



MULTIFAMILY REPORT

Pittsburgh Perseveres

April 2025



T3 Rent Growth Above US

Construction Starts Decrease

Uptick in 2024 Transaction Volume

PITTSBURGH MULTIFAMILY



Sales Pick Up, Occupancy Solid

Pittsburgh average advertised asking rents were up 0.3%, on a trailing three-month basis through February, to \$1,405, 30 basis points above the national figure, which remained flat at \$1,751. Over the 12-month period ending in February, the occupancy rate in stabilized properties in the metro was up 20 basis points, reaching 95.3%.

Pittsburgh's employment market expanded 1.8% last year, adding 23,300 net jobs. The rate was 50 basis points above the national figure. Education and health services added the most positions (9,100). The unemployment rate in the metro stood at 4.5% as of January, 50 basis points above the U.S. figure, according to preliminary data from the Bureau of Labor Statistics. TECFusions has unveiled plans to develop a massive 1,400-acre data center project near Pittsburgh. The adaptive-reuse development will feature the transformation of a former office and industrial property into a data center campus that will provide as much as 3 gigawatts of capacity over the next six years.

Developers had 2,793 units under construction as of February. Another 16,000 apartments were in the planning and permitting stages. The number of construction starts in 2024 decreased by 7.5% compared to the previous year, with 1,344 units across seven projects breaking ground. Transaction activity picked up in 2024, closing the year at \$277 million, which was double 2023's figure.

Market Analysis | April 2025

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Recent Pittsburgh Transactions

Wynnwood at Freedom Road



City: Cranberry Township, Pa.
Buyer: Hudson Cos.
Purchase Price: \$8 MM
Price per Unit: \$89,306

Surrey Gardens



City: Bethel Park, Pa.
Buyer: b7 Properties
Purchase Price: \$5 MM
Price per Unit: \$96,500

The Avenue

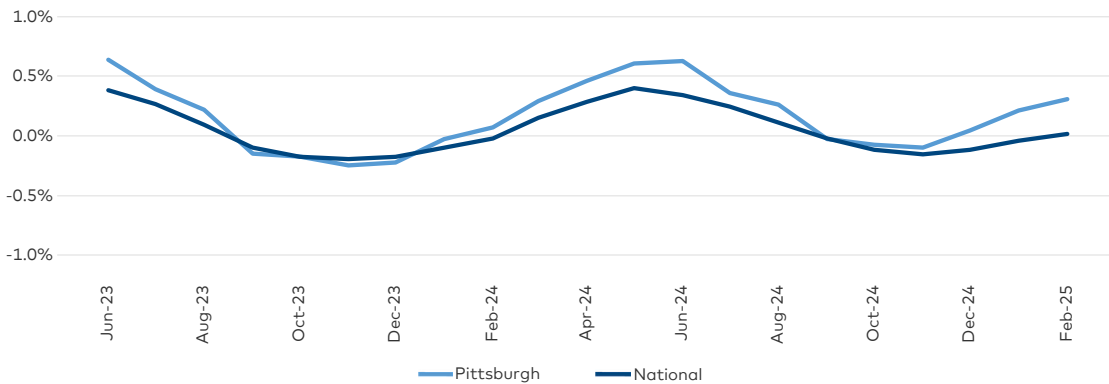


City: Braddock, Pa.
Buyer: Allegheny County Housing
Authority
Purchase Price: \$3 MM
Price per Unit: \$58,703

RENT TRENDS

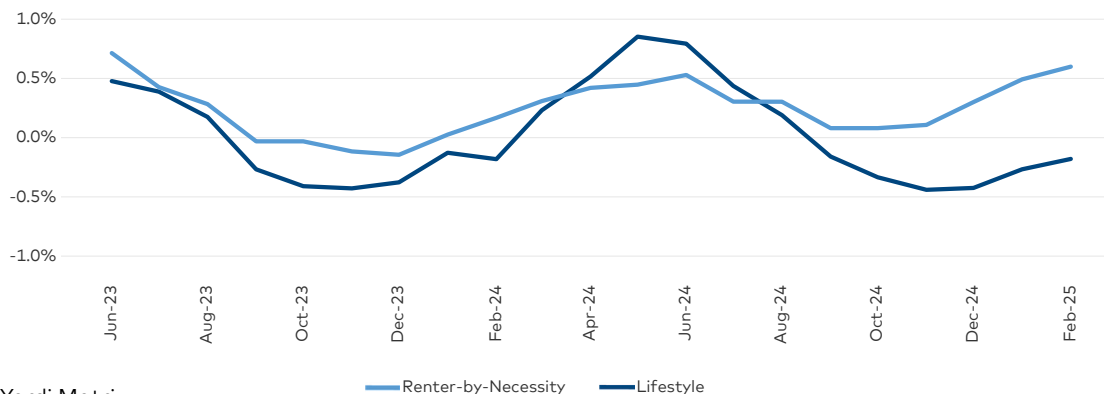
- ▶ Pittsburgh's average advertised asking rents were up 0.3%, on a trailing three-month (T3) basis, to \$1,405. The rate was 30 basis points above the national figure, which remained flat at \$1,751. Rent movement in the metro in 2024 remained mostly within positive margins, except in October and November, when rates decreased 0.1%.
- ▶ The working-class Renter-by-Necessity segment has been performing well, as average advertised asking rents were up 0.6%, on a T3 basis to, \$1,230. Meanwhile, the Lifestyle segment was down 0.2%, to \$1,875. Rents in the upscale segment went into negative territory in the last quarter of 2024, hitting a low of -0.4% in both November and December.
- ▶ The metro's average overall occupancy rate in stabilized properties stood at 95.3% as of February, a 20-basis-point increase year-over-year. The Lifestyle figure recorded the same uptick, to 94.6%, while the RBN segment registered slightly stronger gains in occupancy levels, up 30 basis points to 95.7%.
- ▶ Of the 57 submarkets tracked by Yardi Matrix, only eight recorded contractions on a year-over-year basis, with Perry recording the steepest decline, down 6.2% to \$1,402. Southside remained the most expensive submarket, with an average rent increase of 0.6%, to \$2,012.
- ▶ Average advertised asking rents in Pittsburgh's SFR sector were up 0.8% year-over-year through February, to \$1,685. SFR occupancy in the metro was up 140 basis points, to 98.4%.

Pittsburgh vs. National Rent Growth (Trailing 3 Months)



Source: Yardi Matrix

Pittsburgh Rent Growth by Asset Class (Trailing 3 Months)



Source: Yardi Matrix

ECONOMIC SNAPSHOT

- ▶ Employment in Pittsburgh expanded 1.8% in 2024, 50 basis points above the national rate of growth. The metro added 23,300 net jobs last year, with only the professional and business services sector losing jobs (-200).
- ▶ However, education and health services made up for the metro's losses, adding 9,100 net jobs. Other sectors with significant gains included leisure and hospitality, up 5.4% year-over-year or 6,400 positions, followed by government (2,300), trade, transportation and utilities (1,900) and financial activities (1,500).
- ▶ The metro's unemployment rate stood at 4.5% as of January, 50 basis points above the U.S.

figure, according to preliminary data from the Bureau of Labor Statistics. Unemployment in the metro was also 70 basis points above the state, which stood at 3.8%.

- ▶ TECFusions has unveiled plans to develop a massive 1400-acre data center campus in Upper Burrell, Pa., near Pittsburgh. The adaptive-reuse development, currently dubbed TECfusions Keystone Connect, will include the transformation of a former Alcoa industrial property. The project will feature 500,000 square feet of space and will provide as much as 3 gigawatts of capacity over the next six years.

Pittsburgh Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
65	Education and Health Services	272.8	22.2%
70	Leisure and Hospitality	124.1	10.1%
90	Government	123.5	10.0%
40	Trade, Transportation and Utilities	221	18.0%
55	Financial Activities	75	6.1%
80	Other Services	48.9	4.0%
30	Manufacturing	89.9	7.3%
15	Mining, Logging and Construction	64.3	5.2%
50	Information	21.3	1.7%
60	Professional and Business Services	188.1	15.3%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- ▶ Pittsburgh lost 1,043 residents between 2021 and 2022, a 0.1% dip, while the U.S. population expanded by 0.4% during the same period.
- ▶ Since 2019, the metro has recorded a 1.5% increase in population.

Pittsburgh vs. National Population

	2019	2020	2021	2022
National	324,697,795	326,569,308	329,725,481	331,097,593
Pittsburgh	2,331,447	2,324,447	2,366,544	2,365,501

Source: U.S. Census

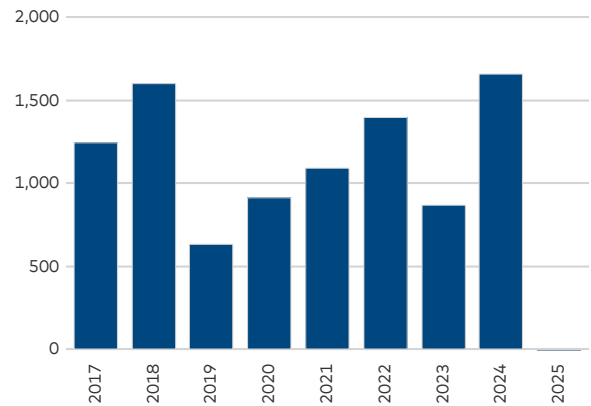
SUPPLY

- ▶ Pittsburgh had 2,793 units under construction as of February. Another 16,000 apartments were in the planning and permitting stages. Developers focused on upscale projects, with 64.3% of units underway in Lifestyle units. RBN and fully affordable projects accounted for the remaining 35.7%.
- ▶ Last year, deliveries in the metro amounted to 1,661 units, or 1.7% of existing stock. This was 180 basis points below the national figure. Still, Pittsburgh registered an 80-basis-point uptick compared to total completions in 2023, marking the largest volume of completions in the metro in the last five years. On average, developers in the metro added some 1,200 units annually between 2017 and 2024.
- ▶ Due to an overall slowdown in development activity caused by lending difficulties and economic uncertainty, the number of construction starts remained low in the metro. Pittsburgh had 1,344 units across seven projects that broke ground in 2024. This marked a 7.5% decrease year-over-year, as developers began work on 1,453 apartments across seven projects in 2023.
- ▶ Caraopolis led development, with 528 units underway. The submarket was followed by

Oakdale (416 units) and Pittsburgh–Downtown (400 units). Of the 57 submarkets tracked by Yardi Matrix, only 12 had at least 50 units under construction each.

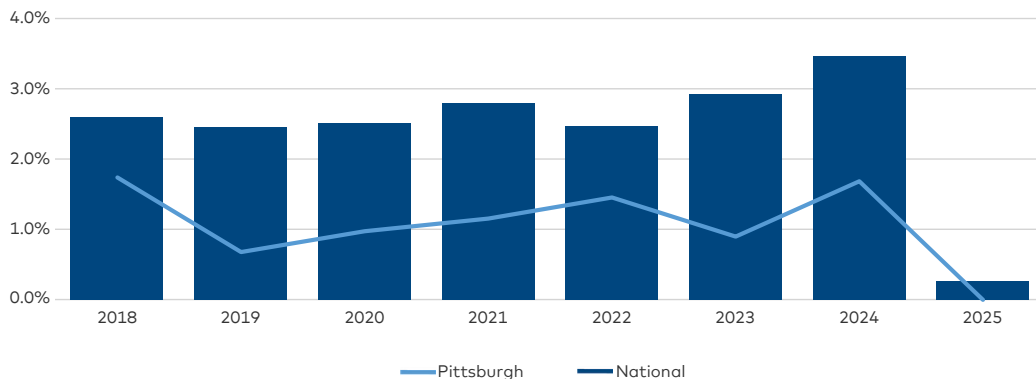
- ▶ The metro's largest project underway is Alpha Residential's 416-unit Apex Newbury. The two-building property is scheduled for delivery in June 2025.

Pittsburgh Completions (as of February 2025)



Source: Yardi Matrix

Pittsburgh vs. National Completions as a Percentage of Total Stock (as of February 2025)



Source: Yardi Matrix

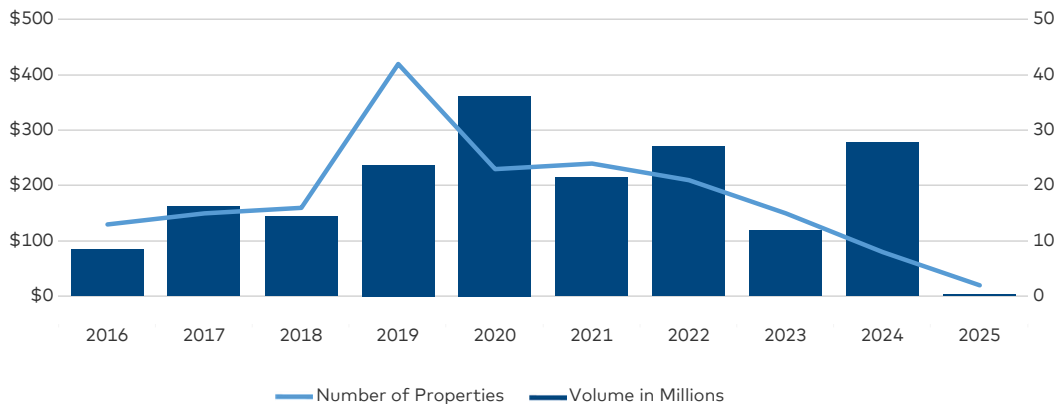
TRANSACTIONS

- ▶ The Pittsburgh multifamily market ended 2024 with a total transaction volume of \$277 million, doubling the previous year's total volume of \$118 million and surpassing the \$215 million average recorded between 2017 and 2023. Transaction activity in the first two months of 2025 was low.
- ▶ Eight assets traded last year for an average of \$119,611, up \$50,584 from 2023, but still behind the \$194,060 U.S. figure. Investor inter-

est was tilted toward RBN communities, which accounted for five of the eight rental assets that changed hands, at an average price per unit of \$64,116.

- ▶ Hampton Township was the only submarket that exceeded the \$100 million mark for multifamily transactions during the 12 months ending in February. Cranberry Township and Bethel Park followed, with a combined \$13 million.

Pittsburgh Sales Volume and Number of Properties Sold (as of February 2025)



Source: Yardi Matrix

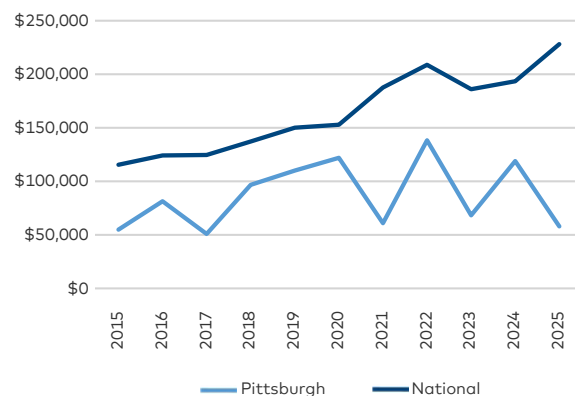
Top Submarkets for Transaction Volume¹

Submarket	Volume (\$MM)
Hampton Township	107
Cranberry Township	8
Bethel Park	5
Ellwood City	4
Braddock	3
Squirrel Hill	2

Source: Yardi Matrix

¹ From March 2024 to February 2025

Pittsburgh vs. National Sales Price per Unit



Source: Yardi Matrix



Building for the Long Term: Hankin Group's Approach to Multifamily Development

By Olivia Bunescu

Adopting a build-and-hold long-term strategy, Hankin has been developing mixed-use projects with a particular focus on sustainable living. We asked Michael Hankin, COO & President of Hankin Apartments, to highlight key trends he's seeing in the local multifamily market, and expand on how he's tackling development challenges to deliver environmentally friendly projects in today's tough economic climate.

How is the multifamily development landscape evolving in the markets you're active in?

Hankin: Across the region, we have seen a slowdown in development stemming from escalating land values. Due to high interest rates and construction costs, there is a disconnect between asking prices and what developers are willing to pay. We don't expect to see an influx of new multifamily development until the market is balanced. Developers are also being more creative in identifying financing solutions, such as exploring joint ventures.

To what extent have high construction costs and supply chain disruptions impacted your ability to keep projects on time and on budget?

Hankin: Hankin Group is a vertically integrated real estate company, allowing us more control, consistency and cost savings across the lifespan of development. Fortunately, we are well-equipped to navigate high-cost environments because



our business is based on quality, sustainability and long-term ownership. Many developers build, lease up and immediately sell to capitalize on a quick flip. Our motto is 'build long term, hold long term.' To some extent, fluctuations in entering costs aren't as relevant because we are holding properties and accounting for long-term appreciation.

What role does sustainability play in your overall strategic development plan? Can you share some specific examples?

Hankin: To date, Hankin Group has developed 52 Energy Star-certified buildings (with 22 under development), 42 LEED-certified

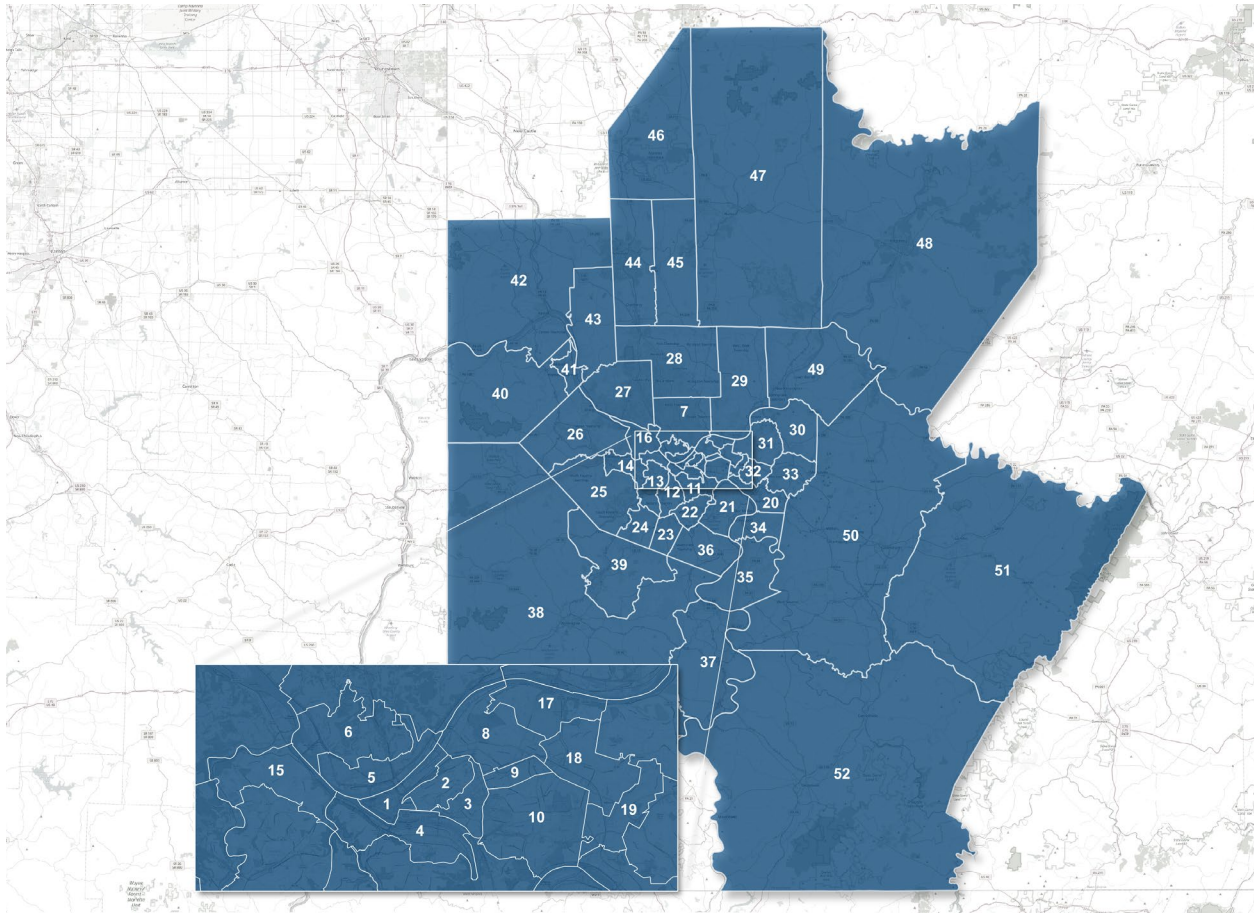
buildings and 1,035 LEED-certified apartment units (with another 951 under development). We strive to serve as a model for developers across the country and showcase the real and meaningful impact we can have on the environment by prioritizing sustainability and environmentally conscious design.

How do you balance aesthetics with functionality? What are the key design principles that guide each project from conception to completion?

Hankin: Our team follows New Urbanism planning, which prioritizes walkability, connectivity, quality architecture, mixed-use design and traditional neighborhood structure. We are always thinking about how our communities will improve their quality of life. Aesthetically, is the project beautiful and is it a place I would love to live? Does the project fit into the surrounding context and add value?

(Read the complete interview on multihousingnews.com.)

PITTSBURGH SUBMARKETS



Area No.	Submarket
1	Pittsburgh-Downtown
2	Hill District
3	Oakland
4	Southside
5	Northshore
6	Perry
7	West View
8	Bloomfield
9	Shadyside
10	Squirrel Hill
11	Carrick
12	Castle Shannon
13	Carnegie
14	Robinson Township
15	Fairywood
16	McKees Rocks
17	Highland Park
18	Homewood

Area No.	Submarket
19	Wilkinsburg
20	Braddock
21	West Mifflin
22	Whitehall
23	Bethel Park
24	Upper St Clair
25	Oakdale
26	Coraopolis
27	Franklin Park
28	Hampton Township
29	Fox Chapel
30	Plum
31	Penn Hills
32	Churchill
33	Monroeville
34	McKeesport
35	Elizabeth
36	Jefferson Hills

Area No.	Submarket
37	Centerville
38	Washington
39	Canonsburg
40	Raccoon Creek
41	Aliquippa
42	Beaver
43	Economy
44	Cranberry Township
45	Fox Run
46	Slippery Rock
47	Butler
48	Armstrong County
49	New Kensington
50	Greensburg
51	Latrobe
52	Fayette County

DEFINITIONS

Lifestyle households (renters by choice) have wealth sufficient to own but have chosen to rent. Discretionary households, most typically a retired couple or single professional, have chosen the flexibility associated with renting over the obligations of ownership.

Renter-by-Necessity households span a range. In descending order, household types can be:

- *A young-professional*, double-income-no-kids household with substantial income but without wealth needed to acquire a home or condominium;
- *Students*, who also span a range of income capability, extending from affluent to barely getting by;
- *Lower-middle-income ("gray-collar") households*, composed of office workers, policemen, firemen, technical workers, teachers, etc.;
- *Blue-collar households*, which barely meet rent demands each month and likely pay a disproportionate share of their income toward rent;
- *Subsidized households*, which pay a percentage of household income in rent, with the balance of rent paid through a governmental agency subsidy. Subsidized households, while typically low income, extend to middle-income households in some high-cost markets, such as New York City;
- *Military households*, subject to frequency of relocation.

These differences can weigh heavily in determining a property's ability to attract specific renter market segments. The five-star resort serves a very different market than the down-and-outer motel. Apartments are distinguished similarly, but distinctions are often not clearly definitive without investigation. The Yardi® Matrix Context rating eliminates that requirement, designating property market positions as:

Market Position	Improvements Ratings
Discretionary	A+ / A
High Mid-Range	A- / B+
Low Mid-Range	B / B-
Workforce	C+ / C / C- / D

The value in application of the Yardi® Matrix Context rating is that standardized data provides consistency; information is more meaningful because there is less uncertainty. The user can move faster and more efficiently, with more accurate end results.

The Yardi® Matrix Context rating is not intended as a final word concerning a property's status—either improvements or location. Rather, the result provides reasonable consistency for comparing one property with another through reference to a consistently applied standard.

To learn more about Yardi® Matrix and subscribing, please visit www.yardimatrix.com or call Ron Brock, Jr., at 480-663-1149 x14006.



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- Gain complete new supply pipeline information from concept to completion
- Find acquisition prospects based on in-place loans, maturity dates, lenders and originators
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