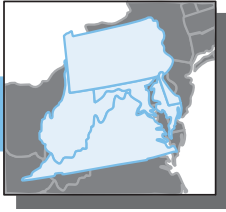


Housing Market Profile

Mid-Atlantic • HUD Region III



Pittsburgh, Pennsylvania

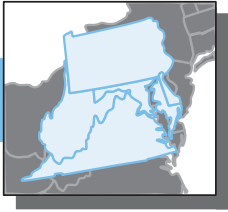
The Pittsburgh metropolitan area comprises seven counties in southwestern Pennsylvania. Once the largest center for steel manufacturing in the nation, the metropolitan area has emerged as a regional leader in health care and education. As of January 1, 2013, the population of the metropolitan area was estimated at 2.36 million. From July 2004 to July 2009, average annual net out-migration of 3,775 people contributed to an average annual population decline of 6,750, or 0.3 percent. From July 2009 to July 2011, as the economy in the metropolitan area outperformed the state and national economies, net in-migration averaged 5,350 people, increasing population growth to 2,150 people, or 0.1 percent, annually. According to the University Center for Social & Urban Research at the University of Pittsburgh (Pitt), the turnaround in net migration occurred because of less out-migration to retirement destinations in Arizona and Florida and increased in-migration from metropolitan areas in the Midwest. Since July 2011, annual population growth has averaged 2,700 people, or 0.1 percent, comprising a net in-migration of 5,950 people and a net natural decrease (resident births minus resident deaths) of 3,250 people.

The economy in the metropolitan area expanded significantly during 2011, doubling the average percentage growth among Mid-Atlantic metropolitan areas, but the pace of job growth moderated in 2012. During 2012, nonfarm payrolls in the metropolitan area increased by 12,900 jobs, or 1.1 percent, to 1.16 million jobs, which is less than the gain of 23,300 jobs, or 2.1 percent, during 2011. The education and health services sector accounted for about one-fourth of the overall payroll expansion, increasing by 3,500 jobs, or 1.4 percent. The opening of the University of Pittsburgh Medical Center (UPMC) East in July 2012 added approximately 400 jobs. UPMC and Pitt are large employers in this sector and are among the largest in the metropolitan area, with 42,900 and 12,450 employees, respectively. The mining and logging subsector added 1,300 jobs, a 15-percent increase, because of natural gas-drilling activities in the Marcellus Shale and growth in the export of mining products. According to the U.S. Department of Commerce, the metropolitan area is the nation's leading exporter of coal and minerals, with \$6.1 billion in exports during 2011, up more than 60 percent compared with the dollar volume of exports recorded during 2010. The construction subsector gained 1,300 jobs, or 2.6 percent, during 2011, but it lost 2,000

jobs, or 3.9 percent, during 2012, partially because of a decline in public-sector investments, including a recent statewide moratorium on new school construction. During 2012, the government sector lost 3,100 jobs, or 2.5 percent, and growth in the education and health services sector slowed from 3.3 to 1.4 percent because of cuts in state appropriations to public universities. During the 12 months ending November 2012, the unemployment rate in the metropolitan area averaged 7.0 percent, down from 7.3 percent during the previous 12 months.

The sales housing market in the Pittsburgh metropolitan area is soft, with an estimated vacancy rate of 1.7 percent, down from 2.0 percent in April 2010. According to CoreLogic, Inc., during the 12 months ending October 2012, sales of new and existing homes fell 2 percent, to 25,850 homes sold. The current sales activity is 13 percent less than the average of 29,750 homes sold each year from 2008 through 2010. During the 12 months ending October 2012, sales prices for new and existing homes averaged \$148,000, up 3 percent compared with the sales prices recorded during the previous 12 months and up 8 percent compared with the average sales price from 2008 through 2010. According to LPS Applied Analytics, as of November 2012, 5.5 percent of home loans were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned), up from 5.1 percent in November 2011. Homebuilding activity, as measured by the number of single-family homes permitted, has been relatively unchanged during the past 3 years. According to preliminary data, during the 12 months ending November 2012, permits were issued for 3,075 single-family homes, surpassing 3,000 homes for only the second time since 2007. By comparison, an average of 5,275 single-family homes were permitted annually from 2002 through 2004. Energy industry-related job growth is spurring homebuilding activity in Washington County, including 360 homes with prices ranging from \$190,000 to \$600,000, under construction at Overlook at Southpointe.

The rental housing market in the Pittsburgh metropolitan area is balanced, with an overall vacancy rate estimated at 7.8 percent, down from 8.9 percent in April 2010. Growth in younger households contributed to the balanced rental market. According to the 2011 American Housing Survey, householders ages 29 and younger, who tend to rent rather than own, increased by an average of 300 households, or 3.5 percent, annually from 2004 to 2011. During this same period, householders ages 35 to 64, who tend to own rather than rent, decreased by an



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average of 100 households, or 0.2 percent, annually. The apartment market in the metropolitan area, which comprises 38 percent of all renter-occupied units, is tight. According to MPF Research, during the third quarter of 2012, the apartment vacancy rate was 1.8 percent, up from 1.5 percent during the same quarter a year earlier, and the average rent increased 3 percent, to approximately \$1,000. Because of tight market conditions and increasing rents, multifamily construction activity increased compared with the low production levels from 2008 through

2010. According to preliminary data, 360 multifamily units were permitted during the 12 months ending November 2012, up from 120 units permitted during the previous 12 months. Apartments under construction include Highland Wallace, an office-to-residential conversion expected to be complete in June 2013. Rents for the 127 one- and two-bedroom units are expected to start at \$1,100.