

HOUSING AND POPULATION

STATE OF
DOWNTOWN
PITTSBURGH



PITTSBURGH
DOWNTOWN
PARTNERSHIP

2019

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

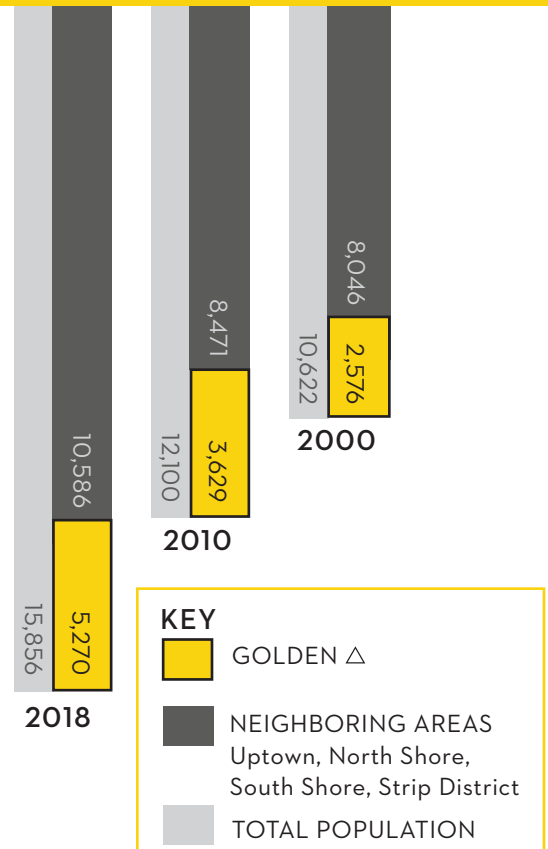


GREATER DOWNTOWN POPULATION*

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.




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

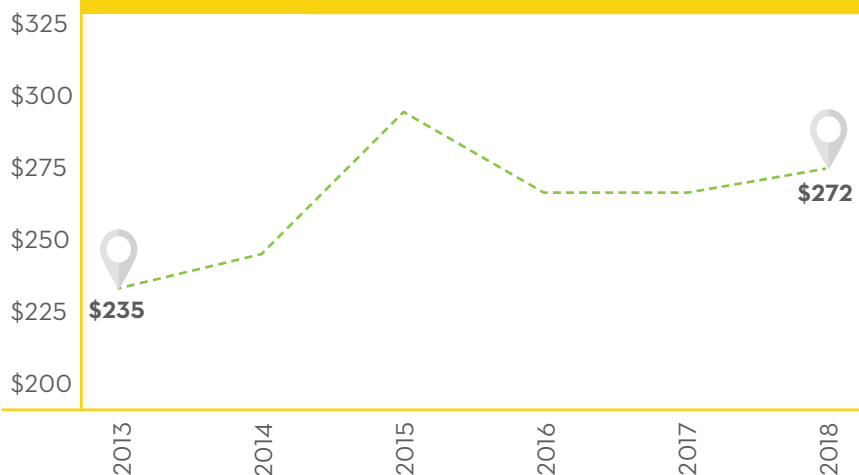
CONDOMINIUM SALES

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

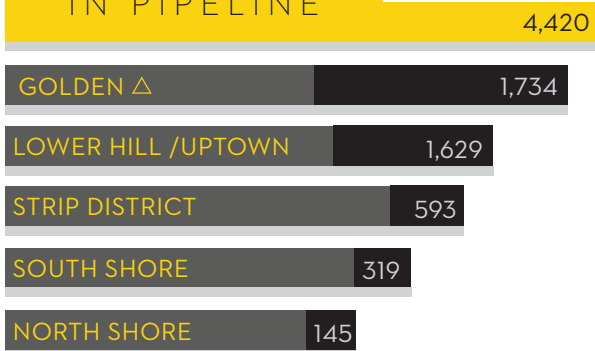
AVERAGE CONDOMINIUM SALE PRICE PER SF



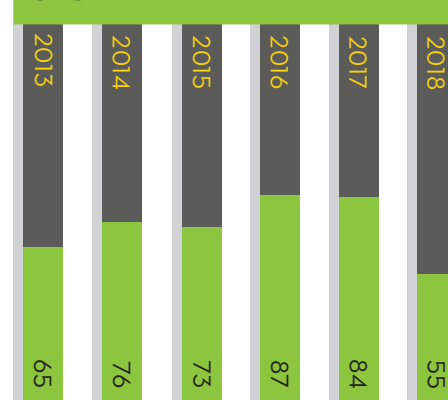
Source: Allegheny County Real Estate Department; Western Pennsylvania Multi-List Service - Provided by Piatt Sotheby's International Realty

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

TOTAL UNITS IN PIPELINE



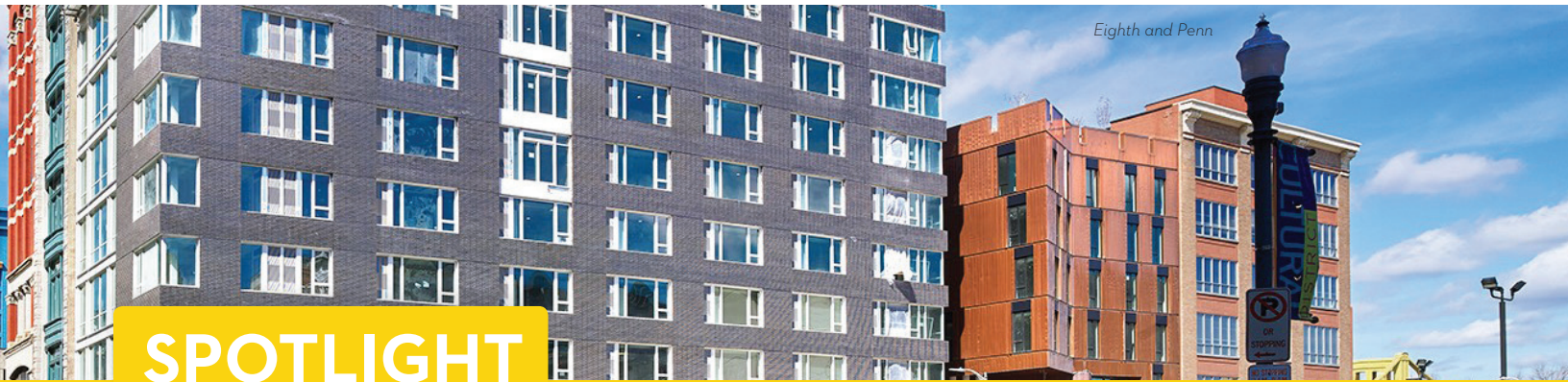
NUMBER OF UNITS SOLD PER YEAR



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



Eighth and Penn

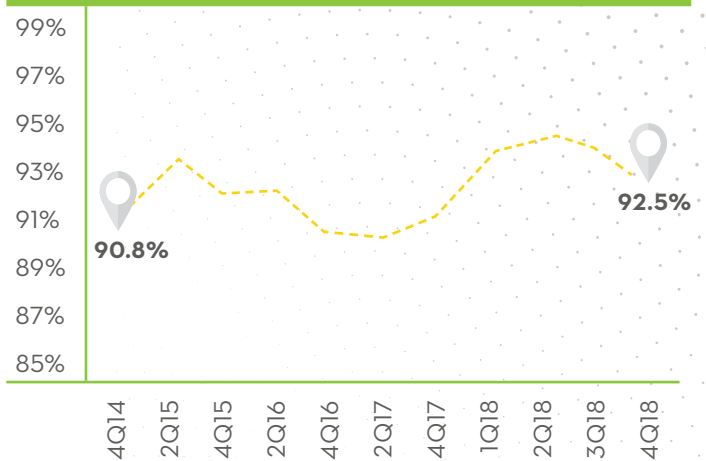
SPOTLIGHT

COMMONWEALTH BUILDING CONVERSION

Connecticut-based JCS Capital 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. JCS Capital 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.

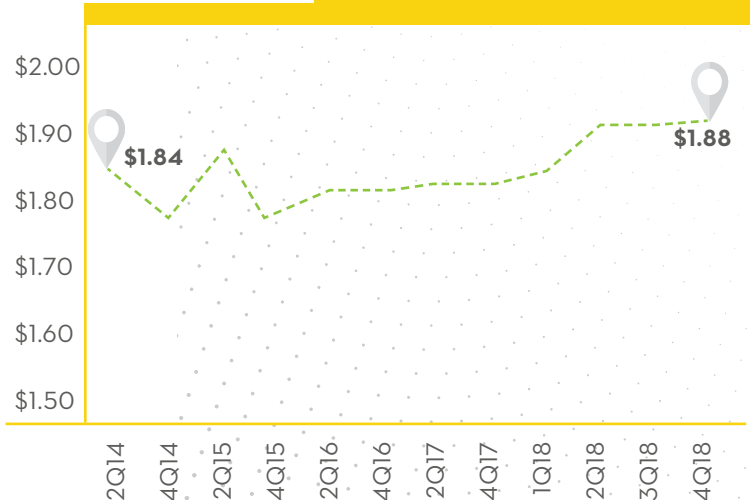


GREATER DOWNTOWN APARTMENTS OCCUPANCY RATES



Source: Pittsburgh Downtown Partnership

MONTHLY RENT PER SF



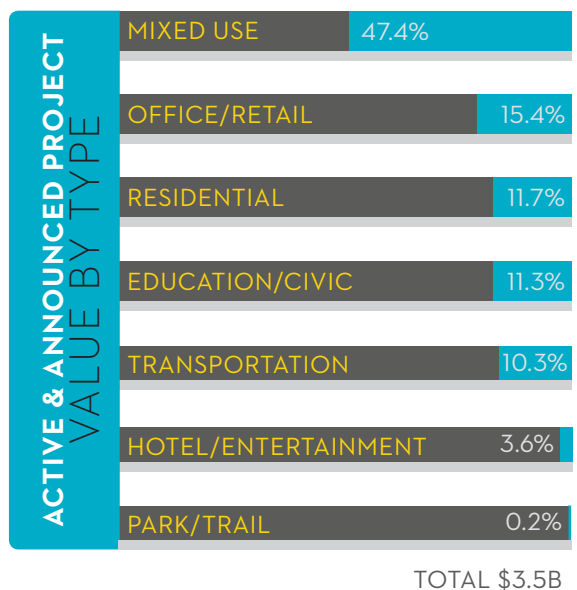
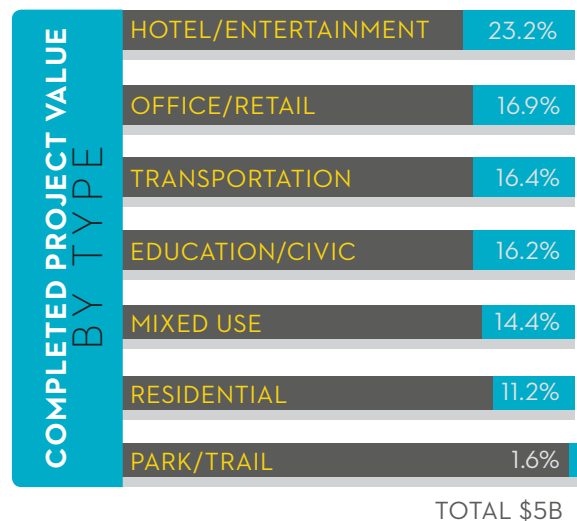
Source: Pittsburgh Downtown Partnership

DOWNTOWN DEVELOPMENT

DEVELOPMENT

Downtown has seen a tremendous amount of public and private investment in the past decade. Total investment has exceeded \$8.7B in Greater Downtown; \$5.2B of this figure is from completed projects and \$3.5B can be attributed to announced projects and projects that are currently under construction. The numbers reported as “completed investment” in the Golden Triangle, Lower Hill/Uptown, South Shore, Strip District, and North Shore are values of projects that were completed from 2009-2019. Project values reported per area as “in the pipeline” are projects that are either under construction or have been announced.

The number of building permits issued in the Golden Triangle decreased by 34% from 348 in 2017 to 228 in 2018. The recorded permit value decreased from \$227M to \$136M during the same time period. In the Strip District, the number of permits decreased by 43% from 77 in 2017 to 44 in 2018, while the recorded permit value increased 9%. The North Shore had a 12% decrease in number of permits and a 4% decrease in permit value. The South Shore increased permit count by 18%, but decreased in recorded project value by 25% from 2017 to 2018. In total, building permits issued in Greater Downtown decreased by 34% from 2017 to 2018, and also decreased 26% in total cost compared to 2017 numbers.





GOLDEN TRIANGLE

\$1.9B COMPLETED INVESTMENT; \$970M IN THE PIPELINE

In addition to the Golden Triangle's \$76M in completed office renovations over the past year, October 2018 marked the long-awaited unveiling of Point Park University's \$60M Pittsburgh Playhouse on Forbes Avenue. Development plans for several neighboring projects are also moving forward including the \$20M Commonwealth Building residential conversion on Fourth Avenue which broke ground in 1Q 2019 and will deliver 150 market-rate units. The Arrott Building, on Wood Street and just steps away from the Commonwealth Building, will deliver a new 120-room Autograph boutique hotel. With renovations underway, the project will preserve many of the historic elements of the building. This hotel will join the nearly completed 160-room Even Hotel in the Kaufmann's Grand on Fifth Avenue development and 97-room Fairfield Inn and Suites on Fort Pitt Boulevard.

Stark Enterprises' \$63M Icon on Smithfield mixed-use project received final approval for historic tax credits in October, 2018. The development will include 40 apartment units and 25,000 square feet of retail. Nearby at 350 Oliver, Lumière topped off in January and is expected to be complete by late summer 2019. Also to be completed in summer 2019 is TREK and Q Development's Eighth and Penn residential project which will deliver 135 units and over 10,000 square feet of retail in the heart of the Cultural District.

**POINT PARK
UNIVERSITY
UNVEILED THE NEW
\$60M
PITTSBURGH
PLAYHOUSE**



LOWER HILL AND UPTOWN

\$635.1M COMPLETED INVESTMENT; \$1.3B IN THE PIPELINE

In 1Q 2019, the new 410,000-square foot UPMC Vision and Rehabilitation Tower broke ground in Uptown. Construction of the new medical tower is estimated to be \$360M and is anticipated to open in late 2022. Official plans have been announced for the 28-acre site in the Lower Hill District next to PPG Paints Arena. The Penguins will be partnering with Buccini/Pollin Group to develop the office and retail components, while Intergeren will lead the residential development. Anticipated to attract an estimated \$750M in investment, the completed master plan will include a mix of 1,420 market-rate and affordable units, 190,000 square feet of retail, and over 800,000 square feet of office space along with a hotel and large entertainment complex. The first phase of development will focus on construction of the first 250 residential units and the \$26.4M Cap Connection Park, connecting the Lower Hill to Downtown and slated to begin by summer 2019.



UPMC Vision and Rehabilitation Tower at UPMC Mercy, HOK and IKM Inc.

UPMC BROKE
GROUND ON
THEIR NEW
\$360M
VISION AND
REHABILITATION
TOWER



Station Square Redevelopment, RDL Architects

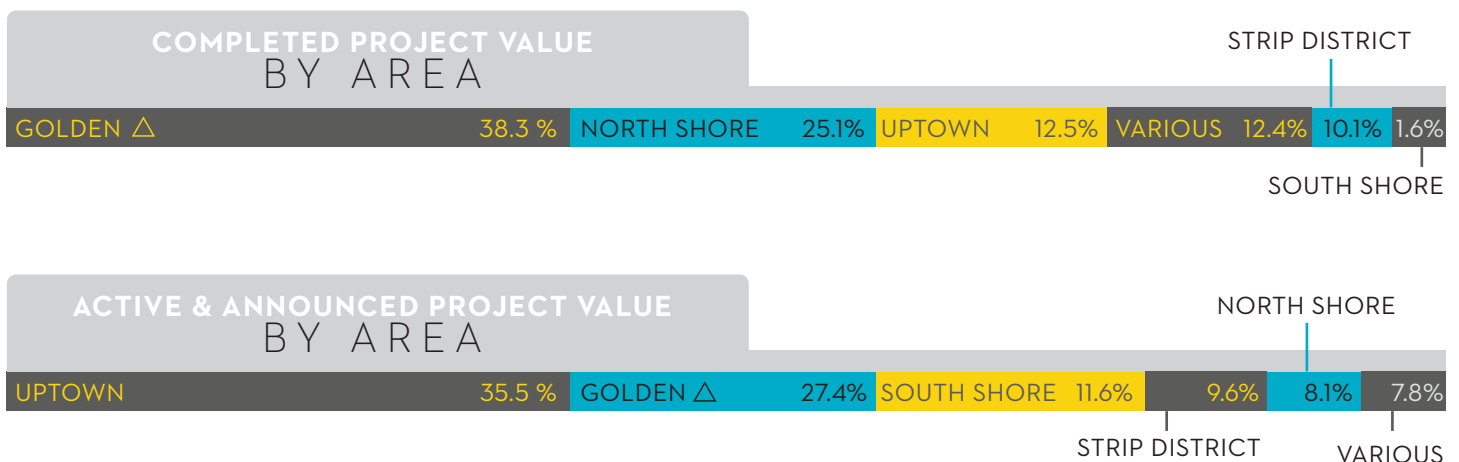
SOUTH SHORE

\$80.1M COMPLETED INVESTMENT; \$411M IN THE PIPELINE

McKnight Realty Partners' purchase and \$110M renovation of the former Terminal Building, called the Highline, is anticipating completion in 2019 and will deliver 600,000 square feet of office and retail space, a 521-space parking garage, and over an acre of public green space.

Forest City Realty Trust's renovation announcement of the South Shore's Freight House Shops helped solidify UPMC's decision to house a new 36,500 square foot training facility which will take a significant portion of the rentable building area. Dallas developer Trammell Crow Co. recently announced Glassworks, a new 122,000 Square foot office development. This announcement will be the first new office development to be built in the South Shore since the early 1980s.

Glassworks will be joining the nearly completed 319-unit Glasshouse apartment complex on the other side of the Smithfield Street Bridge to open this summer. Trammell Crow intends for the office development to be the first phase of a larger \$200M development that could include two additional office towers, parking garage, and boutique hotel. Although an anchor tenant has not been selected for the new development, proximity to the light rail station and the Golden Triangle gives the overall development the potential to attract businesses, residents, and visitors. Forest City Realty Trust began construction on the \$30M rehab of Station Square's Freight House Shops in 2018 and will include new restaurants, retail shops, office space, and entertainment. Additionally, there are plans to make the area more pedestrian friendly by reconfiguring the streetscape to make the area more walkable.



STRIP DISTRICT

\$514.3M COMPLETED INVESTMENT; \$338.5M IN THE PIPELINE

The adoption of the new Riverfront Zoning Ordinance (RIV) in 3Q 2018 has given developers a clear path forward for designing new projects along the city's riverfronts, the primary objective of the ordinance imposed height restrictions on riverfront properties. Rugby Realty plans to erect two new office buildings at the corner of Smallman and 21st Street with ground breaking expected in 2019. This project will total 400,000 square feet of office space, a 400-space parking garage, and 35,000 square feet of ground-floor retail. RDC Design + Build is partnering with Orangestar Properties on District 15 Beta Version, a nine-story development featuring 205,000 square feet of office space and a 380-space parking garage. Construction is expected to begin in summer 2019. Oxford Development revealed details of the second phase of the Stacks at 3 Crossings in late 4Q 2018. Two additional three-story buildings will offer 110,000 square feet of commercial space at 28th and Railroad Streets. Long-term plans for this project include up to six office buildings totaling a half a million square feet.

McCaffery Interests' redevelopment of the former manufacturing facility at 1600 Smallman Street will break ground in 2019 and is slated to offer 148,000 additional square feet of office space, 45,000 square feet of ground floor retail, and internal parking spaces for tenants. The project is anticipated to be completed by 2020. New York Developer JMC Holdings closed on purchasing the iconic New Federal Cold Storage site at 1501 Penn Avenue, famously known as the Wholey Building, in 2018 for \$24.11 per square foot. The owner has not officially announced plans for the future use of the building but may be considering proposals for a new office high rise that could be as tall as 17-stories and include 500,000 square feet of office space.

BUILDING PERMIT ISSUANCES IN GREATER DOWNTOWN

	CENTRAL BUSINESS DISTRICT		NORTH SHORE		STRIP DISTRICT		SOUTH SHORE		UPTOWN	
2015	162	\$30.1M	11	\$2.6M	51	\$64.4M	8	\$0.8M	25	\$3.9M
2016	169	\$135.7M	29	\$27.5M	57	\$47.9M	6	\$0.5M	27	\$5.8M
2017	348	\$227.2M	43	\$46.8M	77	\$66.6M	11	\$1.2M	72	\$21.1M
2018	228	\$135.6M	38	\$45.2M	44	\$72.3M	13	\$9.3M	38	\$13.5M

Source: Departments of City Planning and Permits, Licenses, and Inspections, City of Pittsburgh



Produce Terminal Redevelopment, McCaffery Interests

NORTH SHORE

\$1.4B COMPLETED INVESTMENT; \$287.6M IN THE PIPELINE

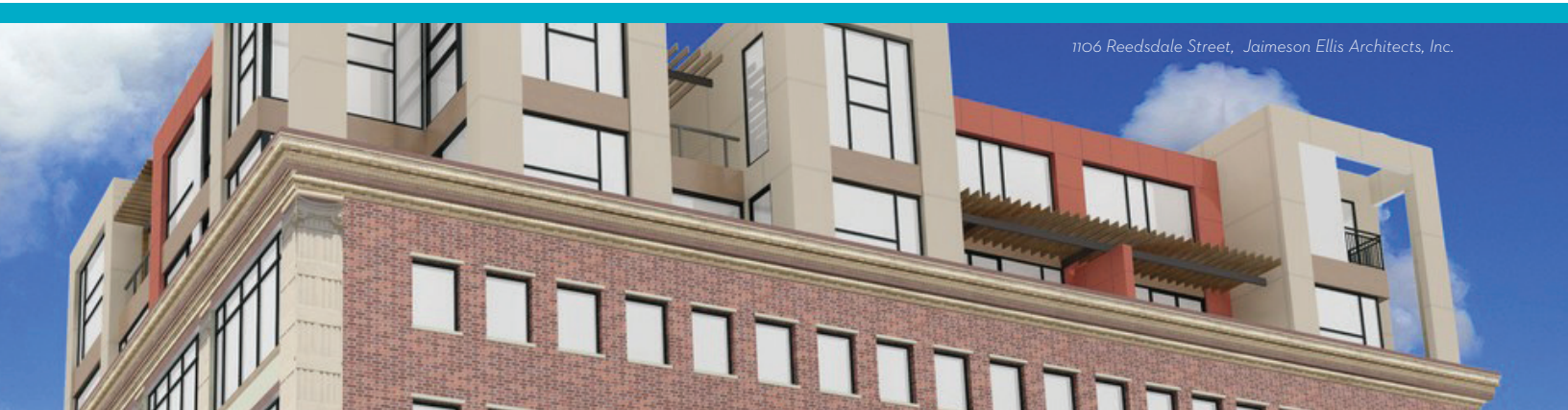
The Carnegie Science Center unveiled its \$33M PPG Science Pavilion project in June, 2018. The state-of-the-art facility features PointView Hall, a 9,800 square foot event space, STEM learning labs, and the 14,000 square foot Scaife Exhibition Gallery. The completed investment added 40% more capacity to the museum. The 179,000 square foot SAP Center office tower broke ground in 1Q 2018 and is expected to be completed in April 2019. Joining the new development in the spring will be Ben Roethlisberger's 7,100 square foot North Shore Seven bar and grill. Approximately 7,000 square feet of retail is still available for lease.

In 1Q 2019, Reedsdale Associates announced plans for a \$12M new mixed-use development at 1106 Reedsdale Street between Heinz Field and the Rivers Casino after plans for a 129-room North Bank hotel fell through. The firm is planning to convert the five-story warehouse building into 33,000 square feet of spec office space, 20 upscale apartment units, and 3,000 square feet of street-level retail. The Pittsburgh Stadium Authority granted Columbus-based Continental Real Estate Companies their second six-month extension, expiring in August 2019, to begin development on lot four between PNC Park and the Hyatt Place Hotel. Continental is planning a mixed-use development for the site to include office, residential, and retail; details of plans and project costs have not been announced.

BEN ROETHLISBERGER
IS OPENING A NEW
RESTAURANT,
**NORTH
SHORE
SEVEN**
AT SAP CENTER



SAP Center, photo courtesy of JLL



1106 Reedsdale Street, Jaimeson Ellis Architects, Inc.