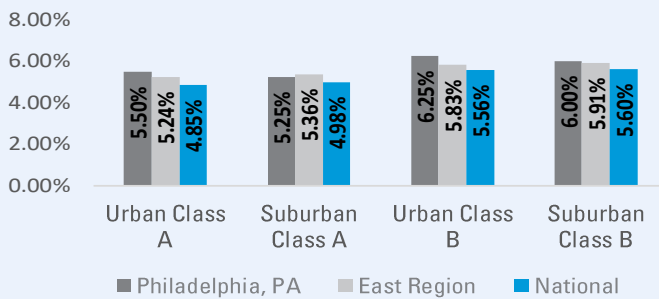


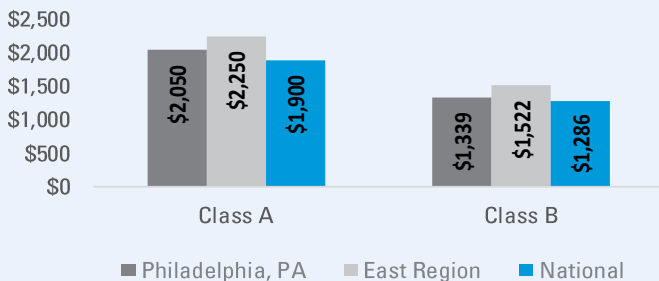
Market Rate Indicators (Y/Y)

Categories	Class A	Class B
Going In Cap Rate (%)	↔	↔
Asking Rent (\$/Unit)	▲	▲
Vacancy Rate (%)	▲	▼

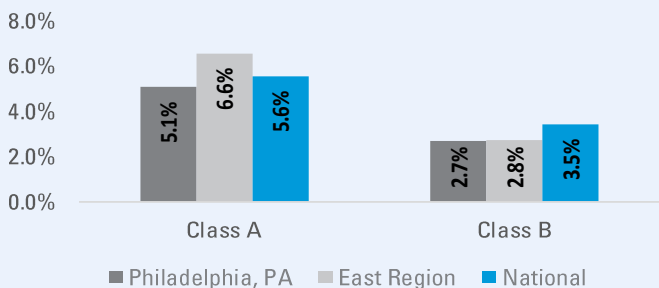
Going In Cap Rate Comparisons (%)



Asking Rents (\$/Unit)



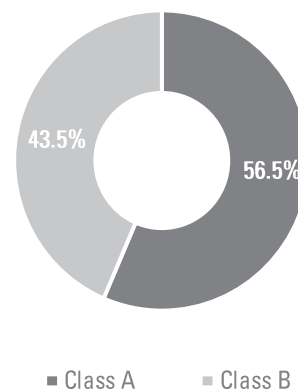
Vacancy Rates (%)



Philadelphia, PA Multifamily Market Overview

There has been an uptick in the amount of multifamily development in the urban and suburban areas of the Philadelphia metro area, with the trends extending into the suburban areas of Philly and southern New Jersey as well. Year to date, there are more than 15,000 apartment units under construction, which accounts for nearly 5% of the apartment inventory in the metro area. Construction in the area had partially been fueled by the full 10-year tax abatement on new construction projects that received a permit by December 2021. For projects receiving permits in 2022, an abatement is still eligible, but one that will gradually phase in the new improvements by 10% annually over the following 10-years. Despite a strong finish to 2021, the Philadelphia multifamily market experienced an uptick in vacancy rates over the course of 2022, driven at least in part by more than 5,000+ new units being delivered. Construction activity is expected to continue to be strong, especially in areas slightly north of the CBD like Kensington and Northern Liberties. One such development is a 55-unit mixed-use building on North Front Street near Cecil B. Moore Avenue in Fishtown, which is expected to break ground in early 2023. In Old City meanwhile, the Durst Organization began construction on a 360-unit apartment building at Vine Street and Columbus Boulevard. Investment activity was also strong at more than \$2 billion, although, as with other property types, cap rates increased slightly in the face of rising interest rates. Notable transactions included the \$21.3 million sale of Kensington Courts Flats and the \$88 million sale of SOLO on Chestnut in University City. Notably in 4Q2022, KKR purchased Presidential City, comprised of four 12-story towers for \$343MM from Post Brothers.

Distribution of Total Inventory



238,468 Units
Multifamily Inventory

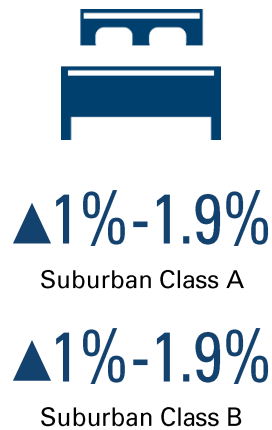
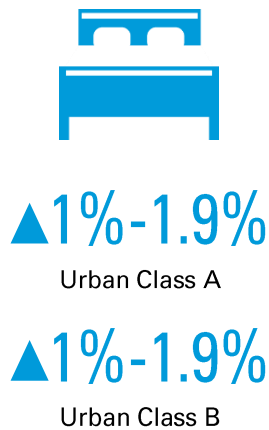
2.08% - 12 Mo. Proj.
Construction/Inventory

2023 PHILADELPHIA, PA MULTIFAMILY ANNUAL REPORT

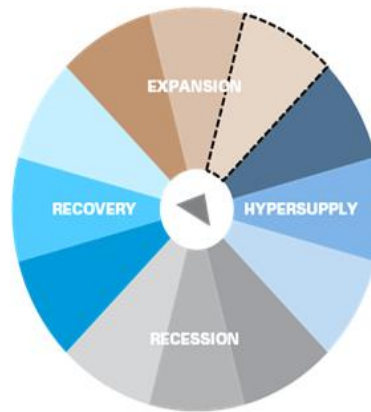
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Change In Value Next 12 Months



Market Cycle: Expansion Stage 3



- Moderate/High New Construction
- Decreasing Vacancy Rates
- Moderate/High Employment Growth
- Med/High Rental Rate Growth
- High Absorption

Forecasts

Philadelphia, PA 12-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Going-In Cap Rates	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change
Discount Rate	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change
Reversion Rate	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change
Construction (Units)	4,969			
Market Rent Change	+2.00%	+2.00%	+2.00%	+2.00%
Expense Rate Change	+2.00%	+2.00%	+2.00%	+2.00%
Years to Balance	2			

Philadelphia, PA 36-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Market Rent Change	+14.13%			
Change in Value	Increase 1%-1.9%	Increase 1%-1.9%	Increase 1%-1.9%	Increase 1%-1.9%

Integra Realty Resources (IRR) is the largest independent commercial real estate valuation and consulting firm in North America, with over 165 MAI-designated members of the Appraisal Institute among 600+ professionals based in our 50+ offices throughout the United States and the Caribbean. Founded in 1999, the firm specializes in real estate appraisals, feasibility and market studies, expert testimony, and related property consulting services across all local and national markets. Our valuation and counseling services span all commercial property types and locations, from individual properties to large portfolio assignments.

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