

YARDI[®] Matrix

Pittsburgh: Steeled for Growth

Multifamily Winter Report 2016

**Significant
Supply Looms**

**Education, Health Care
Drive Economy**

**Low Rents,
Lagging Prices**

PITTSBURGH MULTIFAMILY

YARDI® Matrix

Market Analysis

Winter 2016

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Slow Growth on Tap in Pittsburgh

Pittsburgh's economy has been relatively steady in recent years, although the lack of economic diversity coupled with a shrinking population limits the metro's growth potential. Pittsburgh ended 2015 with a steady rate of job creation, income gains and a low unemployment rate.

Two of the metro's major industries illustrate the possibilities and limitations of growth. Pittsburgh has been a major source of shale oil production through its Marcellus and Utica pipelines, but the number of drilling rigs has dropped sharply in recent months as the price of oil has collapsed. The metro is also a leader in health-care research, exemplified by the creation of the Pittsburgh Health Data Alliance, a collaboration among the University of Pittsburgh, Carnegie Mellon University and the University of Pittsburgh Medical Center hospital system. The alliance is leveraging health-care data to improve medical care.

Amid payroll gains and rising home prices, multifamily development is expected to witness a surge in Pittsburgh in the coming years. Demand will especially be sustained by young professionals and empty nesters. And while the total inventory across the metro expanded by little more than 1,100 units in 2015, upcoming deliveries will be notable. More than 4,000 apartments were under construction in Pittsburgh at year-end, while another approximately 6,500 units were on the drawing board. Downtown Pittsburgh is expected to experience the highest growth in supply.

Recent Pittsburgh Transactions

Nineteen North



City: Pittsburgh
Buyer: Morgan Management
Purchase Price: \$16 MM
Price per Unit: \$86,738

Northrup Court



City: Coraopolis, Pa.
Buyer: The Chetrit Group
Purchase Price: \$9 MM
Price per Unit: \$81,839

Sherbrook



City: Wexford
Buyer: The Chetrit Group
Purchase Price: \$8 MM
Price per Unit: \$108,880

Valleyfield



City: Bridgeville, Pa.
Buyer: The Chetrit Group
Purchase Price: \$6 MM
Price per Unit: \$81,282