



PITTSBURGH, PA

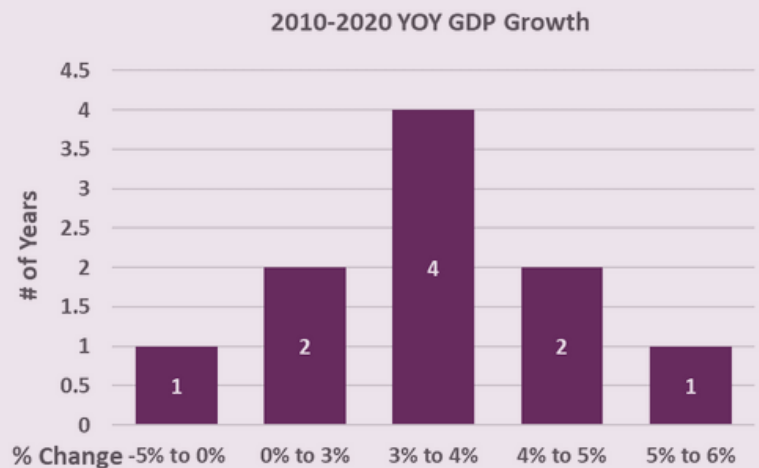
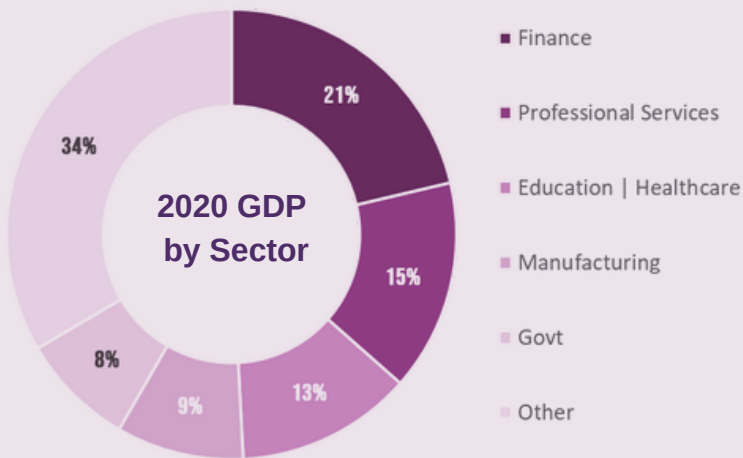
PLUM LENDING MARKET SPOTLIGHT



PLUM LENDING MARKET SPOTLIGHTS ARE INTENDED TO GIVE INVESTORS AND BORROWERS A DETAILED OVERVIEW OF THE INFORMATION THAT IS ALLOWING PLUM TO PLACE COMMERCIAL REAL ESTATE DEBT IN GROWING MARKETS

PLUM MARKET SPOTLIGHT - PITTSBURGH, PA

- The Pittsburgh MSA has a population of 2.3 million people with a median age of 43.1 (2022).
- The Pittsburgh MSA is home to 88 colleges and universities, including the University of Pittsburgh, Carnegie Mellon University, and Duquesne University.
- Pittsburgh has a large sports culture featuring the Steelers (NFL), the Penguins (NHL), and the Pirates (MLB). Collectively, the teams attract over 3 million annual visitors and generate approximately \$1.2 billion in direct visitor spending every year (*City of Pittsburgh*).
- Pittsburgh has received over \$3.3 billion in venture capital and private equity investment in the robotics industry over the past decade, along with receiving \$62.7 million in funding from the Build Back Better Regional Challenge.
- In 2022, Forbes named Pittsburgh the best housing market for Baby Boomers, featuring a median home price of \$225k.



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Commercial Real Estate Trends

Mixed-Use

- The Pittsburgh Penguins are currently under construction on the FNB Financial Center, a 26-story office building with ~470k SF rentable space, with a projected completion date of Q4 2023. The FNB Financial Center will spearhead the multi-billion dollar redevelopment of Lower Hill, featuring at completion 1,200 apartments, 250k SF of entertainment/retail space, 1.2M SF of office space, and over 400 hotel rooms.
- Somera Road, a NYC-based private equity firm, is redeveloping SouthSide Works, an 8-acre 500k SF mixed-use site in the South Side neighborhood of Pittsburgh. The project features a conversion of a movie theater into a 75k SF creative office building, infill multifamily development, and revitalized retail/restaurant space.

Office:

- Dickie McCamey, a national law firm founded in 1889, recently signed a 15-year lease of ~80k SF at Four Gateway Center (444 Liberty Ave), one of the preeminent 4-star Class A office buildings in the Pittsburgh CBD.
- Office vacancy throughout the Pittsburgh MSA is roughly 18.9%, which is moderately higher than the 14.3% vacancy pre-COVID (2019).

Multifamily:

- Due to a surplus of office supply, along with decreasing demand, there are multiple office-to-residential conversions underway throughout the city. As of December 2022, over 3,300 units have been created in the urban core, along with another 1,500 in the pipeline.
- In 2022, multifamily rents increased by 14.3%, with vacancy rates just under 4%.

Industrial:

- Al Neyer, a Cincinnati-based developer, announced its plans to develop roughly 2 million SF of new projects in the Pittsburgh MSA after raising \$200M in a new fund, focusing on the continued demand for Class A warehouse and flex space.
- Vacancy rates remain below 5% due to high demand from the city's economic driver of robotics/AI and manufacturing.

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Largest employers in Pittsburgh:

- UPMC: 53,000
- Highmark Health: 17,835
- University of Pittsburgh: 14,003
- Walmart/Sam's Club: 12,000
- PNC Financial Services Group: 11,300
- Giant Eagle: 10,782
- Commonwealth of Pennsylvania: 10,691
- Carnegie Mellon University: 6,072

Pittsburgh's Economic Drivers:

- Pittsburgh is widely known as Steel City, due to the extensive presence and history of steel manufacturers, with US Steel still headquartered in the city.
- Pittsburgh's economy has evolved in modern times to become a hub for life sciences, robotics/AI, cybersecurity, manufacturing/distribution, energy, and climate technology.
- Since 2013, Pittsburgh has experienced a 21% increase in its tech talent labor pool.

Pittsburgh serves as the headquarters for ten Fortune 500 companies:

- Kraft Heinz (NASDAQ: KHC) - #139
- US Steel (NYSE: X) - #172
- PNC Financial Services (NYSE: PNC) - #178
- Wesco International (NYSE: WCC) - #200
- Viatrix (NASDAQ: VTRS) - #204
- PPG Industries (NYSE: PPG) - #218
- Dick's Sporting Goods (NYSE: DKS) - #307
- Alcoa Corp (NYSE: AA) - #312
- Wabtec (NYSE: WAB) - #439
- Arconic (NYSE: ARNC) - #476

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