

VIEWPOINT



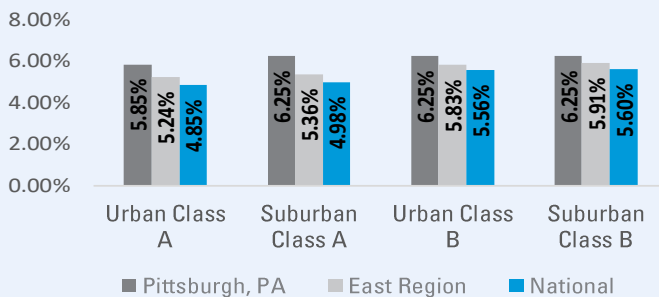
2023 PITTSBURGH, PA MULTIFAMILY ANNUAL REPORT

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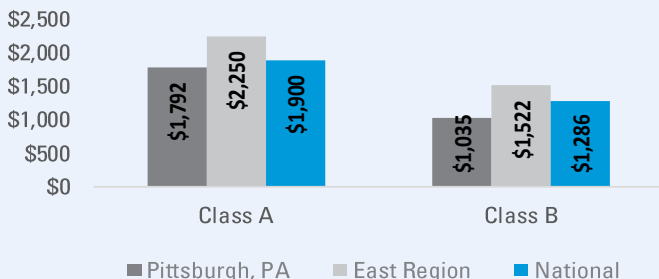
Market Rate Indicators (Y/Y)

Categories	Class A	Class B
Going In Cap Rate (%)	▼	↔
Asking Rent (\$/Unit)	▲	▲
Vacancy Rate (%)	▲	▼

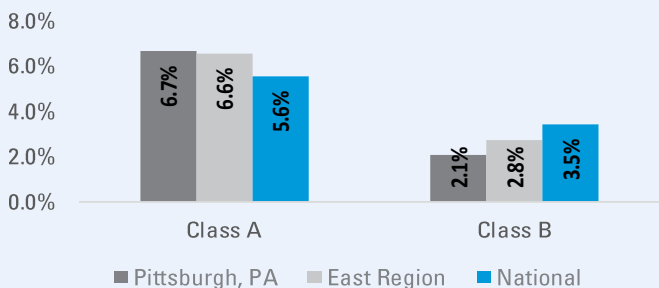
Going In Cap Rate Comparisons (%)



Asking Rents (\$/Unit)



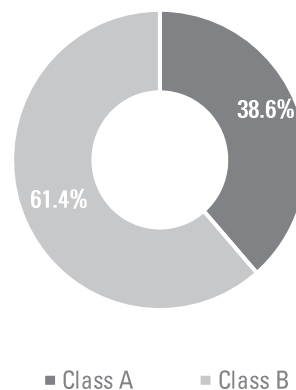
Vacancy Rates (%)



Pittsburgh, PA Multifamily Market Overview

The Pittsburgh multi-family market is strong with steady demand for apartments. The vacancy rate in the Pittsburgh market ranges from 0% to 7% with an average of 4.25%. There is stable occupancy with average rents at \$1,260 per month. Average rent has increased approximately 6% in the past 12 months. The suburban and urban fringe markets continue to experience low vacancies and increasing rentals. The vacancy rates range from 2.5% to 5.1% and rentals increased 3% to 8% over the past 12 months. The CBD or downtown market has a higher vacancy rate (approximately 7%) due to new inventory in the CBD. The CBD had overall rent growth of approximately 4.5% in the past 12 months. The East End of the City of Pittsburgh market is the most active and strongest multi-family market in the Pittsburgh Metro area. Vacancy rates average 2.4% the average rental is \$1,500 per month. There are numerous new multi-family developments which have been recently completed or under construction. The increase in inventory in this market has not adversely impacted occupancy or rental rates. Capitalization rates for multi-family properties in the Pittsburgh market has trended lower in the past 12 months. The average capitalization rate is approximately 6.3% which is a decrease from the previous year. Capitalization rates range from 4% to 7.5%, depending on the quality and location of the asset. There is population growth in the Pittsburgh metro area, albeit minimal, which is a reverse of the 30-year trend of decreasing population. Over the past 5 years, most new apartment construction has occurred in the East End of the City of Pittsburgh in the neighborhoods of Lawrenceville, Strip District, Shadyside and Oakland. These neighborhoods have a high concentration of students, young professionals, medical and tech employees. The surge in technology and healthcare jobs over the past decade has spurred interest in this market by institutional investors. This sector is expected to remain strong over the next 12 months with increasing rentals and low vacancy rates.

Distribution of Total Inventory



95,435 Units
Multifamily Inventory

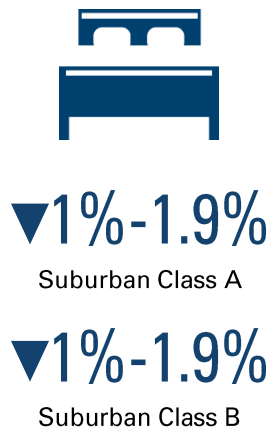
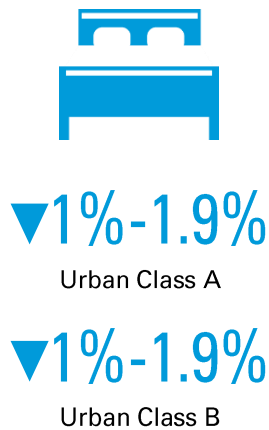
1.67% - 12 Mo. Proj.
Construction/Inventory

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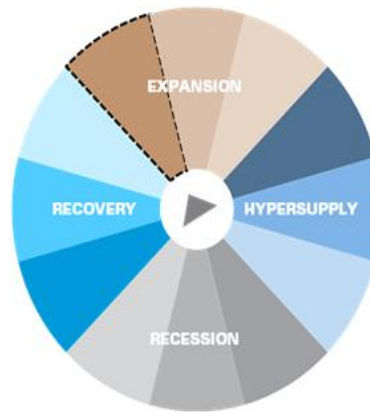
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Change In Value Next 12 Months



Market Cycle: Expansion Stage 1



- Decreasing Vacancy Rates
- High Absorption
- Med/High Rental Rate Growth
- Moderate/High New Construction
- Moderate/High Employment Growth

Forecasts

Pittsburgh, PA 12-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Going-In Cap Rates	Increase 25-49 bps	Increase 25-49 bps	Increase 25-49 bps	Increase 25-49 bps
Discount Rate	Increase 25-49 bps	Increase 25-49 bps	Increase 25-49 bps	Increase 25-49 bps
Reversion Rate	Increase 25-49 bps	Increase 25-49 bps	Increase 25-49 bps	Increase 25-49 bps
Construction (Units)	1,596			
Market Rent Change	+5.00%	+5.00%	+5.00%	+5.00%
Expense Rate Change	+5.00%	+5.00%	+5.00%	+5.00%
Years to Balance	In Balance			

Pittsburgh, PA 36-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Market Rent Change	+13.27%			
Change in Value	Decrease 2%-2.9%	Decrease 2%-2.9%	Decrease 2%-2.9%	Decrease 2%-2.9%

Integra Realty Resources (IRR) is the largest independent commercial real estate valuation and consulting firm in North America, with over 165 MAI-designated members of the Appraisal Institute among 600+ professionals based in our 50+ offices throughout the United States and the Caribbean. Founded in 1999, the firm specializes in real estate appraisals, feasibility and market studies, expert testimony, and related property consulting services across all local and national markets. Our valuation and counseling services span all commercial property types and locations, from individual properties to large portfolio assignments.

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