Northmarq

CONSTRUCTION ACTIVITY

UNDER CONSTRUCTION	1,953
UNITS DELIVERED (YTD)	858

MARKET FUNDAMENTALS

VACANCY RATE	4.8%
YEAR-OVER-YEAR CHANGE	+40bps
ASKING RENTS	$1,523
YEAR-OVER-YEAR CHANGE	+3.1%

TRANSACTION ACTIVITY (YTD)

MEDIAN PRICE PER UNIT	$65,500

PITTSBURGH MULTIFAMILY
Q2 2026

MARKET INSIGHTS

Rent growth persists as supply pressure eases

HIGHLIGHTS

- Operating conditions in Pittsburgh generally improved during the second quarter, with vacancy holding steady while rents posted strong gains. Meanwhile, the pace of multifamily deliveries continued to slow from last year's peak, with roughly 850 units completed year to date.
- The vacancy rate in Pittsburgh remained unchanged at 4.8% in the second quarter. During the past 12 months, the vacancy rate increased by a total of 40 basis points.
- Asking rents increased by 1.3% during the second quarter, rising to $1,523 per month. Year over year, asking rents in Pittsburgh are up 3.1%.
- Multifamily sales activity slowed during the first half of the year, with roughly 50% fewer transactions than during the same period in 2025. The year-to-date median sale price is $65,500 per unit, down 7% from 2025. Cap rates averaged 7.5%, though they varied considerably across deals.

PITTSBURGH MULTIFAMILY MARKET OVERVIEW

Pittsburgh multifamily operating conditions remained healthy during the second quarter. While vacancy is still higher than one year ago, the higher levels of new deliveries that had been pushing vacancy upward has largely passed, allowing underlying demand to catch up with the increase in supply. This dynamic supports the market's long-term pattern of persistent rent growth and places multifamily operators in a favorable position. Class C assets have been posting the strongest recent results, with rent growth and vacancy improvement significantly outperforming the other property classes. Similar trends have emerged in the Westmoreland/Fayette Counties submarket, which led the market in both rent and occupancy gains. Central Pittsburgh also stood out, with rents rising 4.2% during the past year while vacancy declined by 100 basis points.

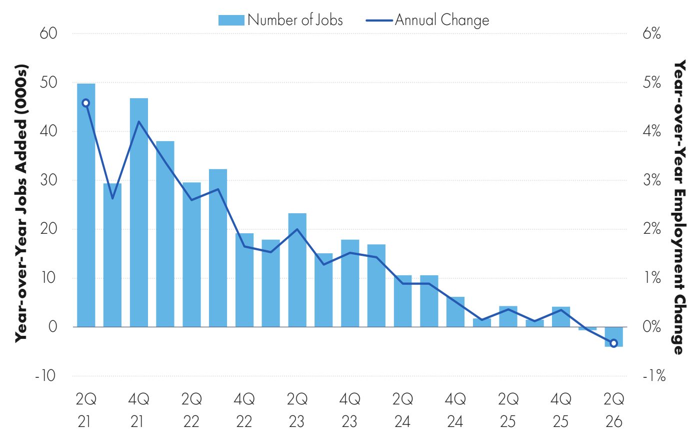
The multifamily investment sales market in Pittsburgh remained muted during the first half of 2026, with the number of properties changing hands falling 50% from the same period last year while pricing edged lower. This decline in pricing was primarily driven by a shift in the submarkets where transactions occurred. Last year, Beaver County and Downtown Pittsburgh accounted for nearly 20% of all sales, with median prices in both submarkets exceeding $100,000 per unit. So far this year, there has not been a single sale in either area. The South Allegheny submarket emerged as the leading area for multifamily transactions, accounting for nearly 40% of all sales during the first half of 2026, while the median sale price increased 26% to $77,400 per unit. More than 90% of all properties that traded during the first half of the year were Class C assets.

EMPLOYMENT

- Employment conditions in Pittsburgh have softened during the past year. Total employment declined 0.3%, resulting in a net loss of roughly 4,000 jobs across the market.
- The private education and health services sector continues to lead employment growth by a wide margin. Year over year, employers in this sector expanded payrolls by 1.9% with the addition of 5,100 jobs.
- The financial activities sector was another bright spot in the Pittsburgh employment market. There was a net increase of 1,300 jobs in the past year, with payrolls expanding by 1.7%.
- **FORECAST:** Job losses are expected to moderate in the coming months, though total employment is still forecast to decline this year. Employment in Pittsburgh is projected to contract by 0.4% in 2026, resulting in a net loss of roughly 5,000 jobs.

Private education and health services led employment growth.

EMPLOYMENT OVERVIEW



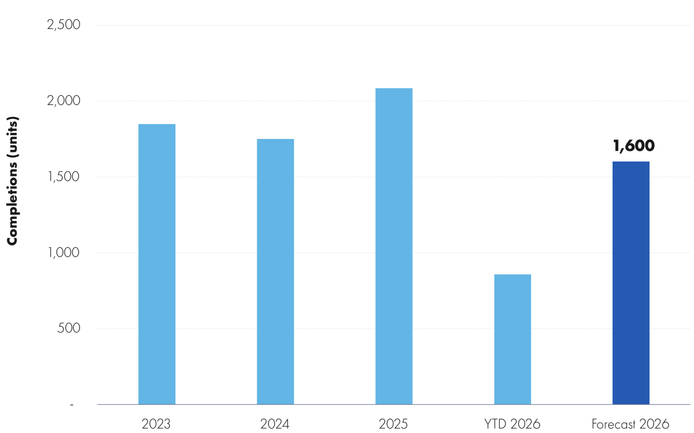
Sources: Northmarq, Bureau of Labor Statistics

DEVELOPMENT & PERMITTING

- Pittsburgh multifamily deliveries have slowed this year after peaking in 2025. Approximately 850 units have been completed through the first half of 2026, down 20% from the same period last year.
- The construction pipeline has tapered as well. As of the end of the second quarter, roughly 2,000 units were under construction in Pittsburgh. That figure is down from more than 3,000 units underway at the same time last year.
- Multifamily permitting slowed from the peak levels recorded in 2025. During the first two quarters of 2026, permits were pulled for projects totaling approximately 900 units, down 40% from the same period one year ago.
- **FORECAST:** Following a cyclical peak in multifamily completions during 2025, deliveries are projected to slow in 2026. Total completions are projected to reach approximately 1,600 units by year-end, down 23% from the prior year.

Deliveries are down 20% from the same period last year.

DEVELOPMENT TRENDS

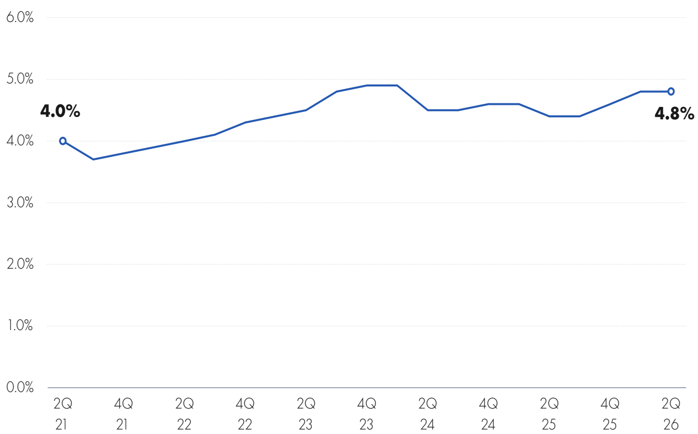


Sources: Northmarq, CoStar.

VACANCY

Class C vacancy declined year over year to 2.9%.

VACANCY TRENDS



Sources: Northmarq, Yardi

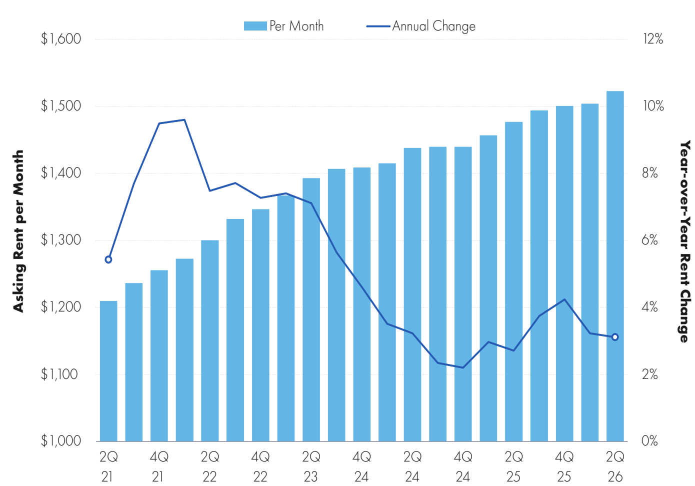
- The vacancy rate in Pittsburgh held steady at 4.8% during the second quarter following a slight uptick during the first quarter. Compared to one year ago, vacancy has risen 40 basis points.
- The Westmoreland/Fayette Counties submarket recorded the greatest vacancy improvement of any submarket, despite already having the lowest vacancy rate in the Pittsburgh metro. Year over year, the vacancy rate in this area decreased 110 basis points to 0.8%.
- Despite an overall rise in vacancy in Pittsburgh during the past year, Class C vacancy improved. In the past 12 months, lower-tier property vacancy decreased by 60 basis points to 2.9%.
- **FORECAST:** After leveling off in 2025, the vacancy rate is expected to begin improving in 2026. The vacancy rate in Pittsburgh is forecast to end the year at 4.3%, marking a 30-basis-point annual improvement.

RENTS

- Asking rents posted a strong quarterly gain, building upon long-term sustained growth. In the second quarter, asking rents increased by 1.3% to $1,523 per month. Year over year, rents are up 3.1%.
- The Westmoreland/Fayette Counties submarket recorded the strongest rent gains in the Pittsburgh market. Rents in this area increased by 7.2% during the past 12 months, rising to $1,266 per month.
- Lower-tier apartments are leading rent growth in Pittsburgh. Class C rents increased 6.6% year over year to $1,230 per month, compared with 2.7% growth for Class A properties. During the second quarter alone, Class C rents jumped 4.6%.
- **FORECAST:** The strong pace of rent growth is expected to continue through the second half of the year. Asking rents are projected to increase by 3.5% in 2026, ending the year at roughly $1,550 per month.

Year over year, average asking rents are up 3.1%.

RENTS TRENDS



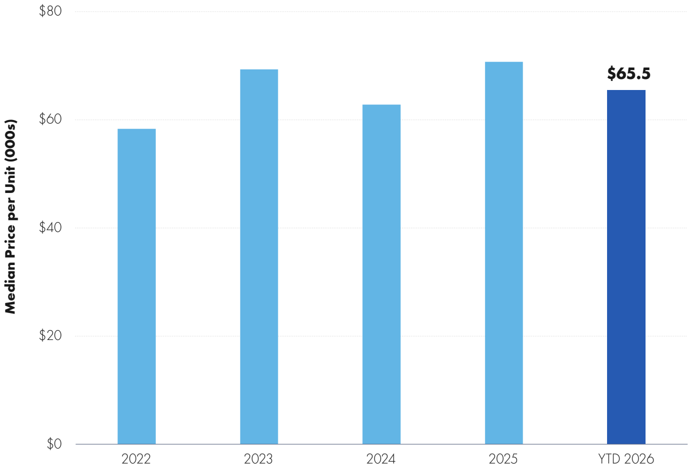
Sources: Northmarq, Yardi

MULTIFAMILY SALES

- Multifamily investment sales activity continued to slow during the first half of 2026. Roughly 50% fewer transactions closed than during the same period last year. Nearly all properties that traded during the period were Class C assets.
- Year to date, the median sale price in Pittsburgh is $65,500 per unit, down 7% from last year. The decline is primarily attributable to a lack of transactions in higher-priced areas such as Beaver County and Downtown Pittsburgh rather than deterioration in broad-based pricing.
- Cap rates recorded a wide range during the first half of this year. The average cap rate in Pittsburgh was approximately 7.5%, though a handful of properties traded with cap rates below 6.0% or above 9.0%.

The year-to-date median sale price is $65,500 per unit.

INVESTMENT TRENDS



Sources: Northmarq, CoStar

RECENT TRANSACTIONS MULTIFAMILY SALES ACTIVITY

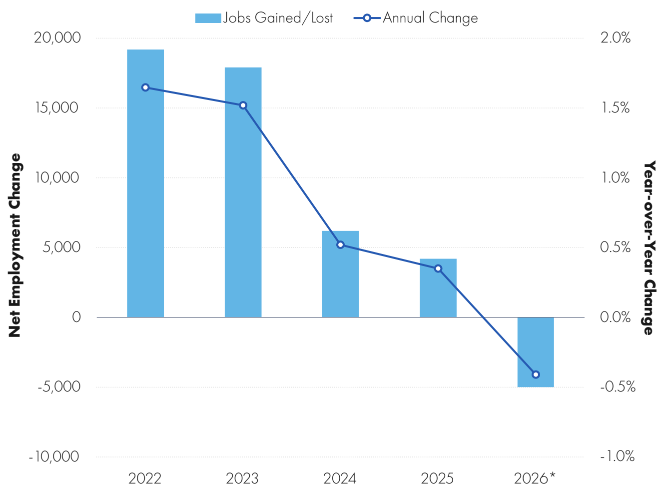
PROPERTY NAME	STREET ADDRESS	YEAR BUILT	UNITS	SALES PRICE	PRICE/UNIT
Apartments on Academy	44-50-60 Academy Ave., Pittsburgh	1900	56	$5,800,000	$103,571
Webster Tower	240 Melwood Ave., Pittsburgh	1940	48	$3,960,697	$82,515
The California	909 California Ave., Pittsburgh	1951	48	$2,839,914	$59,165

LOOKING AHEAD

Operating conditions in Pittsburgh are expected to continue improving through the second half of the year as the pace of multifamily deliveries continues to slow. With fewer new units entering the market, existing demand should have an opportunity to catch up with recent supply growth, supporting occupancy and rent performance. While improvements in some areas may be modest, overall rent growth is expected to remain in line with 2025 levels. One factor to monitor is the pace of employment growth. Although slower hiring is not expected to materially impact vacancy in the near term, a prolonged slowdown could temper rent growth in 2027 as operators prioritize occupancy.

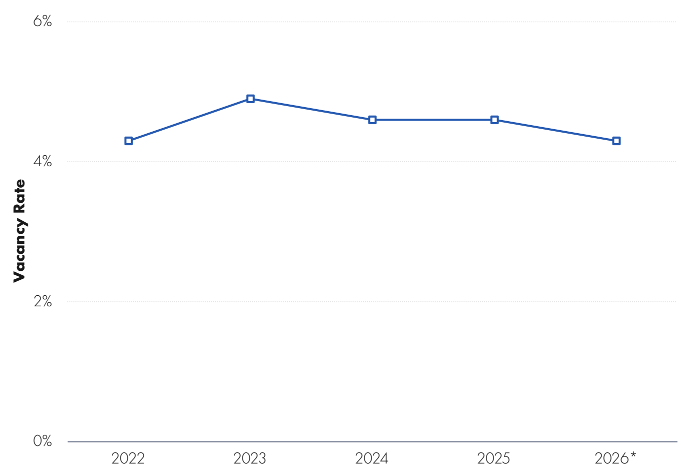
Multifamily investment activity is forecast to improve during the third and fourth quarter of 2026. Volume will likely accelerate in the coming months as improving operating conditions pull more investors off the sidelines, though the total number of properties that change hands this year should still fall below the previous two years due to the deceleration in activity recorded during the first half of 2026. Submarkets such as Downtown Pittsburgh and East Pittsburgh are expected to account for a growing share of transaction activity, although sales should remain broadly distributed across the metro. The ratio of Class B sales to Class C sales is forecast to remain near its current level for the foreseeable future, while cap rates may trend modestly lower in some parts of the market based on location and quality.

EMPLOYMENT FORECAST



* Year-End Forecast
Sources: Northmarq, Bureau of Labor Statistics

VACANCY FORECAST

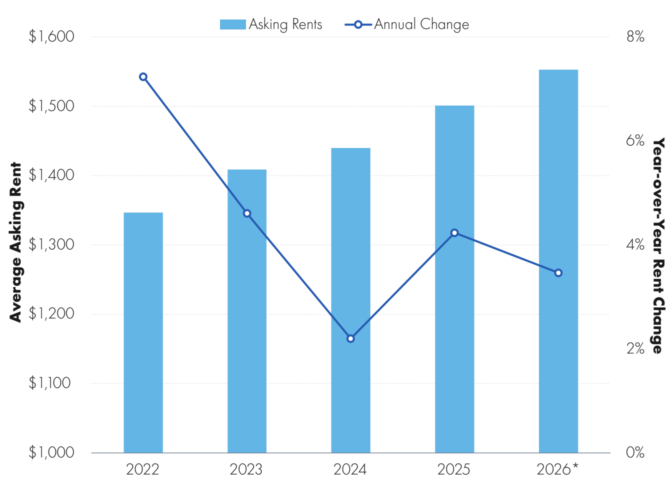


* Year-End Forecast
Sources: Northmarq, Yardi

CONSTRUCTION & PERMITTING FORECAST

* Year-End Forecast
Sources: Northmarq, CoStar, Census Bureau

RENTS FORECAST



* Year-End Forecast
Sources: Northmarq, Yardi

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