

	YoY Chg	12-Mo. Forecast
4.55% Vacancy Rate	▼	▼
1,900 YTD Net Absorption, units	▲	▲
\$1,152 Effective Rent, PSF	▲	▲

(Seniors Excluded, All Property Classes)

ECONOMIC INDICATORS Q3 2021

	YoY Chg	12-Mo. Forecast
1.1M Pittsburgh Employment	▲	▲
6.4% Pittsburgh Unemployment Rate	▼	▼
5.2% U.S. Unemployment Rate	▼	▼

Source: BLS, Census Bureau

ECONOMIC OVERVIEW: Economy Continues to Recover as Population Finally Increases

On the local front, Pittsburgh's unemployment rate ticked down 780 basis points (bps) on a year-over-year (YOY) basis, to 6.4%. The difference should be taken with a grain of salt, as the incredibly high unemployment rate a year ago came at peak-COVID 19. Allegheny County's population growth stole the headlines this quarter, where new census data showed the area grew 2.2% in the last decade. Although these gains are not massive, when you consider historical trends and forecasted expectations, this is a watershed moment. In the seven-county MSA, the population grew by 0.6%. The region has seen large job gains in construction (11.9% YOY) and leisure and hospitality (19.5% YOY), while health services (1.4% YOY) and government (-1.2% YOY) jobs continue to lag.

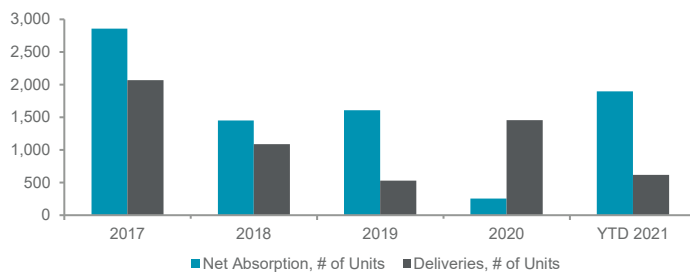
SUPPLY OR DEMAND: Strip District Leads Region In New Multifamily Development

Development, construction, and delivery of new units remain robust and on-track for the remainder of 2021 and into 2022. The Strip District, Lawrenceville, and Southside, which fall within the Greater Downtown submarket, will continue to dominate new multifamily construction with even more developments underway. Just in the Strip District alone, Brewer's Block broke ground, adding another 370 units, Oxide Development began construction on 114 units, Westrise Capital received approval for 265 units along the 3200 block of Smallman Street and the Hudson Companies have proposed additional units on the 2900 block of Smallman Street. In addition, higher-profile projects in the core submarkets are set to deliver over the next three quarters, with some beginning lease up in Q3 2021 including The District, Arsenal 201 Phase II, Connection @ Southside, and Helm on the Allegheny. In addition to new construction, several adaptive reuse projects have continued to work through approvals in the CBD, including The Pittsburgher, The Allegheny Building, Smith & Fifth, and the YWCA by City Club Apartments, which will add over 1,000 new units to the submarket.

PRICING: Rent Growth Continues Upward Post-COVID Climb

Effective rents in the Pittsburgh market have increased 5.5% year-over-year (YOY), coming in at \$1,152/unit. Core submarkets have increased 4.8% YOY, while non-Core submarkets have increased 9.5% YOY. With the surplus of new Class A inventory coming online in the coming quarters, rents have found their footing, and COVID-era concessions are gradually burning off. New product like The Commonwealth in the CBD and Helm on Allegheny in the Strip District (Greater Downtown) continue to put upward pressure on rents, with average effective rents in the CBD almost eclipsing \$1,500/unit. Some suburban, non-core submarkets have had remarkable recoveries: Washington County, with its huge exposure to the consolidating energy sector, has seen fantastic rent growth over the last year, as has Beaver and Westmoreland County, driven by robust logistics employment opportunities.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & EFFECTIVE RENT



SUBMARKET	INVENTORY (BUILDINGS)	INVENTORY (UNITS)	UNDER CONSTR (UNITS)	YTD NET ABSORPTION (UNITS)	VACANCY RATE	YOY VACANCY RATE CHANGE (BPS)	AVG EFFECTIVE RENT/UNIT	AVG EFFECTIVE RENT PSF	YOY % EFFECTIVE RENT GROWTH
Cranberry/Mars	22	2,817	276	-18	2.50%	-290	\$1,375.00	\$1.39	10.98%
CBD	33	3,228	491	239	15.10%	-360	\$1,490.00	\$1.77	2.90%
Oakland	177	4,333	0	63	2.40%	-290	\$1,337.00	\$1.86	3.32%
Parkway East	487	14,057	62	141	2.70%	-40	\$923.00	\$1.08	5.37%
Parkway West	178	8,918	0	242	3.50%	-290	\$1,184.00	\$1.28	6.47%
North Hills	366	12,252	0	157	3.70%	-150	\$1,084.00	\$1.22	6.69%
South Hills	511	18,303	0	310	3.90%	-170	\$1,009.00	\$1.22	5.77%
Greater Downtown	209	9,196	1,098	279	6.40%	-230	\$1,595.00	\$1.89	4.04%
East End	728	11,835	0	253	3.10%	-340	\$1,386.00	\$1.71	4.21%
CORE TOTAL	2,711	84,939	1,924	1,666	4.09%	-160	\$1,182.00	\$1.39	4.80%
Armstrong	15	336	0	3	22.70%	-140	\$723.00	\$0.63	0.00%
Butler	69	1,649	0	24	3.50%	-220	\$760.00	\$0.99	5.83%
Fayette	35	748	0	4	3.60%	-120	\$650.00	\$0.72	1.72%
Beaver	88	2,666	0	58	3.10%	-130	\$1,058.00	\$1.04	12.19%
Washington	94	3,688	129	88	8.80%	-10	\$1,275.00	\$1.37	18.06%
Westmoreland	190	6,511	0	57	8.10%	-220	\$762.00	\$0.79	5.25%
NON-CORE TOTAL	491	15,598	129	234	7.02%	-160	\$1,015.00	\$1.06	5.25%
GRAND TOTAL	3,202	100,537	2,053	1,900	4.55%	-180	\$1,152.00	\$1.33	5.49%

KEY SALES TRANSACTIONS 2021 YTD

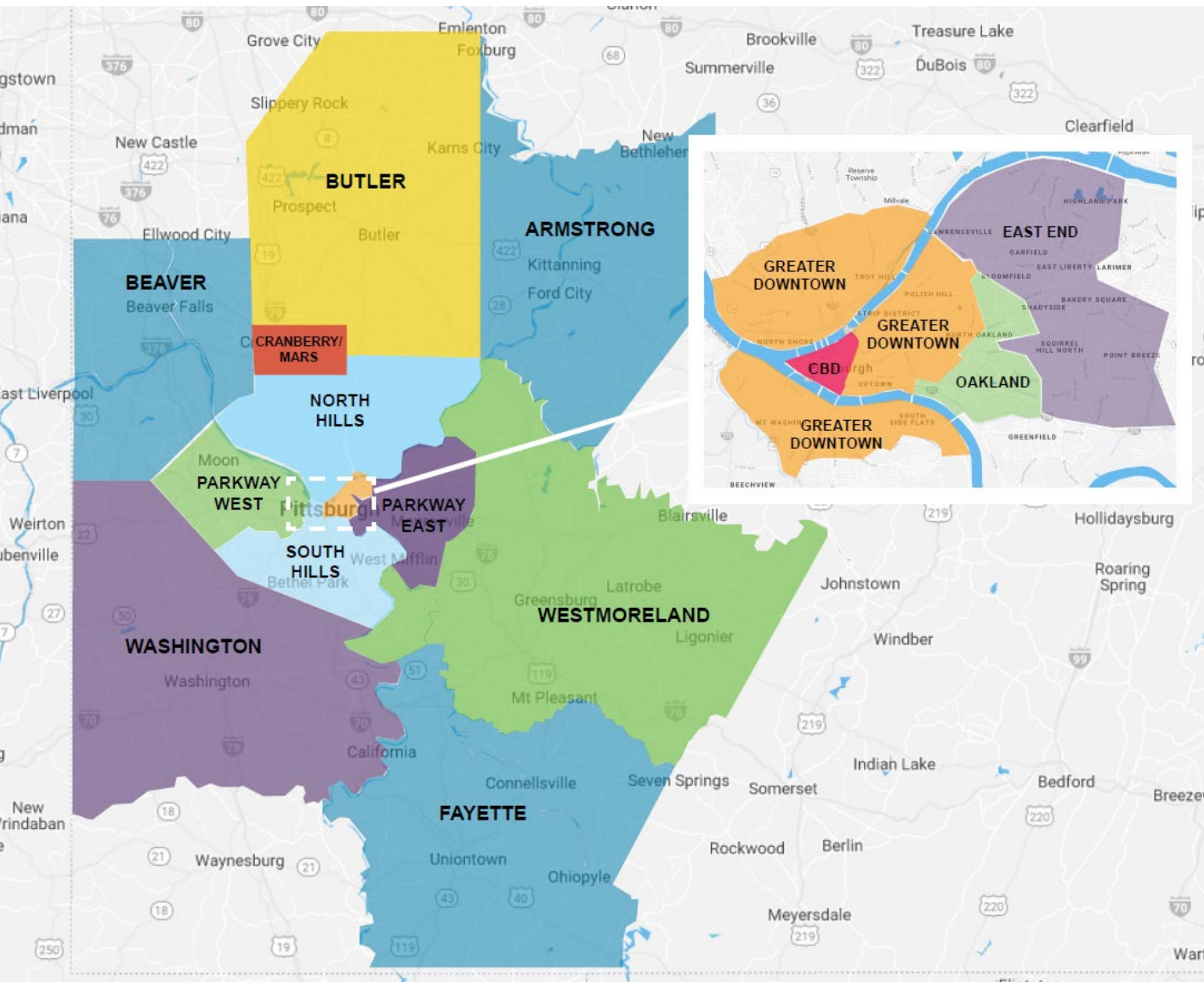
PROPERTY	SUBMARKET	SELLER / BUYER	UNITS	PRICE / \$ UNIT
The Encore on 7 th	CBD	AFL-CIO Inv Trust / McCaffery	151	\$41,000,000 / \$271,523
Flats on Fifth	Greater Downtown	Castlebrook / GCU	74	\$15,000,000 / \$202,703

CONSTRUCTION PIPELINE 2021 DELIVERIES

PROPERTY	SUBMARKET	DELIVERED	UNITS	OWNER / DEVELOPER
The Commonwealth	CBD	Q3 2021	140	JCS Development
Kaufmann's Grand	CBD	Q3 2021	311	Lubert Adler
Helm on the Allegheny	Greater Downtown (Strip)	Q3 2021	220	Oxford Development
The District	Greater Downtown (Strip)	Q4 2021	442	The NRP Group
Arsenal 201 Phase II	Greater Downtown (Strip)	Q4 2021	343	Milhaus / Franjo
Connection @ Southside	Greater Downtown (Southside)	Q4 2021	280	TWG Development

MARKET DRIVERS

- Demand remains very strong for highly amenitized space. Class A product is driving both new construction and adaptive reuse deliveries, raising effective rents per unit.
- Absorption in the CBD/Greater Downtown will accelerate into 2022, with many major companies announcing re-entry into the office post-COVID.
- Live, work & play environment continues to attract "renter by choice" phenomena with the continued renaissance of major neighborhoods such as the Strip District, Southside Works and East Liberty.



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