

CONSTRUCTION ACTIVITY



UNDER CONSTRUCTION **13,643**

UNITS DELIVERED (YTD) **820**

MARKET FUNDAMENTALS



VACANCY RATE **4.8%**

YEAR-OVER-YEAR CHANGE **+10bps**

ASKING RENTS **\$1,875**

YEAR-OVER-YEAR CHANGE **+2.0%**

TRANSACTION ACTIVITY (YTD)



MEDIAN PRICE PER UNIT **\$206,400**

PHILADELPHIA
MULTIFAMILY
Q1 2026

MARKET INSIGHTS

Construction deliveries slow to start 2026

HIGHLIGHTS

- The Philadelphia multifamily market opened 2026 with its lightest quarter of new supply in several years, while vacancy held near its long-term average and rents extended their growth streak to nine consecutive quarters.
- Vacancy rose 10 basis points year over year to 4.8%, with suburban vacancy inching up to 4.4% as new deliveries spread beyond the urban core. Urban vacancy held flat at 5.2%.
- Asking rents reached \$1,875 per month, up 2.0% from one year ago. Suburban submarkets regionwide outpaced the urban core for the second consecutive year, with growth rates in supply-constrained corridors running well ahead of the market average.
- Transaction volume totaled approximately \$310 million across 14 properties in the first quarter, ahead of the prior-year period's deal count. Per-unit median pricing reflected a sales composition weighted toward vintage assets, not a shift in underlying values.

PHILADELPHIA MULTIFAMILY MARKET OVERVIEW

Greater Philadelphia entered 2026 past the peak of its recent supply cycle. First-quarter deliveries fell to their lowest level in several years, and full-year completions are expected to finish below 2025, giving owners some relief from the pressure of new supply that has occurred since 2023. The relief will not be felt evenly. The urban core still accounts for roughly 75% of units scheduled to deliver this year, while the modest suburban vacancy uptick in the first quarter reflected new projects opening in counties that consistently have seen little new construction. Job growth also slowed sharply, with employers adding roughly 5,000 positions year over year, though healthcare remained the main source of demand and continues to be the main employment driver for the region.

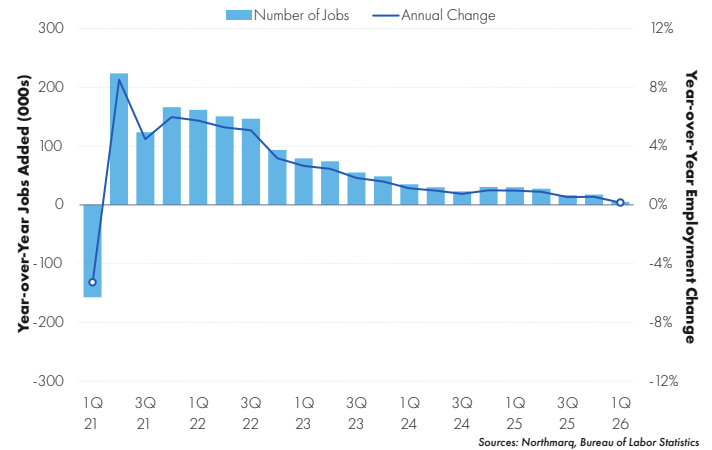
Philadelphia multifamily investment activity carried its 2025 momentum into the new year, with first-quarter deal count ahead of the same period last year, even as dollar volume eased. Private and regional buyers accounted for most activity, targeting mid-size assets while larger institutional capital remained selective. Average deal size was below \$30 million, roughly half the level recorded in recent years, and no transaction exceeded \$90 million. The smaller average transaction size reflects a transaction pool weighted toward older, lower-basis assets.

EMPLOYMENT

- Philadelphia metro payrolls were up 5,100 positions year over year, a 0.2% gain that marks a deceleration from recent periods. The first quarter recorded the softest annual growth rate since 2023.
- Healthcare and social assistance added 11,500 jobs during the past 12 months, a 1.9% gain that continues the sector's multi-year run as the region's primary employment driver.
- Hanwha, a South Korean conglomerate, announced a \$5 billion investment in the Philadelphia Shipyard in April. The project is anticipated to create more than 7,000 jobs over the next five years, marking one of the largest infrastructure investments in the region in recent years.
- FORECAST:** Employers are projected to add 34,000 net new jobs in 2026, a 1.1% gain, supported by continued healthcare and education growth.

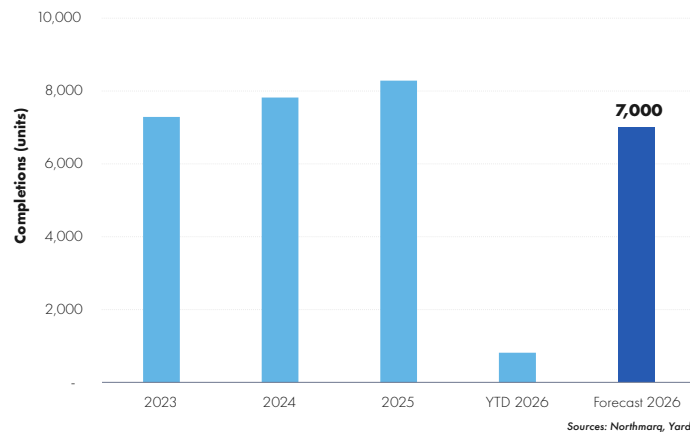
Healthcare and social assistance added 11,500 jobs.

EMPLOYMENT OVERVIEW



Sharp decline in deliveries to start 2026.

DEVELOPMENT TRENDS

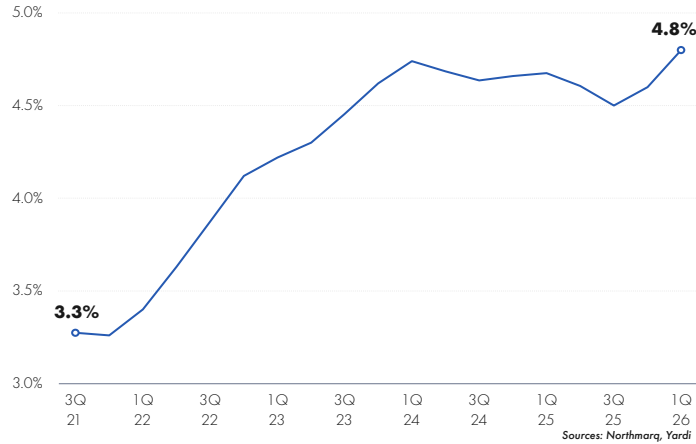


DEVELOPMENT & PERMITTING

- The Philadelphia metro delivered 820 units in the first quarter, well below the same period in 2025 and the lightest quarterly total since at least 2022. The step-down reflects completion timing rather than a pipeline contraction, with the majority of 2026 deliveries scheduled for the second half of the year.
- As of the end of the first quarter 13,600 units remained under construction, with urban and suburban submarkets now split nearly evenly. That balance represents a shift from the two-thirds urban concentration at year-end 2025, as several large suburban projects have moved into active construction across Chester and Montgomery counties.
- First-quarter permitting totaled approximately 1,450 units, putting activity back in line with long-term averages after two subdued years.
- FORECAST:** Full-year completions are expected to reach 7,000 units, concentrated in the second half. The development pipeline is expected to thin sharply after 2026 as slower permitting activity in 2023 and 2024 moves through the development cycle.

Vacancy increased 10 basis points year over year to 4.8%.

VACANCY TRENDS



VACANCY

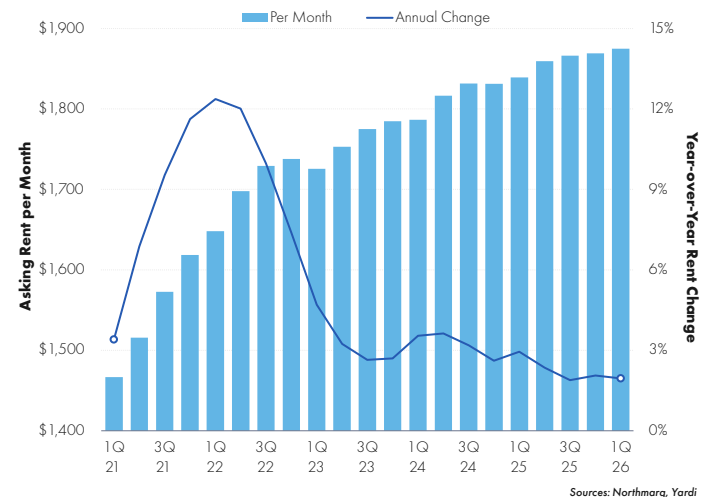
- Regional vacancy edged up 10 basis points year over year to 4.8% in the first quarter. The modest increase was driven by suburban submarkets in areas such as Newark in Delaware, and Levittown-Morrisville in Pennsylvania.
- Among the metro's larger suburban submarkets, King of Prussia maintained one of the lowest vacancy rates at 3.7%, while Newark South posted the sharpest increase, jumping 340 basis points year over year to 7.7%. On the urban side, vacancy in the Far Northeast held at 3.5%, the tightest reading of any sizable urban area in the region, supported by the absence of new construction in the submarket.
- Class A vacancy held relatively flat at 4.9% year over year, while Class B and Class C each ticked higher to 4.4%. The spread continues to reflect lease-up activity at newly delivered properties rather than weakening performance among stabilized assets.
- FORECAST:** Vacancy is projected to close 2026 at approximately 4.7%, as deliveries in the second half are absorbed into the market. The rate continues to run about 50 basis points lower than comparable East Coast metros.

RENTS

- Asking rents reached \$1,875 per month in the first quarter, a 2.0% gain year over year. Annual growth has held near 2.0% over the past several quarters, a consistency that signals the existing inventory base is holding its footing even as new supply continues to arrive.
- Suburban rents rose 2.4% during the past 12 months to \$1,851 per month, widening the gap over the urban core's 1.2% gain. King of Prussia led suburban Philadelphia with rent growth of 5.2%, pushing average rents to \$2,135 per month.
- Class C rents led the market in growth, closing the first quarter at \$1,575 per month, up 2.0% from the same period last year, outpacing Class A at 1.4% and Class B at 0.9%. Affordability pressure continues to concentrate demand at lower price points, keeping workforce housing the tightest and fastest-growing segment in the market.
- FORECAST:** Rents are projected to close 2026 at approximately \$1,900 per month, a 1.7% annual gain, with supply-constrained suburban corridors expected to sustain above-average growth through the year.

Asking rents reached \$1,875 per month, up 2.0% annually.

RENTS TRENDS

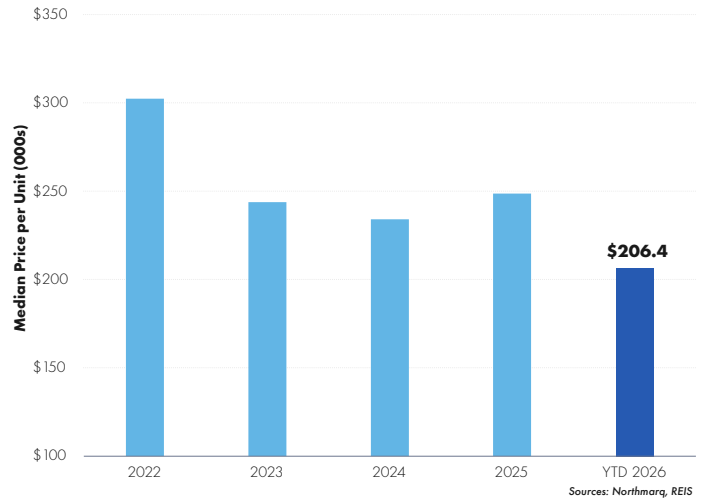


MULTIFAMILY SALES

- Transaction activity totaled approximately \$310 million across 14 properties in the first quarter, with the number of deals 27% ahead of the same period in 2025. Volume fell year over year despite a higher transaction count, due to a lack of the large institutional trades that anchored 2025. The average deal size was below \$30 million during the first quarter.
- The median sale price in the first quarter was \$206,400 per unit, well below the full-year 2025 figure. The decline was a reflection of the assets that sold more than a decline in values. Newer properties, which command higher per-unit pricing, accounted for a smaller share of closings, while older garden and mid-rise assets made up the majority of the first-quarter deals.
- Transaction activity was geographically dispersed in the first quarter, a shift from the Montgomery County and CBD concentration that drove 2025. Philadelphia County led with five trades, while the remaining activity spread across Montgomery, Chester, and New Castle counties.

The year-to-date median sale price is \$206,400 per unit.

INVESTMENT TRENDS



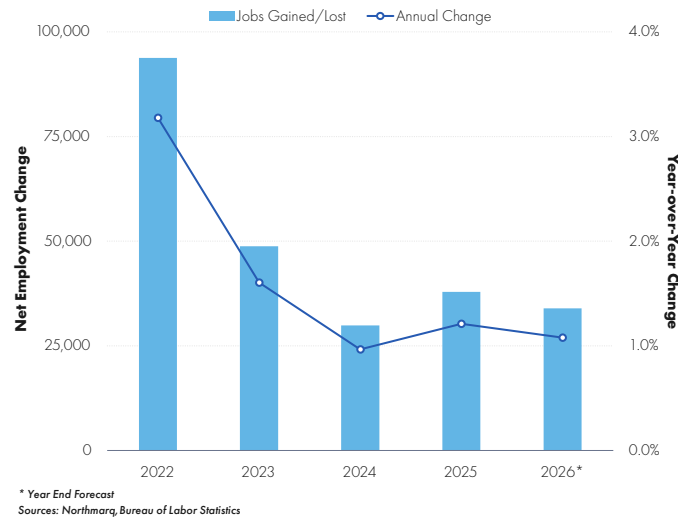
RECENT TRANSACTIONS MULTIFAMILY SALES ACTIVITY

PROPERTY NAME	STREET ADDRESS	YEAR BUILT	UNITS	SALES PRICE	PRICE/UNIT
Harbor Club Apartments	26 Cheswold Blvd., Newark, DE	1969	615	\$90,250,000	\$146,748
Flats at Lansdale	1001 Towamencin Ave., Lansdale, PA	2013	180	\$58,000,000	\$322,222
Avenue V	1635 N. 5th St., Philadelphia, PA	2026	200	\$49,200,000	\$246,000
The Arch	100 N. 17th St., Philadelphia, PA	1914	111	\$25,000,000	\$219,298
Devon Park Apartments	38 N. Devon Park Court, Devon, PA	1974	63	\$13,000,000	\$206,349

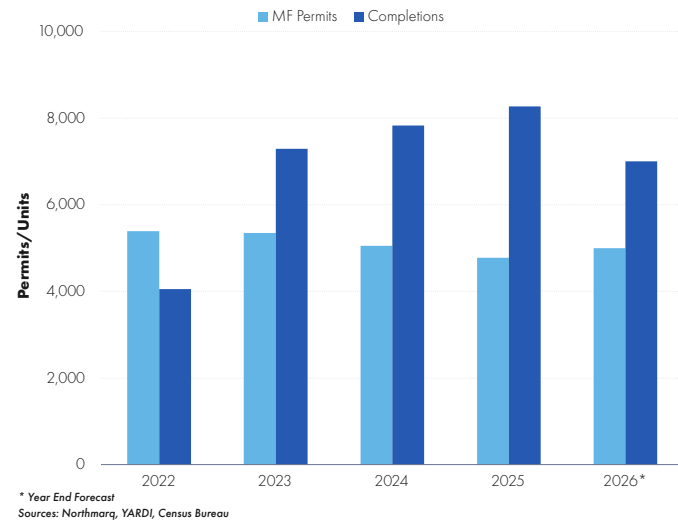
LOOKING AHEAD

The Philadelphia market enters 2026 transitioning from heavy absorption toward steadier conditions. Completions are projected at roughly 7,000 units in 2026, in line with the long-term average and below the elevated 2024 and 2025 totals, with the bulk weighted toward the second half of the year. Urban projects make up close to three-quarters of expected completions, as developments that broke ground during the urban building boom come online. Units still under construction are split roughly evenly between urban and suburban, but later-cycle suburban starts mean nearly 70% of deliveries beyond 2027 are concentrated in the suburbs. Demand is expected to stay supportive even as job growth cools, with housing costs continuing to price out would-be buyers and the healthcare sector anchoring the employment base. Vacancy is projected to hold near current levels while rents continue their measured climb.

EMPLOYMENT FORECAST

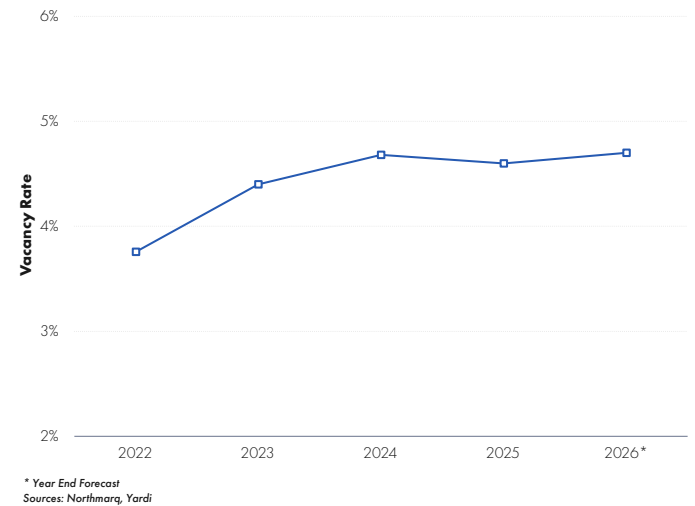


CONSTRUCTION & PERMITTING FORECAST

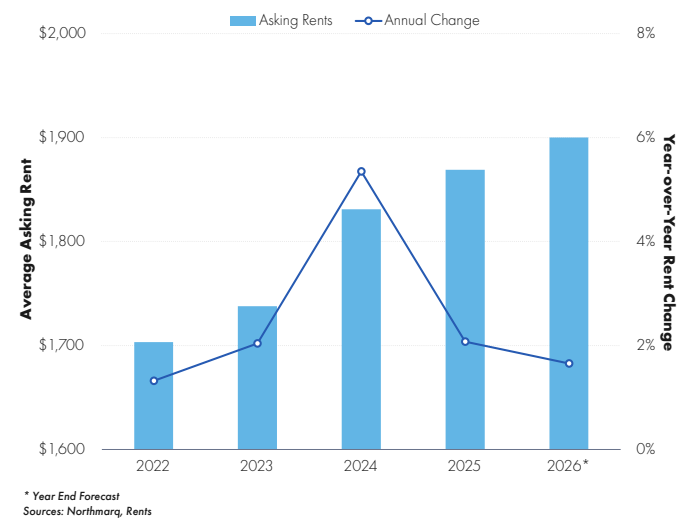


Transaction activity is expected to remain elevated through 2026, building on a first quarter in which deal counts ran well ahead of the prior-year pace. The repricing that constrained activity through 2023 and much of 2024 has largely played out, while the broader buyer pool that emerged in 2025 has carried momentum into the new year. Dollar volume has been slower to recover, limited by fewer large trades, but should strengthen as institutional capital re-engages with greater clarity around the urban supply outlook. Healthcare and life sciences employment growth, anchored by ongoing development in University City and at the Navy Yard, continues to support demand in the metro's strongest submarkets. For stabilized, well-located assets with limited near-term supply exposure, steady fundamentals and a thinner delivery pipeline point to firmer pricing and activity as the year progresses.

VACANCY FORECAST



RENTS FORECAST





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