

Yardi® Matrix

Pittsburgh Forges Ahead

Multifamily Report Spring 2019

Rent Growth Moderates

Tech Sector Attracts Ventures

Development Maintains Pace

PITTSBURGH MULTIFAMILY

Yardi® Matrix

Market Analysis

Spring 2019

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Core Housing Demand Fuels Growth

The metro's new economic layers are attracting young professionals looking for modern, urban apartments close to their jobs. This is leading to demographic expansion in Pittsburgh's central neighborhoods, fueling housing demand. The 1,140 units expected to come online this year should be absorbed rapidly, as downsizing Baby Boomers are also looking for well-located units in areas such as North Oakland and the Hill District.

Employment growth dipped, in line with nationwide trends, as Pittsburgh added only 6,400 jobs in the 12 months ending in February. Gains were led by education and health services (3,500), a Pittsburgh staple, followed by mining, logging and construction (3,300). Several employment sectors contracted, including trade, transportation and utilities (-1,400 jobs) and manufacturing (-900). Further layoffs are expected, as pharmaceutical giant Bayer Corp. will be closing its Robinson campus, losing roughly 600 employees and 100 contractor jobs.

Despite a slow start to the year for multifamily transactions, Pittsburgh continues to provide opportunities for investors attracted by high returns, with acquisition yields as high as 9.0% for value-add deals. With housing demand steady in the context of relatively low levels of new supply, we expect the average Pittsburgh rent to rise 2.0% in 2019.

Recent Pittsburgh Transactions

Ascent 430



City: Wexford, Pa.
Buyer: Graycliff Capital
Purchase Price: \$61 MM
Price per Unit: \$191,301

Waterford Nevillewood



City: Presto, Pa.
Buyer: The Solomon Org.
Purchase Price: \$41 MM
Price per Unit: \$130,063

Waterford Landing



City: Moon Township, Pa.
Buyer: The Solomon Org.
Purchase Price: \$20 MM
Price per Unit: \$64,538

York Square



City: Beaver Falls, Pa.
Buyer: Insight Management Group
Purchase Price: \$6 MM
Price per Unit: \$50,757