



MULTIFAMILY REPORT

Pittsburgh's Steely Resolve

Fall 2020

Construction Industry Faces Sharp Decline

Transaction Activity Slows Considerably

Economy Braces for Budget Shortfall

PITTSBURGH MULTIFAMILY



Rental Market Down, Not Out

Pittsburgh's multifamily market faces a slew of challenges, though the metro's economic diversification in recent years may favorably position it for a longer-term recovery. In September, overall rents averaged \$1,140, declining by 0.1% on a trailing three-month basis. While Lifestyle rents fell by a much steeper 0.6% during the same period, upscale units make up only a small part of the market's inventory.

The metro's economy continues to struggle, although many of the job losses initially caused by the pandemic have since been reversed. Pittsburgh's unemployment rate was 10.8% in August, according to preliminary Bureau of Labor Statistics data—a significant improvement from April's peak of 16.4% but well below the 8.4% August U.S. rate. However, further job growth could be on the horizon, with several notable tech firms announcing expansion or relocation plans.

While new developments have overwhelmingly targeted Lifestyle renters during the past five years, no new projects have broken ground since the debut of the health crisis. Multifamily investment volume and velocity also slowed in 2020, with \$110 million in transactions closed through September, just two-thirds of the 2019 total. Given ongoing volatility, both investment and development are likely to remain muted in the near term.

Market Analysis | Fall 2020

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Recent Pittsburgh Transactions

Torrente



City: Pittsburgh
Buyer: Morgan Properties
Purchase Price: \$37 MM
Price per Unit: \$167,727

Park West 205



City: Pittsburgh
Buyer: Morgan Properties
Purchase Price: \$29 MM
Price per Unit: \$176,829

Morgan at North Shore



City: Pittsburgh
Buyer: Coastal Ridge Real Estate
Purchase Price: \$26 MM
Price per Unit: \$110,009

Marquis Place



City: Pittsburgh
Buyer: Morgan Properties
Purchase Price: \$18 MM
Price per Unit: \$156,356