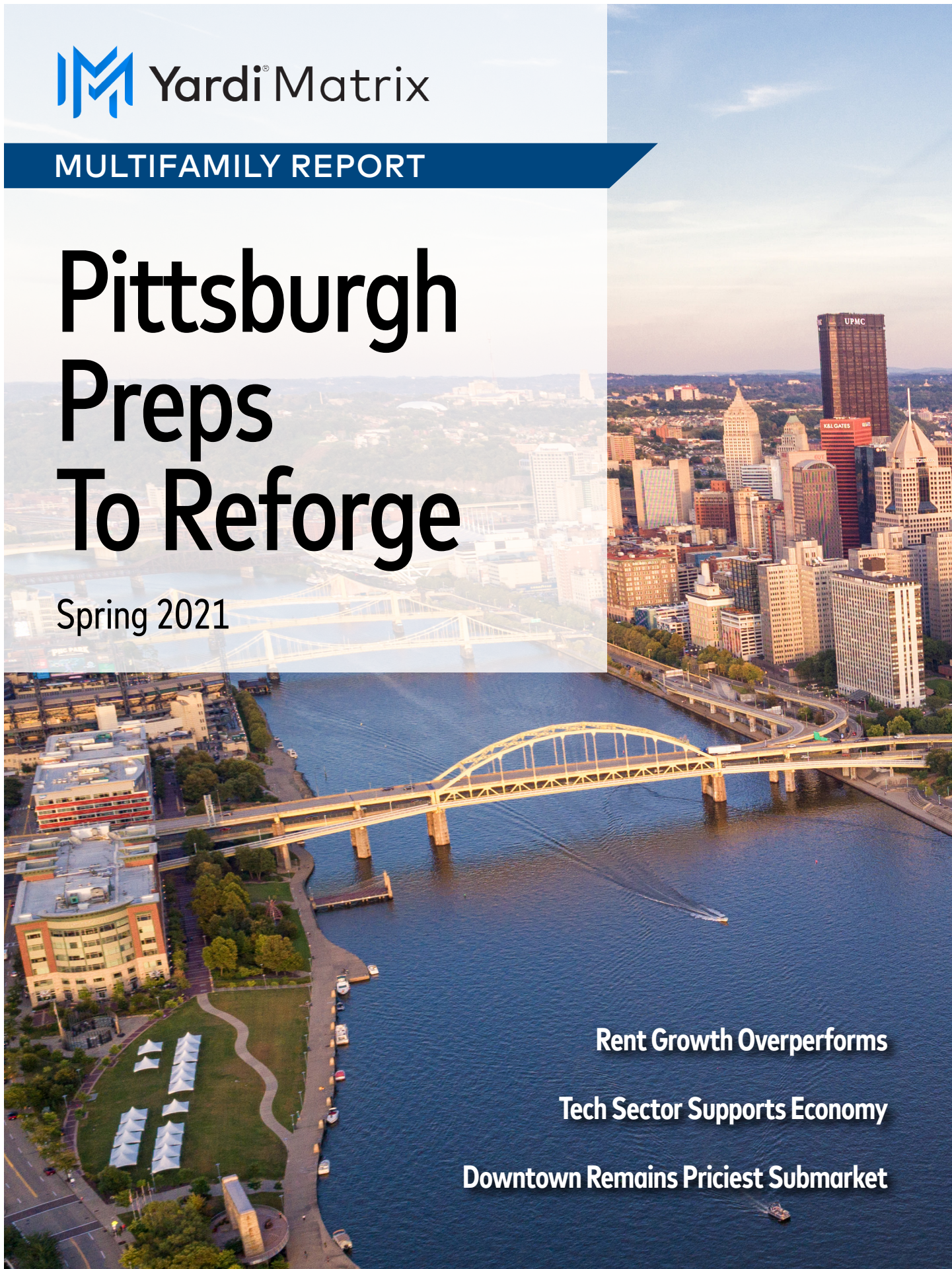




MULTIFAMILY REPORT

Pittsburgh Preps To Reforge

Spring 2021



Rent Growth Overperforms

Tech Sector Supports Economy

Downtown Remains Priciest Submarket

PITTSBURGH MULTIFAMILY



Ready for a Comeback

Pittsburgh's multifamily market continues to face its share of challenges, though the metro is showing some signs of recovery. Rents were up 0.3% on a trailing three-month basis through February, exceeding national growth. Working-class Renter-by-Necessity rents expanded by 0.3%, as demand continued to grow for lower-cost units across the metro.

The metro's economy took a significant hit over the past year, with job losses totaling 86,300 in the 12 months ending in December. Unemployment stood at 6.6% in December, slightly leading the national rate of 6.7%. Pittsburgh's diversifying economy could prove to be a driver of long-term growth, however technology firms raised nearly \$1 billion in the metro last year, according to an Ernst & Young and Innovation Works report.

While multifamily transactions in the first two months of 2021 totaled only \$15 million, last year's volume of \$245 million was a nearly 5% increase from 2019, despite challenges brought about by the pandemic. Pittsburgh's low price points may drive additional investment due to growing renter demand for lower-cost units. Some 3,000 units were under construction in February, with more than one-third breaking ground in 2020. Though deliveries slowed last year, we expect an uptick in 2021 with more than 1,000 units slated to come online by the end of summer.

Market Analysis | Spring 2021

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Recent Pittsburgh Transactions

Lindenbrooke



City: Pittsburgh
Buyer: Berger Rental Communities
Purchase Price: \$44 MM
Price per Unit: \$120,254

Morgan at North Shore



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

Flats on Fifth



City: Pittsburgh
Buyer: GCU
Purchase Price: \$15 MM
Price per Unit: \$202,703

Wellington Square



City: South Park, Pa.
Buyer: Lobos Management
Purchase Price: \$8 MM
Price per Unit: \$62,303