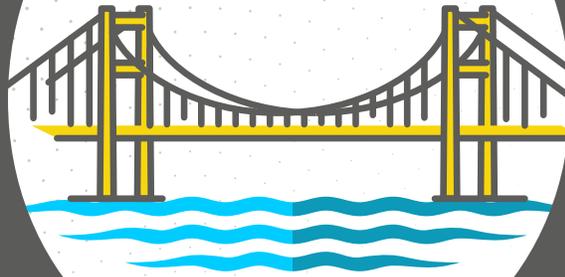


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STATE OF
DOWNTOWN
PITTSBURGH

19



PITTSBURGH
DOWNTOWN
PARTNERSHIP

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For the past eight years, the Pittsburgh Downtown Partnership has been pleased to produce the State of Downtown Pittsburgh Report. This annual compilation and data analysis allows us to benchmark our progress, both year over year and in comparison to peer cities. In this year's report, several significant trends came to light helping us identify unmet needs and better understand opportunities for developing programs and initiatives in direct response to those challenges.

Although improvements to the built environment are evident in nearly every corridor of the Golden Triangle, significant resources are also being channeled into office property interiors to meet the demands of 21st century companies and attract a talented workforce to Pittsburgh's urban core. More than \$300M has been invested in Downtown's commercial office stock over the last five years - a successful strategy drawing new tenants to Downtown and ensuring that our iconic buildings will continue to accommodate expanding businesses and emerging start-ups.

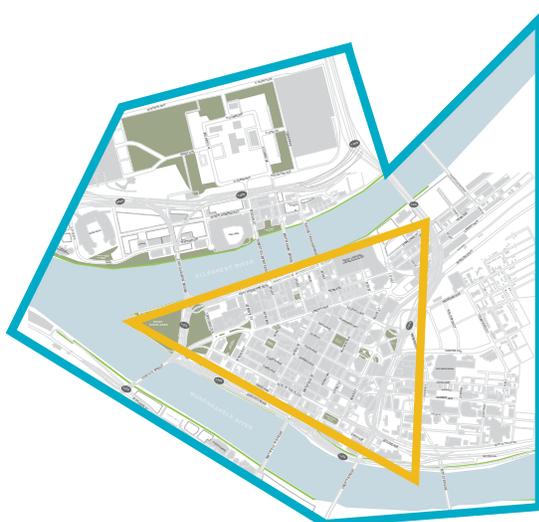
Downtown experienced a 31% growth in residential population over the last ten years, a trend that will continue with the opening of hundreds of new units over the next couple of years. Businesses, from small boutiques to Fortune 500 companies, continued to invest in the Golden Triangle in 2018 while Downtown welcomed a record number of visitors and new residents.

Development in Downtown is evolving and all of these investments combine to drive the economic vitality of the city, making Downtown's thriving renaissance even more robust.

Sincerely,

Jeremy Waldrup
President and CEO

Lucas Piatt
Chairperson



State of Downtown Pittsburgh is produced by the Pittsburgh Downtown Partnership. The data presented in the report is derived from many sources and covers activity within the boundaries of the Business Improvement District and Greater Downtown.

-  GREATER DOWNTOWN
-  GOLDEN TRIANGLE



ACCOLADES

PITTSBURGH IS THE

#1 CITY IN AMERICA FOR JOBS - GLASSDOOR, 2018 **ONE OF AMERICA'S MOST**

DIGITALLY INCLUSIVE TECH CITIES (OUT OF 8) - BROOKINGS INSTITUTE, 2018

TOP TECH CITY HOTSPOT (OUT OF 15) - FORRESTER, 2018 **#8 BEST METRO**

AREA IN THE COUNTRY FOR MINORITY ENTREPRENEURS - LENDINGTREE, 2019 **#20 (OUT OF**

40) MOST VIBRANT ARTS COMMUNITIES IN AMERICA - SMU NATIONAL CENTER

FOR ARTS RESEARCH, 2018 **#3 COOLEST CITY IN THE WORLD** - NATIONAL

GEOGRAPHIC, 2019 **#2 MOST LIVABLE CITY** IN AMERICA - THE ECONOMIST, 2018

BEST U.S. CITY FOR MILLENNIALS - APARTMENTLIST.COM, 2018 **#2 SAFEST**

AND MOST AFFORDABLE PLACES TO LIVE - REALTOR.COM, 2019 **PEOPLE**

STAY IN PITTSBURGH LONGER THAN ANY OTHER U.S. CITY - LENDINGTREE, 2019

TOP AMERICAN FOOD CITY - AF&CO, 2019 **#7 (OUT OF 10) TOP FOOD CITIES**

TO VISIT - BBC, 2019 **#11 BEST CITY FOR RECREATION** - WALLETHUB, 2018 **#25**

(OUT OF 182) **MOST FUN CITY IN AMERICA** - WALLETHUB, 2018 **PITTSBURGH**

INTERNATIONAL AIRPORT RANKS **#5 TOP DOMESTIC AIRPORTS** - TRAVEL +

LEISURE, 2018 **#4 MOST CARING CITY IN THE U.S.** - WALLETHUB, 2018

BY THE NUMBERS

OFFICE, EMPLOYMENT & EDUCATION



113K workers

35M square feet of rentable office space

Golden Triangle Class A average asking rate = \$29.61 per square foot (1Q 2019)

Golden Triangle Class B average asking rate = \$20.95 per square foot (1Q 2019)

5 Fortune 500 Companies totaling \$87.8B in revenue

Ranked 13th in venture capital investment dollars per capita nationwide

95K college students within 10 miles of Downtown

HOUSING & POPULATION



15,860 residents

7K residential units

4K residential units in the pipeline

Average one-bedroom rent: \$1,627

Average two-bedroom rent: \$2,051

RETAIL & RESTAURANTS



66 outdoor cafes with 1,360 dining chairs

64% of restaurants and 69% of retailers are locally owned

42 retail and restaurant openings in 2018-2019

TRANSPORTATION & CONNECTIVITY



12.8M weekday alightings (offs) at Golden Triangle bus stops in 2018

Walk Score: 99

Transit Score: 100

Bike Score: 87

HOTEL, CULTURE & ENTERTAINMENT



6K hotel rooms

700 hotel rooms in the pipeline

13.4M visitors

3M arts and cultural events visitors

13.4M professional sports visitors

940K visitors to the David L. Lawrence Convention Center

PLACE & ENVIRONMENT



47.25 acres of park space

81% of all Energy Star certified space in Allegheny County is Downtown (8.6M square feet)

OFFICE, EMPLOYMENT, AND EDUCATION

GOLDEN TRIANGLE OFFICE MARKET

2018 started off with uncertainty in the Golden Triangle as several companies announced office consolidations including PNC vacating 120,000 square feet at recently renovated 20 Stanwix, BNY Mellon's move from 525 William Penn Place freeing up 300,000 square feet, and companies such as PricewaterhouseCoopers and 4moms advertising large subleasing opportunities. Corporate right-sizing has impacted the office market nationally resulting in increasing vacancies and smaller lease transitions. Fear of rising vacancies began to lessen throughout 2018 as the market gradually moved towards positive absorption. Companies expanding their footprint in the Golden Triangle, such as JP Morgan Chase's expansion at One Oxford Centre and First Commonwealth Bank at the Union Trust Building among other expansions and relocations, have helped to keep Class A vacancies from rising to excess, increasing just over 1% throughout 2018.

Despite a slight increase in vacancy in Class A office space, rental rates in the Golden Triangle have remained robust throughout 2018. Class A space reached record-level rates at \$30.35 per square foot in 4Q 2018 with Trophy Class A space in the Golden Triangle reaching over \$33 a square foot as reported by CBRE Research. Rents have remained strong as building owners continue to realize the benefit of investing in building amenities and tenant improvements in order to keep up with the demand for high-quality office product. Nearly \$300M has been invested into Golden Triangle existing office space over the past five years with at least \$140M of announced upgrades in the pipeline. Multi-million dollar tenant improvements in the Grant Street corridor, as well as 11 and 20 Stanwix, are recent examples of capital investment in older building stock paying off. The Golden Triangle office inventory will need to continue to invest in tenant amenities to remain competitive with several new construction projects developing in the Downtown Fringe, exceeding over 3.1M square feet in active and announced projects.



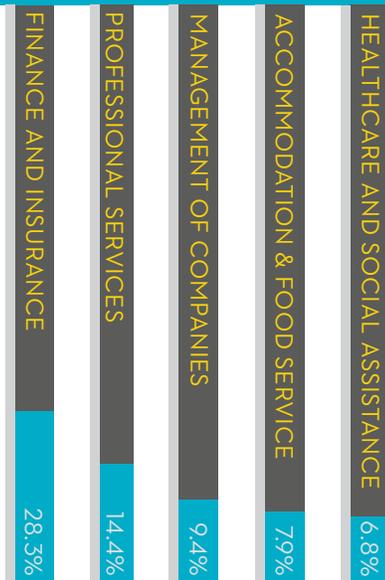
87.1%
CBD CLASS
A DIRECT
OCCUPANCY RATE
(1Q19 CBRE)

\$29.61
CBD CLASS A
AVERAGE
LEASE RATE
(1Q19 CBRE)

1.2M SF
TOTAL GREATER
DOWNTOWN LEASE
TRANSACTIONS
IN 2018
(JLL)



TOP FIVE EMPLOYMENT SECTORS



Source: OnTheMap, 2015

LEASES, EXPANSIONS, AND PURCHASES

The City of Pittsburgh closed on purchasing the newly renovated office complex at 420 Boulevard of the Allies for \$174 per square foot. M&J Wilkow completed major renovations to the 155,500 square foot building including a roof-top deck, first floor tenant lounge, and fitness facility. In 4Q 2018, McKnight closed on purchasing the Bank Tower for \$60.32 per square foot and is planning to invest at least \$7M to renovate the building. Microsoft also recently expanded their footprint in the Golden Triangle by opening a new 10,000 square foot office at Liberty Center, another tower benefiting from investments by their owners, CBRE Global Investors.

2018 was nothing less than a banner-year for the Downtown Fringe in terms of new leases and development announcements. In 3Q 2018, Facebook announced that the company's Oculus division will lease the entirety of the 105,000 square foot District 15, one of the largest lease transactions in the past five years. Bombardier Transportation occupied 90,000 square feet in the former Seagate building at One Waterfront Place in the Strip District, having relocated many of their business divisions from their suburban office in West Mifflin. Limbach Holdings Inc. also announced plans to relocate their headquarters to One Waterfront Place. Both of these companies touted access to the Golden Triangle and the available talent pool from nearby universities as major reasons for their relocations.

**640K SF
NEW LEASES**

**511K SF
RENEWAL/EXPANSIONS**

35.5M

**LEASABLE SQUARE
FEET IN GREATER
DOWNTOWN, 48%
OF THE PITTSBURGH
OFFICE MARKET**

(JLL, CBRE)

One of the biggest announcements from 1Q 2019 was Fortune 500 Wabtec Corp's commitment to 80,000 square feet at 30 Isabella. The company has plans to bring 250 people to its new North Shore home joining fintech company Affirm who also announced leasing 20,000 square feet of space with options to expand as the company grows to add 500 employees over the next five years. 2018 was an active year for Nova Place as Databank Holdings renewed and expanded their lease to 38,000 square feet, Pittsburgh Technology Council moved from their South Oakland office occupying 9,000 square feet, and Oracle confirmed a commitment to take up to 10,000 square feet at Nova Place.

SPOTLIGHT

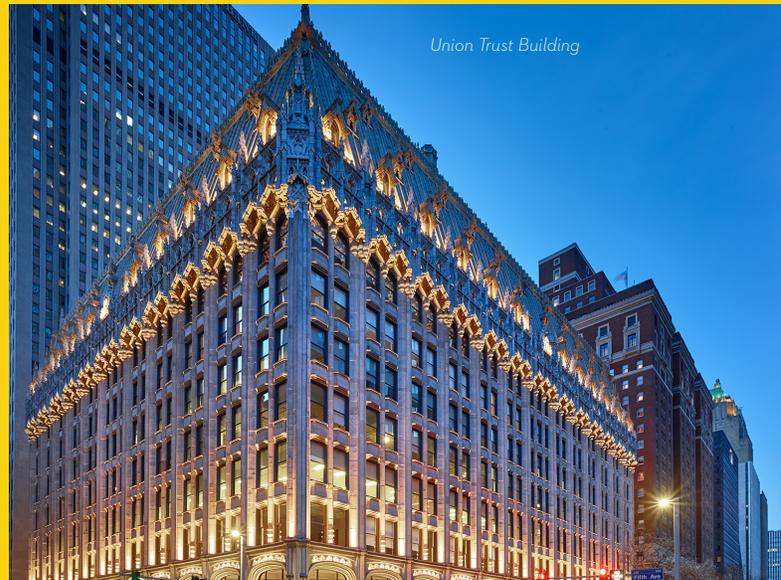
GRANT STREET CORRIDOR OFFICE UPDATES

Grant Street is the grand boulevard that serves as the hub of government and legal business in the heart of Downtown while also home to the headquarters of US Steel and one of the region’s largest employers, BNY Mellon. In recent years, the architecturally significant buildings along the street and in surrounding blocks have seen significant investments in renovations and in what has been described as “an amenities arms race.”

The most recent investments along the corridor include:

- \$50M by Shorenstein Realty to One Oxford Centre including common space upgrades featuring a conference center, collaboration areas, food hall, and organic juice bar.
- Rugby Realty invested \$1M in the Koppers Building to create their 29th floor “Attic Space” that includes games, an outdoor patio, and a spot to brew your own espresso. Rugby Realty also added a new Tenant Innovation Center and fitness facility in the Frick Building.
- The Davis Companies completed a \$100M restoration of the Union Trust Building which touched nearly every aspect of the property including tenant amenities such as a gym and collaboration space. Their careful attention to detail and strong design earned them a national preservation award through the American Architecture Awards in 2018.
- Just off of Grant Street, Pearson Partners, Inc. has undertaken a \$70M investment in the upgrade of 525 William Penn Place to include public areas as well as exterior improvements, the highlight of which is a glass cube fronting on Fifth Avenue.

All of this investment has led to significant leases in the area including Elite Transit Solutions, one of Pittsburgh’s fastest growing companies. They will lease 31,500 square feet on the top two floors of the historic Frick Building with options for expansion.



Union Trust Building

One Oxford Centre attracted Chase Bank who announced their Pittsburgh flagship branch will be located on the ground level of the building (along with a beautiful loft space). Major co-working venture Spaces will lease 35,000 square feet in the newly renovated One Oxford Centre. In the last year, Union Trust has announced significant new tenants with Buchanan, Ingersoll and Rooney signing on for 140,000 square feet, First Commonwealth Bank, who already has a customer branch on the ground floor, will lease 22,625 square feet of office space and, most recently, Jackson Kelly PLLC signed a long-term lease for 12,000 square feet. Pearson Partners inked their first tenant at 525 William Penn Place, Pollock Begg will move into their newly renovated space from the Frick Building to take 12,000 square feet on the building’s 35th floor.



OCCUPANCY AND RENTAL RATES IN PEER CBDS, 4Q18

MAJOR SALES TRANSACTIONS: 2018

420 Boulevard of the Allies to
City of Pittsburgh

\$27.5M
\$174/SF

FHL Bank Building at
601 Grant Street to RDC Inc.

\$10.1M
\$62/SF

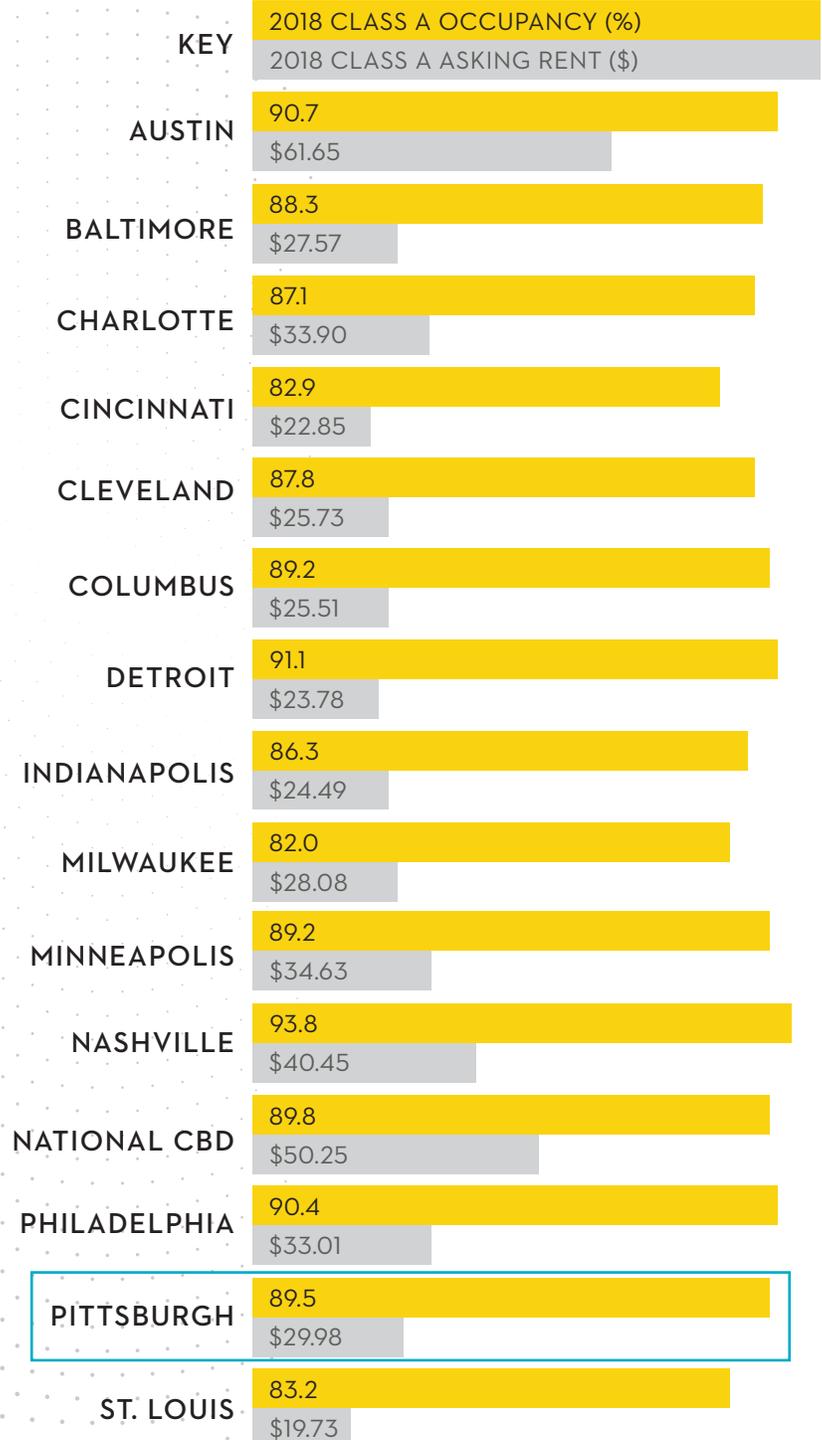
Wholey Building at
1501 Penn Avenue to
JMC Holdings

\$8.1M
\$24/SF

Manor Building at
564 Forbes Avenue to
Crescent Investment Group

\$6.2M
\$56/SF

Source: CBRE, JLL



Source: JLL

CO-WORKING SHOWS NO SIGNS OF SLOWING

Co-working companies added 88,800 square feet of space in Greater Downtown in 2018 and into 1Q 2019 with at least 132,000 more in the pipeline expected to deliver within the next year. Pittsburgh-based Beauty Shoppe joined the Golden Triangle in the Pitt Building and recently celebrated the opening of their newest office located in the Highline, adding a combined 24,000 square feet of leasable space. Novel Co-working, formerly known as Level Office, is expanding their footprint at 606 Liberty Avenue to include roughly 4,500 square feet of additional office suites. Colab18 added 4,600 square feet at Nova Place and Serendipity Labs will be moving into their brand new 25,000 square foot office suite at 3 Crossings Riverfront West in April 2019.

National co-working company Industrious committed to creating a second location in the Golden Triangle with 38,000 square feet of space in Liberty Center and is expected to open by 3Q 2019. New York-based Bond Collective announced that they have been scouting for roughly 40,000 square feet of space in Greater Downtown and WeWork is looking for 30,000-50,000 square feet of space and planning at least one location in Pittsburgh in 2019.

REGIONAL FORTUNE 500 COMPANIES TOTALING \$87.8 BILLION IN REVENUE, 2018 BY RANK

RANK

- 114** KRAFT HEINZ
 - 165** PNC FINANCIAL SERVICES GROUP
 - 191** PPG INDUSTRIES
 - 246** US STEEL
 - 340** DICK'S SPORTING GOODS
 - 370** WESCO INTERNATIONAL
- Headquartered in Greater Downtown
 - Co-Headquartered in Pittsburgh and Chicago
 - Headquartered in Greater Pittsburgh Area

Source: Fortune.com

1.3B
IN R&D EXPENDITURES
BY PITT, CMU, AND
DUQUESNE, OF
WHICH \$813.6M
(63%) WAS
FEDERALLY FUNDED

IN 2018, PITTSBURGH
RANKED
13TH
IN VENTURE CAPITAL
INVESTMENT DOLLARS
PER CAPITA

60 FIRMS
FROM AROUND THE
WORLD INVESTED
OVER \$550M
IN PITTSBURGH TECH
COMPANIES IN 2018.

95K
STUDENTS ENROLLED
IN HIGHER
EDUCATION WITHIN
10 MILES OF
DOWNTOWN; 23K
GRADUATES FROM
2017-2018
ACADEMIC YEAR

GREATER DOWNTOWN REGIONAL WAGE & SALARY JOBS & OFFICE INVENTORY

	REGIONAL WAGE & SALARY JOBS	% OF TOTAL GREATER DOWNTOWN OFFICE SPACE
GOLDEN △	79,316	74%
NORTH SHORE	15,323	13%
STRIP DISTRICT	9,615	8%
SOUTH SHORE	3,224	5%
UPTOWN	6,912	1%

Source: OnTheMap (2015), JLL

NUMBER OF JOBS

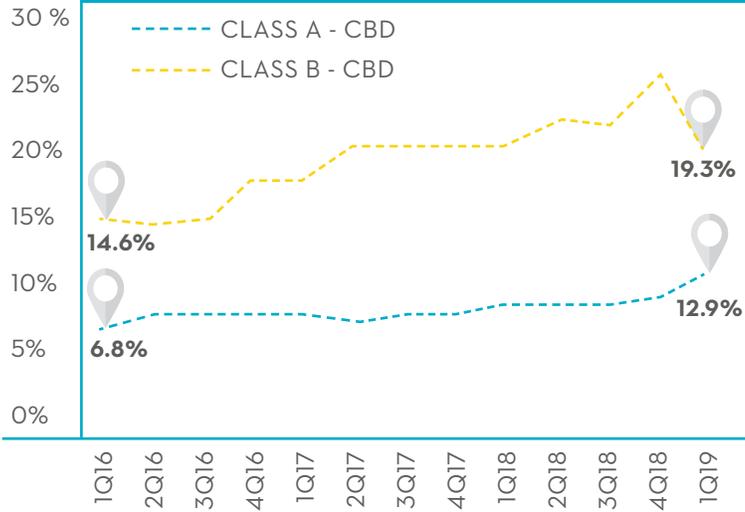
CITY OF PITTSBURGH

276,462

ALLEGHENY COUNTY

710,479

CBD CLASS A & B VACANCY RATES



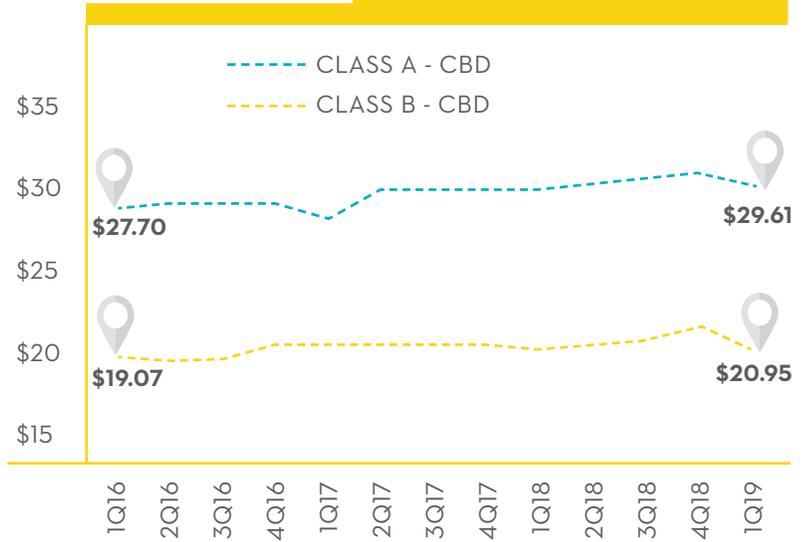
Source: CBRE



MONTHLY RENT PER SQUARE FOOT



Union Trust Building



Source: CBRE

The Beauty Shoppe, Pitt Building Downtown Pittsburgh



HOUSING AND POPULATION

RESIDENTIAL POPULATION

Greater Downtown's population has grown by more than 3,750 residents in the past ten years, representing a 31% increase in the residential population now reaching an estimated 15,860 residents. Signs of a steady residential upturn in Pittsburgh's urban core are indicative of a promising future for further growth as more people choose to live Downtown to be closer to employment opportunities, transportation, amenities, and entertainment. Since 2016, new residential developments in the Strip District and North Shore have contributed to 85% and 19% of the increase in the Greater Downtown population as units in large developments became available at the Yards @ 3 Crossings, Heinz at 950 North Shore, and the recently completed 364-unit Edge 1909. These large developments delivered a combined 815 units in just under three years. According to results from the 2018 Downtown Resident Survey, the top three reasons residents cited for choosing to live Downtown are proximity to work/school, desire to live in an urban environment, and walkability. Residents' desire to live in an urban environment increased by 21% compared to 2012 survey results.

AVERAGE 1 BEDROOM RENT:

↓ low \$1,290
↑ high \$1,912 **\$1,627**

AVERAGE 2 BEDROOM RENT:

↓ low \$1,895
↑ high \$2,458 **\$2,051**

RENTAL MARKET

Occupancy rates of Greater Downtown apartments have increased over the past five years. The residential market experienced an all-time high of 95% occupancy in 2Q 2018 and has since leveled out to 93% by 4Q 2018. Average monthly rents per square foot followed a similar trend throughout 2018 peaking at \$1.94 mid-year and settling at \$1.88 per square foot to end the year, a 6.3% growth over the last five years. Average monthly rent for a one bedroom apartment is \$1,627 while the average two-bedroom rent is \$2,051 per month. The Greater Downtown residential market absorbed 767 units, 11% of the current inventory, within the last two years signaling to developers the strength of the Downtown housing market for new residential development.

Glasshouse Apartments, Station Square East

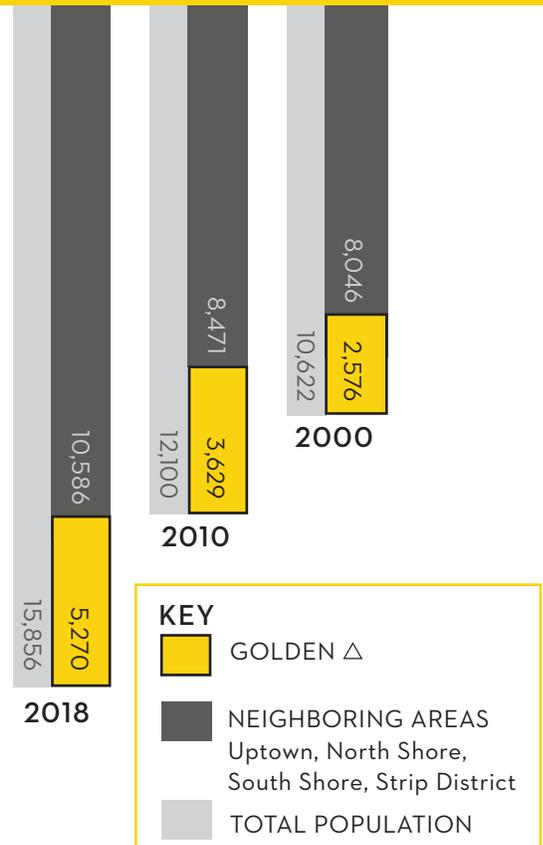


UP NEXT IN THE PIPELINE

Residential growth in Greater Downtown is not expected to slow as 2019 progresses with an additional 4,420 units already in the pipeline including 1,420 units anticipated for the 28-acre site in the Lower Hill. Several highly anticipated projects are being delivered in 2019, Core Realty's Kaufmann's Grand on Fifth project featuring 312 apartments which began occupancy in 1Q 2019 and TREK and Q Development's Eighth and Penn Project expected to wrap up construction in June 2019 adding 135 new units in the Cultural District and 12,000 square feet of street-level retail space. With more than half of the units pre-sold at Lumière, Millcraft Investment's 86-unit luxury condo project atop the Oliver Garage entered into the final construction phase in 1Q 2019 with plans to complete the project by the end of the year. Trammel Crow's Glasshouse at Station Square East is nearly finished with 319 units completing construction in 2019 as part of the larger multiphase development at Station Square East. Hardy World's Refinery project in the Strip District is anticipated to finish construction by 2019, adding 30 new condo units.

Pittsburgh-based Laurel Communities' 46 three-story Strip District Brownstones project has begun construction on the site behind the Produce Terminal Development. The developer announced in January 2019 that they will be expanding their project to include 21 additional townhomes which will be ready for occupancy by 2021. NRP Group expects to begin construction this spring on the second phase of Buncher Company's Riverfront Landing development to include 442 apartment units. Red Rocks Group began construction on two projects in the Cultural District in 1Q 2019 and expect to deliver a total of 86 units by early 2020. Construction began on the conversion of the Commonwealth Building on Fourth Avenue which will add 150 units to the Golden Triangle.

GREATER DOWNTOWN POPULATION *



33,000
RESIDENTS IN A
1.25 MILE TRADE AREA

1,828
UNITS DELIVERED TO
GREATER DOWNTOWN
SINCE 2014

* The 2018 data are conservatively calculated by market growth and occupancy rate estimates. Sources: U.S. Census Bureau; Pittsburgh Downtown Partnership

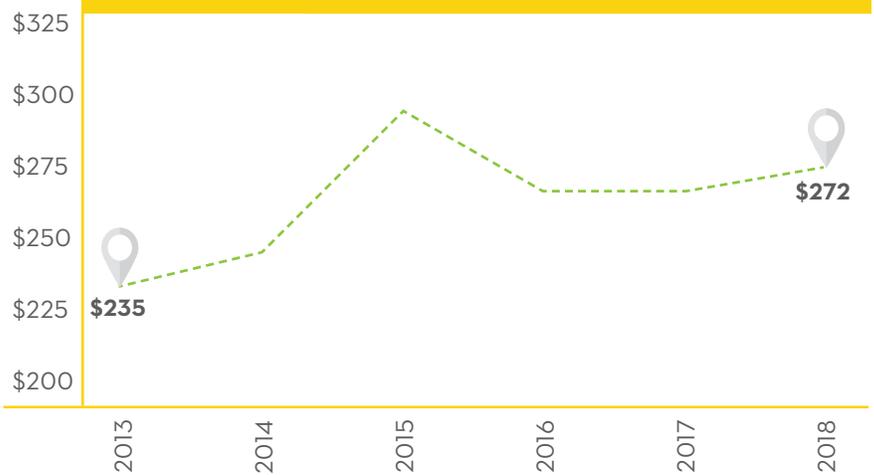
CONDOMINIUM SALES

There were 55 condominium sales in 2018 at an average of \$402,340 per unit and \$272 per square foot. There were 35% fewer units sold in Downtown when compared to 2017 numbers (84 vs. 55), but the average cost of units sold in 2018 was a 2% increase from 2017 sales and averaged \$7.00 more per square foot. Over the past five years, condo cost per square foot has increased 16%.



Lumière

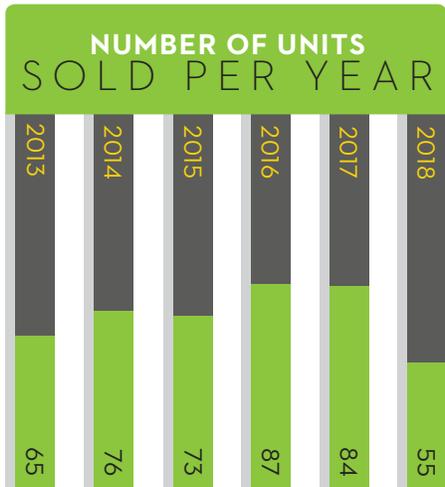
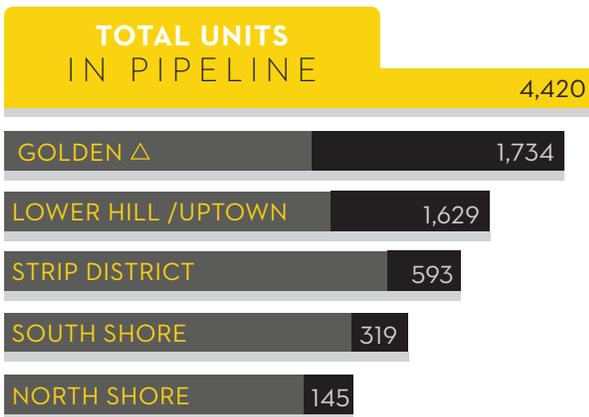
AVERAGE CONDOMINIUM SALE PRICE PER SQ. FT.



Source: Allegheny County Real Estate Department; Western Pennsylvania Multi-List Service - Provided by Piatt Sotheby's International Realty



16% INCREASE IN CONDOMINIUM AVERAGE SALE PRICE PER SQUARE FOOT IN LAST FIVE YEARS (2013 VS. 2018)



HOME VALUE COMPARATIVE STATISTICS 1Q 2019	15222	15219	CITY OF PITTSBURGH	ALLEGHENY COUNTY
MEDIAN ESTIMATED HOME VALUE	\$452,000	\$141,000	\$190,000	\$195,000
12 MONTH CHANGE	+12.1%	+3.3%	+6.9%	+7.3%

Source: Realtors Property Resource - Provided by Piatt Sotheby's International Realty

SPOTLIGHT

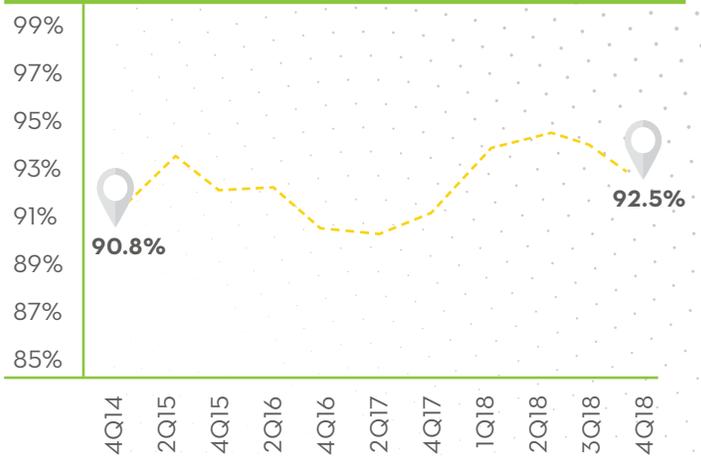
COMMONWEALTH BUILDING CONVERSION

Commonwealth Acquisition Partners LLC is investing an estimated \$20M to convert the historic 21-story Commonwealth Building at 316 Fourth Avenue into 150 apartment units with ground floor retail space. Based on the current demand in the market, the new inventory of residential units will focus on studio and micro-sized units measuring roughly 400 square feet each. The long-vacant, 174,000 square foot property built in 1906 was formerly owned by Columbus-based E.V. Bishoff Co. who currently owns the neighboring Carlyle Building housing 60 condo units. Commonwealth Acquisition Partners LLC gained approval to exceed the current zoning code of the building based on the size of its lot, which would permit only 75 units, by transferring the development rights for an additional 75 units from the Parking Authority's Grant Street Transportation Center.

Commonwealth Building

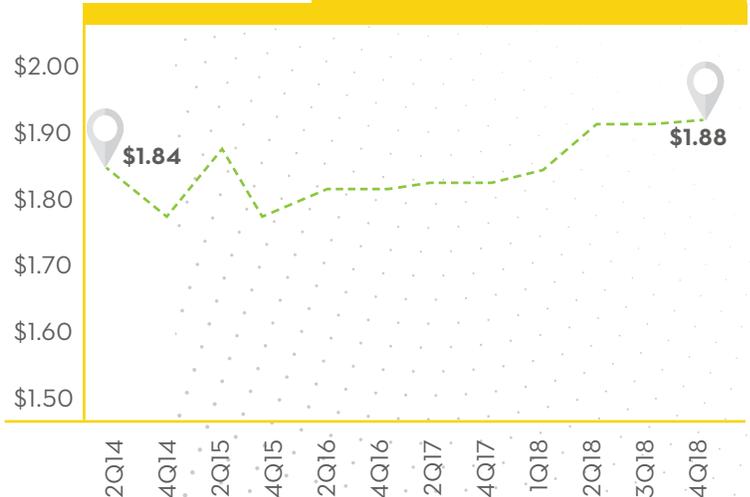


DOWNTOWN APARTMENTS OCCUPANCY RATES



Source: Pittsburgh Downtown Partnership

MONTHLY RENT PER SQUARE FOOT



Source: Pittsburgh Downtown Partnership

RETAIL AND RESTAURANTS

NEW RESTAURANTS AND RETAIL

As Greater Downtown's population keeps growing and more residents move into the urban core, Downtown's retail market strengthens. 42 new restaurants and retailers opened in Greater Downtown from 2018 through March 2019. 26 of those new businesses were restaurants and bars including Molinaro Ristorante, Forbes Tavern, and Waffles, INCaffeinated, the first retailer to open in the Kaufmann's Grand on Fifth development. Wolfie's Pub, which recently opened in the former Pirata space, is a Point Park University-themed eatery. Greater Downtown welcomed 16 new retailers and service providers including the long awaited Peter Lawrence Women's Apparel store from Chas Schaldenbrand, owner of men's fashion store Heinz Healey's, Dallas Beauty Lounge, and three new health and wellness businesses including Altus Human Performance Optimization (HPO), Town Place Fitness, and ILLUME Pittsburgh (formerly known as Exhale Yoga). 70% of new business openings in 2018-2019 are small businesses and 75% of that group is concentrated within the Golden Triangle.



313

RESTAURANTS

147

RETAILERS

138

SERVICE ESTABLISHMENTS

**IN DOWNTOWN,
64%
OF RESTAURANTS &
69%
OF RETAILERS ARE
LOCALLY OWNED**

CLOSINGS LEAD TO NEW OPPORTUNITIES

After serving the Golden Triangle's Cultural District for 13 years, Nine on Nine closed their doors shortly after Valentine's Day in February 2019. The Diamond Market Bar & Grill, which closed in July, 2018, was one of the first restaurants that helped lead to the revitalization of Market Square in 2011 and is now replaced by a Bank of America branch which opened earlier this year. Roughly 10,000 square feet of prime restaurant space was left vacant after Red, the Steakhouse closed at the US Steel Tower after being open for less than a year. The closing of the Tilted Kilt on the North Shore has made 10,000 square feet of space available for Shorty's Pins x Pints, a new entertainment complex from CBRE's Herky Pollock and Burgatory owners, Mike Hanley and Jerry Dilembo, expected to be unveiled by the end of 2019. After Panera Bread announced the purchase of the international restaurant chain Au Bon Pain in late 2017, three of four Golden Triangle locations closed within in the past several months leaving an opportunity to welcome new dining concepts into the market.



SPOTLIGHT



PG&H AND REDHAWK COFFEE

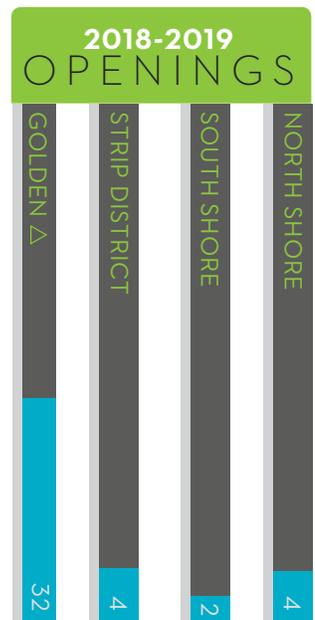
In October 2018, the PDP opened PG&H, a retail showroom located at 536 Smithfield Street below Mellon Square. PG&H features design-forward, high quality, locally produced home goods. The project is a collaboration of the PDP, Bridgeway Capital's Monmade initiative, and the Richard King Mellon Foundation. The shop features hand-crafted items made by more than 40 talented local and regional makers. The space is more than just a retail shop, it's a showroom where makers can meet with potential customers, designers, and those in the building trades to discuss custom pieces and scalable products. PG&H is also home to an exceptional local coffee roaster, Redhawk Coffee.



NOTABLE RETAIL AND SERVICE BUSINESS OPENINGS 2018-2019



ILLUME
PITTSBURGH





SPOTLIGHT

PENN BREWERY FIRST AVENUE TAPROOM

Downtown is catching up with the local brewery phenomenon with the opening of the first taproom in the neighborhood. Penn Brewery's Downtown Taproom is located on the ground floor of the new First Avenue Lofts. The space brings a highly sought-after amenity not only to Downtown but to the First Side neighborhood which is poised for programming and a ripe opportunity for investment. The taproom is a cozy 750 square feet and offers seating for 35 people. In addition to sampling a dozen beers brewed just across the river in Troy Hill, a limited food menu is available for light bites.



NOTABLE RESTAURANT OPENINGS 2018-2019



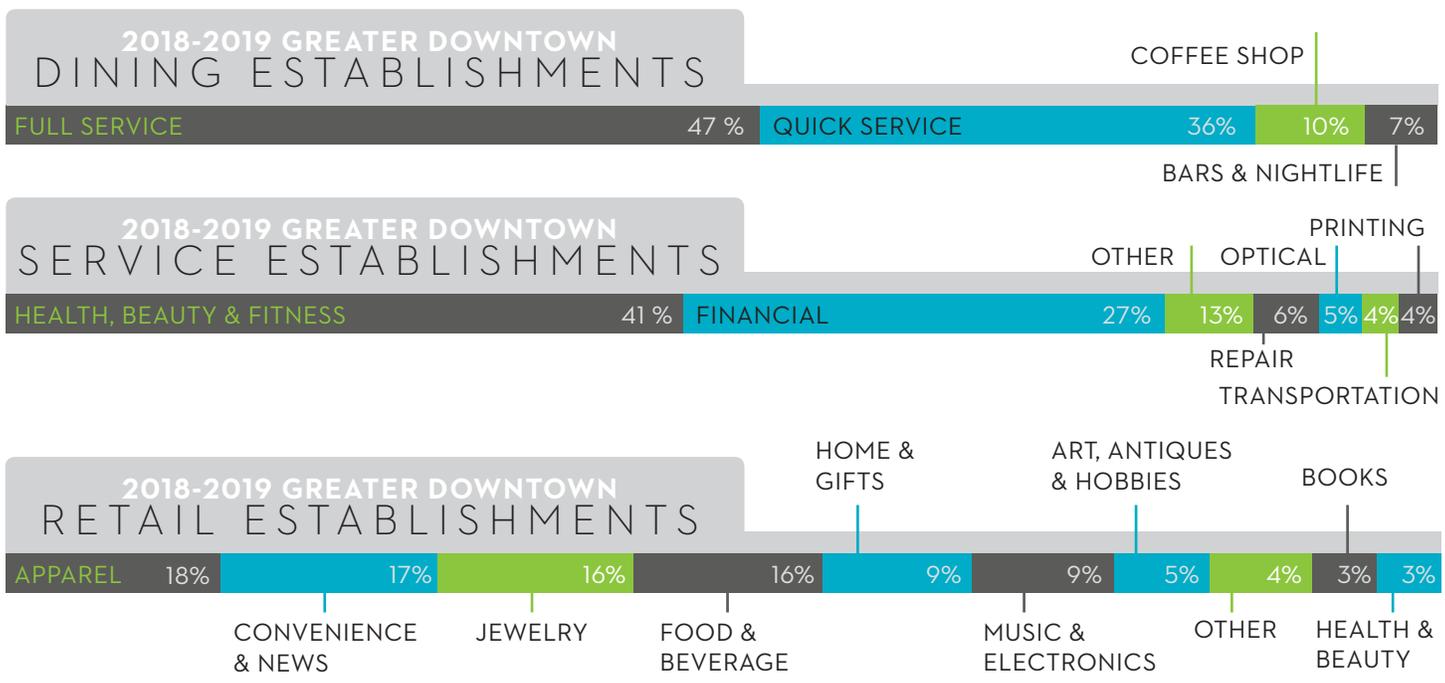
RETAIL PROSPECTS



Several new mixed-use and office redevelopments will open up spaces for new retailers and restaurants to emerge. Several stores at Station Square's Freight Shops were forced to close or relocate in the wake of a \$30M renovation to the development. When completed, roughly 70,000 square feet of new retail space will be available to businesses and restaurants. The Cultural District remains a hub for creative eateries with Pittsburgh native David Keating and partners serving up modernist and small plates at Bridges & Bourbon at 930 Penn Avenue. In the same block, AMPD Group has plans to open The Standard, a new casual dining and quick service concept on the street level of the Courtyard Marriot at 947 Penn Avenue by summer 2019. Richard DeShantz Restaurant Group's Gi-Jin is anticipated to open on Sixth Street in the Cultural District in the coming months. Downtown is looking forward to its second brewery outpost at 300 Liberty Avenue as eastern Pennsylvania-based Slyfox Brewing Co. enters the market with plans to open a taproom in the former Stone Pizza space. This new location will complement their upcoming 6,000 square foot brewery lab at the South Shore's Highline development, coming fall 2019. Earth Inspired Salads will be opening a third location Downtown at EQT Plaza, replacing one of the former Au Bon Pain locations.

\$182M
IN ANNUAL
SPENDING IN
DOWNTOWN
PITTSBURGH

New retail spaces will emerge within mixed-use projects currently under development. The Eighth and Penn residential project will deliver 10,250 square feet and three retail bays in the heart of the Cultural District in June 2019. Ben Roethlisberger's North Shore Seven will open in April 2019 at SAP Center with roughly 14,000 square feet of retail space available for future tenants. The Pittsburgh Penguins landed Punch Bowl Social as the first announced tenant expected to take up two floors and 23,000 square feet of space on Center Avenue near PPG Paints Arena at the 28-acre site currently in planning stages. McCaffery Interest's Produce Terminal redevelopment in the Strip District between 16th and 21st Streets will add more than 65,000 square feet of new retail opportunities with a minimum of 40,000 square feet to be filled by locally owned businesses. 1600 Smallman will offer 35,000 square feet of ground floor retail to complement the diverse retail and restaurant uses in planning for the Produce Terminal.



HOTEL, CULTURE, AND ENTERTAINMENT

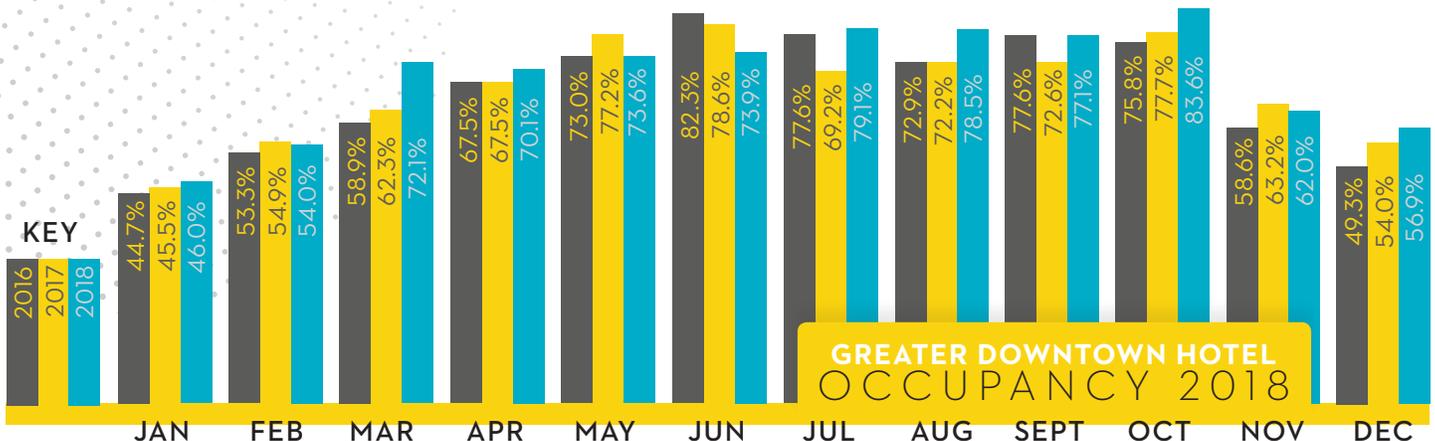
**HOTEL
OCCUPANCY
PEAKED AT
84%**
IN OCTOBER 2018

1.5M
**OCCUPIED ROOM
NIGHTS IN
GREATER DOWNTOWN
IN 2018**

GREATER DOWNTOWN HOTEL MARKET

Greater Downtown offers more than 6,000 guest rooms to visitors and business professionals with more than 1,100 rooms in the pipeline. 377 rooms are currently under construction in the Golden Triangle and are expected to deliver by the end of 2019 from the following projects: 160-room EVEN Hotel Pittsburgh Downtown in Kaufmann's Grand on Fifth, 97-room Fairfield Inn & Suites on Fort Pitt Boulevard, and the Arrott Building Conversion at 401 Wood Street which will be an Autograph hotel. The 18-story conversion is estimated to cost \$19M and will completely renovate the 78,000 square foot interior as well as the ground floor retail. As for 2018, one hotel project was delivered, the Strip District welcomed the 186-room AC Hotel by Marriott.

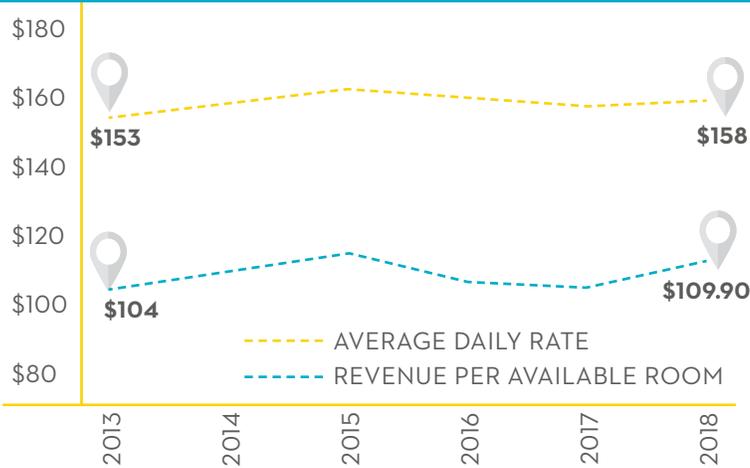
Greater Downtown Hotel occupancy in 2018 was 68% on average, the highest occupancy levels since 2015. Average daily rate (\$158) and revenue per available room (\$110) were also up from last year, by 2% and 6% respectively.



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AVERAGE DAILY ROOM RATE & REVENUE PER AVAILABLE ROOM 2018



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6,052
EXISTING
HOTEL ROOMS

1,122
ROOMS IN
THE PIPELINE

13.2M
TOTAL VISITORS



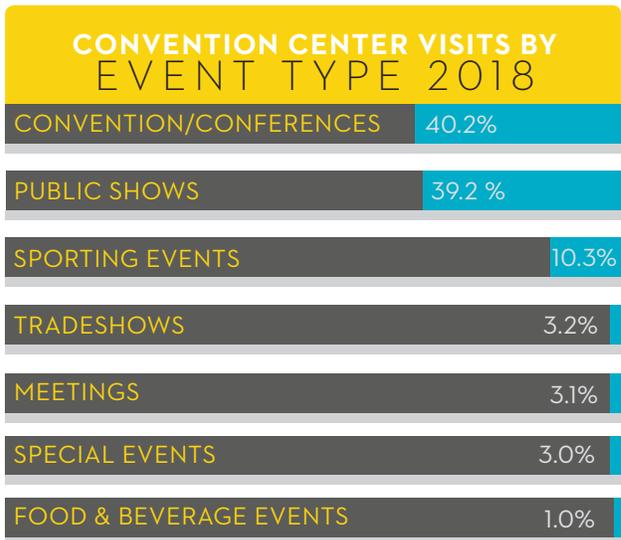
AC Hotel

GREATER DOWNTOWN HOTEL ROOM INVENTORY



CONVENTION CENTER

The David L. Lawrence Convention Center increased overall visitor count by 13% compared to 2017 numbers. While the Convention Center had fewer events in 2018, visitor count was maximized at large public shows (+30%), sporting events (+27%), and nearly doubled attendance at conventions/conferences (+46%) compared to 2017. Pittsburgh had only 18 months to prepare for the Professional Convention Management Association's (PCMA) Convening Leaders annual meeting, which took place in January, 2019. VisitPITTSBURGH and SMG staff at the Convention Center, in addition to dozens of partners throughout the region, worked tirelessly to prepare for what is commonly referred to as the "Super-Bowl of Conventions," bringing together meeting planning leaders from around the world to discuss the latest trends while also showing off the venues and amenities offered in the Pittsburgh region. PCMA had an economic impact of \$4.9M in direct spending during the four-day convention and welcomed 3,704 attendees representing 39 countries. As of March 2019, 27 new leads in future meetings are anticipated to contribute \$39.4M in direct spending as a result of hosting the conference in Pittsburgh.



Source: David L. Lawrence Convention Center

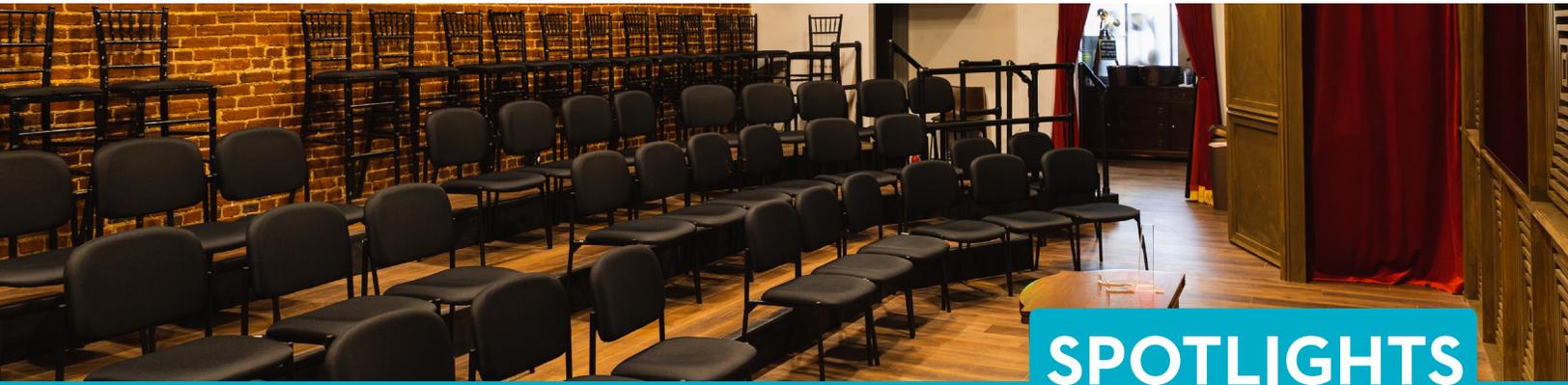


**GREATER DOWNTOWN
ENTERTAINMENT,
CONVENTION, MUSEUM,
ARTS, AND SPORTS
VENUES COLLECTIVELY
ATTRACTED**

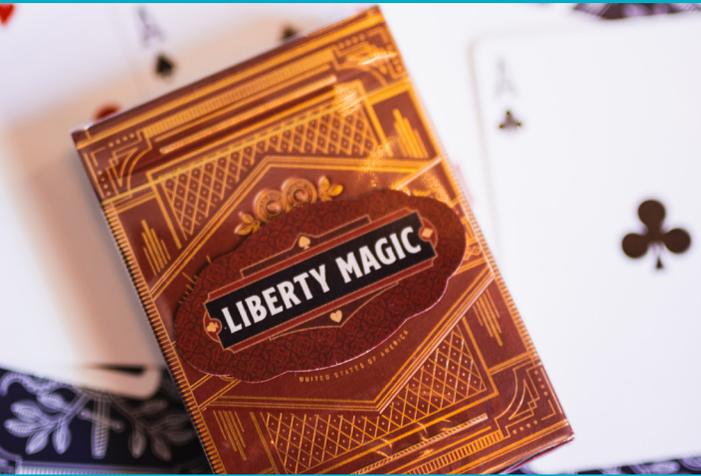
9.2M
VISITORS IN 2018



AC Hotel



SPOTLIGHTS



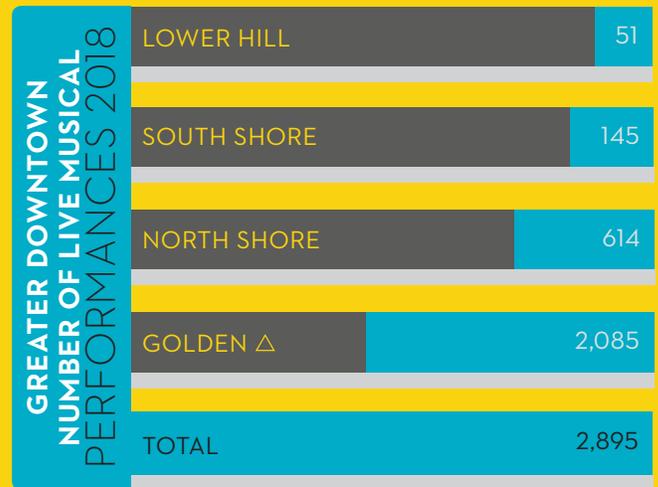
LIBERTY MAGIC

Abracadabra! Before our very eyes, the intimate theater that previously housed Arcade Comedy Theater transformed into Liberty Magic in February 2019. With a sleight of hand, the Pittsburgh Cultural Trust brought to Downtown one of the country's first spaces dedicated to presenting acts of magic in a cozy space. With only 66 seats in four rows, the audience has the chance to become immersed in the show. The theater, located at 811 Liberty Avenue, will host limited engagements by national and local magicians.

DOWNTOWN SOUND INITIATIVE

Did you know that there is more live music in Downtown Pittsburgh than any other neighborhood in the City?

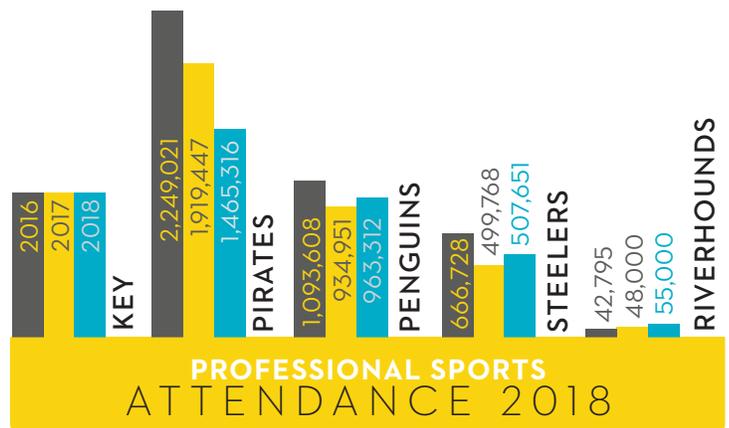
A thriving music scene is an economic engine and cultural platform, bringing people together, creating a sense of community, and enlivening the texture of any district. As part of the PDP's Downtown Sound Initiative, efforts have been dedicated to cultivating a more vibrant music scene in Downtown. As a key partner in the City-wide Music Ecosystem project, the PDP has tracked 2,895 live performances across Greater Downtown in 2018. Acknowledging the number of live musical performances not only provides a fuller picture of the work being done to promote a vibrant music scene but also provides a baseline to track progress as the PDP and other organizations expand their musical offerings across Pittsburgh's urban center. Live concerts/music was cited as the most popular event type that residents would like to see more of in Downtown (67% of respondents, 2018 Downtown Resident Survey).





PITTSBURGH SPORTS MAKING AN IMPACT

The Pittsburgh Steelers and Pittsburgh Penguins both had increases in fan attendance in 2018, hosting a combined total of 1.5M visitors. According to SportsPITTSBURGH, the sports division of VisitPITTSBURGH, the Penguins versus Washington Capitals two-game series in the second round of the NHL playoffs at PPG Paints Arena was expected to pull in \$4.4M in spending in Pittsburgh on lodging, food/beverage sales, and merchandise, up .5% from the second-round payoffs in 2017. Unfortunately, the Pittsburgh Pirates experienced their lowest attendance in 20 years, decreasing nearly 24% from 2017. Interestingly, nearly 35% of fans who attended Pirate home-games came from outside of Pennsylvania, according to the Sports & Exhibition Authority. Part of this can be explained by the vast numbers of out-of-state fans coming to the ballpark to root for opposing teams such as the Boston Red Sox, Chicago Cubs, and St. Louis Cardinals. Relative to other ballparks, attending a game at PNC park is very affordable with an average ticket cost of \$23 compared \$57 to attend a game at Fenway Park in Boston, according to Statista. The Riverhounds continue to increase their fan base, growing by more than 12% for the second year in a row. Non-soccer events held at Highmark Stadium also increased 150% from 2017 and served 345,000 attendees.



Source: Pittsburgh Penguins; Pittsburgh Pirates; Pittsburgh Riverhounds SC; Pittsburgh Steelers

PITTSBURGH IS #1
BEST FOOTBALL CITY FOR FANS

WALLETHUB, 2019



Pittsburgh CLO's production of Disney's Beauty and the Beast

ARTS AND CULTURE VENUES

Increases in attendance were seen across Downtown's performing arts venues, museums, and art galleries in 2018. Overall attendance at performing arts centers increased 9.5%. Contributing to this increase were double-digit increases at both the Benedum Center and the August Wilson African American Cultural Center. The majority of Downtown museums increased their number of visitors with the Fort Pitt Museum experiencing the largest percentage of growth, 17%, and the Heinz History Center increasing growth by 9%, buoyed by Destination Moon: The Apollo 11 Mission which debuted in September 2018. Large capital investments were completed in 2018 at the Carnegie Science Center (\$33M) and National Aviary (\$1.2M). Both museums experienced increases in visitors in 2018 of 7% and 5% respectively. Overall museum attendance increased 6% in 2018 while art gallery patronage increased 16%.

THE ALLEGHENY REGIONAL ASSET DISTRICT (RAD) WILL ALLOCATE \$33.9M OF ANNUAL OPERATING AND CAPITAL GRANTS TO GREATER DOWNTOWN ASSETS IN 2019*

The Pittsburgh Cultural Trust received approval to begin construction of the Golden Triangle's first cinema of its size in decades. The future first-run multiplex will take shape in the former Bally's Fitness Club on 6th Street, next to the Renaissance Hotel. There will be at least six screens and lounge chair seating among other modern amenities. The estimated \$11M project is expected to be delivered in 2021. A Downtown movie theater is an amenity that 56% of residents would like to see Downtown, according to 2018 Downtown Resident survey results.

GREATER DOWNTOWN VENUE ATTENDANCE 2018



*Excludes \$25.6M in funding to the Carnegie Library of Pittsburgh (CLP) which has several locations outside of Greater Downtown. Funding for the Greater Downtown branches is not included in figure above. Greater Downtown locations include: CLP Downtown & Business Branch and CLP Allegheny Branch.

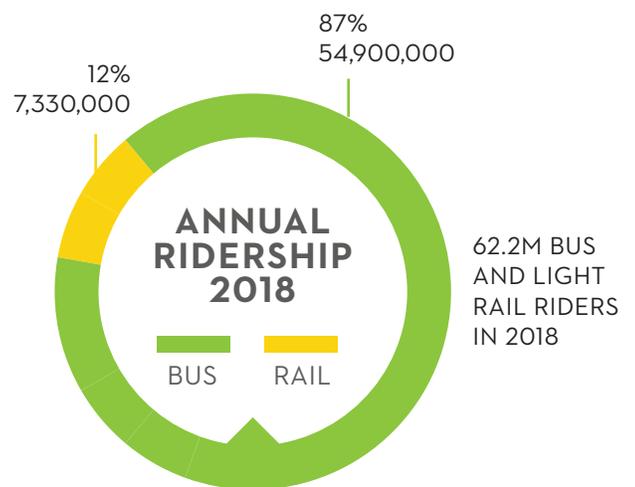
TRANSPORTATION AND CONNECTIVITY

PUBLIC TRANSPORTATION

The Port Authority of Allegheny County increased ridership by nearly 2% in 2018, bucking the national trend which saw a decrease of 1.8% nationally, according to the American Transit Association. A total of 81 bus lines, 84% of all buses in the system, converge in the Golden Triangle. The increase in bus ridership system-wide is evidenced by the 3% increase in alightings (offs) at Golden Triangle bus stops in 2018 compared to 2017.

Sustainability measures are being implemented into the Authority's transit system, offering an immense benefit to Downtown as well as Allegheny County. The Authority received a \$500K grant to assist with the electrification of its bus fleet. These funds will be used towards the \$2.3M purchase of two 40-foot electric buses which will be used as part of a pilot program to test their functionality. The initial cost of electric buses is twice as much as conventional buses; however, the Authority will save money over time on reduced maintenance and fuel costs while minimizing air pollution. The one-year pilot will occur at the East Liberty garage where two charging stations will be installed.

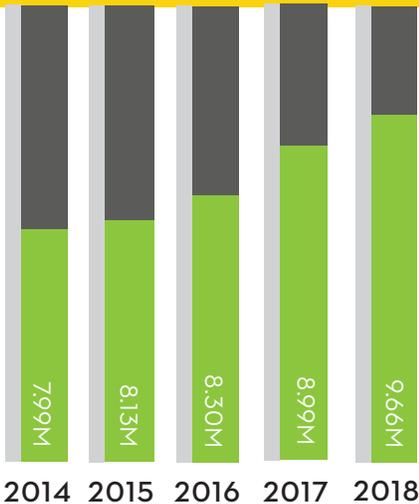
In addition, the Authority has incorporated future electrification of the fleet between Oakland and Downtown on the Bus Rapid Transit (BRT) corridor as part of their Federal Transit Administration's (FTA) Small Starts Program. The BRT project will have a total of 25 new electric buses. Currently, the Authority operates 32 hybrid diesel-electric buses in their efforts to modernize its existing fleet. Diesel-electric hybrid vehicles have approximately 25% greater fuel efficiency than standard diesel buses.



Source: Port Authority of Allegheny County

GREATER DOWNTOWN PARKING METERS COLLECTED
\$6.2M
REVENUE IN 2018,
4%
INCREASE FROM 2017.

COST COMPARISON	BUS W/ CONNECTCARD	AVERAGE DAILY PARKING RATE	HEALTHY RIDE BIKESHARE RATE
	\$2.50/RIDE includes transfer within 3 hours of tapping card	\$17 for up to 12 hours	\$2/30 MINUTES No membership, pay as you go



Source: Allegheny County Airport Authority

AIRPORT

Pittsburgh International Airport (PIT) has 66 current and announced nonstop routes, a 10.5% decrease from 2017. Despite this drop, PIT has increased passenger count by 7.5% from 2017's record-breaking numbers making 2018 the fifth consecutive year of passenger growth. New airlines, added seats, and direct flights to both national and international destinations contributed to this milestone. British Airway's year-round direct flight to London Heathrow started in April 2019 and has been highly sought after by the region's business community. The new service has the potential to support \$50M in annual new business to Western Pennsylvania, according to a study by EDR Group.

The conceptual design for a new \$1.1B terminal was unveiled in early 2019. The award-winning design team, Gensler and HDR in association with Luis Vidal + Architects, developed the terminal design theme, "NaTeCo" (Nature, Technology, and Community). The new terminal is expected to be operational by 2023.

PARKING AUTHORITY GARAGES PARKED

2.3 M

NON-LEASEHOLDER VEHICLES 2018

\$17

AVERAGE DAILY PARKING RATE

\$247

AVERAGE MONTHLY PARKING RATE

42,400

PARKING SPACES IN GREATER DOWNTOWN

DOWNTOWN FREE-FARE T ZONE:
 INCLUDES FIRST AVENUE, STEEL PLAZA, WOOD STREET, GATEWAY, NORTH SIDE, AND ALLEGHENY STATIONS



BIKING

Healthy Ride doubled the number of stations in the Golden Triangle since launching in 2015, increasing from 10 to 20 stations, and added 10 stations in Greater Downtown including two on the North Shore, two in Uptown, and six in the Strip District. Healthy Ride users completed over 75,800 trips throughout the City, increasing trip count by 7% compared to 2017. The overall system expansion effort in 2018 resulted in 50 new stations and 200 new bikes, with an additional 75 stations to be in place by the end of 2Q 2019.

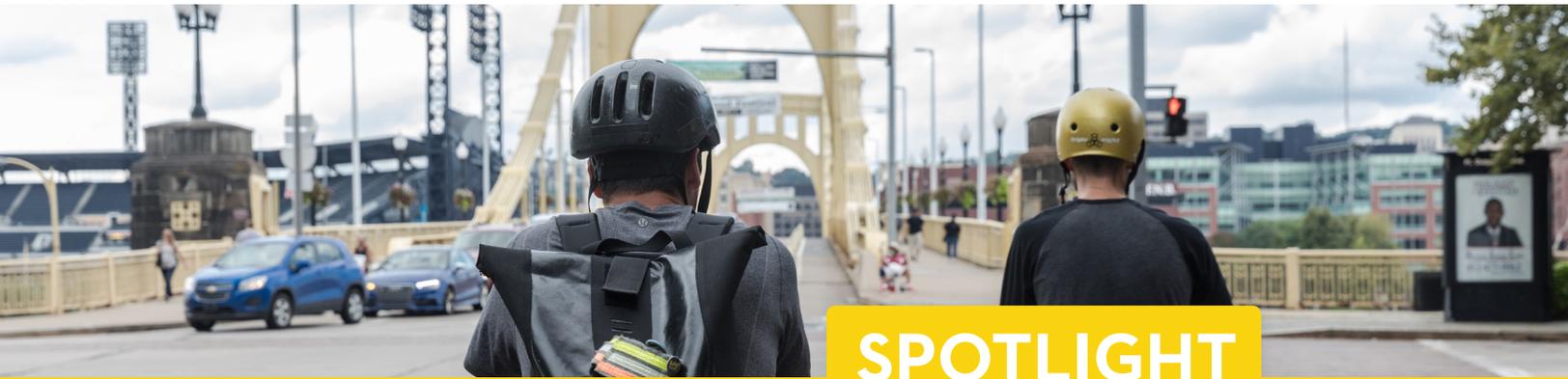
A partnership between the City of Pittsburgh's Department of Mobility & Infrastructure and Riverlife made it possible for the completion of the Mon Wharf switchback, a \$3.2M project connecting the Eliza Furnace Trail and the Three Rivers Heritage Trail with the wharf and leading to Point State Park. In keeping with the City's goals to provide safe routes for cyclists, all Port Authority vehicles are now bike-friendly, addressing first and last mile challenges for commuters. In 2018, the Port Authority and Healthy Ride established a partnership to offer unlimited free 15-minute bike-share rides to transit riders using their ConnectCard at any Healthy Ride station.

In 2018 there was a 17% and 18% decrease in bike counts in the 600 and 1200 block of Penn Avenue, respectively. Part of the decline in bike ridership could be attributed to having record-breaking rainfall of 57.8 inches (37% increase from 2017), the most rain that has been recorded in the region's history.



2,325
ACTIVE CONNECTCARD
HOLDERS USING
HEALTHY RIDE
BIKE SHARE

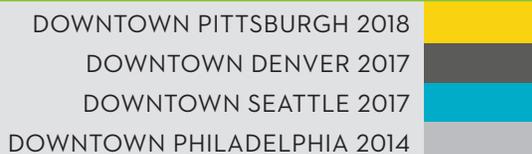
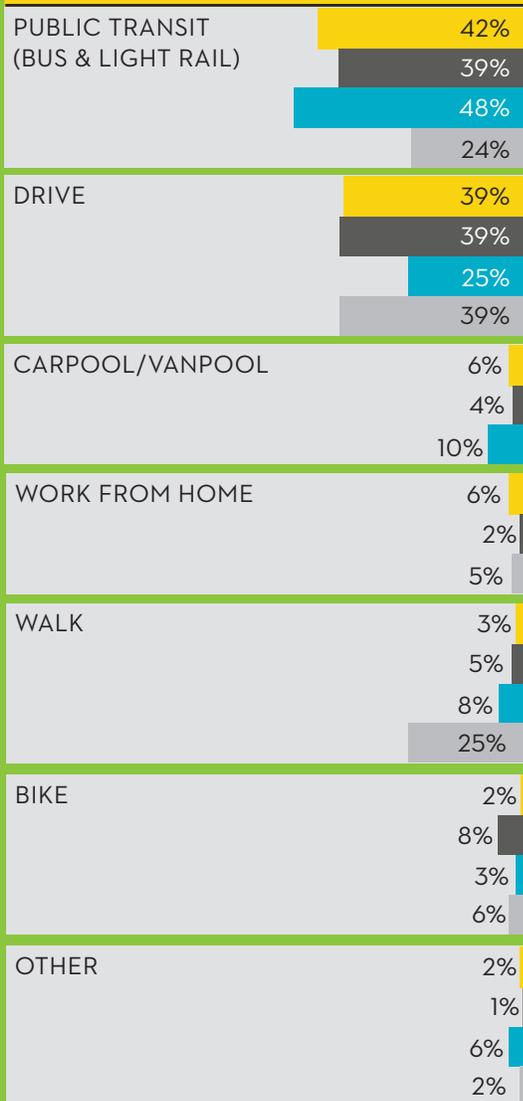
28,746
TRIPS TAKEN
USING A
CONNECTCARD



SPOTLIGHT

MAKE MY TRIP COUNT 2018

PEER CITY COMPARISON FOR DOWNTOWN MODE SPLITS



KEY

The Green Building Alliance led the effort to launch the 2018 Make My Trip Count (MMTC) survey which captured information on how commuters travel. There were roughly 20,000 people who completed the survey, similar to the number of responses when the survey was last completed in 2015. The goal of the survey was to capture residents' transportation choices and to help inform future transportation and infrastructure decision making. The survey results will help to better understand City of Pittsburgh residents' mode split. The report will also allow local government to better serve the public by evaluating short and long-term changes in energy use, emissions, and safety for each mode of commuting.

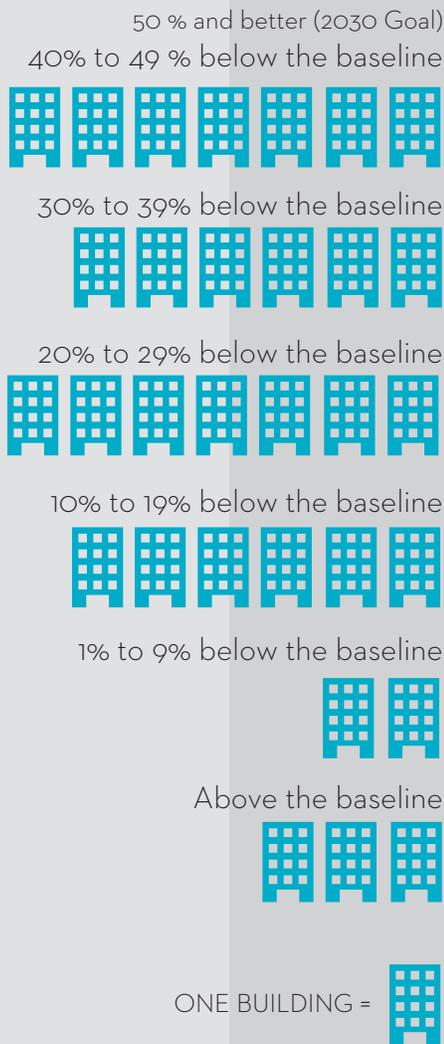
The effort of conducting the survey could not have been possible without the collaboration of a wide range of agencies and organizations including the Allegheny Conference on Community Development, Allegheny County, the City of Pittsburgh, Southwestern Pennsylvania Commission, Pittsburgh Downtown Partnership, Pittsburgh Community Reinvestment Group, Pittsburgh Parking Authority, Port Authority of Allegheny County, Sustainable Pittsburgh, Healthy Ride, Oakland Transportation Management Association, Duquesne Light Company, and Bike Pittsburgh.

Although cities such as Denver, Seattle, and Philadelphia, are larger than Pittsburgh, Downtown Pittsburgh's 2018 mode split demonstrates that a greater percentage of people are commuting via public transit than those commuting to larger city centers in Denver and Philadelphia. Comparing Pittsburgh to other cities can influence decision-makers to set citywide and neighborhood level mode shift goals to continue to reduce the percentage of commuting by single-occupancy vehicles.



PLACE AND ENVIRONMENT

2030 DISTRICT PERFORMANCE: OFFICE BUILDINGS OVER 200K SF



Source: Pittsburgh 2030 District, 2017

SUSTAINABLE CITY, BUILDINGS, AND OPERATIONS

After a lengthy stakeholder engagement process, the City of Pittsburgh announced Climate Action Plan 3.0 which outlined sustainability goals for the City through 2030. The City is aiming to use 100% clean energy for City operations, including a fossil fuel free fleet and divestment from fossil fuel companies, and plans to reduce energy, water, and transportation emissions 50% by 2030, all while achieving zero waste. This ambitious yet achievable Climate Action Plan helped the City of Pittsburgh become a winning city in the Bloomberg American Cities Climate Challenge in October 2018. Pittsburgh was granted \$2.5M to join 25 other Leadership Cities across the U.S. in further advancing efforts to reduce carbon emissions. As of 1Q 2019, the Pittsburgh 2030 District, a public/private partnership facilitated by Green Building Alliance (GBA), has 83 committed Greater Downtown Property Partners representing 55.7M square feet across 245 buildings. The goal of the 2030 District is to support building owners and managers as they strive to reduce water, energy, and emissions 50% by 2030.

There are 8.6M square feet of Energy Star certified space in Greater Downtown which makes up 81% of all Energy Star certified space in Allegheny County (as of 1Q 2019). There are nearly 4M square feet of newly certified Leadership in Energy and Environmental Design (LEED) commercial space in Golden Triangle buildings including the U.S. Steel Tower, One Oxford Centre, and IKM's interior office space at 11 Stanwix. The US Steel Tower, the tallest building in Pittsburgh, earned a LEED Silver Certification for Building Operations and Maintenance in February 2019 and is the second largest building in the world to receive this level of LEED designation. Winthrop Management invested in major improvements to advance building operations and energy efficiency by installing LED lighting, bicycle parking and electric vehicle charging stations, and implementing a green cleaning program. Between The City of Pittsburgh's 2030 goals and investment in green buildings, the City remains a national leader in sustainability.