Market Report

MULTIFAMILY 2Q/26

Pittsburgh Metro Area

IPA INSTITUTIONAL PROPERTY ADVISORS

2026 FORECAST

EMPLOYMENT
3,000 — Jobs will be lost
0.2% — Decrease Y-O-Y

CONSTRUCTION
1,200 — Units will be added
0.8% — Inventory increase Y-O-Y

VACANCY
4.9% — Vacancy rate
20 — BPS increase Y-O-Y

RENT
$1,648 — Average effective rent by year-end
0.8% — Increase Y-O-Y

Despite Increasing Supply Pressure, Demand Holds Steady In Most-Affordable Segments

Demographic headwinds persist. Pittsburgh was the only major U.S. metro to record population decline in 2023 and again in 2024, underscoring a labor base that has been gradually contracting even before broader economic uncertainty in 2025. While the metro's established technology and life sciences ecosystems continue to attract strong venture capital investment on a per-capita basis, this has not recently translated into broad-based growth in high-paying roles. Therefore, new renter demand should remain moderate this year, pushing vacancy higher in the near term as the increase in new supply is absorbed.

Weaker demand most notable among luxury properties. Central Pittsburgh recorded a 200-basis-point decline in vacancy over the 12 months ended in March, the largest improvement in the metro, yet the rate remained elevated at 5.3 percent, second only to Oakland-Shadyside at 6.4 percent. This reflects continued softness in Class A performance, where concessions and lease-up pressure remain concentrated. In contrast, Class C vacancy remained below 4.5 percent across all submarkets, highlighting a clear bifurcation in fundamentals. Suburban areas such as East and South Pittsburgh should continue exhibiting more stable occupancy dynamics relative to core urban areas.

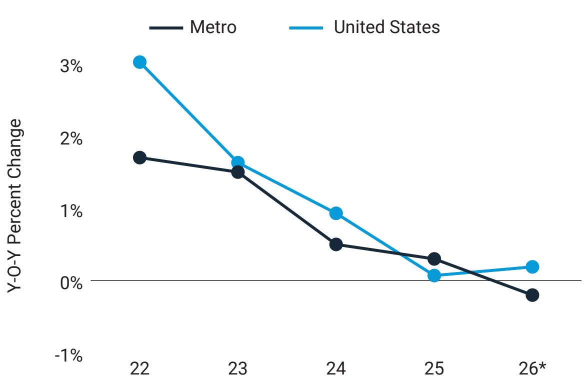
EMPLOYMENT

Total employment in Pittsburgh has not yet recovered to 2019 levels, making it one of only eight major U.S. metros — most of which are in the Midwest — still below their pre-pandemic employment bases. This prolonged recovery has contributed to periods where job growth has outpaced the national average, largely reflecting catch-up dynamics. The metro's concentration in education and health care also supports stability during downturns, but limits upside for near-term hiring acceleration.

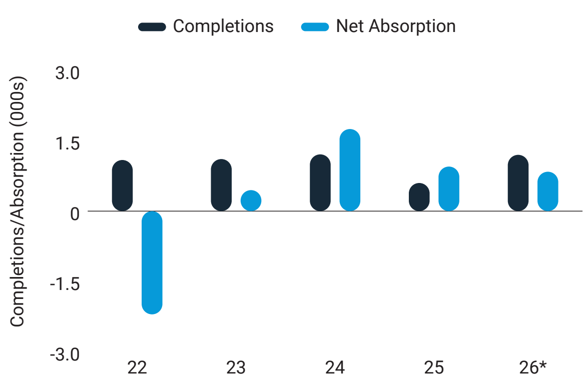
CONSTRUCTION

Deliveries are set to increase in 2026 following a 0.3 percent expansion of inventory in 2025, the lowest among major U.S. markets. Although still below the national average, this year marks the metro's highest delivery level since 2018. The majority of new supply is in Oakland-Shadyside; however, most of those units were delivered in the first quarter of 2026, indicating limited incremental pressure on fundamentals through the rest of the year.

EMPLOYMENT TRENDS



CONSTRUCTION TRENDS



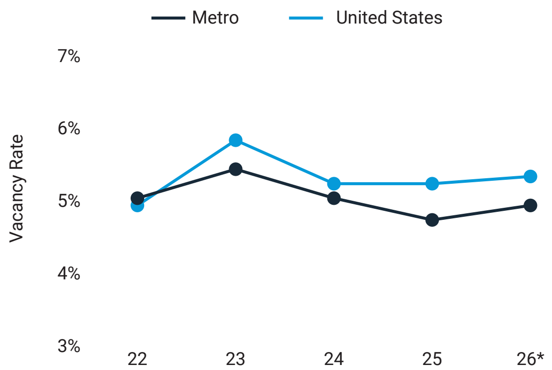
* Forecast

Sources: BLS; CoStar Group, Inc.; RealPage, Inc.

VACANCY

After a strong first half of 2025, renter demand slowed in the second half of the year, and that moderation has carried into early 2026. Combined with the modest uptick in supply, this is expected to push vacancy up to 4.9 percent by December, roughly in line with the metro's pre-pandemic average and ending a two-year tightening trend. Class A and B properties will experience the greatest upward pressure, while Class C vacancy is expected to remain in the mid-3 percent range, supported by continued affordability-driven demand.

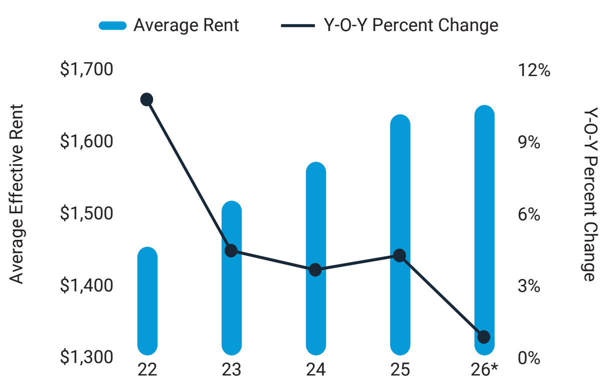
VACANCY TRENDS



RENT

As of March, Class C rent growth reached 5.8 percent year-over-year, notably outpacing Class A at 3.3 percent and Class B at 3.2 percent. This performance gap is expected to persist as demand remains concentrated in the affordable segment. Even with rising supply, the impact on overall vacancy is expected to remain contained, supporting continued, albeit moderating, rent growth. As a result, the metrowide average asking rent is expected to rise again in 2026, although at the slowest pace since 2020.

RENT TRENDS



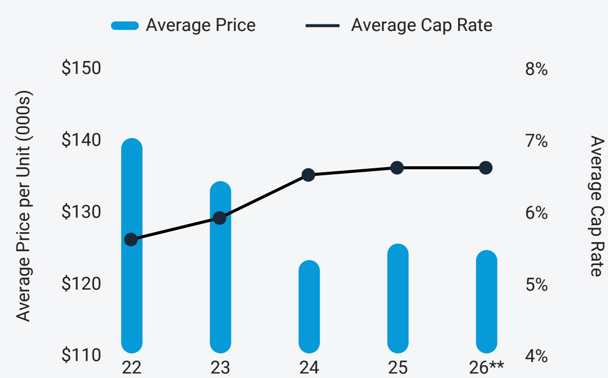
* Forecast ** Through 1Q

Sources: CoStar Group, Inc.; Real Capital Analytics; Realpage, Inc.

INVESTMENT HIGHLIGHTS

- Transaction velocity increased by about 33 percent in the 12 months ended in March, driven largely by sales under $10 million. Activity was concentrated in pre-1970s assets, reflecting heightened investor appetite for workforce housing supported by low vacancy and elevated rent growth in Class C properties. Buyers are increasingly underwriting stable in-place cash flow with embedded renovation potential, as smaller, older assets continue to serve as the primary liquidity driver in the metro's multifamily market.
- Nearly two-thirds of Pittsburgh's apartment inventory was built before 1980, providing investors with a structurally deep pool of properties suited for value-add strategies. This age profile is important, given persistently elevated replacement costs and the metro's geographic constraints, which limit the feasibility of new development across most submarkets. For investors able to absorb rising renovation costs, these factors can support reinvestment in existing properties.
- Consistent with this focus on older assets, transaction activity growth was most pronounced in Downtown Pittsburgh and Oakland-Shadyside, which feature a fragmented, privately held ownership base that supports frequent trading activity. Despite concession usage in roughly 40 percent of Class A and B units and elevated vacancy locally, it has not prompted an increase in luxury asset sales. This indicates investors are generally treating current operating softness as cyclical, with underwriting expectations still anchored to longer-term stabilization despite near-term supply pressure.

SALES TRENDS



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