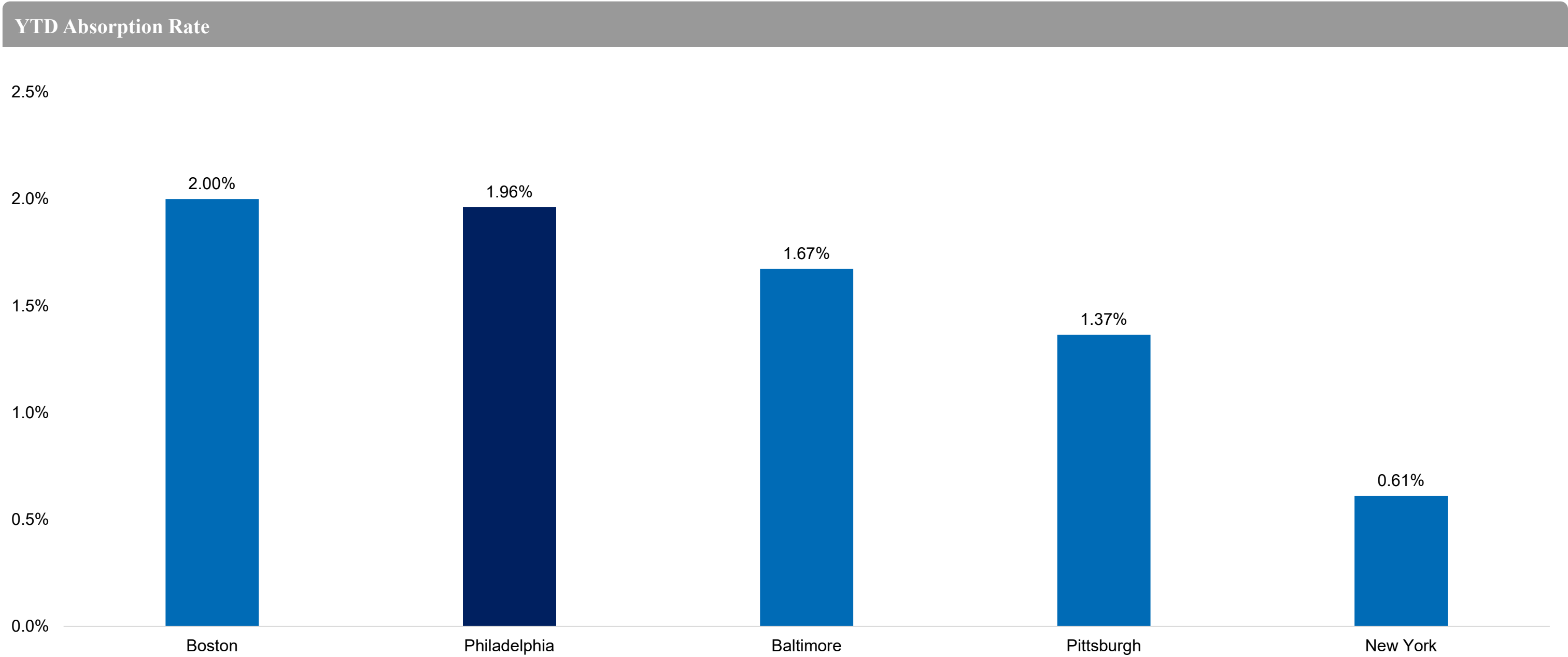


Demand Relative to Supply:

Top 33% among the top Mid-Atlantic and Northeast Markets

Philadelphia Maintains Strong Absorption Rate

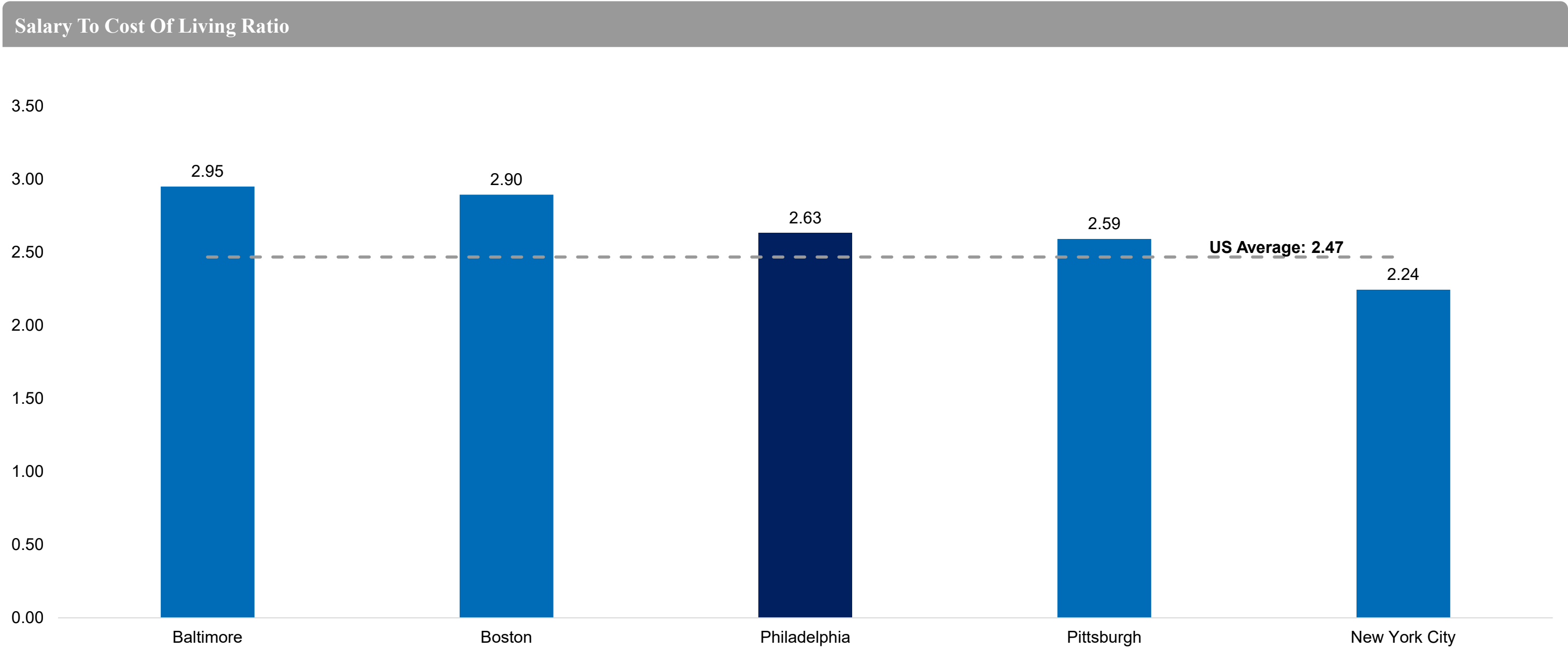
In 2024, Philadelphia led all major Northeastern U.S. cities in quarterly absorption as a percentage of current inventory, absorbing 2.02%—an impressive 87 basis points above Boston, the next closest market at 1.15%. In the first half of 2025, Philadelphia’s absorption rate remains elevated at 1.96%, only 4 basis points lower than Boston. Additionally, Philadelphia saw 1.09% of its total inventory delivered during the same period, the largest percentage among major northeastern cities. This combination of robust absorption and substantial new deliveries highlights a dynamic and well-balanced market.



Source: Newmark Research; Real Page

Philadelphia’s Salary To Cost Of Living Ratio Beats National Average

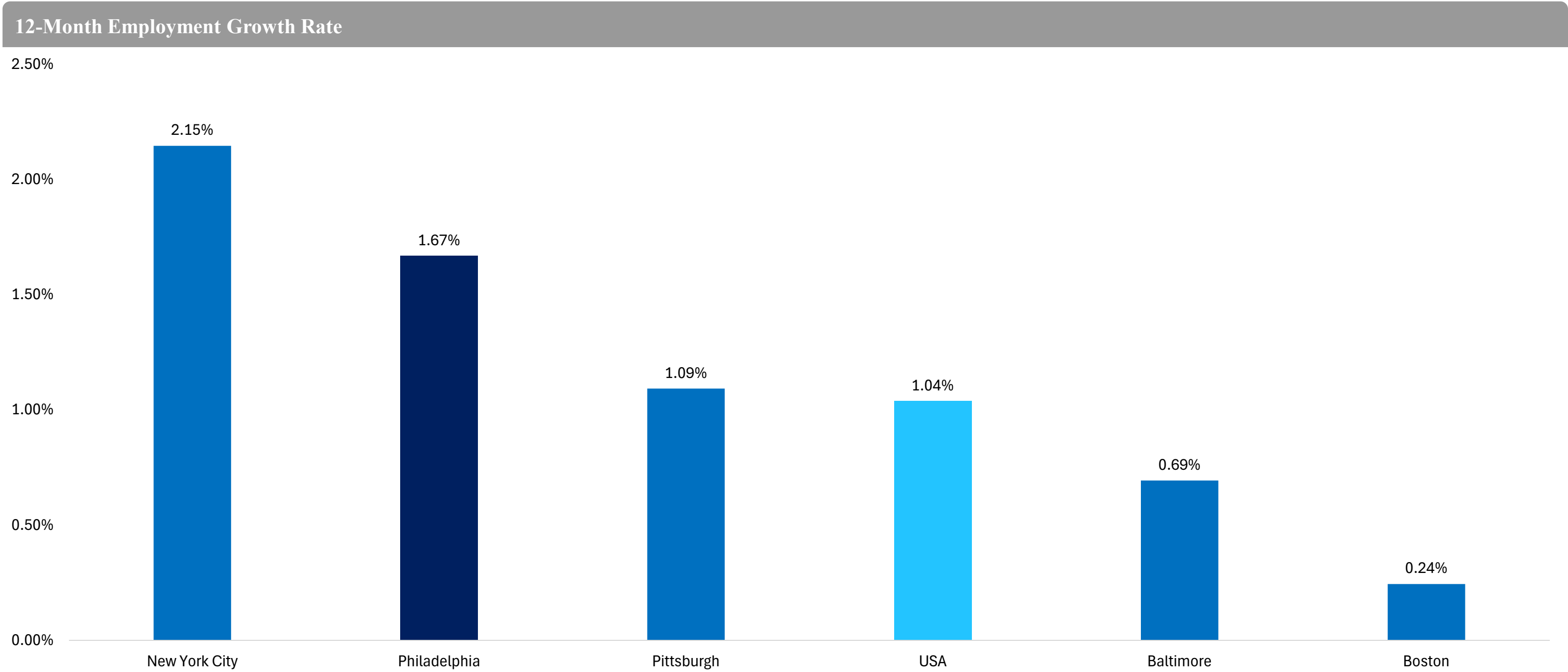
Philadelphia stands out among major U.S. cities due to its balanced cost of living and competitive salaries. With an annual average salary of \$81,333 and a cost-of-living index of 102.8, the cost of living in Philadelphia amounts to \$30,889 per year. This results in a strong purchasing power of \$79,130, which is \$4,949 higher than the national average. Compared to cities such as New York City, where the cost-of-living index is 169.6 and the annual cost of living is \$50,961, Philadelphia offers a more affordable lifestyle. Additionally, Philadelphia's salary to cost of living ratio of 2.63 is favorable, ensuring residents can maintain a comfortable standard of living without the high expenses seen in cities like Boston and New York City.



Sources: Newmark Research; Jobs EQ; livingcost.org

Philadelphia Significantly Outperforms Country In Job Growth

Between the first quarter of 2024 and the first quarter of 2025, the Philadelphia region experienced job growth that was well above the US average. The region gained 12,444 jobs, a 1.67% increase in jobs, compared to the rest of the country, which saw a 1.04% increase in 12-month job growth. The only major Northeastern city with a higher percentage in 12-month job growth was New York at 2.15%. Above-average job growth in the region is a promising sign for the market's economy.



Source: Newmark Research; JobsEQ

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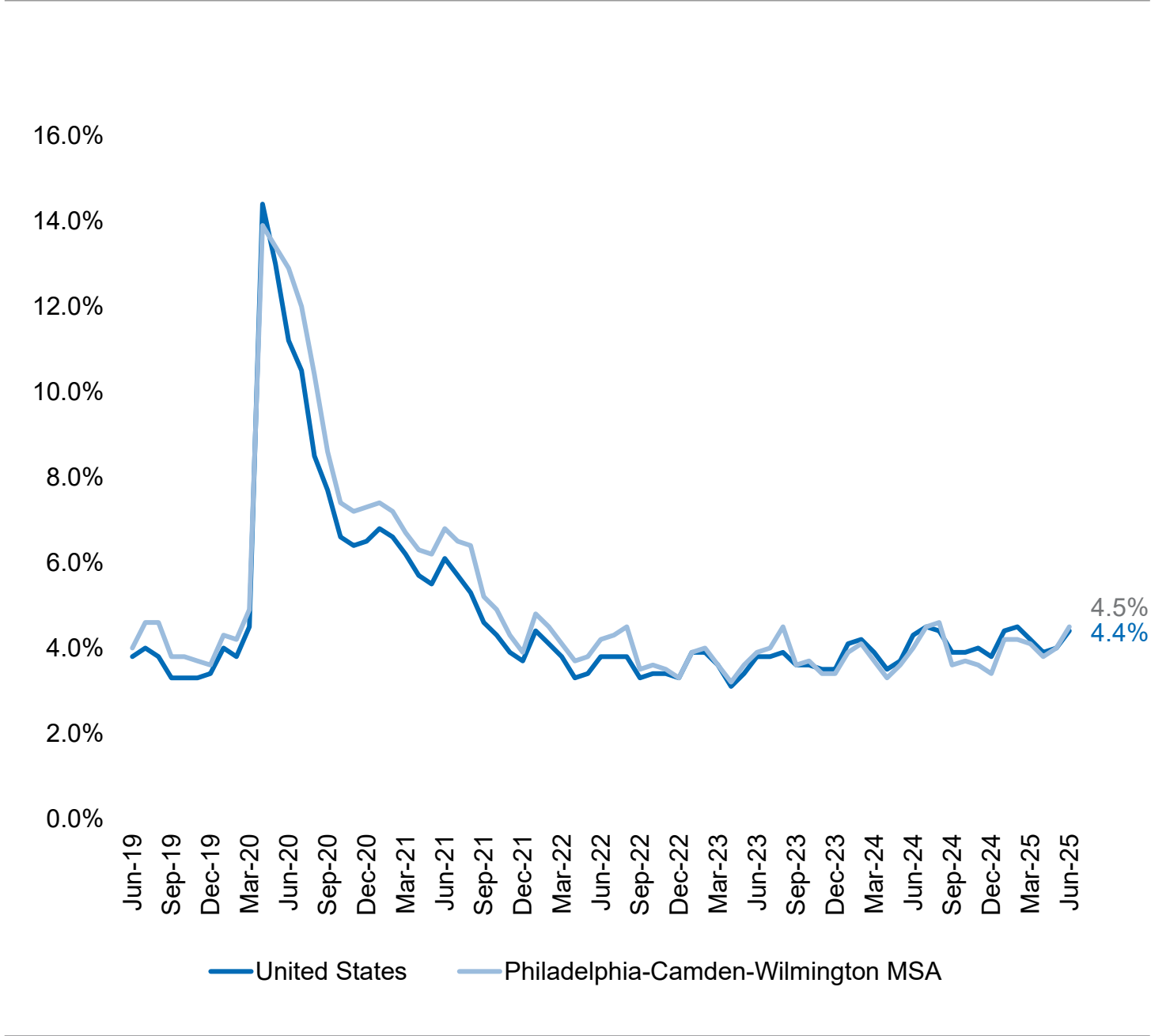
Economy



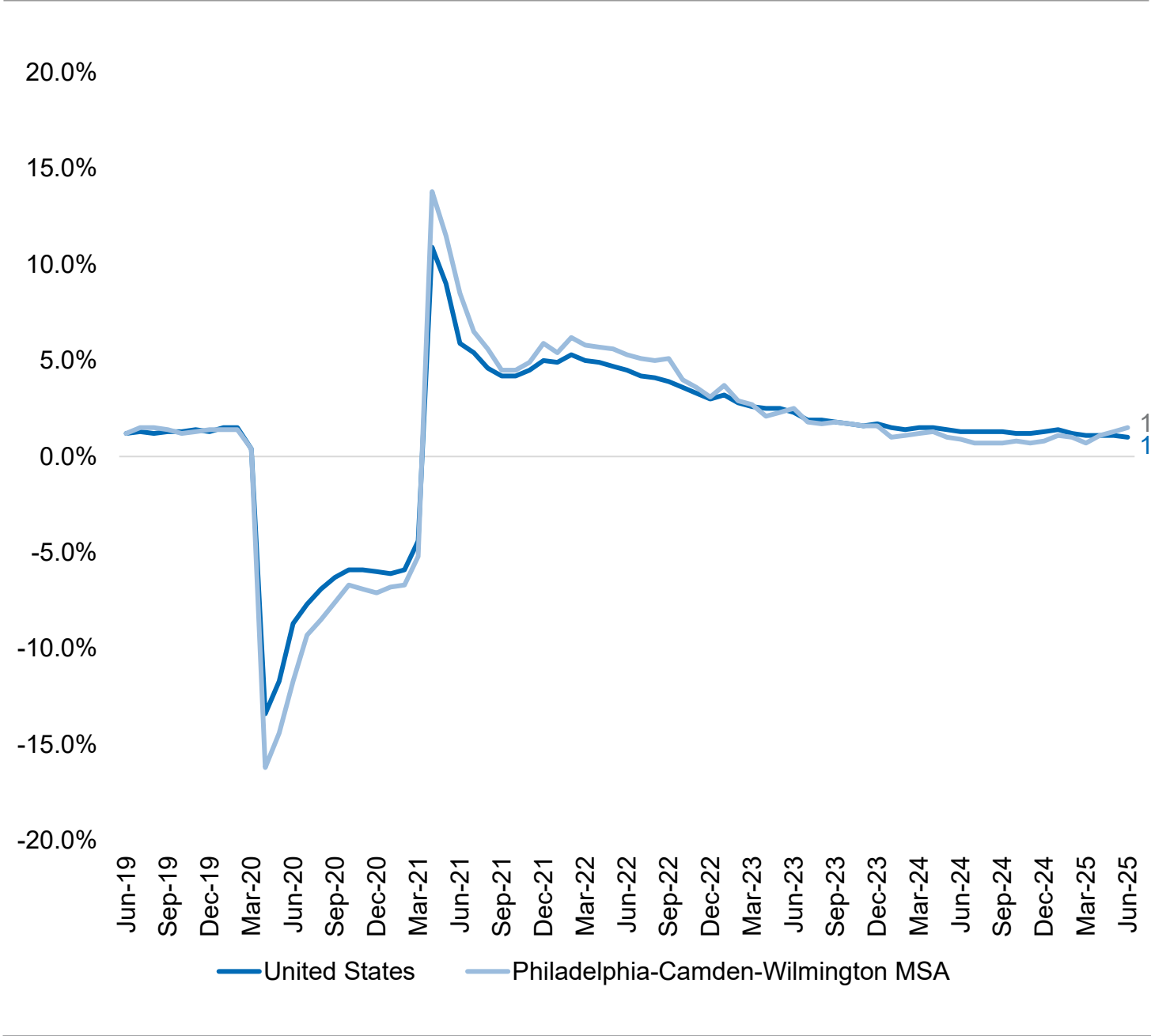
Philadelphia's Unemployment Rate Matches National Trends

Over the 12 months ending in June, Greater Philadelphia experienced a slight uptick in unemployment, now standing 10 basis points above the U.S. average after spending much of the past year below it. Nonfarm payroll employment rose by 1.5% in June, a modest increase over the steady growth seen in late 2024. Greater Philadelphia's largest industry, Education and Health Services, continues to drive employment growth.

Unemployment Rate, Non-Seasonally Adjusted



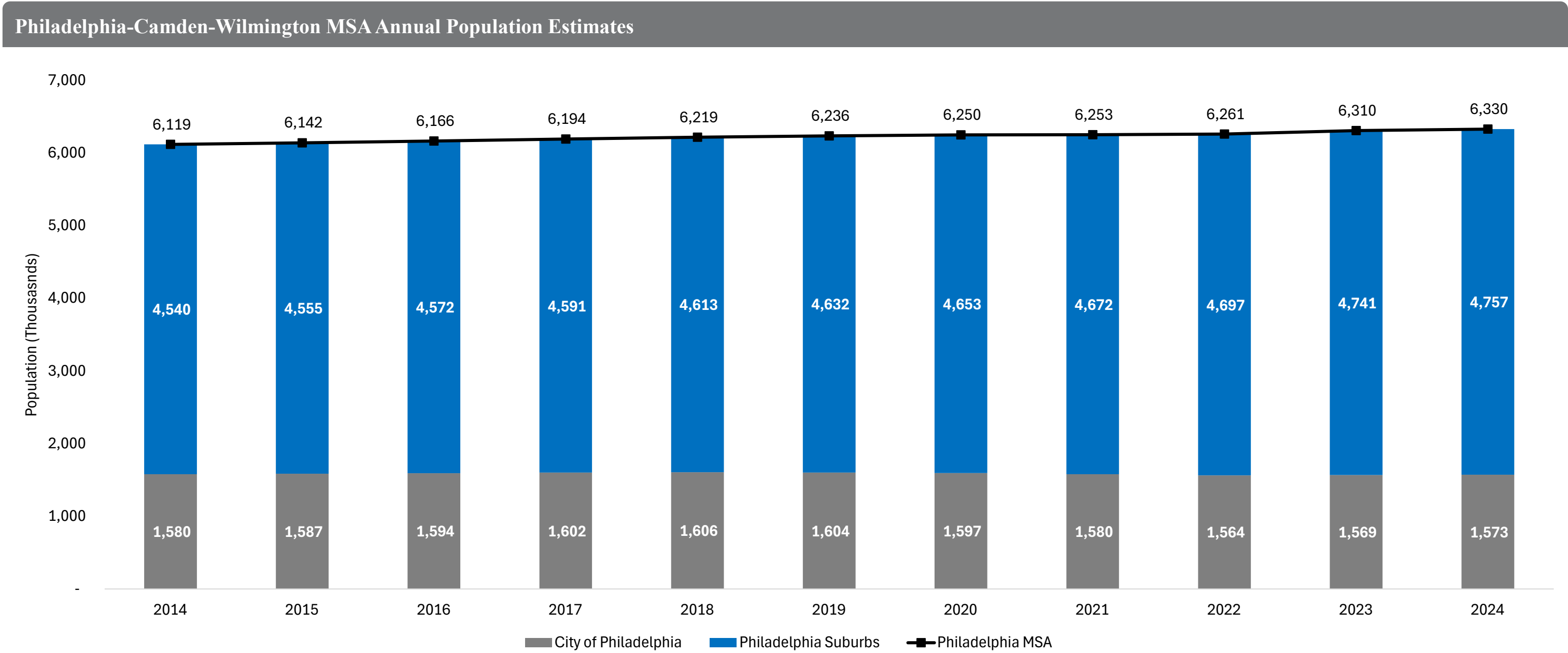
Nonfarm Payroll Employment, Non-Seasonally Adjusted, 12-Month % Change



Source: U.S. Bureau of Labor Statistics, Philadelphia-Camden-Wilmington MSA

Population Growth In The Philadelphia Metro Is Propped Up By Suburban Growth

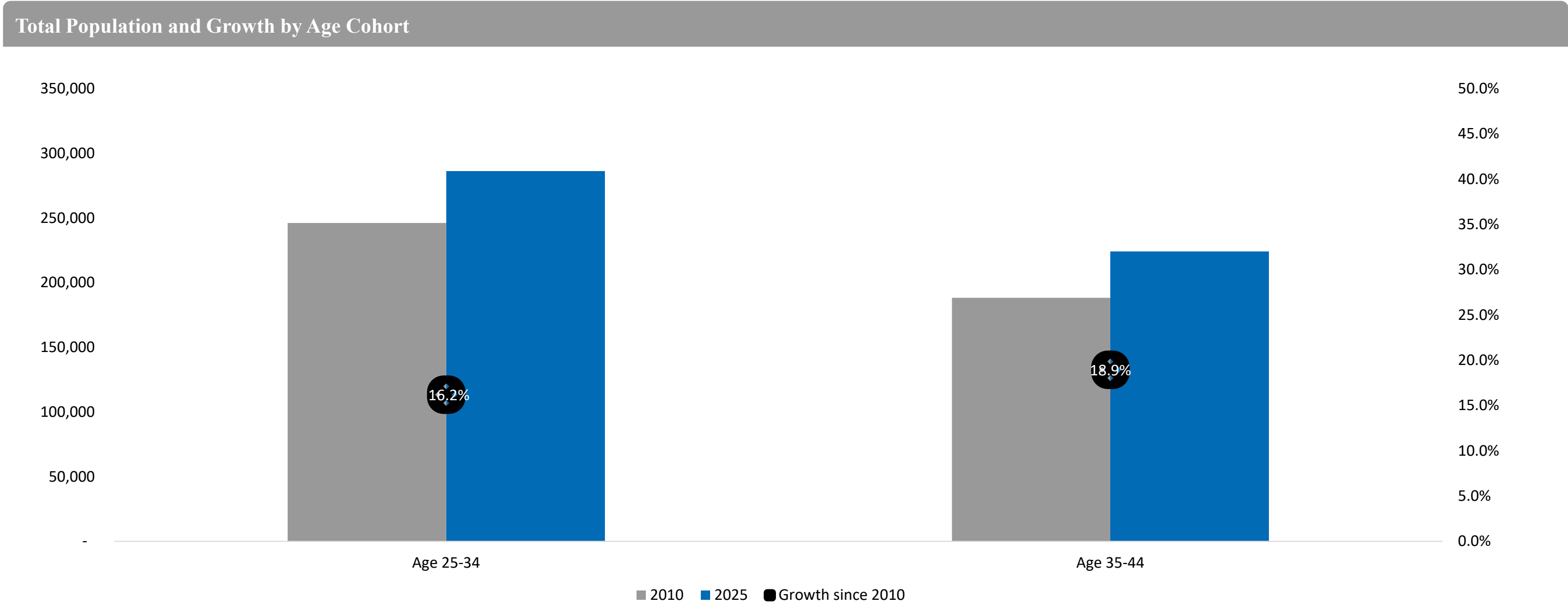
At the end of 2024, Philadelphia experienced a population increase of approximately 4,000 residents, or 30 basis points. In 2024, the Philadelphia suburbs reached their highest population on record, while the city of Philadelphia saw its largest population since 2021. The city's unique combination of historical significance, cultural vibrancy, diverse neighborhoods, and exceptional culinary offerings, coupled with its affordability compared to other major East Coast cities, has retained and attracted new residents. Philadelphia now represents nearly one-quarter (24.8%) of the metropolitan area's total population.



Source: U.S. Census Bureau (BOC): Population Estimates, Projections; Moody's Analytics Estimated,

Philadelphia Has Seen Its Share Of Prime Age Renters (25-44 Years) Grow

Since 2010, the number of Center City residents between the ages of 25 and 34 has increased by 16.2%, and residents aged 35-44 have grown by 18.9%. In comparison, the total population of Philadelphia residents rose by only 4.2% in the same time span. Nearly one-third, or 32.1%, of the Philadelphia population falls within this age range. The average population growth in this combined age range between Philadelphia, New York, Boston, Pittsburgh, and Baltimore is 14.4%. Philadelphia’s growth for the combined age ranges is 17.4%, 300 basis points above the average of comparable cities.



Source: Newmark Research, ESRI

Philadelphia: A Vibrant Metro Where Living, Working, and Playing Intersect

Sitting in the heart of the Northeast Corridor, Philadelphia’s array of cultural institutions and major employers offers an excellent lifestyle for a wide variety of people. A robust higher education ecosystem provides the region with a steady supply of talent for Philadelphia’s strong business community, which keeps the metro at the forefront of growing industries such as cell and gene therapy. Greater Philadelphia’s concentration of amenities and affordability make the metro unique compared to other Northeast cities.



2,707 Arts, Culture and Humanities Organizations



41.3M Out-of-Market Visitors in 2024



91 Colleges, Universities, and Technical Schools



11 Fortune 500 Companies



304 Stations Served By SEPTA and PATCO Rail Lines

Total Population	6,306,526
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Total Households	2,472,915
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Average Household Size	2.5 People
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Median Household Income	\$91,089
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Median Age	39.9 Years Old
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Median Renter Age	45 Years Old
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Labor Force Population	3,244,044
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Percentage of Population with Bachelor’s Degree or Higher	43.3%
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Unemployment Rate	4.6%
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Percentage of Population Employed in White-Collar Profession	67.8%
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Submarket Statistics



Greater Philadelphia Submarket Statistics

Multifamily Statistics by Submarket – 2Q 2025

Greater Philadelphia	Inventory (Units)	Occupancy Rate	Effective Rent (Per Unit)	YOY % Change - Rent	Under Construction (Units)
Bucks County	33,649	98.0%	\$1,803	3.2%	78
Chester County	30,207	96.2%	\$2,057	3.1%	553
Delaware County	27,532	97.5%	\$1,668	2.8%	224
Norristown/Upper Merion/Lower Merion	27,431	96.7%	\$2,027	1.2%	922
North Montgomery County	34,817	96.3%	\$1,914	1.4%	142
Suburban Philadelphia	153,636	97.0%	\$1,896	2.3%	1,919
Center City Philadelphia	52,614	95.2%	\$2,580	1.0%	3,741
Northeast Philadelphia	41,754	96.3%	\$1,512	3.3%	1,893
Northwest Philadelphia	20,825	95.7%	\$1,665	2.2%	667
Southwest Philadelphia	30,600	94.4%	\$1,980	2.4%	1,209
City of Philadelphia	145,793	95.4%	\$2,018	2.1%	7,510
Burlington County	24,889	97.7%	\$1,873	2.4%	672
Camden/Cherry Hill	20,615	97.0%	\$1,945	2.4%	0
Lower Camden County	18,862	97.6%	\$1,643	3.8%	168
Gloucester County	10,660	96.9%	\$1,840	5.0%	73
Southern New Jersey	75,026	97.4%	\$1,830	3.1%	745
Central Wilmington	20,054	96.8%	\$1,754	3.3%	702
Outer Wilmington	14,930	96.4%	\$1,660	-0.4%	325
Newark	14,771	98.1%	\$1,619	1.3%	383
Delaware	49,755	97.1%	\$1,686	1.6%	1,410
Greater Philadelphia	424,210	96.7%	\$1,902	2.2%	11,584

Source: Newmark Research, Real Page

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