

# STATE OF DOWNTOWN



## DOWNTOWN RESIDENTIAL REPORT

NOVEMBER 2022

**D**owntown Pittsburgh has undergone many transformations and it is clear we are now at another inflection point. The pandemic has changed the dynamics of Downtown, but the neighborhood remains the vibrant economic center of the region. While office activity is still well behind 2019 numbers, the latest metrics show that daily activity in the Golden Triangle this fall was the highest it has been since February 2020. Furthermore, residential development continues to thrive in Greater Downtown, with 10 major residential developments representing \$284M in investment under construction since the start of 2021. Strong occupancy rates and feedback from the PDP's recent residential survey indicate that Downtown is a highly desirable area to live due to its walkability, proximity to entertainment, restaurants, bars, and transportation, and overall centrality to the rest of the city.

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The evolution of Downtown will require a concerted effort by public and private sectors to creatively finance redevelopment and ensure our parks, schools, and amenities continue to meet the needs of new residents and workers.

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Despite these positive trends, the residential population of the Golden Triangle is still relatively mod-

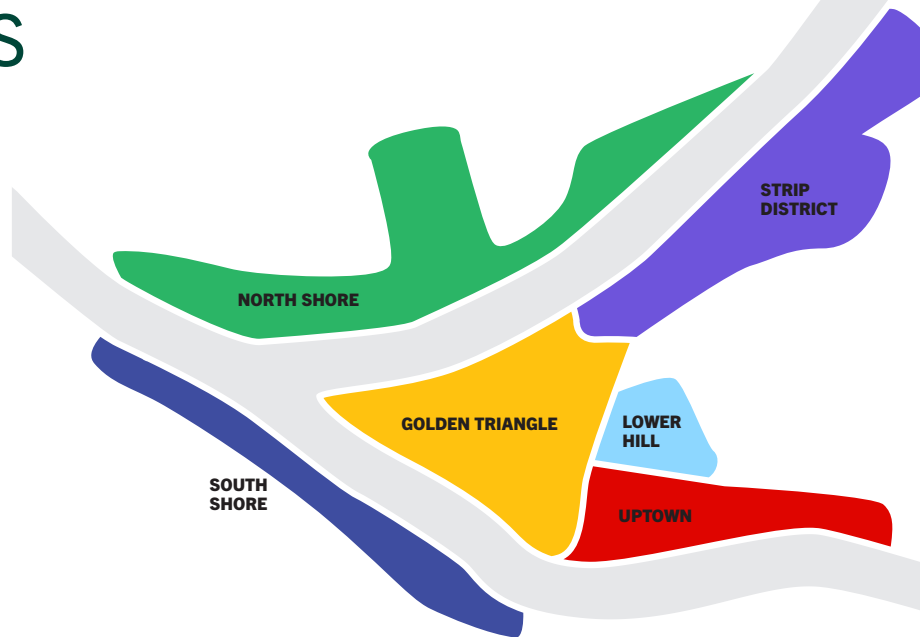
est, with around 7,000 residents. Downtown needs a more robust residential population to support small businesses, add vibrancy to the streets, and complement our large commercial office market. Strong, resilient Downtowns have a residential population that is typically 5% of the city population, which would be nearly 15,000 residents in our CBD. Doubling the residential population in Downtown is very realistic, particularly when looking at the successful conversion of commercial office buildings into beautiful residential buildings that we have seen over the last decade. The evolution of Downtown will require a concerted effort by public and private sectors to creatively finance redevelopment and ensure our parks, schools and amenities continue to meet the needs of new residents and workers. This effort should be our North Star as we prepare Downtown to thrive long into the future.

The following State of Downtown snapshot report provides an overview of the residential market as of Q3 2022 and includes insights on key areas that will inform future investments and support Downtown's continued vitality. As we look towards opportunities to support the revitalization of Downtown, the strong performance of the residential market shows that it is primed to lead the way.

# GREATER DOWNTOWN BY THE NUMBERS

For the purposes of this report, the following definitions will be used to provide clarity on the boundaries of the study area:

- ▶ **Golden Triangle:** The City of Pittsburgh defines the neighborhood boundary of the Central Business District (CBD) which is referred to as the Golden Triangle or Downtown. The most detailed analysis from this report will be focused on what is directly impacting the CBD.
- ▶ **Greater Downtown:** Includes the full neighborhood boundaries of the Golden Triangle (CBD), South Shore, North Shore, Strip District, Crawford-Roberts (Lower Hill), and Bluff (Uptown). Greater Downtown is primarily used to observe trends and compare neighborhoods.



**GREATER DOWNTOWN PITTSBURGH**

## GREATER DOWNTOWN HOUSING AND POPULATION

- ▶ **21,526 ESTIMATED RESIDENTS**
- ▶ **93.5% OCCUPANCY RATE**
- ▶ **9,043 RESIDENTIAL UNITS**
- ▶ **6,030 RESIDENTIAL UNITS IN THE PIPELINE**

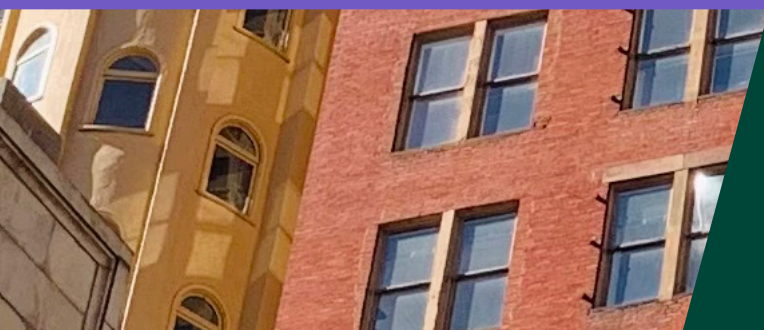
## GREATER DOWNTOWN RESIDENT SURVEY

- ▶ **“WALKABILITY” CITED AS RESPONDENTS’ #1 POSITIVE IMPACT ON QUALITY OF LIFE.**
- ▶ **57% OF RESPONDENTS LIVE DOWNTOWN TO BE CLOSE TO WORK AND LIVE IN AN URBAN ENVIRONMENT.**
- ▶ **53% OF RESPONDENTS WORK FROM HOME AT LEAST 2 DAYS A WEEK.**

Source: 2022 Downtown Resident Survey, Pittsburgh Downtown Partnership.

## GREATER DOWNTOWN AVERAGE RENTS

- ▶ **AVERAGE STUDIO RENT \$1,393**
- ▶ **AVERAGE ONE-BEDROOM \$1,666**
- ▶ **AVERAGE TWO-BEDROOM \$2,132**



# RESIDENTIAL OVERVIEW

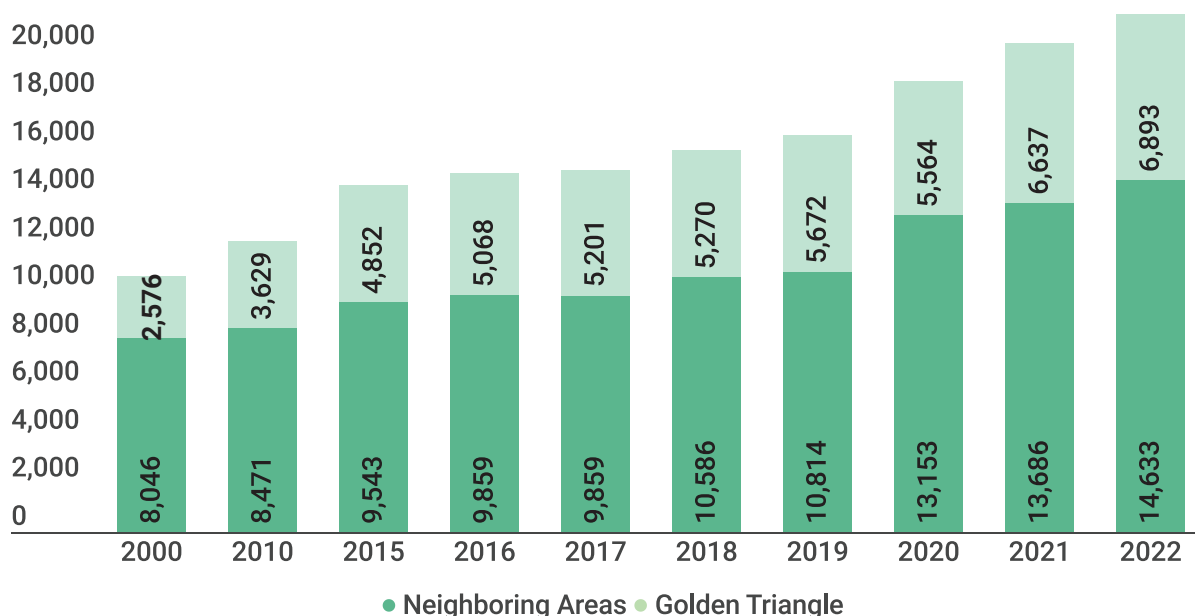
## LIVING DOWNTOWN

### POPULATION

Over the past 10 years, 44 projects have welcomed nearly 8,400 new residents to Greater Downtown, with 23 conversions that have breathed new life into some of the Golden Triangle's beautiful historic buildings. These residents are supporting new restaurants, retail, and service businesses while also changing Downtown's identity from a predominantly work- or event-specific destination into a growing and vibrant neighborhood. Proposed developments over the next few years will bring an estimated 9,000 new residents to Greater Downtown, further increasing the density, vitality, and resiliency of Downtown Pittsburgh.



### ESTIMATED DOWNTOWN POPULATION



Population data are conservatively calculated based on residential unit growth and occupancy rate estimates for residential properties. Neighboring areas include: North Shore, Strip District, Lower Hill, Uptown, and South Shore.

Source: OnTheMap - Local Employment Dynamics Partnership, U.S. Census Bureau (2019); Pittsburgh Downtown Partnership

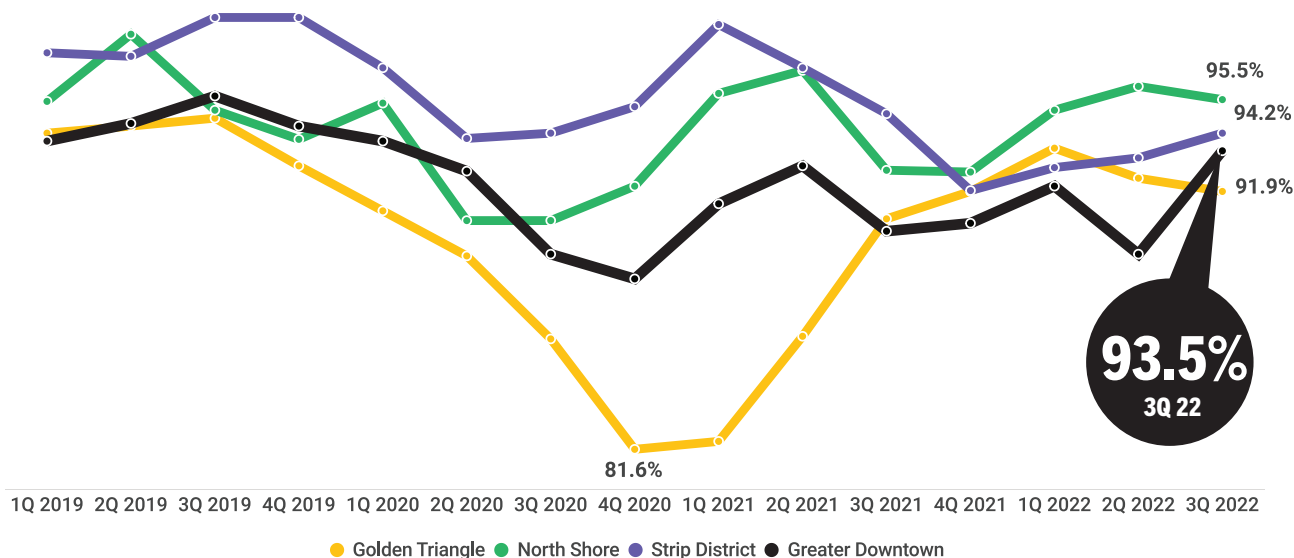


# RESIDENTIAL HOUSING MARKET

## RENTAL MARKET

The current occupancy rate for the Greater Downtown is 93.5%, which is slightly above the five-year average of 92.1%. The pandemic hit the Golden Triangle particularly hard, causing a noticeable dip in occupancy rates to 81.6% during the second half of 2020, which was compounded as 135 new rental units came online. During this time, the Strip District and the North Shore maintained occupancy rates of 95.2% and 92.1% respectively, while absorbing 364 new units.

### OCCUPANCY RATES OF DOWNTOWN APARTMENTS, 2019-2022



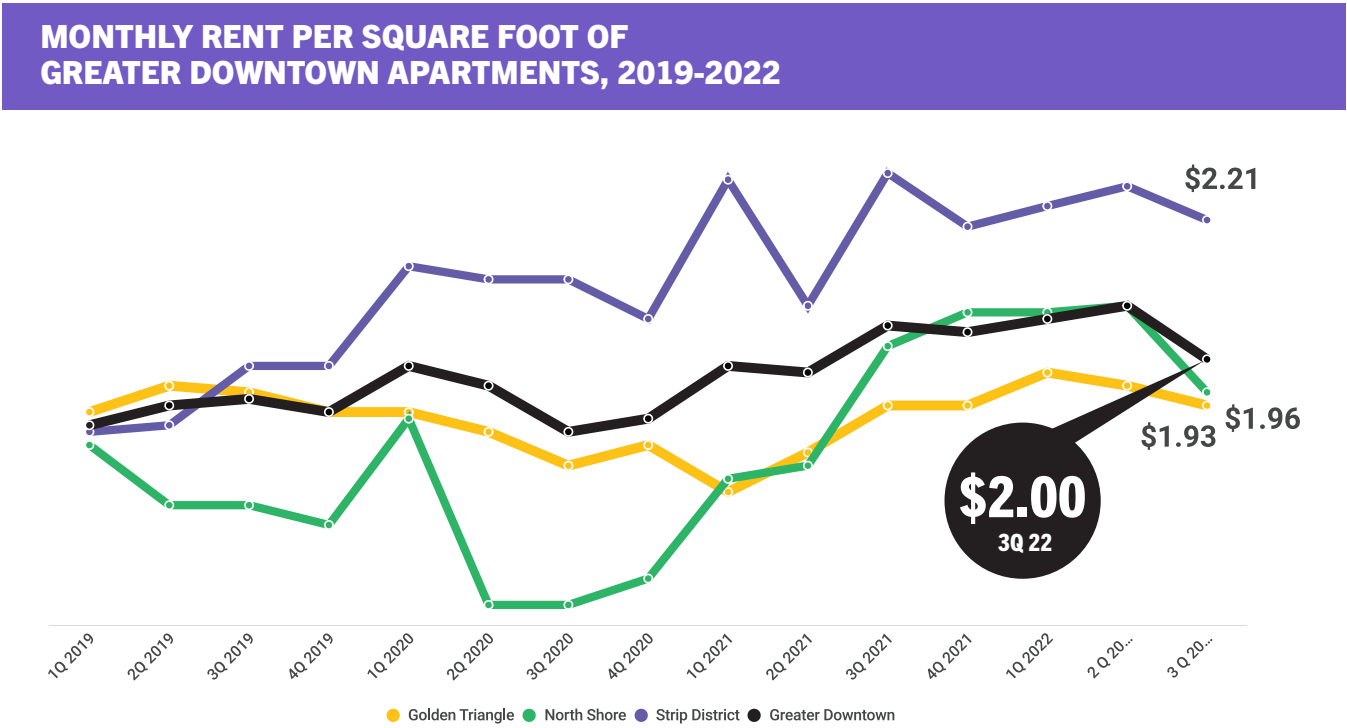
Source: Pittsburgh Downtown Partnership

Residential occupancy rates began to rebound in the first quarter of 2021 and have continued to improve or remain relatively steady even with the addition of 1,864 new units, demonstrating the ability for the Downtown market to absorb additional inventory. The Golden Triangle market has rebounded to pre-pandemic levels, with the occupancy rate climbing from 86.1% in 2Q 2021 to 91.9% in 3Q 2022, while adding nearly 900 units.

Despite some fluctuations in occupancy levels, the average cost per square foot for rental apartments in Greater Downtown has remained stable over the past few years, with Greater Downtown ending the third quarter of 2022 with an average price of \$2.00/sq. ft.



During the past five years the rental market has absorbed over 8,400 units. The Golden Triangle absorbed 16% of this new inventory and currently contains 45% of the total number of rental and condominium units in Greater Downtown. While the majority of the affordable residential units (approximately 540 units) are located in the Lower Hill, another 30% (290 units) are located in the Golden Triangle with hope that additional inventory will be added over the next few years.



Source: Pittsburgh Downtown Partnership

## GOLDEN TRIANGLE PREMIUM RENTAL PRODUCTS

Downtown’s evolution as a residential neighborhood has brought premium product to the market that is commanding high rents and maintaining strong occupancy. When looking at six of the most recent premium apartment projects representing 896 total units at 93% occupancy, the average one bedroom rate is over \$2000, which is 30% higher than the average of all Golden Triangle apartment rental rates.

	# OF UNITS	AVERAGE MONTHLY RENT	OCCUPANCY
Studio	125	\$1,649	90%
One Bedroom	562	\$2,072	93%
Two Bedroom	205	\$2,391	94%

Source: Pittsburgh Downtown Partnership

## NEW PROGRAMS AND POLICIES

To support demand and the vitality and vibrancy of Downtown Pittsburgh, new initiatives are being developed to help aid the construction and redevelopment of downtown housing.

In April 2022, Mayor Gainey announced the Downtown Pittsburgh Pilot Conversion Program, a joint effort by the City of Pittsburgh, the Urban Redevelopment Authority of Pittsburgh (URA), Allegheny County, and Commonwealth of Pennsylvania that offers incentives to support the conversion of Class B and C office buildings into residential, with additional resources available if the project includes affordable workforce housing. Program guidelines were approved by the URA Board in October 2022 with the application expected to open up later in 2022. Additionally, in September 2022, the City of Pittsburgh Planning Commission voted to recommend the approval of legislation that would eliminate existing residential density restrictions and streamline the approval of multi-family residential developments in Downtown.



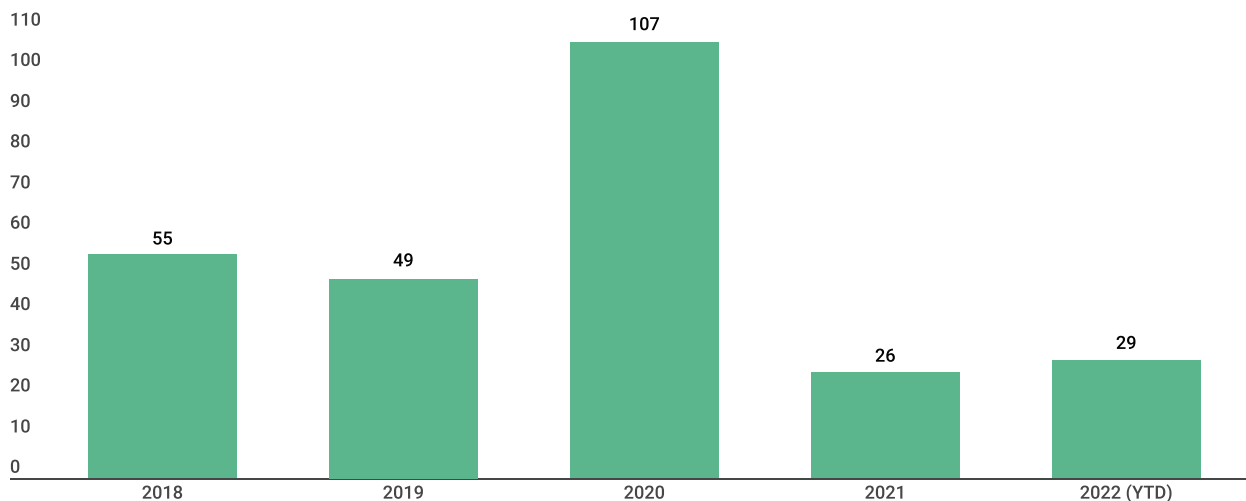


## CONDOMINIUM SALES

The majority of the available units in the Greater Downtown area are rental apartments, with condominiums making up only 15% of the existing housing market.

Condominium sales and prices spiked in 2020, with 107 units sold that year at an average of \$383/square foot. This can largely be attributed to new high-end condominiums coming on the market, namely Piatt Companies' Lumière development at 350 Oliver Avenue in the Golden Triangle and Hardy World's The Refinery development at 2545 Penn Avenue in the Strip District. Sales dipped in the beginning of 2021 due to limited projects coming on the market, and rebounded in the latter half of 2021 and the beginning of 2022. Prices have reduced over the past two years, averaging \$337/square foot in 2021 and \$300/square foot thus far in 2022, but they are still significantly higher than the years prior to 2020's surge. It is anticipated that condo sales will continue to increase over the next few years, as 280 new condo units are in the pipeline.

### CONDO UNITS SOLD PER YEAR



Source: Pittsburgh Downtown Partnership

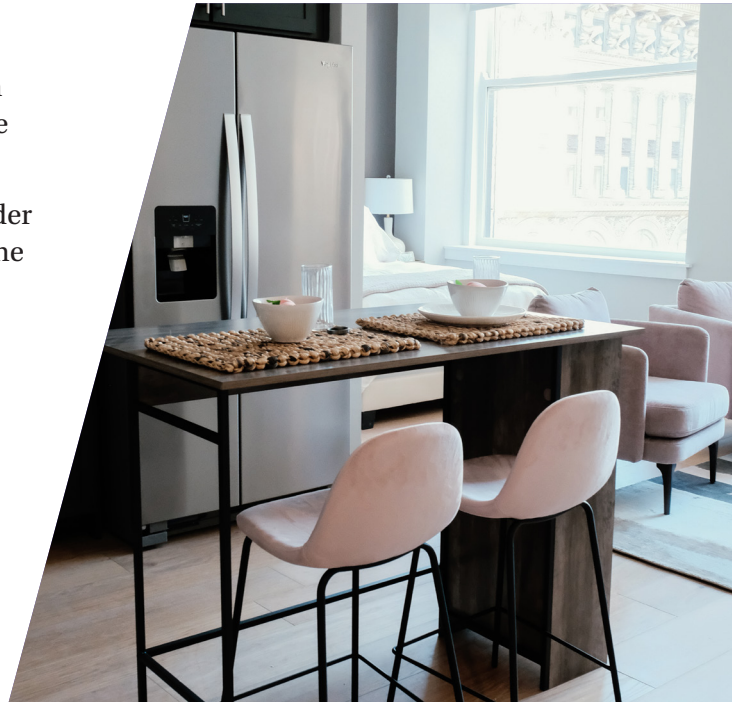




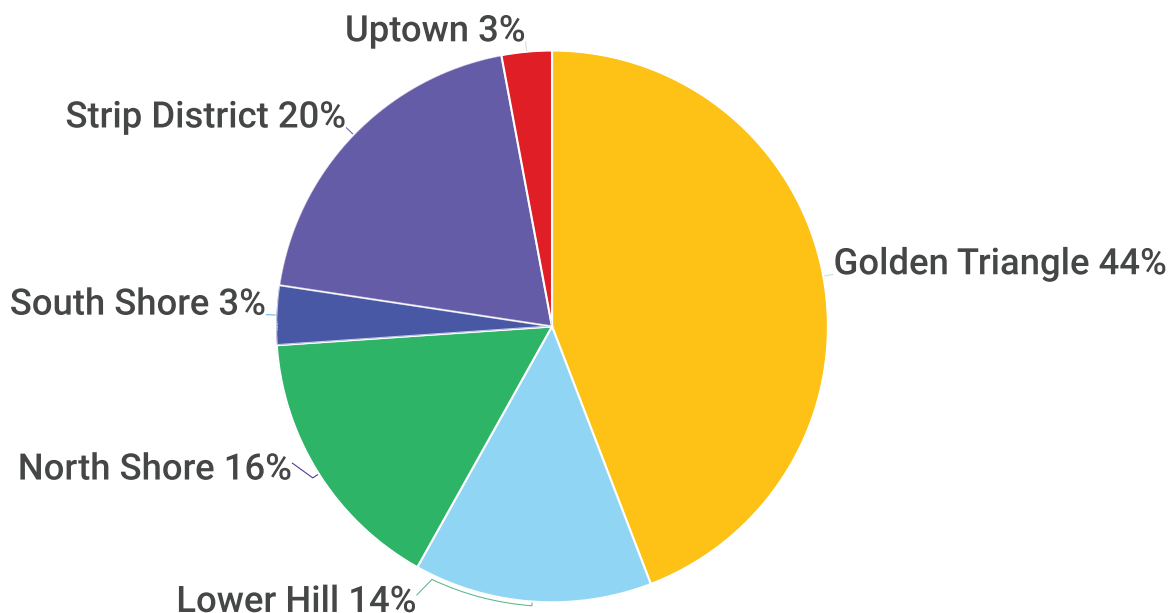
# RESIDENTIAL PIPELINE

Residential growth is a major development focus in Greater Downtown, with completed and planned units continuing to increase. There are currently 9,043 existing residential units in Downtown, with the largest percentage in the Golden Triangle neighborhood, followed by the Strip District.

There are 6,030 units in the pipeline, including 1,350 units under construction and another 4,680 planned or conceptualized. The highest concentration of the pipeline is in the Strip District at 35%, which is projected to add over 3,000 new residents to the neighborhood. An additional 26% of new residential units are planned for the Golden Triangle, which should add nearly 2,400 new residents to the Downtown core. Additionally, the Penguins' plan for the Lower Hill Development, which includes Midpoint's City's Edge planned development, has the Lower Hill adding over 1,400 new units to the neighborhood in the next few years.



## EXISTING NEIGHBORHOOD-BASED INVENTORY Share of Units by Neighborhood

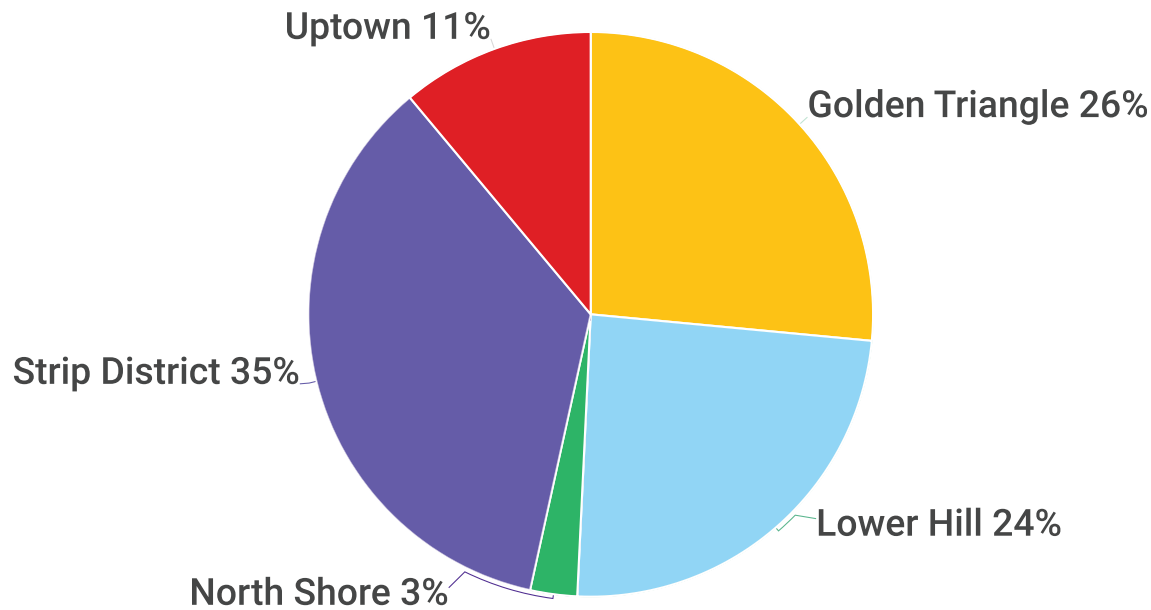


Total number of existing units is 9,043.

Source: Pittsburgh Downtown Partnership

## PIPELINE NEIGHBORHOOD-BASED INVENTORY

### Share of Pipeline Units by Neighborhood



Total number of units in the pipeline is 6,030.

Source: Pittsburgh Downtown Partnership

Seven of these proposed development projects are planned conversions of Downtown office buildings into mixed use or residential buildings. With an uncertainty of the viability of older Class B and C buildings, the conversion of office buildings into residential developments can serve to stimulate the economic recovery of Downtown while providing housing in one of the most desirable neighborhoods.

## GOLDEN TRIANGLE ANNOUNCED CONVERSIONS

PROJECT NAME	ADDRESS	YEAR BUILT	SQUARE FOOTAGE	PROPOSED # UNITS
City Club Apartments	305 Wood Street	1963	243,300	300
300 Sixth Ave Renovation	300 Sixth Avenue	1904	239,907	250
Easter Seals	642 Fort Duquesne Blvd	1917	160,000	137
Smith & Fifth	441 Smithfield Street	1917	227,884	136
The Pittsburgher	428 Forbes Avenue	1966	130,000	125
Smithfield Custom Condos	635 Smithfield Street	1895	35,600	13
MaGinn Building Lofts	915 Liberty Avenue	1891	19,029	11

# SPOTLIGHT ON ACTIVE PROJECTS

## THE TRIANGLE AT 926 LIBERTY AVENUE

The conversion of the historic 150 year old Triangle Building by Hullett Properties into a new mixed-use project “The Triangle” is currently underway. Set to deliver in Q4 2023, the new boutique apartment building will include a collection of carefully restored units with modern amenities.

*Highlights include:*

- ▶ 15-unit apartment building
- ▶ 3,000 square feet of ground-floor retail space

## CITY CLUB APARTMENTS PITTSBURGH AT 305 WOOD STREET

City Club Apartments has proposed the conversion of the former YWCA headquarters on Wood Street to a 24-story apartment tower featuring a ground floor restaurant, fitness center, and one of a kind tenant amenities.

*The redevelopment plan includes:*

- ▶ 300 apartments and penthouse units
- ▶ 10% of units earmarked for affordable housing to be occupied by households early 50% AMI
- ▶ 5,000 square feet of ground floor restaurant space
- ▶ Indoor/outdoor amenity space on the first and second floor
- ▶ State-of-the-art modern health club with new fitness equipment, swimming pool, saunas, a barre and yoga studio, pilates, basketball, and personal training.
- ▶ Rooftop pool and skyclub park.





# SPOTLIGHT ON RECENT OPENINGS

## KAUFMANN'S GRAND ON FIFTH AVENUE

Located in the iconic Kaufmann Building (1887), Kaufmann's Grand on Fifth is a historic adaptive reuse redeveloped by Lubert-Adler Partners LP. The project offers an exquisite luxury living experience in the Golden Triangle in addition to three new national retailers, and a hotel.

*Highlights include:*

- ▶ Apartments
  - ▶ 311 units, 100% occupied with waitlist
  - ▶ Stunning rooftop featuring a pool, fitness center, dog park, and basketball court
  - ▶ Unique tenant amenities including work pods, a podcast room, movie room, game room, karaoke/music room, a lounge, and a dog wash room.
- ▶ Hotel
  - ▶ The wellness focused Even Hotel (160 guest rooms) is pet friendly with a 24-hour state of the art fitness studio and in-room fitness zones featuring the Cork & Kale bar and restaurant.
- ▶ Retail
  - ▶ Target, opened July 2022
  - ▶ Burlington, projected Winter 2022/23
  - ▶ Five Below, projected Spring 2023





# DOWNTOWN INVESTMENT MAP

## 2022 | THIRD QUARTER

Investments from January 2012 – October 2022

PROJECTS COMPLETED	\$4,365,066,277
PROJECTS ACTIVE	\$1,703,660,137
PROJECTS ANNOUNCED	\$1,803,683,137
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TOTAL INVESTMENTS	\$7,872,409,551

### OFFICE/RETAIL

- 2 Distillery on the South Shore
- 4 412 Boulevard of the Allies Renovations
- 16 Skinny/Roberts and 433 Wood Street Adaptive Reuse
- 19 610 Wood Street Renovation
- 26 Pro Bike + Run and Cadence Clubhouse
- 29 FNB Bank (former McDonald's site) ★
- 30 Uptown Tech (304 Jumonville) ★
- 32 Bayardstown Revitalization (1700 Smallman) ★
- 52 Dollar Bank Liberty Commons Renovation/ Expansion
- 53 Allegheny Building Renovation
- 54 525 William Penn Place Renovations
- 56 Vision on Fifteenth
- 57 1600 Smallman
- 60 The Highline
- 62 3 Crossings Phase 2: buildings B, F1, and F2 ★
- 64 3 Crossings Phase 2: The Stacks (buildings D & E)
- 72 Station Square Freight House Shops Renovation
- 78 1501 Penn Avenue (Wholey Building)
- 86 Fifth Avenue Place Renovation
- 87 Centre District: FNB Financial Center

### MIXED USE

- 1 Lower Hill Redevelopment: Centre District
- 5 909 Liberty Avenue Renovation ★
- 8 Fifth-Dinwiddie Redevelopment
- 23 Post-Gazette Building Redevelopment ★
- 27 633-641 Smithfield Street Redevelopment ★
- 38 Station Square East ★
- 63 Produce Terminal Redevelopment
- 65 2908 Smallman Street (Mecka Fitness/ 5 Borders CrossFit 2908)
- 68 City's Edge ★
- 79 9th and Penn Cultural Trust Master Plan ★
- 88 Smith & Fifth

### TRANSPORTATION

- 12 Sister Bridges Rehabilitation
- 13 Traffic Signalization Upgrade - Central Business District
- 17 Bus Rapid Transit Corridor
- 42 Centre District: Live Music Venue Parking Garage (Block E) ★
- 43 3 Crossings Phase 2: The Hive Parking Garage (Building H)
- 45 Ninth and Penn Garage ★
- 70 "Smallman Street Public Improvements Phase 2 (bike lanes, walking, and transit)"
- 91 Smithfield Reconstruction Project Phase I

### EDUCATION/CIVIC

- 7 Point Park University: Student Center ★
- 9 Duquesne University College of Osteopathic Medicine
- 58 UPMC Cooper Fieldhouse
- 80 UPMC Vision and Rehabilitation Hospital at UPMC Mercy
- 81 Project Cares Homeless Services Building
- 82 Weis Courthouse Renovation
- 90 DLCC Green Roof Phase 2

### PARK/TRAIL

- 18 Point State Park Connector
- 31 Josh Gibson Heritage Park
- 35 Strip District Riverfront Park ★
- 36 Curtain Call/ Pittsburgh Garden Passage ★
- 37 Completing the Loop: Allegheny Landing Renovation ★
- 39 Completing the Loop: Allegheny Riverfront Park and Mon Warf Enhancements ★

### RESIDENTIAL

- 3 Eleven06
- 6 Penn Garrison Unit Addition
- 15 300 Sixth Avenue Residential Conversion (GNC)
- 20 St. Martin Hall Renovation
- 21 City Club Apartments (YWCA Conversion)
- 22 Union on 5th Annex
- 24 North Shore Lot 4: Residential
- 25 Granite Building Conversion ★
- 28 Stable/RDC Residential Project ★
- 33 2926 Smallman Street (former gas station/ Penrose) ★
- 41 Brickworks ★
- 44 North Shore Lot 2 ★
- 46 The Pittsburgher ★
- 48 Terminal 21
- 49 625 Stanwix Street Unit Addition
- 50 Forte Condominiums
- 51 Glasshouse
- 55 Capitol Suites at Fifth Avenue
- 59 308 Miltenberger Street Apartments
- 61 Heinz Research Building Apartments ★
- 66 642 Fort Duquesne Boulevard Adaptive Reuse (Easter Seals)
- 67 The Washington at Chatham
- 69 Centre District Apartments: Phase I ★
- 71 Triangle Building Renovation
- 73 The Refinery
- 74 32nd and Penn Avenue Apartments (3213 Penn Avenue)
- 75 MaGinn Building Lofts
- 76 1709 Fifth Avenue
- 77 Penn 23 (2330 Penn Avenue)
- 83 Crucible Lofts (3150 Smallman Street)
- 89 The District

### HOTEL/ENTERTAINMENT

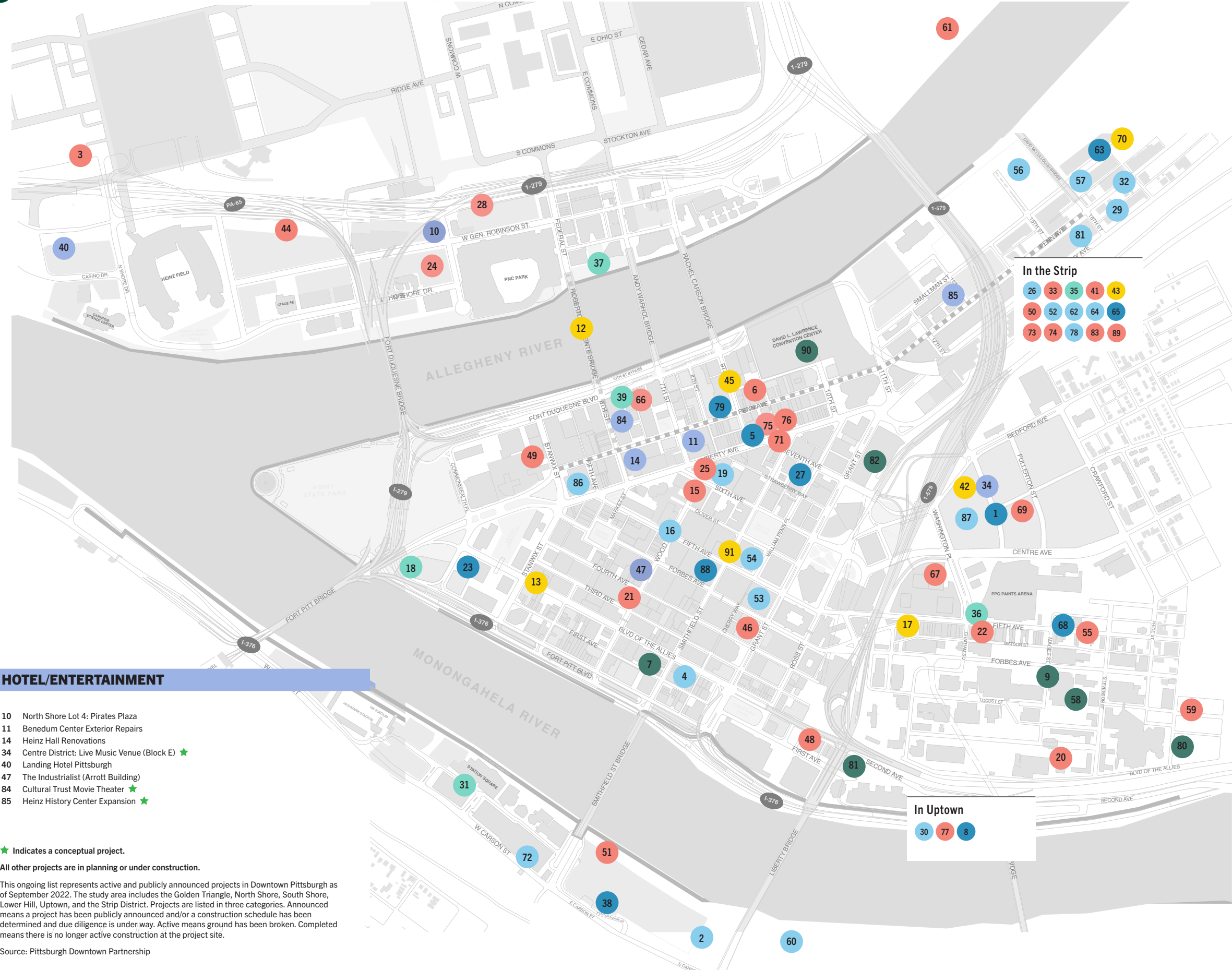
- 10 North Shore Lot 4: Pirates Plaza
- 11 Benedum Center Exterior Repairs
- 14 Heinz Hall Renovations
- 34 Centre District: Live Music Venue (Block E) ★
- 40 Landing Hotel Pittsburgh
- 47 The Industrialist (Arrott Building)
- 84 Cultural Trust Movie Theater ★
- 85 Heinz History Center Expansion ★

★ Indicates a conceptual project.

All other projects are in planning or under construction.

This ongoing list represents active and publicly announced projects in Downtown Pittsburgh as of September 2022. The study area includes the Golden Triangle, North Shore, South Shore, Lower Hill, Uptown, and the Strip District. Projects are listed in three categories. Announced means a project has been publicly announced and/or a construction schedule has been determined and due diligence is under way. Active means ground has been broken. Completed means there is no longer active construction at the project site.

Source: Pittsburgh Downtown Partnership



Visit [DowntownPittsburgh.com/investment-map](https://DowntownPittsburgh.com/investment-map) to view the Interactive Investment Map

# WHAT'S NEXT

Around the country, cities are grappling with how to evolve their CBDs in response to the decrease in daily activity due to work-from-home preferences. In Downtown Pittsburgh, our bustling residential community and a vibrant cultural, event, and restaurant scene are bringing activity and energy to Downtown, setting a direction for future resilience. The investments in a mixed-use Downtown outlined in this report demonstrate its strength as a neighborhood and reinforce the need for continued diversification in order to meet the needs of today's evolving work-life realities.

**“ We know that many of our historic buildings are likely no longer viable as offices due to century-old infrastructure and increasing vacancy. It will require creativity and perseverance to transform them into active and productive contributors to the Downtown experience. ”**

People are what make Downtown a special place, and despite the efforts of many, daily worker activity may never return to pre-pandemic levels, but it is crucial that we retain a robust daytime population to support the small businesses and restaurants that make our streets active, interesting, and safe. If we want to see more establishments like Target, Sally Ann's, and Con Alma, then the development of new residential units must accelerate. Downtown remains the most accessible neighborhood in the region, offering entertainment, retail, service, and hospitality options within a short walking distance, and capacity to support residents across all demographics. We know that many of our historic buildings are likely no longer viable as offices due to century-old infrastructure and increasing vacancy. It will require creativity and perseverance to transform them into active and productive contributors to the Downtown experience.

Now is the time to address the growing need for more housing and affordable options through the conversion of these underutilized office spaces. The new pilot conversion program is a welcome catalyst for initial conversions, but it is just a starting point to begin the continued evolution of the Golden Triangle. There must be continued collaboration by the public, private, and philanthropic sectors to meet the growing housing demands of our community and support the reimagination of Downtown.

Downtown needs bold and comprehensive action to ensure its long-term vitality. To deliver the Downtown we all want to see, we must increase investment in housing development, support the conversion of outdated offices, expand access to all types of housing, and create new public amenities like dog parks and playgrounds that engage new generations of residents. Expedited solutions will require forging new pathways and further expanding the collaborative efforts of civic organizations, businesses, government, and the public. Downtown's future depends on our combined efforts and sustained commitment to making this vision a reality.



## UPDATED DOWNTOWN ACTIVITY DASHBOARD

As Downtown continues to evolve in the wake of the pandemic, the PDP has responded with a better understanding and utility of its data. We are excited to introduce our new online Downtown Activity Dashboard that includes monthly activity data, quarterly development updates, and annual trends. The dashboard will be supplemented quarterly with snapshot reports that focus on specific topic areas.

**Visit [DowntownPittsburgh.com/data](https://DowntownPittsburgh.com/data) to view, download, and interact with the data.**



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