

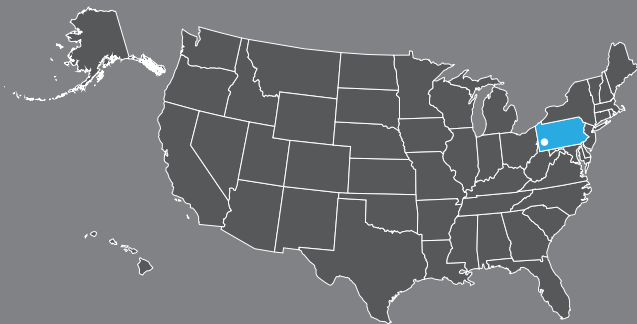
# HUD PD&R Housing Market Profiles

## Pittsburgh, Pennsylvania



### Quick Facts About Pittsburgh

- **Current sales market conditions: balanced**
- **Current rental market conditions: soft**
- **Known as the “City of Bridges,” Pittsburgh boasts 446 bridges, even more than the number in Venice, and ranks fourth in the number of bridges among all major cities in the world.**



By Matthew Tieff | As of March 1, 2019

### Overview

The Pittsburgh metropolitan area consists of seven counties: Allegheny, Armstrong, Beaver, Butler, Fayette, Washington, and Westmorland, and is coterminous with the Pittsburgh Metropolitan Statistical Area. A former capital of industry, Pittsburgh is considered one of the top five most “livable” cities in the United States (The Economist Intelligence Unit Global Livability Index).

- As of March 1, 2019, the estimated population of the Pittsburgh metropolitan area is 2.32 million, reflecting an average annual loss of 6,750 people, or 0.3 percent, since 2013, when domestic out-migration began to outpace international in-migration (Census Bureau population estimates as of July 1, 2018). Net natural change (resident births minus resident deaths) averaged a decline of 3,775 annually, whereas net out-migration averaged 2,975 each year.
- From 2010 to 2013, net migration was positive, averaging 4,225 people annually. The total population was relatively unchanged, however, due to an equal decline in net natural change.
- Since 2010, the population in Greater Downtown Pittsburgh, which includes the Golden Triangle where the Allegheny

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and Monongahela rivers join to form the Ohio River, has grown by 420 people, or 3.2 percent, annually (Pittsburgh Downtown Partnership). As of July 2018, the population of

Allegheny County, which includes the city of Pittsburgh, was an estimated 1.22 million people, accounting for 52 percent of the population of the metropolitan area.

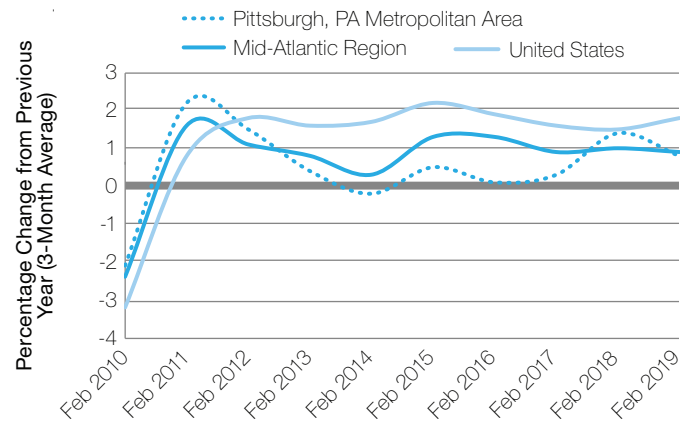
## Economic Conditions

In the Pittsburgh metropolitan area, the impact of the Great Recession was relatively short-lived, but economic growth has been slow. From 2010, when the economy began to recover, through 2017, nonfarm payrolls increased by an average of 7,000 jobs, or 0.6 percent, annually, with all the jobs lost during the downturn recovered by 2012.

During the 3 months ending February 2019 —

- Nonfarm payrolls averaged 1.18 million, an increase of 9,500 jobs, or 0.8 percent, from the same period in 2018, matching the rate of growth in Pennsylvania. Payroll growth in the Pittsburgh metropolitan area, however, lagged behind the Mid-Atlantic and national growth rates, which increased 0.9 and 1.8 percent, respectively.
- The mining, logging, and construction sector added the most jobs and grew at a faster rate than any other sector, with an increase of 4,100 jobs, or a 6.4-percent increase, compared with a year earlier. Construction surged in 2018 with nearly 30 projects under development in Greater Downtown Pittsburgh, including several residential high rises and hotels, at an estimated investment of more than \$1 billion, compared with \$4.6 billion invested in residential and commercial developments during the previous 10 years (*Pittsburgh Post-Gazette*).

**Nonfarm job growth is positive in the Pittsburgh metropolitan area, but since 2012, growth has been slower than that of the nation overall.**



Note: Nonfarm payroll job growth.

Source: U.S. Bureau of Labor Statistics

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**Nonfarm payrolls in the Pittsburgh metropolitan area increased during the 3 months ending February 2019 relative to a year ago, with the largest gain and fastest rate of growth in the mining, logging, and construction sector.**

	3 Months Ending		Year-Over-Year Change	
	February 2018 (Thousands)	February 2019 (Thousands)	Absolute (Thousands)	Percent
<b>Total Nonfarm Payrolls</b>	1,170.9	1,180.4	9.5	0.8
Goods-Producing Sectors	149.8	153.0	3.2	2.1
Mining, Logging, & Construction	63.9	68.0	4.1	6.4
Manufacturing	85.9	85.1	-0.8	-0.9
Service-Providing Sectors	1,021.1	1,027.3	6.2	0.6
Wholesale & Retail Trade	165.6	162.8	-2.8	-1.7
Transportation & Utilities	47.1	48.8	1.7	3.6
Information	18.9	19.5	0.6	3.2
Financial Activities	73.6	75.0	1.4	1.9
Professional & Business Services	179.6	179.7	0.1	0.1
Education & Health Services	255.8	259.0	3.2	1.3
Leisure & Hospitality	114.9	117.4	2.5	2.2
Other Services	50.0	50.2	0.2	0.4
Government	115.7	114.9	-0.8	-0.7
	<b>(Percent)</b>	<b>(Percent)</b>		
Unemployment Rate	4.9	4.1		

Note: Numbers may not add to totals due to rounding.

Source: U.S. Bureau of Labor Statistics



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- The leisure and hospitality sector added 2,500 jobs, or a 2.2-percent increase. During the last year, nine hotels opened in the Pittsburgh area, six of which were in Allegheny County.
- The unemployment rate averaged 4.1 percent, down from 4.9 percent a year earlier.

The economy of the Pittsburgh metropolitan area, an industrial epicenter during the 19th and 20th centuries, has changed considerably during the past few decades. Currently, the education and health services sector accounts for 22 percent of all nonfarm payrolls in the Pittsburgh metropolitan area, up from 17 percent in 2000. During the 3 months ending February 2019, payrolls in the education and health services sector increased by 3,200, or 1.3 percent, to 259,000 jobs. Two of the largest employers, the University of Pittsburgh Medical Center and Highmark Health, employ 53,000 and 21,300 people in the metropolitan area, respectively. The Pittsburgh metropolitan area is home to several

### Largest Employers in the Pittsburgh Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
University of Pittsburgh Medical Center	Education & Health Services	53,000
Highmark Health	Education & Health Services	21,300
PNC Financial Services Group	Financial Services	13,000

Note: Excludes local school districts.

Source: Pittsburgh Business Times

colleges and universities, including Carnegie Mellon University, named for the Pittsburgh industrial magnates who founded the school in the early 20th century. In 2017, the economic impact of the colleges and universities in the metropolitan area was estimated at more than \$9 billion due to ongoing construction, student and visitor spending, federal aid, and research grants (Fourth Economy).

## Sales Market Conditions

The sales housing market conditions in the Pittsburgh metropolitan area are currently balanced, with an estimated vacancy rate of 1.6 percent, down from 2.0 percent in April 2010. As of December 2018, the metropolitan area had 2.3 months of inventory available, down from 3.1 months a year ago (CoreLogic, Inc.). As of January 2019, 2.3 percent of home loans in the HMA were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into real estate owned (REO) status, down from 2.9 percent a year earlier, matching the Pennsylvania delinquency rate, but higher than the national rate of 1.7 percent.

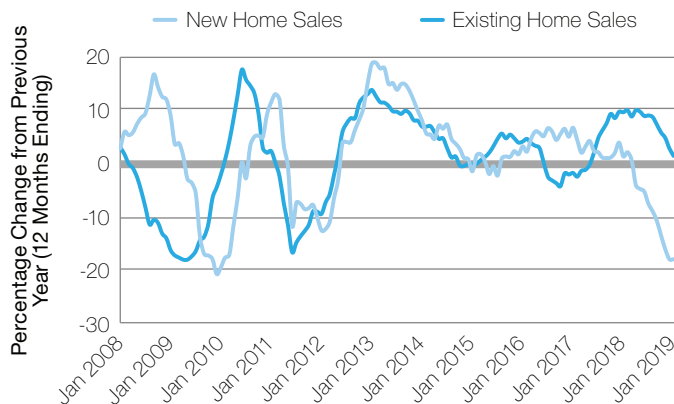
During the 12 months ending January 2019—

- Existing home sales (including single-family homes, townhomes, and condominiums) totaled 35,800, up 1 percent from the 35,350 homes sold during the 12 months ending January 2018, and are the highest number sold since 2004 (CoreLogic, Inc., with adjustments by the analyst).
- The average sales price for an existing home was \$176,100, an increase of 7 percent from \$164,600 during the previous 12 months. Existing home sales prices increased an average of 4 percent annually during the past 8 years, and the current

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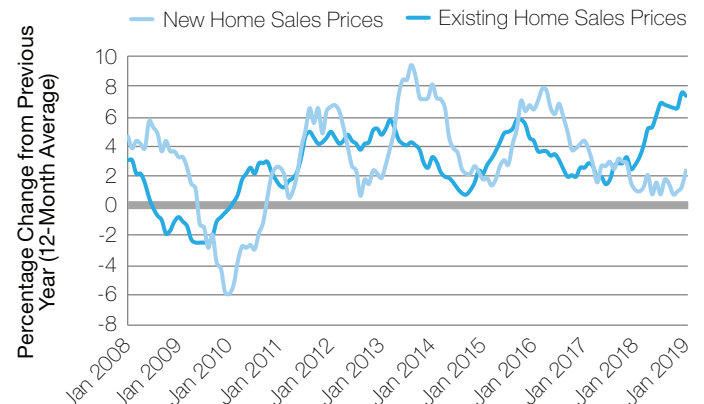
During the 12 months ending January 2019, existing home sales in the Pittsburgh metropolitan area were unchanged from the previous 12-month period, whereas new home sales declined.

Prices of new and existing homes sold in the Pittsburgh metropolitan area have increased since 2010; the rate of growth, however, has fluctuated significantly.



Note: Sales include single-family homes, townhomes, and condominiums.

Source: CoreLogic, Inc., with adjustments by the analyst



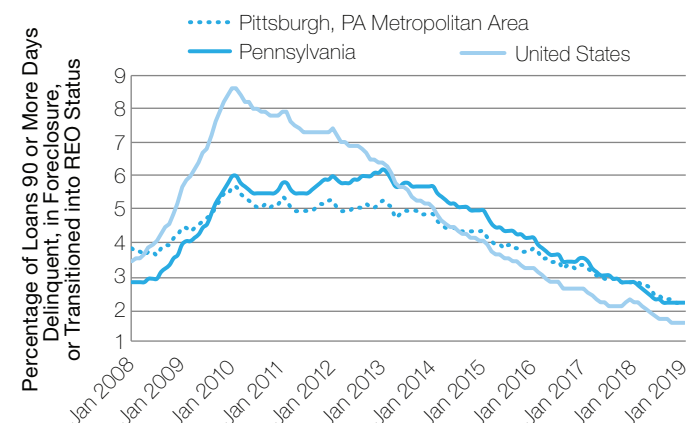
Note: Prices include single-family homes, townhomes, and condominiums.

Source: CoreLogic, Inc., with adjustments by the analyst



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The foreclosure crisis did not impact the Pittsburgh metropolitan area as much as the nation as a whole, but the percentage of home loans that are seriously delinquent or in REO status is above the national rate.



REO = real estate owned.

Source: CoreLogic, Inc., with adjustments by the analyst

price is 37 percent higher than the recent low price of \$127,300 during 2009.

- The number of new homes sold (including single-family homes, townhomes, and condominiums) totaled 1,775, down 18 percent from the 2,150 homes sold during the previous 12 months, in part due to rising construction costs and interest rates and declining population.
- The average sales price for a new home was \$364,800, a 2-percent increase from \$356,500 a year ago. New home prices are approximately 40 percent higher than the average of \$260,400 in 2009 after sales increased an average of 4 percent annually during the past 8 years.

Single-family home construction, as measured by the number of single-family homes permitted, has been relatively consistent, with a high of 3,400 homes permitted in 2010

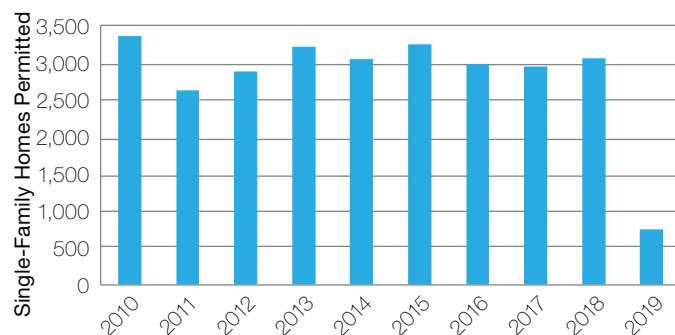
## Rental Market Conditions

Rental housing market conditions in the Pittsburgh metropolitan area are currently soft, with an estimated vacancy rate for all rental units (including single-family homes, mobile homes, and apartment units) of 9.2 percent as of March 1, 2019, an increase from 8.9 percent in 2010. The overall rental market has softened since 2010, in part, because of a decline in population. As of July 2017, 30 percent of households in the area rent, compared with 36 percent nationally (2017 American Community Survey 1-year data).

During the fourth quarter of 2018—

- The apartment market in the Pittsburgh metropolitan area was balanced with a vacancy rate of 4.9 percent, down from 5.4 percent a year earlier, and equal to the national average

Single-family permitting activity in the Pittsburgh metropolitan area has been relatively steady since 2010.



Note: Includes preliminary data from January 2018 through February 2019.

Source: U.S. Census Bureau, Building Permits Survey

compared with a low of 2,650 in 2011. Since 2010, nearly 60 percent of new home construction was outside Allegheny County as retirees were attracted to smaller homes in suburban and rural areas and new families moved to surrounding counties.

- The number of single-family homes permitted totaled 3,000 during the 12 months ending February 2019, unchanged from the previous 12 months (preliminary data). This is slightly below the average from 2010 through 2017 of 3,100 annually.
- The Pinehurst Village Housing Development is under construction at the Seven Oaks Country Club in Butler County. When completed in the fall of 2019, the development will consist of 35 two- and three-bedroom patio homes starting at \$295,000 and \$325,000 respectively.
- Justabout Farms is a single-family home development located in Peters Township, Washington County. The first phase of development is expected to include 28 of the 48 homes planned, with prices starting at \$539,000.

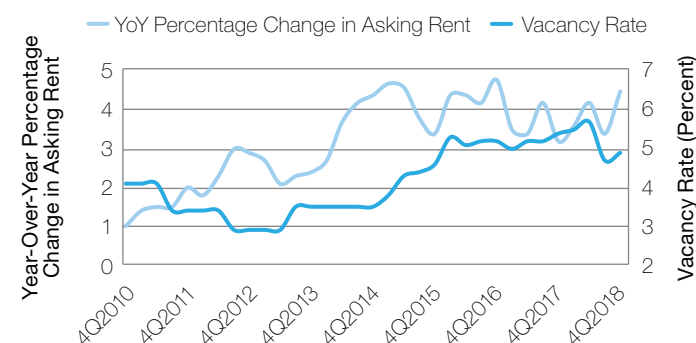
(Reis, Inc). The apartment vacancy rate in the Pittsburgh metropolitan area has been above 4 percent since 2015 due to new Class A apartment inventory entering the market, notably in Allegheny County.

- The average rent for apartments in the metropolitan area was \$1,104, an increase of nearly 5 percent from the average of \$1,056 during the fourth quarter of 2017. The average rents for studio, one-bedroom, two-bedroom, and three-bedroom apartments were \$840, \$985, \$1,189, and \$1,459, respectively.
- The increase in rent is in part due to the increase of new supply into the market, with higher-priced Class A apartment units

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The average rent and vacancy rates in the Pittsburgh metropolitan area have increased since 2013 as new apartments entered the market.



4Q = fourth quarter.

YoY = year-over-year.

Source: Reis, Inc.

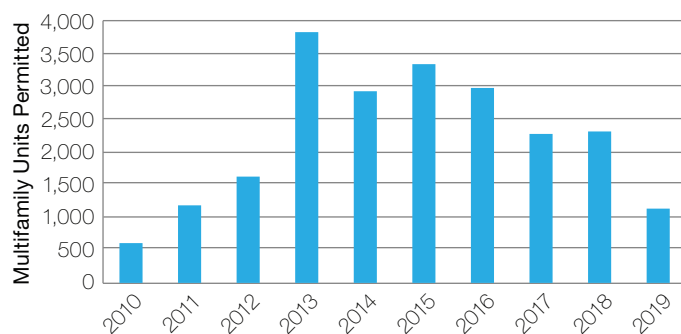
making up 38 percent of the market in 2018 compared with 31 percent in 2010. The asking rent for Class A apartments averaged \$1,462 a month, up 5 percent compared with a year ago, significantly higher than the Class B/C asking average rent of \$887 per month, up 3 percent from a year earlier.

- The vacancy rate in the Reis, Inc.-defined Bellefield market area in Allegheny County, part of Greater Downtown Pittsburgh, was 6.4 percent, slightly higher than the overall vacancy rate in the metropolitan area, due, in part, to newly constructed developments currently in lease up. The area had the highest average asking rent in the metropolitan area at \$1,394, up \$64, or 5 percent, from a year ago.

Multifamily building activity, as measured by the number of units permitted, increased substantially in 2013 in response to a tightening apartment market when more people moved into the Greater Downtown Pittsburgh area.

- During the 12 months ending February 2019, approximately 2,950 multifamily units were permitted in the metropolitan area,

Multifamily permitting in the Pittsburgh metropolitan area is currently below its recent peak in 2013.



Note: Includes preliminary data from January 2018 through February 2019.

Source: U.S. Census Bureau, Building Permits Survey, with adjustments by the analyst

a 19-percent increase from the 2,475 units permitted during the previous year (preliminary data, with adjustments by the analyst). An average of 3,075 multifamily units was permitted annually from 2013 through 2017 as the economy improved, compared with 1,150 units a year from 2010 through 2012.

- From 2013 through 2017, 71 percent of multifamily construction was in Allegheny County, compared with 59 percent from 2010 through 2012 (estimate by the analyst); most of the building activity in Allegheny was in the Bellefield market area.
- The Arsenal is a 243-unit multifamily development in downtown Pittsburgh, between the Allegheny River and Arsenal Park. Completed in the winter of 2018, asking rents for studio-, one-, two- and three-bedroom apartment units start at \$995, \$1,535, \$2,055, and \$2,860, respectively.
- Glass House at Station Square is a mixed-use commercial and market-rate residential development currently under construction in downtown Pittsburgh, on the Monongahela riverfront. The 320 apartment units are expected to be completed in the summer of 2019. Proposed rents are currently unavailable.