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# Pittsburgh's Real Estate Boom

REAL ESTATE

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The Pittsburgh Real Estate boom has been on the rise for many years, and it doesn't appear to be stopping anytime soon. Much of this can be contributed to the concept of re-urbanization/gentrification, which has spurred growth in many major metropolitan areas throughout the United States. People are moving back to cities and out of the suburbs, with a desire for more restaurants, entertainment and an easier commute. This is especially true for Pittsburgh and has had an extremely favorable impact on the real estate market in recent years. According to CBRE, Pittsburgh's rental vacancy rate was 3.1% in the summer of 2013 (May-June), with its Shadyside-Oakland region being the strongest at a 1.8% vacancy rate. The 2014 Pittsburgh rental vacancy rate was 3.8% according to [Marcus & Millichap's 2014 National Apartment Report](#).

Pittsburgh's vacancy rate is among the lowest in the country, and as a result of this demand, the cost of residential real estate has risen significantly in recent years. For example, the average cost of a house in Lawrenceville has risen from \$46,000 in 2000 to \$120,000 in 2013<sup>[1]</sup>. Even more growth has shown in the South Side area, where the average cost of a home has gone from \$68,000 in 2000 to \$140,000 in 2013.

Growth in commercial real estate has also taken place, particularly in the restaurant and hotel market. There are several new hotels currently under construction in downtown, the north shore, and the strip district, including franchise hotels, such as the Hilton Garden Inn at Market Square, and the Homewood Suites by Hilton on Smallman Street. In addition, Kimpton's Hotel Monaco, a boutique hotel, opened on Sixth Street in Downtown Pittsburgh late last month.

Pittsburgh is also one of the top markets in the country for commercial office space, with its premier, or class "A", vacancy rate being among the lowest in the country. The high demand for office space downtown is evident in the construction of the new PNC Tower.

Pittsburgh has also had great success with restoration and preservation. For example, the historical theatre once known as the Stanley Theater, built in 1926, was restored into what is now known as the Benedum Center. Another example is Loew's Penn Theater, built in 1927 which is now Heinz Hall. Restaurants, bars, and other retail space have been thriving around these areas as a result of the city deciding to preserve these theatres. Within the past few years, the cultural district downtown has transformed from vacant storefronts, to a bustling strip with new restaurants and bars, all of which has contributed to the influx of people to the city. Many believe this is just the beginning of the boom and there is still much more growth to come.

With increased growth come numerous opportunities for investments. Investment in real estate can be complicated and can include many incentives such as the Historical Tax Credit, the 179D deduction, and the ability to accelerate depreciation expense with the performance of an in depth cost segregation study to name a few. Organizations or individuals considering investing in real property should [consult a professional with specific and extensive real estate experience](#) to determine all the risks and benefits.

[1] "Pittsburgh Region Is One of Hottest Real Estate Markets in Country", 2013, [pittsburgh.cbslocal.com](http://pittsburgh.cbslocal.com)

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