

**YARDI**<sup>®</sup> Matrix

# Pittsburgh's Transition

Multifamily Winter Report 2017

**Record Supply Cools Off Rent Hikes**  
**Millennials Drive Downtown Demand**  
**Development Concentrated in Core Areas**



# PITTSBURGH MULTIFAMILY

**YARDI**® Matrix

## Market Analysis

Winter 2017

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## Record Completions Fill the Gaps

Pittsburgh's multifamily market is a bit of a conundrum. Population has been almost flat for the past five years and supply mushroomed in 2016, leading rents to contract by 20 basis points. Yet the city has some positive economic signals, led by a growing white-collar job base.

Pittsburgh is in an ongoing transition from its blue-collar, industrial profile to a more diversified job market aiming at young, highly skilled workers. On one hand, the metro is bleeding lower-paid jobs and working-class households are being priced out of some core areas. On the other hand, the greater downtown submarket is thriving on this demographic shift, with highly paid Millennials taking advantage of the area's job market, affordability and quality of life. The city benefits from a deep talent pool fueled by Carnegie Mellon, the University of Pittsburgh and several other institutions. Attracted by the large number of degree-holding young professionals, large tech companies—including Uber quite recently—have chosen to set up a base or expand Pittsburgh operations.

With more than 10,000 units in different stages of development, almost 2,300 of which are slated for completion in 2017, the pipeline is likely to cool off, but not by much. The record-breaking supply volume, together with the high affordability of owning and the city's slowly declining population, have put a strong damper on rent growth. The damper won't be let up, at least not in the short run.

## Recent Pittsburgh Transactions

The Pennsylvanian



City: Pittsburgh  
Buyer: JMC Holdings  
Purchase Price: \$38 MM  
Price per Unit: \$154,959

Carson Towers



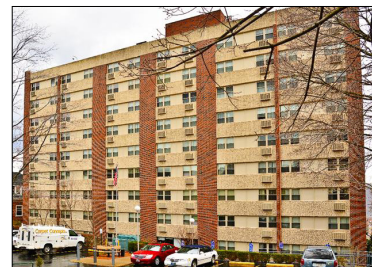
City: Pittsburgh  
Buyer: Standard Property Co.  
Purchase Price: \$14 MM  
Price per Unit: \$102,256

The Heights at Slippery Rock



City: Slippery Rock, Pa.  
Buyer: Ares Management  
Purchase Price: \$13 MM  
Price per Unit: \$126,000

State Manor



City: Coraopolis, Pa.  
Buyer: Millennia Housing Cos.  
Purchase Price: \$6 MM  
Price per Unit: \$55,048

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