



MULTIFAMILY REPORT

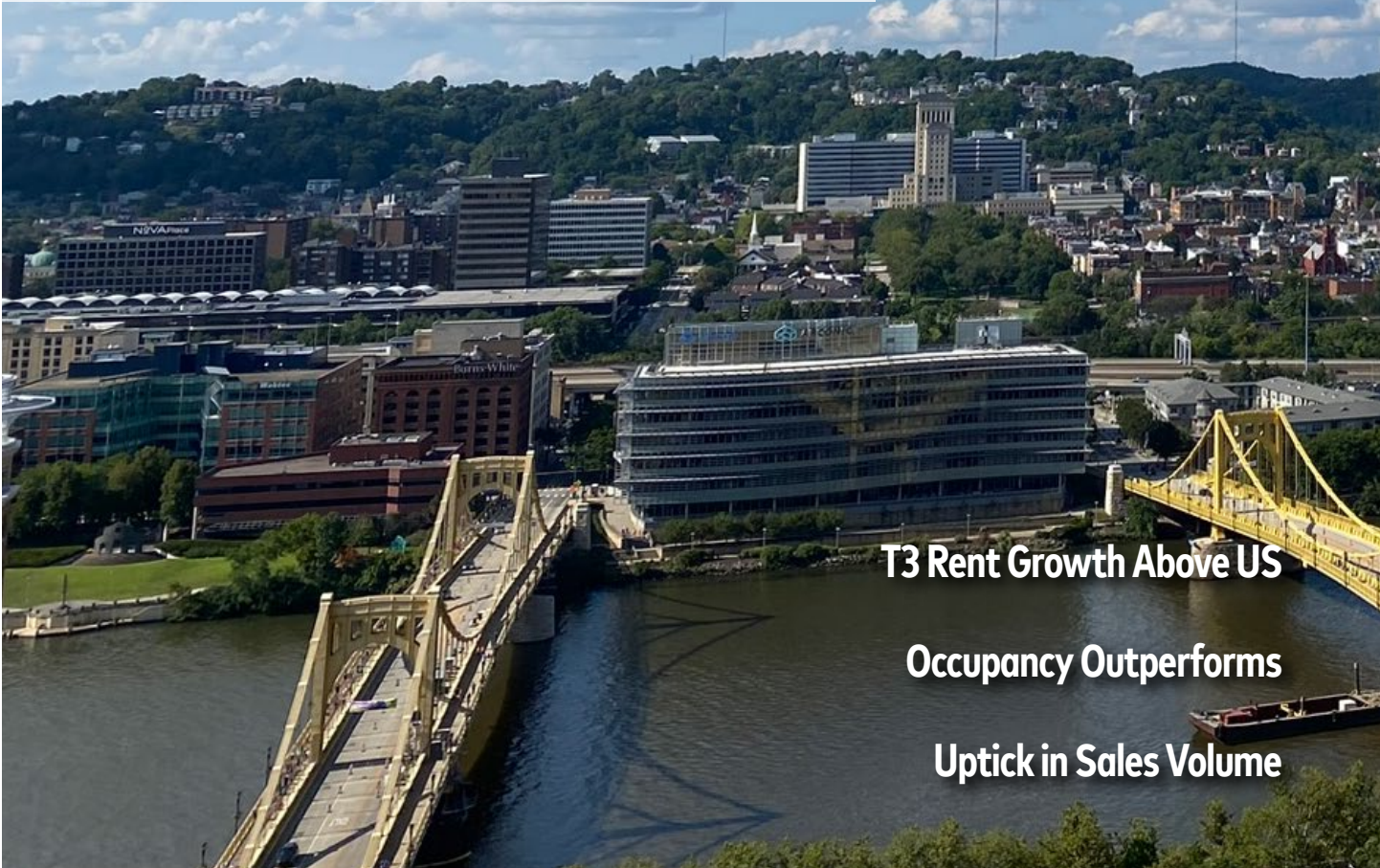
Pittsburgh Prevails

October 2024

T3 Rent Growth Above US

Occupancy Outperforms

Uptick in Sales Volume



PITTSBURGH MULTIFAMILY



Rents, Occupancy On the Upswing

Pittsburgh average advertised asking rents were up 0.4% on a trailing three-month basis through August, to \$1,388. In contrast, the national figure rose 0.1%, to \$1,741. Pittsburgh rates were up 2.4% year-over-year, significantly above the 0.8% national figure. Over the 12-month period through July, the occupancy rate in Pittsburgh stabilized properties was up 10 basis points, reaching 95.5%, well above the 94.7% national rate.

The metro's unemployment rate reached 3.7% in June, according to the Bureau of Labor Statistics. This was 40 basis points below the 4.1% U.S. rate and 30 basis points above Pennsylvania's 3.4%. Employment rose by 1.1% (21,900 jobs) in the 12 months ending in June, below the national average of 1.3%. All but three sectors saw job growth, led by education and health services (13,100 jobs). The University of Pittsburgh, Allegheny County's second-largest employer, has nearly completed its BioForge Biomanufacturing Center. Pitt also plans to bring its School of Health and Rehabilitation Sciences under a single roof.

Developers brought 844 units online through August and had another 2,772 units under construction. Lifestyle units accounted for nearly all completions, as well as more than 90% of the projects underway. Investment picked up significantly, totaling \$230 million in the first eight months of the year. By comparison, sales for all of 2023 amounted to just \$102 million.

Market Analysis | October 2024

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Recent Pittsburgh Transactions

The District



City: Pittsburgh
Buyer: Camp Eight Capital
Purchase Price: \$151 MM
Price per Unit: \$340,883

Ascent 430

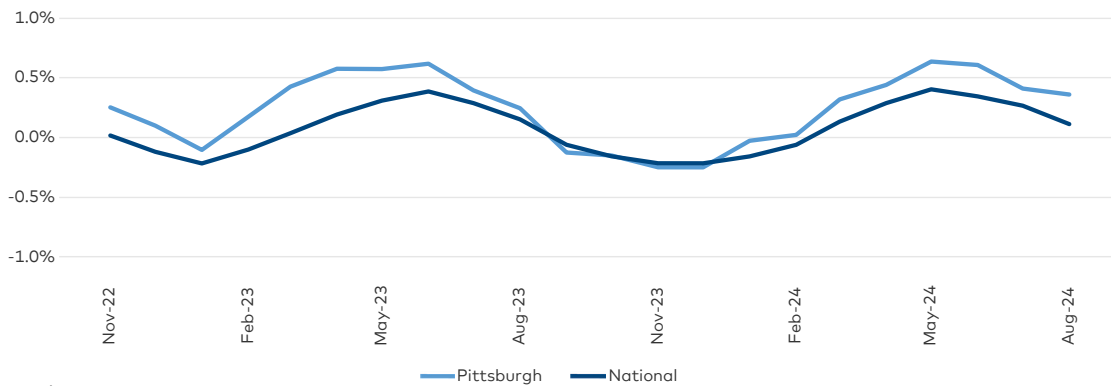


City: Wexford, Pa.
Buyer: BAM Capital
Purchase Price: \$79 MM
Price per Unit: \$247,649

RENT TRENDS

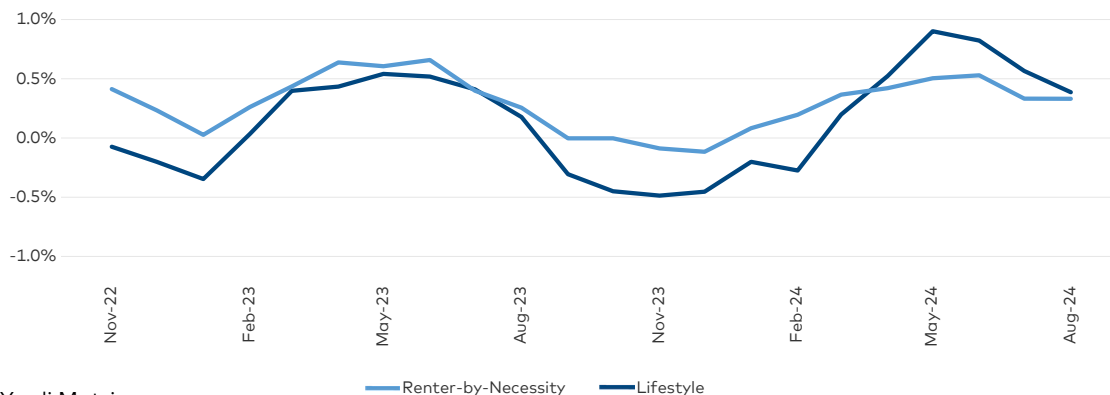
- Advertised asking rents across Pittsburgh increased 0.4% on a trailing three-month (T3) basis as of August, to \$1,388. The national figure rose 0.1%, to \$1,741. The metro's rent movement this year has generally been aligned with national trends, although it has slowed from the peak growth of 0.6% registered in May and June. Pittsburgh rents were up 2.4% year-over-year through August, 160 basis points higher than the national figure.
- The upscale Lifestyle segment performed slightly better on a T3 basis, with advertised asking rents up 0.4%, to \$1,896. Meanwhile, rates in working-class Renter-by-Necessity communities were up 0.3%, to \$1,205.
- The Pittsburgh occupancy rate in stabilized properties rose by 10 basis points over the 12 months ending in July, to 95.5%. This was significantly higher than the 94.7% national average. Lifestyle occupancy improved 70 basis points, to 95.1%. RBN occupancy, on the other hand, decreased 10 basis points, to 95.6%.
- Rent growth was widespread across the metro, present in 35 of the 52 submarkets tracked by Yardi Matrix. Submarkets with significant year-over-year growth included Cranberry Township (up 7.3% to \$1,181), Beaver (7.2% to \$980), Greensburg (6.7% to \$962) and Hampton Township (5.4% to \$1,494). The Pittsburgh-Downtown submarket experienced the largest decline, down 2.2% year-over-year, to \$1,975.

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

- In the 12 months ending in June, Pittsburgh employment grew by 1.1%, which was 20 basis points below the national rate. The metro had a net gain of 21,900 jobs during this period. Education and health services led growth, adding 13,100 positions. The information, professional and business services and construction sectors saw a loss of 2,400 positions combined.
- The metro's unemployment rate stood at 3.7% as of June, according to Bureau of Labor Statistics data. On par with the February average, the rate remained the highest of the year so far. While Pittsburgh's figure was 40 basis points below the national rate, it was still 30 basis points higher than Philadelphia's. Meanwhile, Pennsylvania's rate stood at 3.4% in June.
- Allegheny County's second-largest employer, the University of Pittsburgh, has topped out Bio-Forge. The 185,000-square-foot life sciences and biomanufacturing center is being built with a \$100 million grant from the Richard King Mellon Foundation. Pitt will share the space with anchor tenant ElevateBio, a cell and gene therapy company. Pitt will also have a new headquarters for its School of Health and Rehabilitation Sciences. The 306,000-square-foot building at Fifth Avenue and Halket Street is expected to come online by the end of 2025.

Pittsburgh Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
65	Education and Health Services	254	21.4%
70	Leisure and Hospitality	128.9	10.8%
40	Trade, Transportation and Utilities	205.4	17.3%
80	Other Services	50	4.2%
55	Financial Activities	75.1	6.3%
90	Government	112.8	9.5%
30	Manufacturing	85.8	7.2%
50	Information	21.6	1.8%
60	Professional and Business Services	189.6	15.9%
15	Mining, Logging and Construction	66.2	5.6%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- In 2022, Pittsburgh lost 1,043 residents, accounting for a 0.1% decrease.
- However, since 2019, the metro has gained 34,054 residents, marking a 1.5% increase. Since 2019, the U.S. population has increased by nearly 2%, with a 0.4% increase in 2022 alone.

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

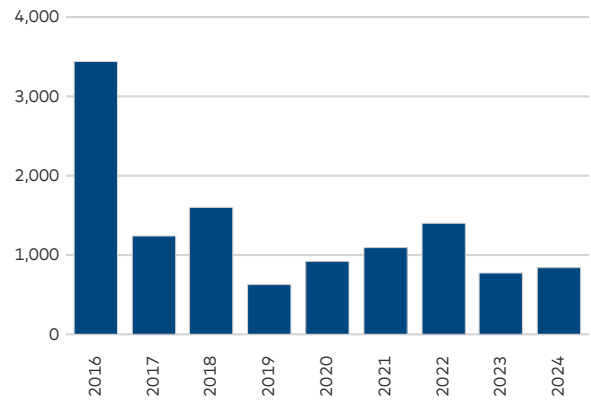
SUPPLY

- ▶ Developers added 844 units to Pittsburgh's inventory in the first eight months of this year. Completions have already surpassed a slow 2023, when only 766 units came online. The current deliveries account for 0.9% of existing stock, almost half of the 1.7% national average. The focus on upscale developments has also increased significantly, as nearly all deliveries this year were Lifestyle assets.
- ▶ Developers had 2,772 units under construction, with another 16,000 units in the planning and permitting stages. More than 90% of units underway were in upscale Lifestyle projects, while only around 4.3% were in developments designated as fully affordable. The remaining were in RBN properties.
- ▶ Coraopolis led development, with 528 units under construction. It was followed by Oakdale (416 units underway) and Pittsburgh–Downtown (400 units). Overall, a total of 13 submarkets had at least 50 units under construction each.
- ▶ The metro's largest project underway as of August was the 416-unit Apex Newbury in the Oakdale submarket. Developed by Alpha Residential, the two-building property is anticipated to come online in early 2025. The developer also

has a 240-unit project planned in the Southside submarket and a 356-unit prospective multi-family development in the Pittsburgh–Downtown submarket.

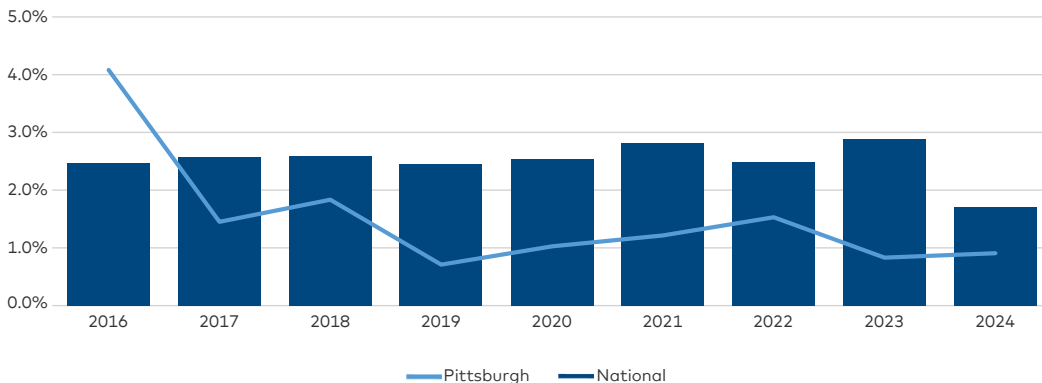
- ▶ Thompson Thrift Residential delivered the metro's largest development in 2024 so far. The 336-unit Prism at Diamond Ridge offers floor-plans averaging 1,369 square feet.

Pittsburgh Completions (as of August 2024)



Source: Yardi Matrix

Pittsburgh vs. National Completions as a Percentage of Total Stock (as of August 2024)

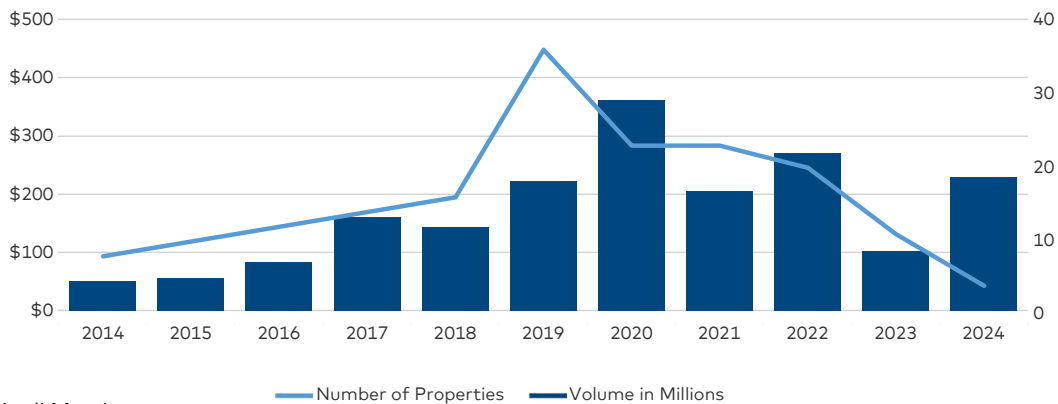


Source: Yardi Matrix

TRANSACTIONS

- ▶ Pittsburgh investors traded \$230 million in multifamily assets year-to-date through August. Transaction volume picked up significantly from the \$62 million recorded in the same period of 2023. This year has already surpassed last year's total volume—\$102 million—as well as the \$210 million annual average from 2017 to 2023.
- ▶ Since 2019, investors have traded approximately 120 properties across Pittsburgh for a combined \$1.4 billion. Overall, investor preference leaned toward value-add plays, since more than two-thirds of transactions involved Renter-by-Necessity assets. This trend was reversed this year through August, as three Lifestyle properties sold and only a single RBN asset changed hands.
- ▶ The District in Pittsburgh's downtown submarket traded for the highest sale price in 2024 through August. Camp Eight Capital purchased the 442-unit property for \$150.7 million from The NRP Group. Capital One provided a \$90.7 million CMBS loan for the purchase.

Pittsburgh Sales Volume and Number of Properties Sold (as of August 2024)



Source: Yardi Matrix

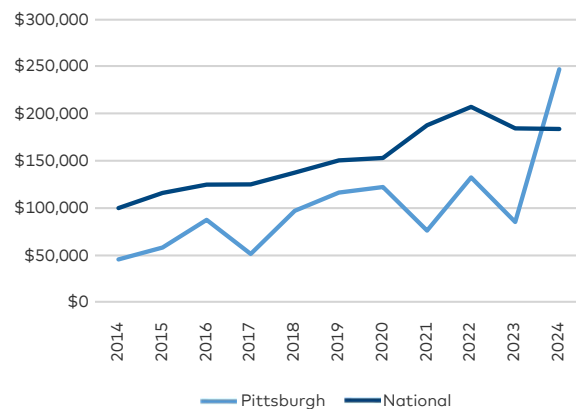
Top Submarkets for Transaction Volume¹

Submarket	Volume (\$MM)
Pittsburgh–Downtown	\$157
Hampton Township	\$79
Monroeville	\$17
Southside	\$14
Latrobe	\$11
Braddock	\$3

Source: Yardi Matrix

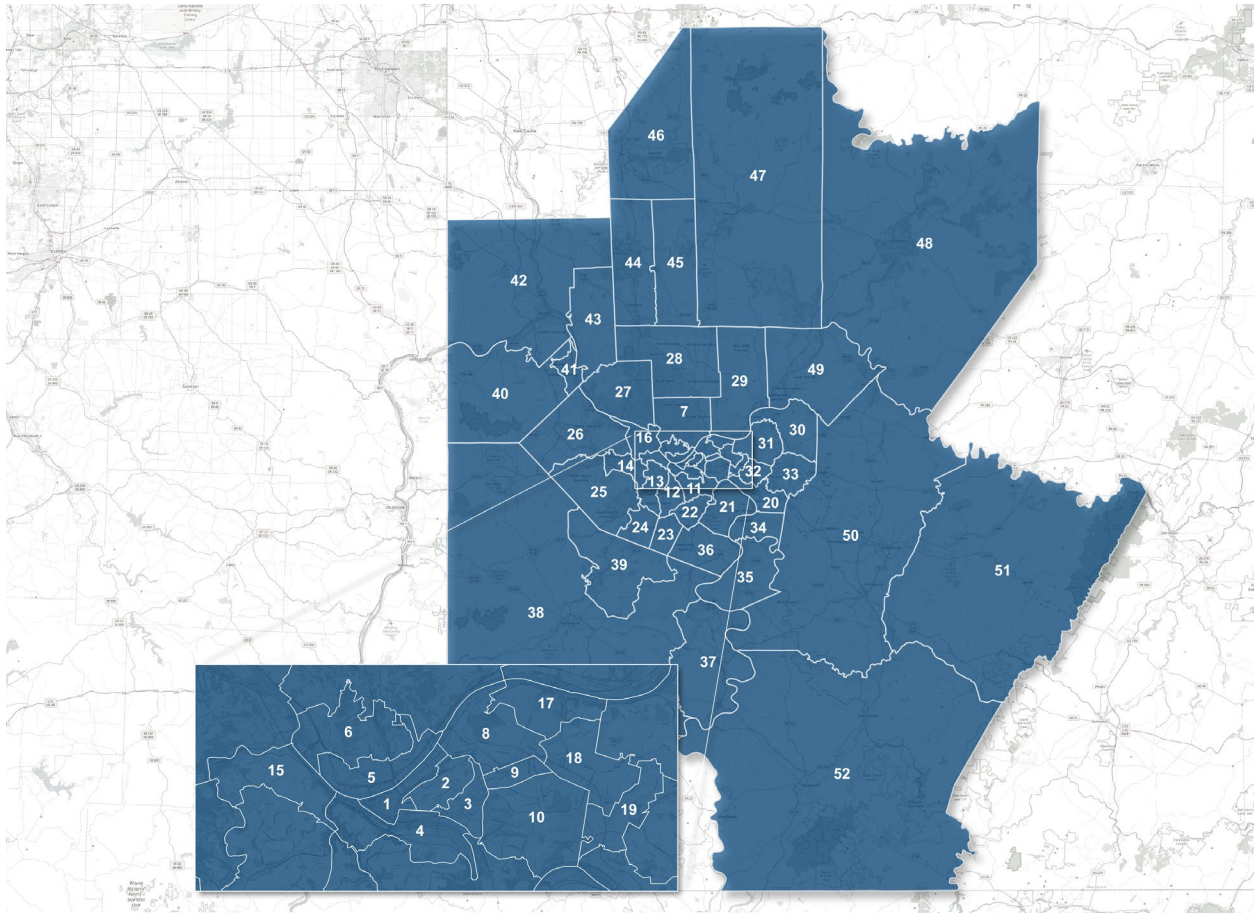
¹ From September 2023 to August 2024

Pittsburgh vs. National Sales Price per Unit



Source: Yardi Matrix

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.

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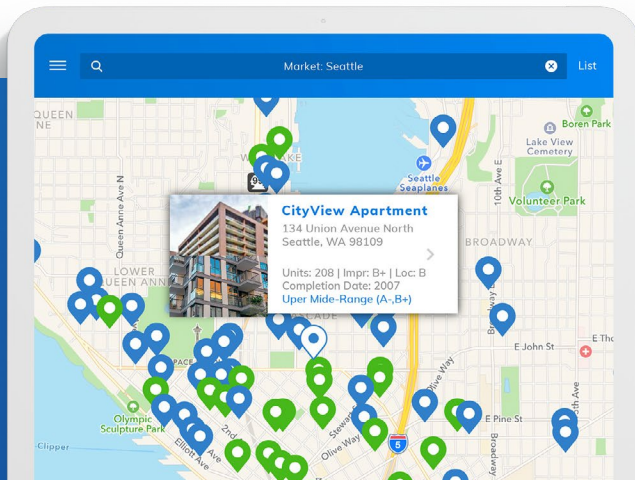
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leading data provider



MULTIFAMILY KEY FEATURES

- Pierce the LLC every time with true ownership and contact details
- Leverage improvement and location ratings, unit mix, occupancy and manager info
- Gain complete new supply pipeline information from concept to completion
- Find acquisition prospects based on in-place loans, maturity dates, lenders and originators
- Access aggregated and anonymized residential revenue and expense comps



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92% of the U.S. population.



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