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Pittsburgh's Commercial Market Faring Better Than Nation

July 21, 2010—Pittsburgh—A recent report by Real Capital Analytics showed that nationwide, commercial sales in the first half of 2010 measured just 26 percent of the average first-half dollar volume since 2004 and 12 percent of 2007's peak commercial volume.*

The metropolitan Pittsburgh commercial real estate market appears to be faring better than the nation overall. This year's first-half volume of \$395.8 million measures in at 59.3 percent of the prior-five-year average of \$667.3 million and 49.1 percent of 2007's first-half volume.

The region saw commercial sales volume plummet from a \$906.9 million first-half peak in 2006 to a \$256.9 million trough last year. This year's first-half total of \$395.8 million represents the first year-over-year increase in commercial dollar activity in five years and a jump of 54 percent over last year.

All told, investors forked out \$277.5 million for commercial, industrial and office properties in Allegheny County this year through June, a \$70.6 million (34.2 percent) jump over 2009. Not all regions within Allegheny County saw gains.

While the City of Pittsburgh, highlighted by two sales totalling \$73.6 million, saw a jump of over \$106 million, the East dropped by \$20 million and the West fell by \$36 million.

The two City top dollar sales accounted for almost half of the City's \$157.5 million total. One sale at 1315 Federal Street rang in at \$38.6 million for a 3 story medical office building and parking garage. The other, an 8 story office building and hotel on Penn Avenue, sold for \$35 million.

Sales were flat in northern Allegheny County at \$35 million compared to \$35.6 million last year.

Last year marked at least a five year low in commercial activity for each county in the region. Activity in all four outlying counties was up this year by nearly 100 percent or more over last year.

Westmoreland County jumped \$22.2 million from \$22.9 million last year to \$45.1 million this year. Butler County clocked in at \$30.5 million up from \$12.2 million in 2009. Beaver's commercial sales went from \$5.2 million last year to \$18.1 million this year. Washington County jumped \$14.8 million to \$31.2 million, up from \$9.9 million last year.

As a percentage of the prior five-year average, Butler, Washington and Westmoreland rated the strongest at 77.3, 77.9, and 68.8 percent, respectively.

Allegheny County's 2010 first-half commercial activity came in at 58 percent of the prior five-year average while Beaver was at 34 percent, still above the nation's average of 26 percent.

RealSTATs compiled these numbers from deeds recorded in the courthouses of each county. Figures were calculated based on the state transfer tax of recorded sales of commercial, industrial, institutional, multi-family, and office properties.

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*-(www.bloomberg.com/news/2010-07-07/u-s-commercial-property-sales-trail-average-as-supply-limited.html).

Metropolitan Pittsburgh Commercial Sales Activity
 January - June
 2005-2010

Number of Sales						
	2005	2006	2007	2008	2009	2010
Allegheny	790	784	702	669	536	609
East	149	173	165	131	105	107
North	134	142	113	106	96	125
Pittsburgh	275	256	201	240	185	232
South	167	151	154	119	101	99
West	65	62	69	73	49	46
Beaver	91	92	88	98	40	70
Butler	70	105	70	76	34	54
Washington	128	129	109	112	67	99
Westmoreland	220	195	187	162	145	152
5 County Region	1299	1305	1156	1117	822	984

Total Dollar Volume (Based on State Transfer Tax)								
Region	2005	2006	2007	2008	2009	2010	Prior 5-Year Average	Percentage of 5-yr avg
Allegheny	\$490,808,188	\$563,256,867	\$648,110,574	\$482,424,996	\$206,822,279	\$277,461,726	\$478,284,581	58.0%
East	\$87,680,826	\$66,475,530	\$163,866,094	\$67,317,443	\$39,306,220	\$19,441,092	\$84,929,223	22.9%
North	\$62,823,729	\$169,447,602	\$112,965,039	\$64,861,643	\$35,687,681	\$35,065,106	\$89,157,139	39.3%
Pittsburgh	\$103,779,638	\$194,948,754	\$73,872,770	\$192,783,833	\$54,130,501	\$160,367,269	\$123,903,099	129.4%
South	\$157,375,253	\$107,623,984	\$256,252,244	\$63,477,885	\$24,032,331	\$44,822,835	\$121,752,339	36.8%
West	\$79,148,742	\$24,760,997	\$41,154,427	\$93,984,192	\$53,665,546	\$17,765,424	\$58,542,781	30.3%
Beaver	\$43,041,196	\$164,163,025	\$30,597,215	\$21,389,590	\$5,192,385	\$18,107,379	\$52,876,682	34.2%
Butler	\$32,739,431	\$59,213,607	\$26,970,370	\$65,915,397	\$12,188,236	\$30,461,126	\$39,405,408	77.3%
Washington	\$46,336,319	\$27,565,736	\$28,729,761	\$43,415,579	\$9,883,678	\$24,654,025	\$31,186,215	79.1%
Westmoreland	\$77,511,393	\$92,670,385	\$72,187,259	\$62,976,527	\$22,863,320	\$45,136,852	\$65,641,777	68.8%
5 County Region	\$690,436,527	\$906,869,620	\$806,595,179	\$676,122,089	\$256,949,898	\$395,821,108	\$667,394,663	59.3%

First half commercial sales peaked in 2007 when 1305 properties changed hands for a total of \$906.9 million. In 2007 Duquesne Light transferred ownership to its power facilities and was a key factor in that year's activity. Since then, sales plummeted to at least a five-year low in 2009 when 822 properties were sold for a total of \$257 million. This year, sales jumped 54 percent from last year's low. These figures are based on recorded sales of commercial, industrial, institutional, office, and multi-family properties in Allegheny, Beaver, Butler, Washington, and Westmoreland Counties.

