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FALL 2024
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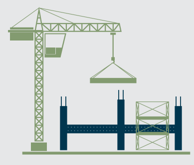
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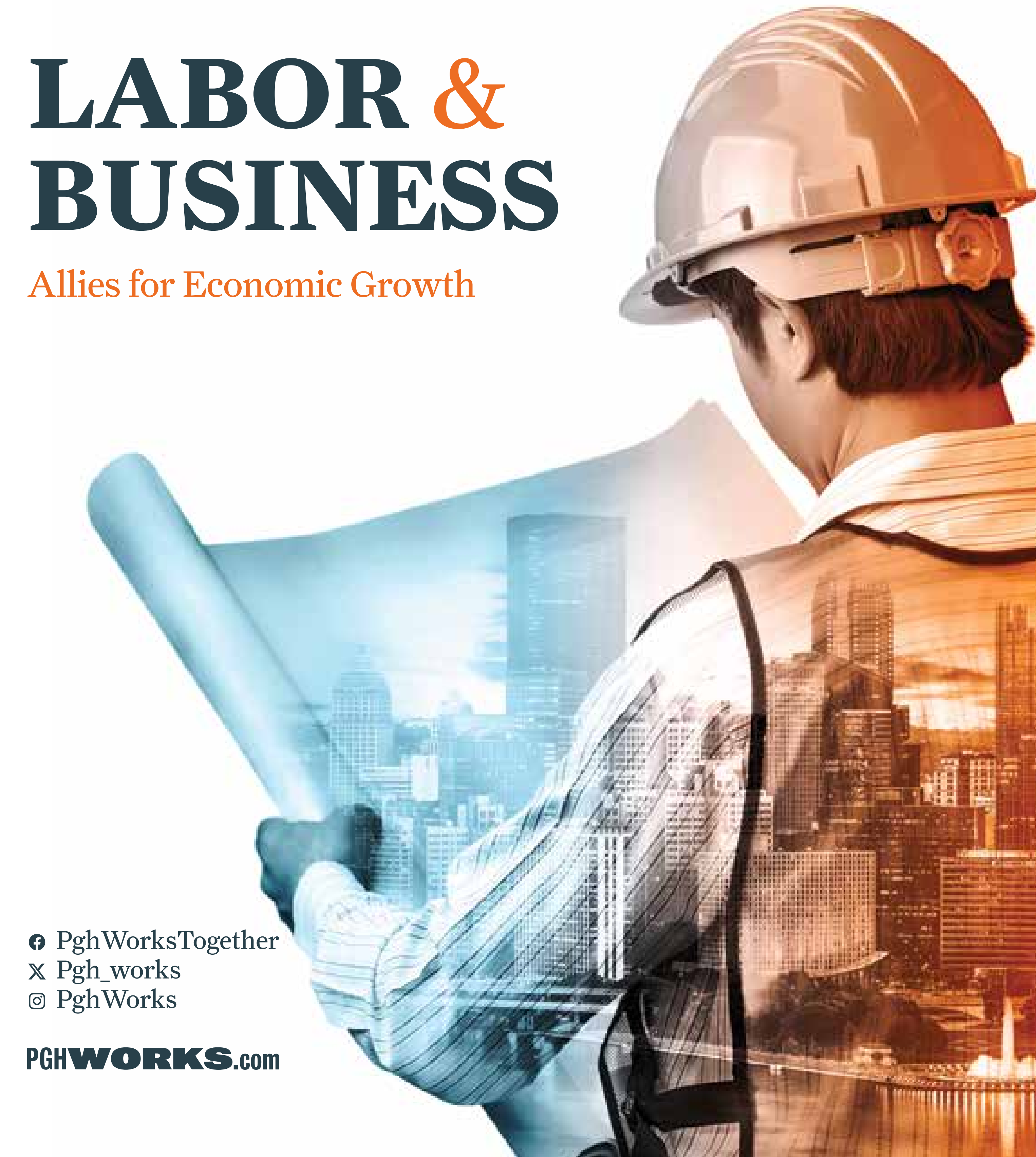

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Cover Photo: Diamond Ridge.
Photo by NAI Burns Scalo

PRESIDENT'S MESSAGE

On July 11th, Governor Shapiro signed into law Pennsylvania's $47.6 billion budget which includes many impacts on the commercial real estate industry. Specifically, the budget includes an emphasis on economic development and permit reform. Making Pennsylvania more competitive, nationally, for economy driving opportunities to secure new business has been a priority for the Governor's office and this budget certainly supports that effort.

Of the $500 million secured for site development, $400 million will be used for the PA SITES (Pennsylvania Strategic Investments to Enhance Sites) program to bring more shovel ready commercial and industrial sites to Pennsylvania. The Commonwealth clearly recognized the need to invest in more sites to secure meaningful, transformative, and job creating operations as it received more than 102 applications, requesting $236 million in funding, during last year's PA SITES pilot program. The program is also available for existing operations to help support and enable the growth and expansion of our current employer base. In analyzing much of the data provided by the Governor's office, the program should lead to more commercial and industrial projects for Pennsylvania, which is exactly what we, the commercial real estate industry, need out of our state's leadership.

In addition to site development, $10.5 million will be dedicated toward permit reform by clearing permit back logs and implementing a streamlined process to obtain permits issued by the state Department of Environmental Protection agency. The reform includes the option for the agency to select a third-party expert to review an applicant's permit request if the applicant agrees to pay for expedited review. The agency is also establishing an online portal giving applicants the opportunity to view the status of their permit applications.

NAIOP Pittsburgh has, for years, voiced the challenges lengthy permit review schedules put on the development community by jeopardizing project start dates. The NPDES permit specifically is typically the long the lead item in securing a development and ultimately starting a ground up project. By the time NPDES permit is received, developers have often received every other approval, permit, and financing. The real measurable of the Commonwealth's efforts is if the development community experiences improvement in the NPDES permitting process by seeing the issuance of these permits take significantly less time.

NAIOP Pittsburgh encourages its members to communicate their experiences with the Governor's new initiatives relative to permit reform. It is encouraging that increased funding and a third-party review option is now in place in an effort to expedite the process. However, do we just need legislation limiting review periods to see improvement? NAIOP Pittsburgh will be tracking the progress made by the state's efforts and informing our members of this initiative's impact.

Lastly, this will be my last message in Developing Pittsburgh. I would like to express to NAIOP Pittsburgh my sincere thanks for allowing me to serve as the Chapter President over the past two years.

Brandon Snyder
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NAIOP Pittsburgh President

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I am excited to say that we have had a great start to the year 2024. Between another 900-plus-attendee awards banquet, multiple successful chapter breakfasts, project tours, the ski outing, golf outings, and clay shoot, we have been able to educate, connect and celebrate our membership in line with our constantly rising expectations.

We have many exciting events in the coming months. First, we have our Developing Leaders golf outing in August. This is followed by our last three chapter meetings in September, October and November. The topics will be data centers, funding sources and AI in commercial real estate (CRE). We have the Developing Leaders Bus Tour in September, which will include a tour of the new airport. Those events are followed by arguably the most exciting event of the year, Night at the Fights, and we will end the year with our annual Holiday Party.

Our advocacy efforts remain strong. I am pleased to announce the formation of our Political Action Committee (PAC), the NAIOP Pittsburgh PAC. Chairing the PAC is a past president, Jamie White, with Jonathan Glance serving as his vice chair. Our PAC board includes Brandon Snyder, Nate Phillips, Alyssa Kunselman, Ryan Schwotzer, and Domenic Dozzi. Be on the lookout for PAC fundraising events, which will help us increase our initiatives. We have also been analyzing the impact of the new Pennsylvania budget which includes increases to the Redevelopment Capital Assistance Program (RCAP) funding, third party permit reviews for NPDES permitting, $500 million towards a PA SITES Program, and raising the cap for Pennsylvania Housing and Rehabilitation Enhancement Fund (PHARE) funding to $100 million to assist in the creation of more affordable housing. Furthermore, in conjunction with the Allegheny Conference, we have written letters of support for the new Local Economic Revitalization Tax Assistance (LERTA) tax credit bill and have also led the charge on changes to the OneStop PGH Permitting Platform.

Everything mentioned above takes time and effort from teams of people. I want to sincerely thank all our members that volunteer their time to NAIOP. Your continued effort serves to benefit our region and establishes us as the voice of CRE in the city.

Tom Frank
Executive Director
NAIOP Pittsburgh

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Office Market UPDATE

Gecko Robotics new offices at Nova Place.
Photo by Elliot Cramer Photography.
Photo courtesy NEXT Architecture.

After four tumultuous years, there is little clarity about the future (or present) of the office building. Few times in post-World War II America have been as dynamic for office owners and developers. There have been times of great expansion and economic crisis, but few professionals can remember when there were so many aspects of the market that were changing so much at the same time. The future of the market is not clear but there are some areas of clarity emerging.

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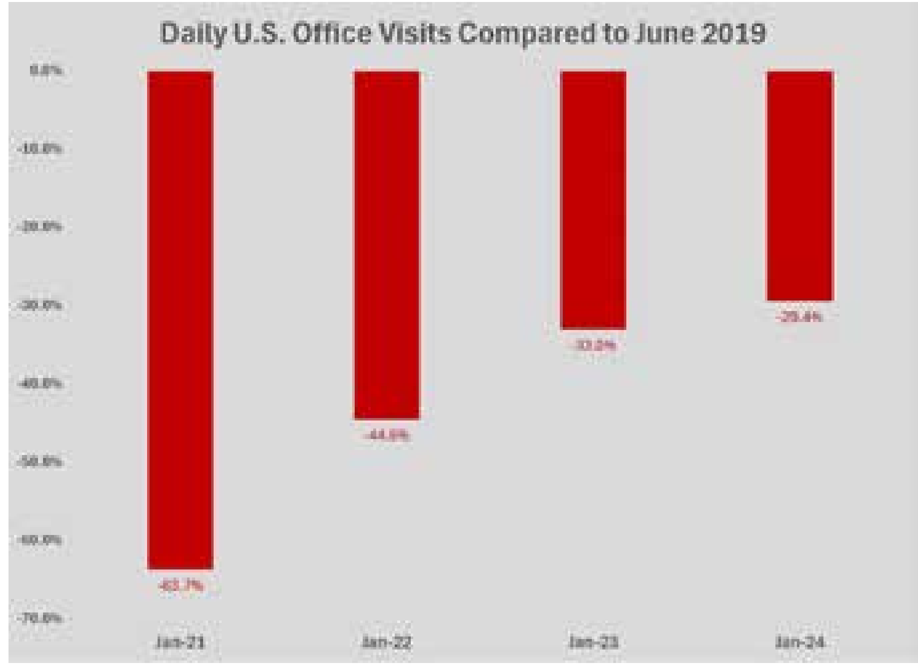


Source: Placer.ai

The difficulties facing the office market stem from two major disruptions. The first is the demand destruction that started when remote work was essentially universal during the lockdown phase of the pandemic in 2020. The second disruption is the value destruction that resulted from the steep increase in borrowing costs for financing and refinancing office properties.

One of the revelations of the past several years is that the problems of 2024 have been decades in the making. The precipitous decline in daily occupancy may be the most obvious problem facing the post-pandemic office but, without the technological advancements of the previous decade, work-from-home would be an unproductive disaster. Likewise, the workplace preferences of a younger, more in-demand workforce were clearly emerging by the mid-2010s; however, the majority of office owners were not proactively investing to meet those changing demands.

The sharp increase in interest rates that occurred from March 2022 to July 2023 exaggerated the impact of the long-term trends in office usage. The hurdle to refinancing that the higher rate environment created divided the office market into properties that could be recapitalized to meet the demands of the market and those that could not. Buildings that had become commodities prior to the pandemic were rendered economically unviable after rates spiked. The office market bifurcated. And, as much ink has been spilled describing the office market, it became misunderstood.

Today, the top 25 percent of U.S. office buildings have low, stable vacancy rates and rent growth. The bottom 30 percent are experiencing 90 percent of all office vacancies. The flight to quality that has been identified as an emerging trend for a decade is now manifest in the market data. As more legacy leases expire, the flight to quality will exacerbate this divide.

Office owners have looked to a return to work as the solution to the post-pandemic market ills. While it would certainly provide some relief in the form of improved demand, it has become clearer that there is a mismatch of supply to demand that will not be resolved with the current stock of office buildings. When the demand for office space exceeds supply again, as it is expected to do before the decade ends, it will not be the old office market that meets it.

The Status of Return to Work and Design

Once vaccines made it possible to return to normal activities in mid-2021, businesses had to begin to grapple with getting employees back to the office. In the intervening three years, the return to work has been uneven and slow. It is clear that the trend of workers returning to the office is accelerating. It is also clear that the current state of daily occupancy is dramatically weaker than it was the week before COVID-19 came to the U.S. Moreover, occupiers have studied the ways they use the office to a much deeper degree than they did prior to the pandemic and the result is a reduction in the amount of space the average office tenant uses. Regardless of the interest rate environment, these occupancy trends would be putting stresses on landlords.

The most recent data from cell phone data research by Placer.ai shows that the daily visits to the office continued to rise in June 2024. Tracking 1,000 office buildings in 11 key cities across the U.S., Placer.ai found that daily visits to office buildings were down 29.4 percent compared to June 2019. That is an improvement of 3.6 percentage points compared to June 2023. Kastle Systems also tracks visits via its entrance systems data and reports that occupancy in the 10 largest markets the week before July 4th was only 51.1 percent. JLL, which tracks occupancy across a broader spectrum of properties in suburban and urban locations, found that return to work topped 70 percent nationally in June.

Among the major cities Placer.ai tracks, there were a few noteworthy outliers. Miami had the highest level of return, falling just 9.8 percent below June 2019. New York City followed behind at 14.2 percent lower, primarily due to strict return-to-work policies by Wall Street employers. At the other end of the spectrum were cities with well-earned reputations for lengthy commutes. San Francisco had the lowest daily visit comparison to June 2019, down 49.2 percent, followed by Houston at 43.8 percent and Los Angeles at 39.6 percent.

Pittsburgh employees do not face a particularly difficult commute; nonetheless, the daily visits to Downtown office buildings by employees sits closer to those cities with the lowest recovery numbers than to the U.S. average. Pittsburgh Downtown Partnership reports that Placer.ai data for June 2024 was only 60 percent of the daily visit levels of 2019.

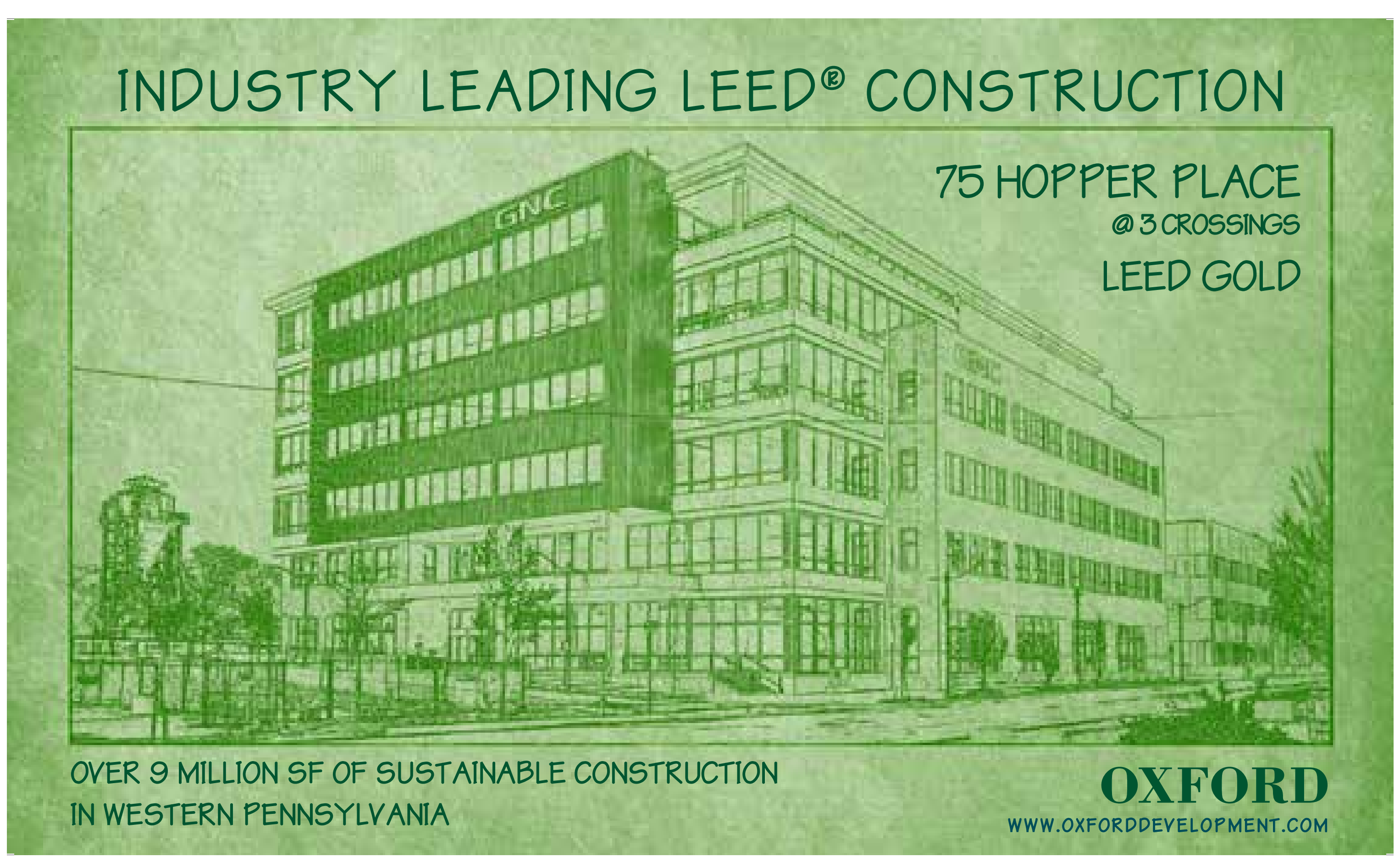
Compared to the 30 largest U.S. cities, Pittsburgh has seen a recovery in total utilization Downtown (66.9 percent) that is slightly below the median (67.7) and five percentage points below the average recovery rate of 71.4 percent. At 90.3 percent, Pittsburgh's after-hours recovery outpaces the U.S. average of 88.6 percent.

Data from Resume Builder suggests that these occupancy levels will be tough to improve significantly. In a May 2024 survey of 1,250 full-time employees, Resume Builder found that 40 percent preferred full-time in-person work, while 32 percent preferred some form of hybrid schedule. One in five who preferred a hybrid schedule said they wanted to work one day or less in the office each week and 41 percent preferred three days weekly. That leaves a difficult mix for employers and landlords, which will need to provide space for at least 80 percent of occupants three days per week.

"The employees tend to pick the same days to come into the office. We'll sit down with clients who tell us that their employees are only coming in half the time, but when we do the utilization study, we find out that Tuesday, Wednesday, and Thursday are at 90 percent," says Dan Adamski, executive managing director, brokerage at JLL. "You have to build the church for Christmas service. If people are coming in and can't find a seat it discourages them from coming in again."

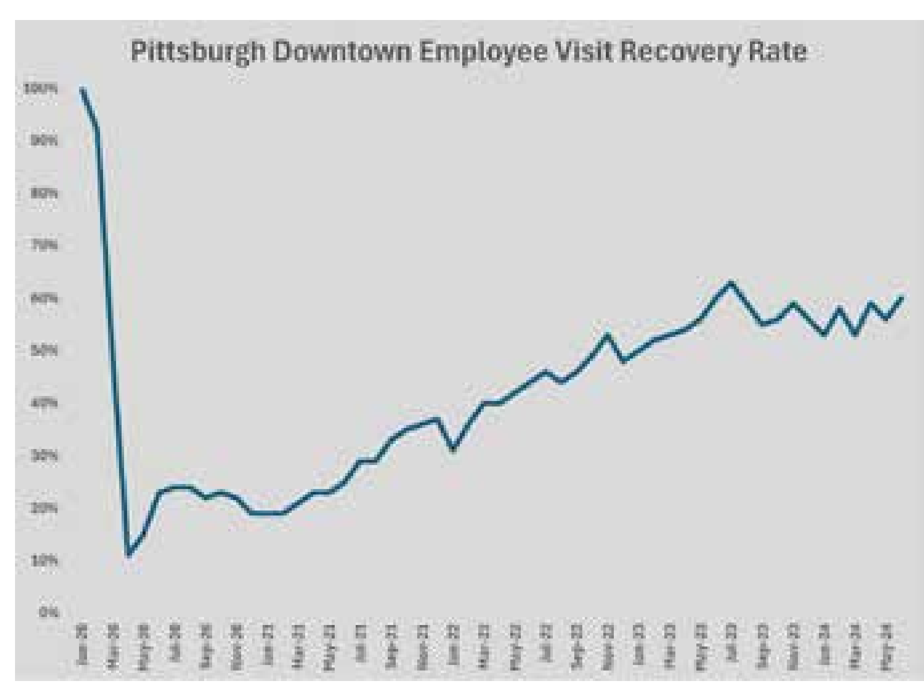
Employers and landlords are also wrestling with what the office will look like. There is something of a consensus that companies will be attracted by properties that offer amenities to occupants that the individual employer does not have to provide. But the design of the office is becoming a focus, as employers want to get the most out of the workforce that is in attendance.

The evolution of the office workplace from the 1990s until today has been visibly obvious and workplace design has evolved to reflect the changes that technology brought. Communications changed from written to fax to email to videoconference. Physical files gave way to servers, and now to off-site cloud storage. These technological evolutions allowed for the average space per worker to shrink. They also created the demand for more space to house the technology. Until the pandemic, what remained the same was the need for proximity of interdisciplinary workers to enhance collaboration and the product for customers. The jury is out on whether



today's evolution – the facilitation of collaboration without proximity – will produce the same quality of product.

"The idea is to create places that people want to come to. Some companies still feel that they don't have control of their own employees and can't force them to come back," says Eric Booth, president of Desmone Architects. "For almost every company that we talk to that has an office component, it's not a matter of if they have a work-from-home component, it's a matter of how much they want to do it. Even manufacturing companies have a portion of their workforce that is full-time remote. So, it's a matter of do we accommodate those people and how do we accommodate them. When I hear the words dynamic design, I hear flexibility, but I also hear a way of creating places that people want to come and need to come."



Source: Pittsburgh Downtown Partnership, Placer.ai

Rachel Pless, senior associate at NEXT Architecture, has pored over studies by the real estate companies and furniture manufacturers on how space is being used by occupants. She says the conclusions have left her and her colleagues reconsidering how they plan office space.

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"It seems that the office planning model has changed and the mix of how we are doing offices has changed. We are putting in more assembly style space, bigger conference rooms, bigger kitchens," Pless explains.

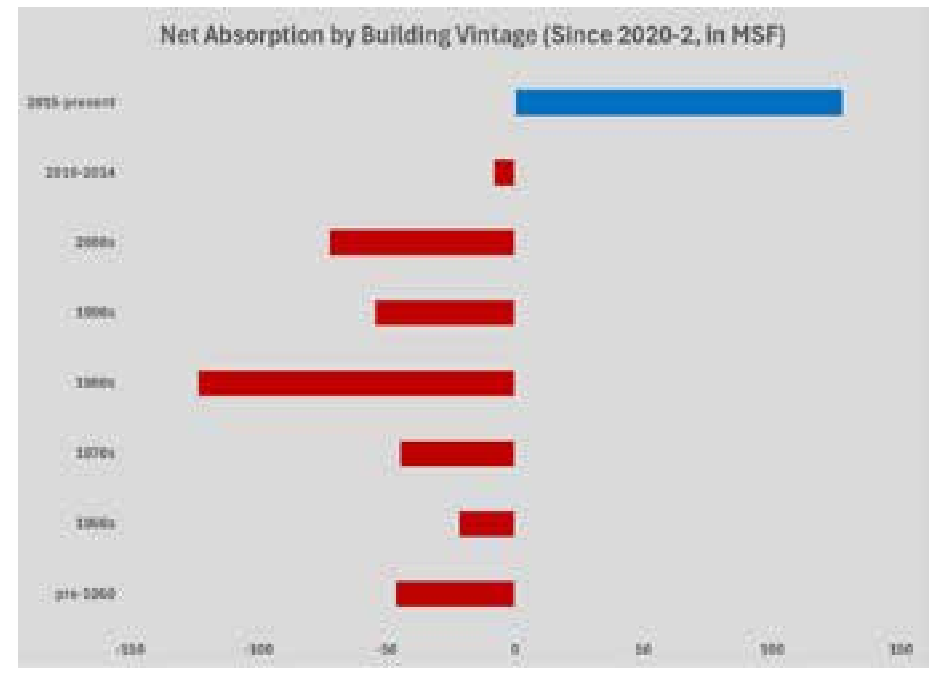
"Everything has to be flexible to accommodate collaboration. The mix of head down/sit down to assembly space has changed," she continues. "It's very exciting. We're very intentionally thinking about people doing their heads-down work at home and coming to the office to collaborate. We need to change the ingredients in the office to match that collaboration. That could mean sitting in a phone booth to make a lot of calls. It can mean small meetings, all hands meetings, or any kind of collaboration. We are getting more test fits where we're having to look at the ingredients of the entire floor to balance all the spaces."

The changes in the mix of private space to assembly space have ramifications beyond the office layout. The kind of usage Pless describes means more people will occupy the assembly spaces in an office than would otherwise occupy the space in private offices or workstations.

"We're telling developers they need to put more bathrooms in because the building code has not caught up to this trend yet. We have to be sure that there's enough access and egress because there will be more people doing collaboration," Pless explains. "For example, there's an office tenant we're looking to fit in the Strip District that has 250 employees in the Pittsburgh area and 500 around the country. They are only looking at 4,500 square feet of space but almost the entire space is assembly space. We have to consider how many people might sit in a room. That office occupancy might max out at 250 people because I can fit them. The occupancy limits are changing because the ingredients are changing."

NEXT Architecture applied these same ideas when designing a new suburban office, Diamond Ridge, for NAI Burns Scalo. Diamond Ridge is designed to accommodate more assembly space. It has more toilet rooms than required by code. The HVAC and electrical design anticipate usage that exceeds the daily occupancy levels.

Over designing offices for tenants that are renting smaller spaces is not likely to be a winning sales pitch to the average developer or landlord. But it increasingly seems like a winning approach for employers, including architects.



Source: JLL, CoStar

"We had three-two work-from-home options going back to 2017," says Booth. "We did that in response to the younger generation's desire for more flexibility. We instituted that before COVID and then when the pandemic was over, we came back to the office using that three/two model. Some people, like me, choose to be in five days a week."

The Office Market Outlook

The near-term outlook – conditions facing the market through 2026 – remains challenging. Despite the best of intentions from policy makers, including significantly better incentives, the problems facing office building owners are unlikely to be solved by converting the properties to other uses.

First, the time needed for conversion, assuming it was economically feasible, now exceeds the time needed to overcome the problems of negative operating income, reduced property value, and difficult or impossible refinancing conditions. Second, the nature of office buildings necessitates certain design aspects that limit or preclude adaptive reuse. This is especially true of the mid-late 20th Century and modern office designs, which do not adapt for residential use or include the heavy infrastructure needed for conversion to life science or technology use. There is a small share of the current office stock that could be adapted to another profitable use. It simply is not large enough to avoid the pain that most unlucky landlords will experience.

Most of the landlords facing the worst trouble today did not precipitate the problems they are facing. Their fate is a byproduct of the paradigm shift in office usage that the pandemic caused and the timing of their debt on the property. Those with mortgages that matured after the 15-month run up in interest rates have been unlucky. The radical shift in cap rates destroyed property value, handcuffing the property owner, preventing recapitalization and reinvestment in the property. If policy changes intend to ameliorate the pain caused by this bad luck, they should be aimed at filling the financing gap.

Southwestern Pennsylvania Commission - Strip District

Bluesphere Bio at The Riviera - South Oakland

Diamond Ridge - Moon Township

Hyde Park at The Cascade - North Shore

Gecko Robotics at Nova Place - North Side

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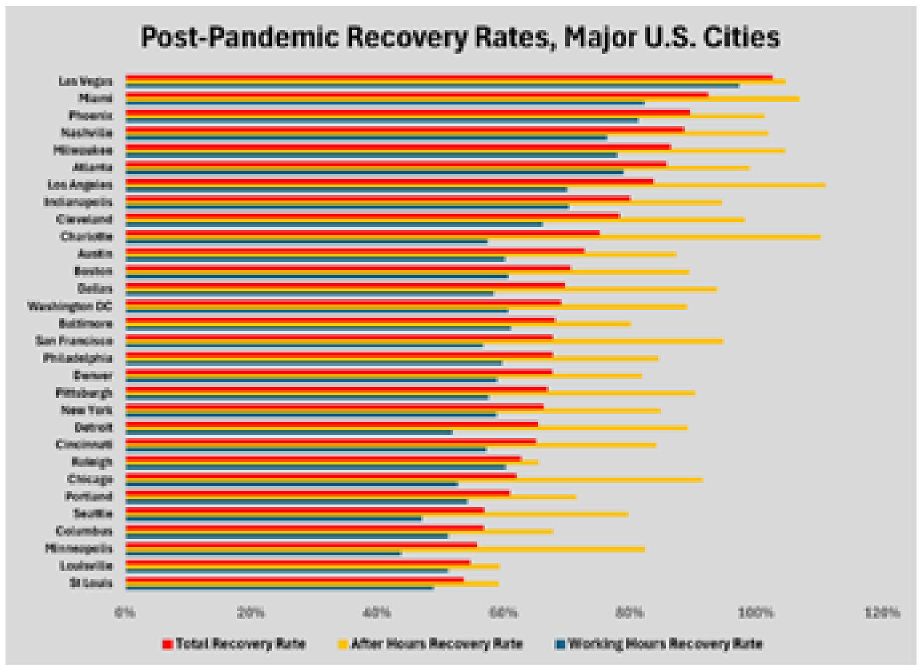


Source: CoStar

There is a more practical, long-range reason for moving away from incentives to converting offices to other use: a future office shortage.

You can be forgiven for skepticism about a looming shortage of office space. As vacancy rates climb steadily each month, the idea that there will be insufficient space for office users seems farfetched. And it may yet prove farfetched, if office employment does not continue its historical steady growth. Assuming, however, that the demand for office space does grow through higher employment, as it has for the last 75 years, the lack of new construction will create a shortage of new office space before the decade is out. That outcome will be even likelier – and possibly sooner – if the so-called flight to quality persists.

There is an interesting parallel to the current office market situation. Just 15 years ago, a global financial crisis was precipitated by a massive U.S. housing bubble that put four million homes in foreclosure. Home prices cratered in dozens of markets. New construction ground to a halt and homebuilders added half as many houses from 2009 to 2013 as they had on average for the previous eight years. Within five years there was a housing shortage that persists today.

Similar to the housing market, the U.S. office market is buoyed by its most basic source of demand, office-based employment. According to CBRE, office-based employment grew from 20 million people in 1990 to 35 million in 2022, a cumulative annual growth rate of 1.7 percent. Demand, as expressed by total leased space, grew at a cumulative annual growth rate of 1.4 percent over the same period, reaching 3.4 billion square feet in 2022. During the same period, the supply of new office space grew from 2.66 billion square feet to 4.1 billion square feet. That is an identical cumulative annual growth rate (1.4 percent) as demand growth.

Cushman & Wakefield forecasts that office demand will be 4.6 billion square feet by 2030, driven by an increase in office employment of six percent. It also expects that 1.1 billion square feet will be vacant, more than half again what is vacant today.

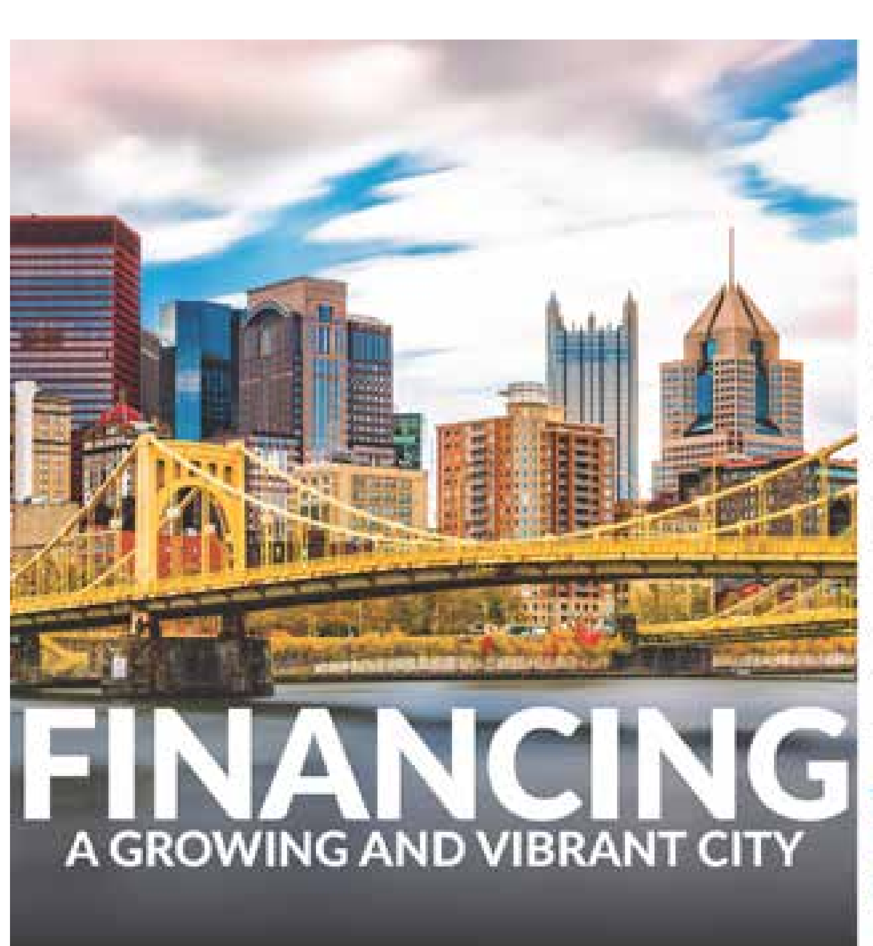
With office construction slowing dramatically, there is reason to believe that the steadily growing demand for office space will bring the market into balance within a couple of years. But you need to zoom in below the macro data to see the imbalances in the office market.

Global investor Brookfield Corporation divided the office market into three silos in its February 2024 white paper, The Misunderstood U.S. Office Market. Brookfield segmented office properties by quality, identifying a "trophy" class, a "functional" class, and "the rest." The latter classification describes the functionally obsolete buildings, many of which have been commoditized as investment properties that have lost significant value as interest rates have spiked. What Brookfield found was three different levels of performance between the asset classes.

Even in the stressed post-pandemic environment, the occupancy level of the roughly 500 trophy offices Brookfield identified was 88 percent, roughly eight percentage points higher than the overall market occupancy level. At the other end of the spectrum, older functionally obsolete buildings had an occupancy level of 78.9 percent. The largest chunk of the market, which Brookfield classifies as "functional," is older than the post-2010 trophy office and lacks some of the amenities of newer buildings. Occupancy in this segment is 82.9 percent, roughly what the current overall occupancy level is.

The challenge confronting landlords, and their lenders and investors, is that less than 10 percent of office space in the U.S. is in trophy buildings. And the average age of an office property exceeds 50 years. Moreover, there had been a higher supply of office space per capita in the U.S. compared to other developed countries. Using data from JLL, CBRE, CoStar, and Cushman & Wakefield, Brookfield calculated that the average ratio of office space per capita globally was 13.2. In the U.S. the ratio is 16.5. So, while office usage per worker is declining in the U.S., the existing supply is historically large, creating a potential oversupply without new inventory.

An oversupply of functionally obsolete buildings is a recipe for value decline. So far, there is little data that indicates that a wave of distress sales is underway; however, lenders and landlords have been willing to kick the can down the road since 2022. And a few sales in gateway cities have been examples of what capitulation may look like. In late July, for instance, the former 23-story headquarters of Sports Illustrated at 135 West 50th Street in Manhattan sold for $8.5 million, a 97.5 percent reduction from its 2006



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Source: Allegheny County Real Estate Department.

purchase price of $332 million.

Nick Matt, senior managing director and co-head of JLL Capital Markets' Pittsburgh office, does not anticipate a wave of capitulation is coming.

"With where rates are, lenders don't want an office building back. Taking it back will be very expensive. Lenders are not set up to manage properties," he says. "They are better off keeping the current borrower in place and hoping something good happens."

Assuming that Matt is correct, and a wave of distressed sales and foreclosures is not imminent, there is a significant oversupply of office properties that fails to meet the needs of the average tenant. This national trend is exaggerated in downtown Pittsburgh, where more than 50 buildings are at least 100 years old and where the building booms occurred during the eras with the least flexible (and least desirable) designs. With the notable exception of a few newer buildings, almost none of the office building stock in metropolitan Pittsburgh can be considered "trophy."

Taking the Pulse of the Pittsburgh Market

Much of the coverage of the Pittsburgh office market has centered on the challenges Downtown. While the central business district and fringes encompass about 35 million square feet, another 40 million square feet of office space lies in the suburbs. The fundamentals of the suburban office stock vary significantly throughout the region, but overall suburban office vacancy rates are lower than those in Downtown. The blended suburban office direct vacancy rate is 13.8 percent, with total vacancy at 14.9 percent.

There has been no published study of the return-to-work habits of the suburban worker. While there is no reason to expect workers in suburban offices to be less inclined to work from home, suburban offices differ from those in the urban core in several significant ways that have been affecting return to work. Suburban offices have ample free parking. Most of the workers in suburban offices live in the same general suburban area. And more of the suburban companies tend to be small-to-medium businesses, which have seen higher levels of return to work.

Regardless of location, office buildings are more fully utilized in 2024 than they were in 2023, which saw improvement over 2022. And there is a sense that companies have regained some confidence about their needs.

"One thing I am starting to see is companies that downsized and moved into nicer space in 2022 or 2023 are realizing they cut too much. They are now expanding. It's not happening a lot, but it is becoming a trend," says Adamski. "We thought that might happen because we were seeing it nationally. Companies were convinced in 2021 and 2022 that 80 percent of the workforce was never coming back. They downsized by half or more and now we're starting to see a higher return to office than was expected. If someone made space decisions based on half the workforce working from home, they are finding that more are coming in again in higher numbers than were anticipated."

"We're getting closer to understanding the future. Companies are still fumbling with that mainly because they are not 100 percent sure what future office occupancy is going to entail," says Gerard McLaughlin, executive managing director for Newmark. "They don't know whether there will be two, three, four, or five days per week. I don't think it will ever get back to five days a week, but I do think at some point it will get back to four days. We're seeing businesses pushing it harder than they have in the past few years. Those are all positive things.

"When companies are renewing in 2024, they have a better plan than when they renewed in 2021 or 2022. We're seeing more companies staying close to the same amount of space after a few years of only getting smaller."

Leasing activity is following a familiar pattern to recent years in 2024. Year-to-date, 68 percent of the leases signed in 2024 were new rather than renewals in place. Through mid-year, more than 70 percent of new leases were in Class A buildings. This latter trend is the manifestation of the flight to quality that has been ongoing since the late 2010s. In 2023, Class A buildings saw 64.2 percent of new leasing.

"Moving offers the ability to upgrade your space. Companies are trying to get their people to come back to the office, so they want to show them they are giving their employees something better to return to," notes McLaughlin. "Any building out there that is newer, has a fair number of amenities available for the tenant, or security is doing well. All those things

are important to people. Another reason people are moving compared to the past is that people are still getting smaller or changing the way they use their office space. For those companies, to stay in their existing space they would have to live through a retrofit, which is not the easiest thing to do."

Less than a decade ago, nearly every lease over 20,000 square feet was forced to renew in place for lack of options. By 2017 and 2018, several buildings, both in the suburbs and CBD, began to experience significant available sublease space. Given the dramatic shift in fortunes for the office market since 2020, options are not a problem.

"There is a plethora of options. We'll have 10 Class A options for any survey for a tenant of 10,000 square feet," says Michael Connor, market leader at Hanna Commercial Real Estate. "When you pare that down to five buildings, they're all going to be priced pretty similarly. They'll have similar quality or amenities or strength of landlord. Then it comes down to the economics. There are no scenarios where you are comparing B and A properties. It comes down to which space or which options have the best cost of entry all in, which ones are ready to go. That's going to be balanced with rent or incentives. It is still a financial game. Companies are gravitating towards Class A buildings because the rents have dipped down to what was previously B+ property."

Connor notes that an experienced broker will refine the definition of available options to exclude properties that are facing financial distress or owners with problems that will affect their ability to perform. In some cases, this includes properties that seem healthy at the time of the search but that face a coming major vacancy that will result in the property being undercapitalized or not viable for financing. That level of circumspection occurs in healthy markets. In conditions like the current market is experiencing, failing to account for potential problems could leave a tenant in the wrong building. For property owners in dire straits, that reality often means that properties that desperately need tenants will not be considered.

The shift from a landlord's market to a tenant's market would create hardships for property owners in most economic environments. In an environment where borrowing costs increased by 30 or 40 percent as property values were declining by a similar magnitude, property owners face difficult choices about allocating capital. In many cases, the economics of the property make reinvestment in amenities or offering competitive tenant improvement allowances impractical.

"Some landlords are not willing to submit proposals providing any funds for tenant improvements unless the tenant is larger than a certain square footage. We didn't see that a year ago. Now we're seeing landlords offer 12 to 15 months

The outdoor amenities being added to Diamond Ridge by NAI Burns Scalo include pickleball courts, food truck and dining areas, fire pits, and multiple places for tenant gatherings. Rendering by NAI Burns Scalo.

free rent within the terms of a five-year lease, but the tenant has to do their own construction," says Amy Broadhurst, regional president of Lee & Associates.

Broadhurst attributes the shift to heightened concerns about preserving capital, as more loans mature, and lenders must assess their willingness to recapitalize the property.

"That seems to be coming from lenders directing them to conserve capital for larger tenants or strategic tenants. Or the building owner is in a position where they may not be able to hold on to the property for another 12 months without that capital," she says.

Adamski believes that some landlords are using the banks as convenient scapegoats to justify the decision not to invest or offer as many concessions but agrees that there are property owners in Pittsburgh that cannot invest because they do not expect to own the building in the future. He concedes that the level of competition is forcing the hand for most building owners.

"There is a great sorting that's going on right now. The market is splitting into winners and losers and landlords already know in which category their buildings will end up," he says. "The landlords that expect to be losers are not putting any more money into the building. But there is a medium ground of landlords who believe they're going to be winners in 2025 or 2026. Those landlords are reaching for deals."

"We're seeing record high TI allowances for new deals. In my first 25 years working, I never saw a deal with $100 per square foot TI allowance. In the past year, every deal done in a trophy building had at least $100 allowance," Adamski reports.

The Catch-22, of course, is in the math. Office buildings that have maintained full occupancy and stable rent growth since 2022 are still worth significantly less at refinancing because the cost of borrowing skyrocketed. Most buildings have not been so fortunate that the occupancy and income has been untouched. If a property owner then has to double the allowance for tenant improvements to be competitive, there often is not enough lease term to recover the additional investment. Landlords need assistance, or at least a clearer idea of the future.

"Right now, we need more certainty in commercial real estate," says Brian Walker, president of NAI Burns Scalo and NAIOP Corporate chairman for 2024. "We just went through a period where we had 11 rate increases from March of 2022 to July of 2023, which is the fastest rate increases in over 40 years. The national vacancy factor of 19.6 percent is the highest since 1979. Downtown Charlotte has a vacancy of over 25 percent right now. That doesn't consider the properties that have occupancy but no one coming into their offices."

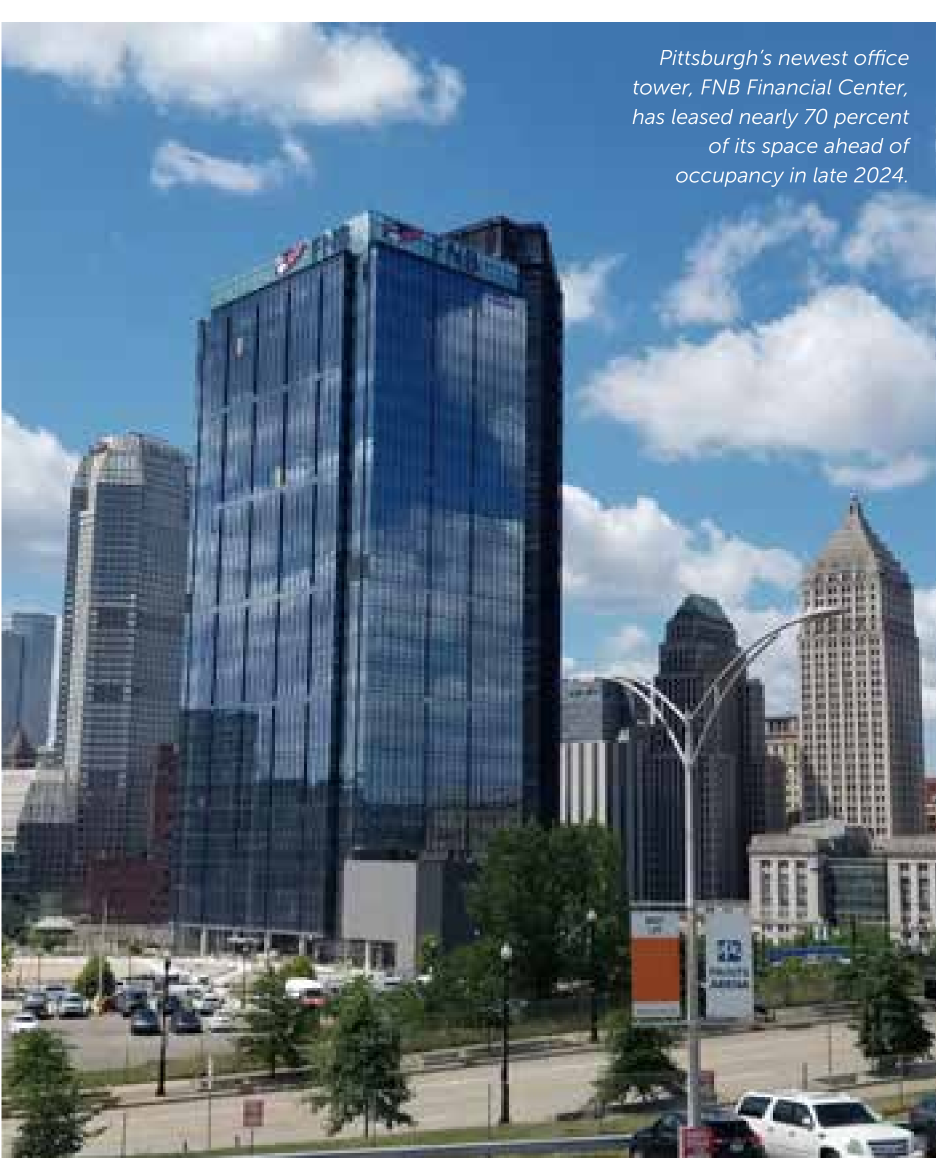
Walker says that NAIOP Corporate is constantly advocating for relief. He notes that at the federal level, there was less than full awareness of the problems facing property owners and inconsistent policies.

"NAIOP is in debate with White House appointees who didn't think the problems were as bad as they are," he says. "The regulators are telling banks to work with their strong borrowers to give them the time to work through these problems. But at the same time, they are proposing Basel III capital requirements on banks that are much higher. Banks can't build capital reserves if loans are not being repaid."

Patience and Perseverance

The American commercial real estate professional is not the most patient of species. Faced with a problem, like the perfect storm of bad conditions facing the office market, American businesses tend to expect a proactive solution. Sometimes, however, time is the only remedy. That has tended to be true whenever real estate markets become imbalanced. While there are some steps that real estate and civic leaders can take to create incentives for conditions in the office market to change, those that are able to hang in there will be able to see renewed opportunities when the market rebalances.

The case of 500 Grant Street, or One



Pittsburgh's newest office tower, FNB Financial Center, has leased nearly 70 percent of its space ahead of occupancy in late 2024.

BNY Mellon Center, is an example of patience and perseverance that stands out. While the business media has been sounding the panic about the possibility of the 1.4 million square foot office tower being vacant by 2028, the reality is more boring. While the property's landlord, Metropolitan Life, would prefer to be renewing leases at increased rental rates each month, it understands the reality of the situation and is in the process of investing months of time studying the building and creating an investment plan to make the building attractive to potential occupants again. In that context, Met Life is not likely to respond to an expiring existing lease in a way that would jeopardize the execution of a long-term plan for repositioning 500 Grant Street.

Of course, many office buildings in the region are not owned and financed by the same entity, let alone one with such deep pockets; but Pittsburgh is also not a market that has attracted a significant share of short-term owners and investors. Many of the owners of the offices in metropolitan Pittsburgh developed the building, leaving them in a better position to be patient.

There will still be pain involved in perseverance. Bill Hunt, president and CEO of The Elmhurst Group, notes that much of the reinvestment going on is a double whammy for property owners. Spending hundreds of thousands on communal conference space or millions on a tenant amenity floor not only increases the expense associated with the building, but it also reduces the space available for rent. Nonetheless, such investments are being made throughout the suburban, urban, and urban fringe Pittsburgh submarkets.

As you might imagine, the market is not conducive to new development. But, whether the investment being made is for new construction or repositioning an existing asset, Jim Scalo suggests that success in owning office properties will require new thinking.

"I think you'll see more office in mixed-use developments that include the full spectrum of demand for housing. That means for sale and rental housing," he says. "The keys will be representation and amenities. Most of all, people need to enjoy the real estate. It is no longer about the building."

For property owners that cannot afford to reinvest, let alone do new development, there may not be the opportunity for patience and perseverance. Most office properties are owned by limited partnerships or limited liability corporations, often representing investors for whom the property is a small portion of a larger portfolio. These legal entities are designed to limit the potential downside of a catastrophic failure to the investor. Such ownership structures should make it easier for untenable properties to be accurately revalued, even if that means major equity losses and new ownership at a fraction of the price. That kind of individual loss will eventually be a revitalization opportunity for the marketplace. In the same way that the housing market healed over time, the office market will recover. **DP**

THE ELMHURST GROUP

The Elmhurst Group of companies is a 48-year-old Pittsburgh-based organization that invests in commercial real estate and the hospitality industry. Elmhurst's real estate holdings include 47 buildings on 23 sites, totaling more than 3.7 million square feet of office, distribution, flex, and hotel space. Pictured here are three of those properties: 912 Fort Duquesne Boulevard, the Elmhurst Innovation Center, and One North Shore.

Elmhurst's long-term strategy is to continually increase the value of each of its properties by providing strong and dedicated management and exceptional customer service.

Elmhurst Group has fostered a culture of personal care among our employees. We manage every building we own. We maintain close personal contact with our customers. We operate with the understanding that we are in the service business—not the space business. And we recognize that our legacy is inextricably linked to the quality of our people and the service we provide. So we conduct our business with integrity, and honor our commitments.

For more than 40 years, Elmhurst Group has been a part of the Greater Pittsburgh region. And in order to remain, we know that our deeds always need to back up our words.

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education
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and advocacy

3 Crossings Phase Two

Construction has been completed on The Hive (H), The Stacks (E and D), and 75 Hopper Place (G) in the second phase of 3 Crossings. The proposed office buildings (B and F) totaling 300,000 square feet have been stalled by the disruptions in the office market and commercial real estate financing. Photo courtesy Oxford Development Co.

Few projects exemplified the thriving commercial real estate market and Pittsburgh economy of the 2010s as well as 3 Crossings. In a very different way, 3 Crossings exemplifies the challenges facing the economy and the real estate industry in 2024.

Beginning in 2014, Oxford Development Company began development, bringing new speculative office buildings quickly into the market. The tenant stories mirrored the good news of the regional economy. Apple moved its offices there. Autonomous vehicle company, Argo AI, planted its headquarters. Smaller spaces were snatched up by emerging technology companies. Decidedly non-tech businesses like Rycon Construction and Burns White located their headquarters there to take advantage of the Strip District vibe that attracted talent.

The first phase of 3 Crossings exceeded the expectations of the market. The four offices in the first phase, which totaled 375,000 square feet, stabilized as quickly as they were built. The Yards apartments filled up briskly. The roughly 1,000 employees working for 3 Crossings' tenants added vitality and consumption to the eastern end of the Strip District, and attracted other commercial and residential development on the streets that surround its 16 acres.

By the end of 2018, Oxford was ready to move forward with the second phase of 3 Crossings, which would complete

Shawn Fox

Steve Guy

Steven Guy of Oxford Development Company may be the longest-tenured C-Suite executive in Pittsburgh real estate. Now, after a 37-year career at Oxford, Steve is stepping down to enjoy much-earned rest and relaxation through retirement.

Steve leaves a legacy in and around Pittsburgh that is unparalleled. The veteran expert has been placemaking in the region for four decades, creating economic centers in Monroeville, the South Hills, and the Strip District.

Steve helped put Oxford on the proverbial map. The company's most recent development, 3 Crossings, is valued at over $460 million and catalyzed the organic growth of the Strip District, adding 500 multifamily units, over 500,000 square feet of office space, 1,200 parking spaces, 30,000 square feet of retail space, and reconnected the neighborhood to the riverfront.

The owners of the 62-year-old company led a long search that led to the return of Shawn Fox to succeed Steve as Oxford's new president and CEO. Previously, Shawn served as vice president of business development for Oxford. He helped successfully develop over 600 units of multifamily, as well as commercial office and industrial properties valued at over $250 million with local real estate firm RDC.

In 2014, Shawn and Steve worked together to develop and realize the vision for 3 Crossings. Shawn is slated to assume Oxford's top leadership position September 16, while Steve remains for a few months in an advisory role to make for a smooth and successful transition.

the vision of replacing roughly 15 square blocks of old industrial property with new, Class A real estate. Two new office buildings were started, The Stacks and 75 Hopper Place, along with The Hive parking and retail facility. Lead tenants signed on for the new office buildings and Oxford was moving forward with the next spec office building, then known as Building B. That was in March 2020. Things changed quickly thereafter.

"On March 11th, we had interviews with architects. We selected WTW Architects to do a preliminary evaluation of the site. WTW was already working successfully on 75 Hopper, so they were selected," recalls Michael Barnard, chief operating officer at Oxford Development. "We went through some early stages of development and then things went on hold for a while."

"For a while" lasted into 2022. By that time, office occupancy assumptions had been turned upside down. Construction costs had begun escalating to what would be a 24 percent year-over-year inflation rate peak. Long-term interest rates pushed construction borrowing costs up by 250 basis points. Almost two years after it halted progress, Oxford began to re-think its master plan for the second phase, which included another 350,000 square feet of office and several hundred new apartment units.

"In 2022, we reengaged with DLA+ and Building B became 36 Hopper place. We worked on some new concepts for that building in 2022," says Barnard. "We had done some studies with this as a mass timber project or some other approach that would really distinguish it as a major riverfront opportunity."

Asked why Oxford Development did not consider going the speculative route with a smaller office building, Barnard laughs, "We don't like to build empty buildings. The banks don't like us to build empty buildings either."

"Unless we have a corporate tenant come in that really wants to be on the river, pay a premium price for leasing, and has a significant critical mass that is 60 or 70 percent of the rentable area of the building, it won't be office," says Steve Guy, Oxford's president and CEO. "About 15 months ago, we pivoted to a design analysis for residential on the river,

including completing the trail. We have very favorable market studies and we're heading down that path. We're trying to decide whether there's room for a for sale product along with the rental product."

Leasing activity at 3 Crossings has not stopped. Traffic increased significantly in the fourth quarter of 2023, leading to seven leases totaling 183,000 square feet at the first of the year. But the activity is almost entirely in the existing buildings of the first phase. The Stacks has only 15,000 square feet of space available, but 75,000 square feet of core and shell remain unleased in 75 Hopper Place. The changes in market conditions between the two phases of 3 Crossings created two very different leasing environments.

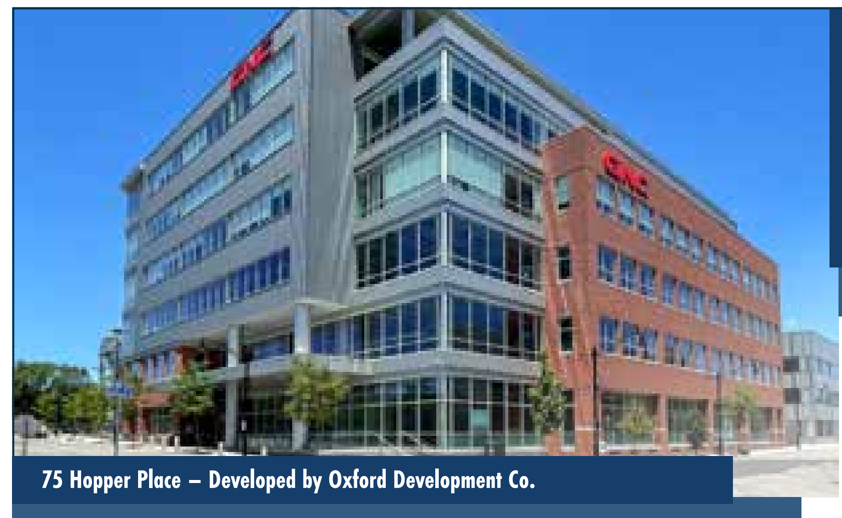
"Fit out costs are roughly $40 to $50 per square foot more to go from shell condition to fit out. So much of your mechanical, electrical, and demising are already in place in existing buildings. You start from scratch in the first-generation space," explains Barnard. "You're probably signing leases at seven-year terms for second-generation space but it is 10 to 12 years for first generation. That's a big consideration."

Guy explains that tenants for new construction must make lengthy commitments to amortize the investment made in the space. He also notes that the tenant improvement allowances are costs that the tenant eventually pays.

"If the landlord gives you a $100 a square foot allowance the tenant will write a check for $100 per square foot. Tenants are reluctant to do that and there is plenty of second-generation office space available as the deck chairs are shuffled around the market," says Guy. "We're writing three proposals a month for The Stacks. Unless you want to drop the price and make the long-term investment unfavorable, you can't make the deals work."

The second phase of 3 Crossings has been limited by the extraordinary market conditions in the same way the first phase was lifted by the conditions of that time. While the approved master plan still calls for riverfront office buildings, Barnard is not confident that the market will revert to pre-pandemic conditions quickly enough for that plan to be executed.

"We need more deals for larger spaces like the one for PJ Dick that was just announced, where there are more people coming to the office and there is a long-term commitment," Barnard continues. "That's how they can justify the cost of building it out." **DP**



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Your Lease is Expiring! Now What?
Broadening lease-end options with questions that go beyond the bottom line.

By Jeff Young

Deciding what to do when a lease is up is important for any corporate tenant. For small and medium-sized businesses, though, the stakes are even higher.

Smaller businesses are big players in the market for leased office space. According to the Small Business Association, businesses with 500 employees or fewer account for 99.9 percent of U.S. firms. While only about 18 percent of these businesses have paid employees, those that do account for nearly half of all American workers. In Pennsylvania alone, there are 1.1 million small businesses and 2.26 million small business employees.

In general, these businesses operate with lower margins and have less financial cushioning. Without the benefit of in-house advisors, they often find themselves muddling through major real estate decisions on their own—and, as a result, missing valuable opportunities for cost savings, improved space utilization, growth potential, and better alignment with long-term goals.

With more than 800 million square feet of U.S. office space set to expire over the next five years, businesses of all sizes are asking: Now what?

The answer depends on obvious factors like company growth projections, location, and financial constraints. But the less evident considerations: how the work environment affects things like company culture, brand identity, and behaviors, speak to the benefits of taking a more strategic approach—and asking deeper questions—to address challenges beyond the basic bottom line.

If the right office decision is a springboard to long-term success, the wrong decision can be a fast-track to wasted resources and missed opportunities.

For companies that were in the front half of a lease during the pandemic, there was little sense of urgency around how to reconsider their office space in a new "work from anywhere" world. Now what our architects are seeing all over the country, with those leases coming to an end, is many of those businesses are at an important inflection point.

It's easy to be overwhelmed by the range of options that are available. Tenants could repurpose all or part of their current space to make it more efficient. They could negotiate for more flexible lease terms or consider subleasing or giving back part of the space. They could outright move and start anew. There are so many ways to go about it.

Asking the right kinds of questions is key to making informed, strategically-aligned decisions. Granularity, drilling down on the little things, can lead to these "lightbulb" moments. For instance, what percentage of the employees' time in the office is heads-down versus collaborative? How does the tenant use the space that it has—what's working well, what could be better? Are there underutilized spaces that could be reimagined for more productive uses? What is the company "work from anywhere" policy and might it allow for a free-address seating model? Culturally, would a uniform size/area standard for private offices work for your company? Are there certain work postures missing from the array of work points available for your employees?

One Question, Three Different Answers

This year, Perkins Eastman worked with three local Pittsburgh businesses facing lease expirations at the start of 2024. Each arrived at a unique solution that answers their specific needs.

Leech Tishman, a 115-attorney law firm occupying two floors of a high-rise in downtown Pittsburgh, renewed their lease and maintained the entirety of their existing square footage. They opted to overhaul an underutilized portion of their office footprint, reconfigure their executive conference room, and apply a "light touch" to their remaining space. Perkins Eastman transformed private offices and workstations into a new employee-focused lounge, café, training room, and game area. Select, strategic improvements were just what the firm needed to support their collegial culture and provide dedicated space to support more collaborative ways of working.

Client: Leech Tishman Size: 46,000 square feet

Key objective: Support firm culture and collaboration

Solution: Renew, with strategic improvements to existing office space

Signature Financial Planning (SFP), a small but growing wealth management firm, held space in a modest building well off the beaten path. SFP took advantage of their lease expiring to find an entirely new site, leveraging a more central office location to elevate their public profile and become more client-facing. Now in a Class A office tower, they have room to grow—and a far better work environment for their employees.

Client: Signature Financial Planning Size: 10,500 square feet

Key objective: Elevate public profile; accommodate growth

Solution: Relocate to a premier location

FHLBank Pittsburgh, The Federal Home Loan Bank of Pittsburgh, is a cooperative of member financial institutions that are chartered in Delaware, Pennsylvania, and West Virginia. Its work to provide reliable liquidity to their members, and support affordable housing and economic development, is enabled by the approximately 250 employees working primarily in Downtown Pittsburgh. FHLBank traded their space in a multi-floor, mid-tier office building for a smaller footprint across fewer floors. The newly configured space, in a superior

location, will benefit collaboration while providing employees enhanced amenities. FHLBank engaged Perkins Eastman to right-size and improve utilization of their space, while efficiently reducing the overall footprint.

Client: FHLBank Pittsburgh Size: 50,000 square feet

Key objective: Facilitate office relocation; support collaboration; provide dynamic and engaging work environment.

Solution: Relocation and reconfiguration

Beyond the Obvious Solutions

Faced with an expiring lease, businesses have an opportunity to reassess their priorities and craft a more thoughtful long-term strategy. It's essential to capture a holistic view of factors beyond square footage and cost, considering the culture, brand identity, and employee experience in addition to financial implications, space requirements, and location.

For small- to medium-sized businesses, every inch of space matters. By probing deeper into their specific needs and priorities, they can transform the challenge of an expiring lease into an opportunity for optimization and growth.

Strategic Questions: Beyond the Basics

Culture

1. How does our current office space support our core values and culture, and what might we do to enhance this alignment?
2. Could flexible working arrangements (e.g. prescribed hybrid, flexible hybrid, team shifts) enable space consolidation or allow a more favorable employee-to-seat ratio?
3. Are there specific areas where strategic upgrades or repurposing could better align the space with our needs?

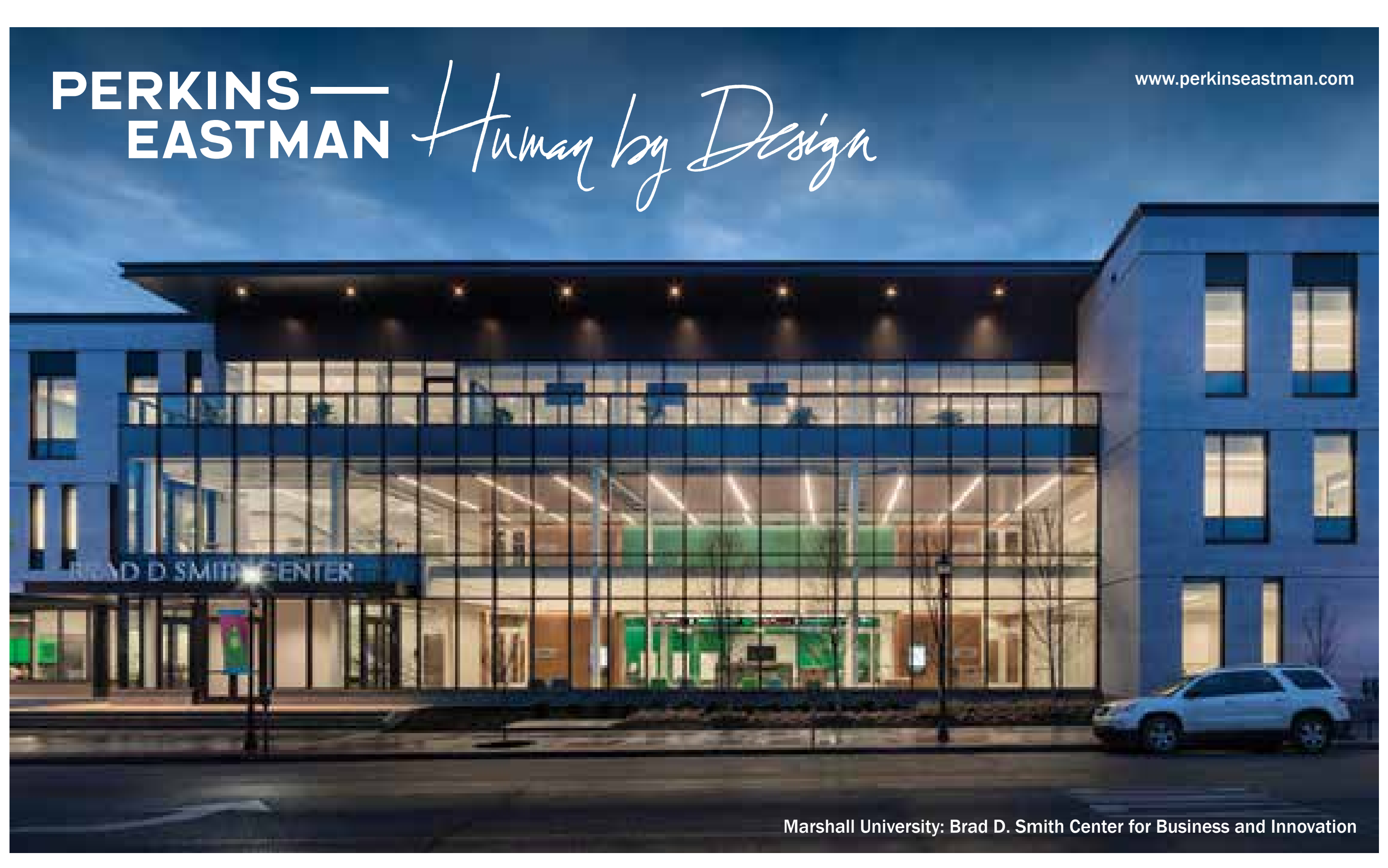
Identity

1. What message does our current office space send to clients and visitors?
2. How might our office's design and location boost our reputation with clients and in our industry?
3. What opportunities are there to better reflect our brand in a new or updated workspace, and how would these changes compare to our current setup?

Experience

1. What do employees value most about our current office, and how can we retain or enhance these aspects?
2. What are the potential impacts on employee morale and retention if we move to a new location or renovate our current space?
3. How does our current space impact employee productivity and satisfaction, and what improvements could a move or redesign offer? **DP**

Jeff Young is executive director and principal of Perkins Eastman's Pittsburgh studio. He can be reached at j.young@perkinseastman.com.



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- Landscape Structure Installation

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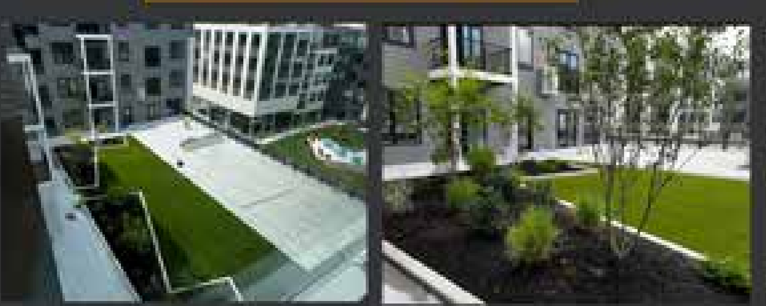

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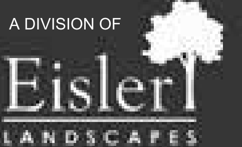

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Facility Completed by ARCO Named Pittsburgh Commercial Development of the Year

ARCO partnered with Frank B. Fuhrer Wholesale Co. to complete a new 350,439 SF state-of-the-art beverage distributorship. Having nearly doubled the leading beer distributor's presence in the local market, the project was awarded the 2024 CoStar Group Impact Award for Pittsburgh Commercial Development of the Year for its contribution to the region. With a 211,647 SF controlled-environment warehouse, a 29,783 SF draught cooler, and a 21,833 SF ambient warehouse, the facility will handle a high volume of beer and other beverages for the company's Fuhrer Eagle Sales & Service division. ARCO is proud to have provided design-build services for this best-in-class project. Our design-build approach consistently results in the best, most cost-effective solutions for projects in Pittsburgh and nationwide.

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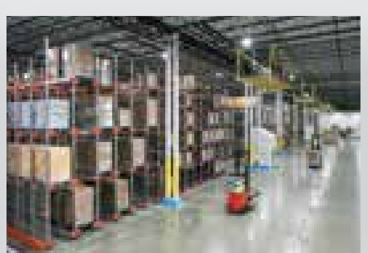

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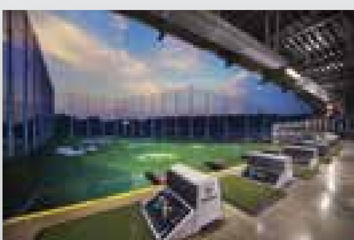

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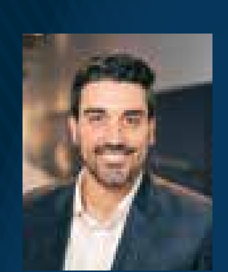

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Little has changed at the microeconomic level since the beginning of 2024. The latest readings on local unemployment and employment in Pittsburgh saw the civilian non-farm labor force grow by 3,400 to 1.17 million in May. The unemployment rate ticked up 10 basis points to 3.3 percent, still a multi-generational low level. Job growth year-over-year was 1.1 percent, lagging the statewide rate of 1.6 percent.

At the macroeconomic level, there is more evidence that the labor markets have weakened following months of slowing demand. Coupled with continued disinflation, the softer employment conditions increase the likelihood of a reduction in the Fed Funds rate in September.

There was still job growth in June and July, but the 114,000 jobs created during the latter spooked the markets across the board. Recent months' gains have been concentrated in leisure and hospitality, healthcare, and government sectors, rather than broad-based growth. Moreover, the unemployment rate has been moving higher more quickly (See below.) First-time claims for unemployment have been steadily growing, albeit at levels that will not push the unemployment rate higher. The payroll processing firm, ADP, reported an increase of 122,000 on private sector payrolls in July, one of the lowest monthly increases since the beginning of 2020. Indeed's Job Postings Index was 12.4 percent lower year-over-year in July.

Employers announced layoffs in June that were the highest levels for any June since 2009. Continuing claims for unemployment topped 1.9 million. Moreover, the household survey portion of the monthly Employment Situation Summary has shown little or no full-time job growth in recent months and has pushed the unemployment rate to 4.3 percent despite the headline job gains.

For those inclined to follow technical signals about the economy, the August 2 Employment Situation Summary triggered the Sahm Rule, a recession indicator named for economist Claudia Sahm. The Sahm Rule observes that the economy has slipped into recession once the three-month moving average of the unemployment rate has climbed 0.5 percentage points above the 12-month low. Sahm emphasizes that the indicator named after her is an observation of condition, not a predicter, and has stated that the Sahm Rule has never been applied following a once-in-a-century pandemic.

Whether the rapid uptick in unemployment is different this cycle or is a lagging indicator of a recession underway, it is noteworthy that the Federal Reserve's mid-June forecast for the year-end unemployment rate was 4.0 percent. If unemployment does not stabilize in the next two months, history suggests that monetary policy will loosen more quickly to compensate.

June's Job Openings and Labor Turnover Survey (JOLTS), announced on July 31, showed 8.2 million open positions, 941,000 fewer than a year earlier. Hiring was steady at 5.3 million, as were the number of layoffs (1.5 million) and the number of workers who quit jobs (3.3 million). The latter number was 434,000 lower than in June 2023.

The slower rate of employment growth is being reflected in slower wage growth. Workers who changed jobs saw a 7.7 percent increase in wages, down considerably from pay increases in the 10 percent range two years ago. Wage growth in the July Employment Situation Summary was down to 3.9 percent year-over-year, slowing to a 0.3 percent increase from the previous month.

The slower rate of wage growth was still outpacing the slowing rate of inflation, especially for lower-income workers; however, it has become more apparent that the extended period of higher inflation and higher interest rates was slowing spending for lower- and middle-income consumers.

The gap between negative consumer sentiment and record high levels of consumer spending remains wide. Source: University of Michigan, Census Bureau, Federal Reserve Bank.

Source: Bureau of Labor Statistics Employment Situation Summary.

Consumers at the higher end of the income spectrum have continued to spend at elevated levels. The majority of higher-income consumers have benefitted from the increased wealth effects of accelerated home price appreciation and a booming stock market. Moreover, this cohort has been less impacted by the higher interest rates because more of its debt was long-term debt locked in before rates rose. In the near term, it is likely that consumer spending will continue to be buoyed by those earning higher incomes.

At the lower end of the income spectrum, consumers have begun to spend less. While lower income workers have seen wages outpace inflation by almost two percentage points over the past year, the cumulative effect of inflation since 2021 has reduced their household wealth and discretionary spending. The government subsidies from the CARES Act and American Recovery Plan Act boosted household savings by more than $200 billion in spring 2021, pushing the savings rate above 26 percent. The savings rate in June 2024 slipped to 3.4 percent, less than half the savings rate of February 2020. Consumers have also made use of personal credit, pushing total consumer credit to over $5 trillion, nearly $1 trillion higher than in February 2020. Not

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surprisingly, defaults on consumer credit of all types have jumped from an all-time low of 1.53 percent in spring 2021 to 2.68 percent at the end of the first quarter of 2024.

In recent months, consumers have also begun paring back spending on bigger ticket items and discretionary spending. Durable goods orders fell by 6.6 percent in June, an unexpected decline. In past cycles, similar declines in discretionary spending preceded a slowdown in spending overall.

This deflated buying power for lower- and middle-income households has yet to show up in the broader economy. Consumer spending rose 0.3 percent from May to June and helped drive gross domestic product (GDP) in the second quarter to 2.8 percent. Consumer spending accounted for 1.6 points of GDP, more than half the net growth, business investment rose 11.6 percent in the second quarter, and businesses added significantly to inventories, contributing 0.82 percentage points to GDP after being a drag on growth since third quarter 2023. The greatest drag on second quarter GDP was the increase in imports over exports, which subtracted 0.72 percentage points from GDP.

Despite the overall GDP growth, consumers still hold a more negative view of the economy than their spending suggests. The University of Michigan's Consumer Sentiment Index fell for the fourth consecutive month in June, even as personal consumption expenditures reached an all-time high of $19.44 trillion. This negative gap between sentiment and behavior is worrisome, since it can become self-fulfilling should unemployment begin to tick up closer to five percent.

Continued disinflation is providing some counterbalance to the negative consumer outlook. Consumer prices (CPI) were unchanged from May to June. Producer prices ticked up 0.4 percent during the month but were just 2.6 percent higher year-over-year. Core personal consumption expenditure – the measure preferred by the Federal Reserve Bank – rose at a 2.5 percent annual pace in June, cooling further from May's slower pace. At its May Open Markets Committee meetings, the Fed governors updated their year-end forecast for core inflation to 2.8 percent, 30 basis points higher than the current level.

Federal incentives in the CHIPS Act and Inflation Reduction Act have been driving levels of new manufacturing construction unseen in the U.S. since the 1920s; however, manufacturing activity remains mired in a sluggish environment. The Institute for Supply Management's bellwether Purchasing Manager's Index (PMI) was negative for the 19th month of the last 20 in June, coming in 0.41 points lower at 48.7. Below the headline PMI were readings on new orders (45.4), inventories (47.9), and backlog of orders (42.4) that indicate further contraction.

Stock and bond markets reacted positively to this litany of cooler economic news. Investors are betting that the slowing economy will give the Federal Reserve

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Bank sufficient reason to cut its Fed Funds rate in September. Yields on short-term and long-term bonds fell in response to the reports of a more sluggish labor market, raising hopes that borrowing costs for development and residential mortgages will be heading lower in 2025.

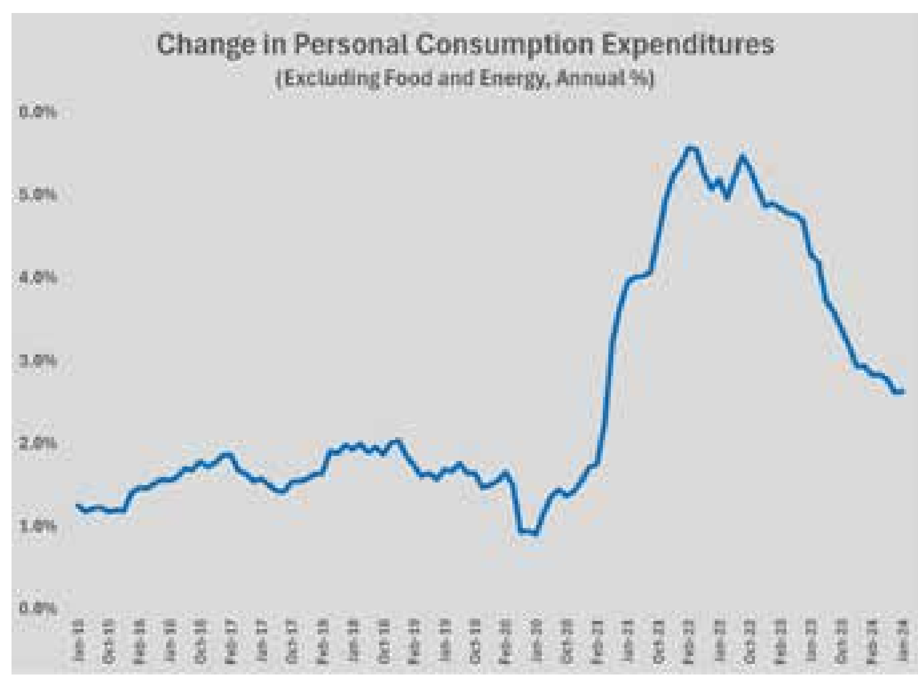
Assuming that long-term rates do move measurably lower in 2025, the housing market should be the most dynamic of the major real estate sectors.

Construction spending is trending in a more supportive direction for multi-family housing. Both permits and starts have fallen significantly across the U.S. The unusually high number of multi-family units under construction coming into 2024 are likely to keep absorption of multi-family units slightly negative for 2024, but the slowdown in more construction should allow that market to stabilize in 2025 and 2026. Construction starts averaged a 513,000-unit annualized pace from June 2021 through June 2023. Over the past 12 months the average has been 366,000 units. Even with the higher volume of new product being delivered through 2024, rents have only slipped 0.9 percent on average, year over year.

The new construction story in the Pittsburgh apartment market is exactly opposite that of the national market. Fewer than 1,350 units were started in 2023 in the six-county metro area. The pace of new construction is markedly higher in 2024, but on pace to see roughly 2,500 units get underway. Several larger projects in Pittsburgh have recently pushed the start of construction into early 2025. As a result, rents increased 1.6 percent year-over-year in Pittsburgh through mid-2024.

Builders are slowing the pace of permits for single-family homes nationwide, which will also support demand for multi-family properties. The Census Bureau's report on new single-family starts for June showed the annualized pace of new construction had slowed by 13.6 percent, or 154,000 fewer homes. Higher-than-expected mortgage rates and construction costs continue to chill demand from buyers, even though the inventory of existing homes for sale remains historically tight. Single-family construction is higher year-over-year in Pittsburgh, but not by an amount that would affect demand for apartments.

The boom in multi-family starts has ended. Source: Census Bureau.



The annual rate of core inflation has fallen by more than half since March 2022. Source: Bureau of Economic Analysis, Federal Reserve Bank of St. Louis.

Permit data from the Pittsburgh Homebuilding Report on new construction in metropolitan Pittsburgh during the first six months of 2024 found a significant decline in single-family homes, while construction of new apartments soared compared to the same time in 2023. Permits for single-family homes fell 4.1 percent to 1,504 units. The decline was driven by a 22.6 percent drop in permits for townhouses and attached homes. Construction got underway on five apartment projects with at least

Investors are betting that the slowing economy will give the Federal Reserve Bank sufficient reason to cut its Fed Funds rate in September. Yields on short-term and long-term bonds fell in response to the reports of a more sluggish labor market, raising hopes that borrowing costs for development and residential mortgages will be heading lower in 2025.

200 units, pushing the total number of multi-family units started to 1,583 units, up 535.7 percent compared to the first half of 2023.

The downward trend in household spending portends lower demand for retail space; however, there is strong evidence that the decade-long restructuring of shopping centers of all sizes that followed the Great Recession has left the industry underbuilt. Similarly, a reassessment of the logistics and warehousing supply that began in 2022 appears to have slowed construction long enough to create more demand than supply again going into 2025. Demand for hospitality space has also rebounded, although new development will not see a surge until borrowing costs fall. The office market is the only sector experiencing demand destruction.

Commercial real estate has seen widespread value destruction from the spike in prime interest rates, but the post-pandemic economy has provided solid-to-strong demand for most property types. With the economy likely slowing close to recessionary levels as the year ends, it will be a reversal of the tighter monetary policy that can offset slowing demand. **DP**

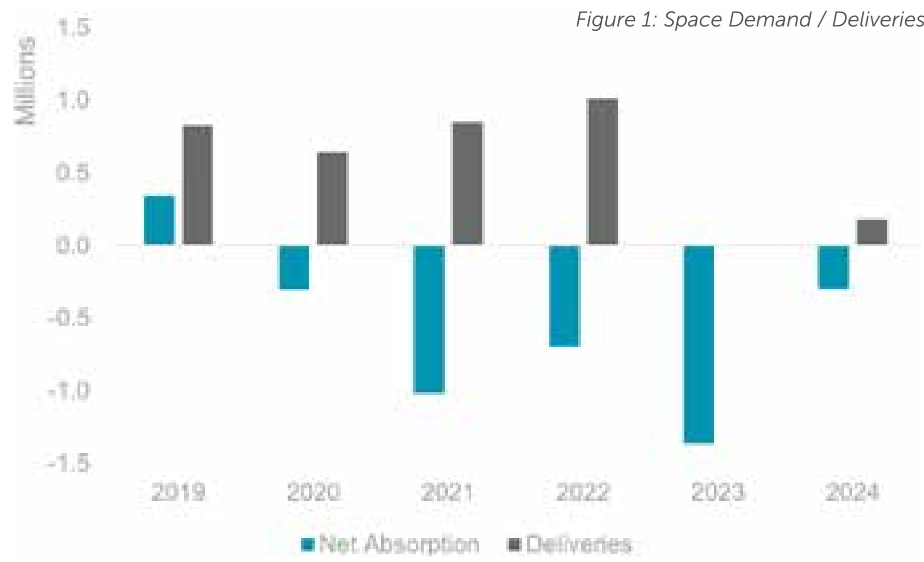
Economic Context

Throughout all of 2024, the Federal Reserve (Fed) has kept the target federal funds rate constant at 5.00 – 5.25 percent. After revising its initial prediction of three rate cuts totaling 75 basis points (bps) to just one rate cut for the year, a few board members have speculated that no cuts will occur in 2024. The Fed has adopted a more cautious approach to the federal funds rate in response to sticky headline inflation, which has oscillated between 3.0 percent and 3.7 percent since June of 2023, a far cry from the target rate of 2.0 percent. With the federal funds rate expected to stay elevated, office market investment sales volume and transactions are likely to remain subdued through the end of 2024. Investors are likely to hold off on transactions until the cost of borrowing decreases. As a result, the office sales market will likely remain sluggish.

Supply

Given the financing obstacles brought on by the highest federal funds rate in recent memory and the waning demand in a post pandemic market, traditional office developments have been few and far between. Despite this, two significant expansions to the office supply have/will occur in 2024. Diamond Ridge, a 180,000-square feet office building in West Pittsburgh, delivered in the second quarter of 2024. Though partially pre-leased by Assured Partners, the new development injected nearly 150,000 square feet of vacant space into an already saturated submarket. Looking forward, FNB Financial Center is slated to deliver before year end. Though partially occupied by First National Bank, the expected delivery will still inject nearly 200,000 square feet of vacant space into the Central Business District (CBD) submarket. The two completions mark the first deliveries of office product since 2022. On the opposite end of the spectrum, office to residential conversion projects continue to be pursued, potentially leading to a contraction of the office supply in Pittsburgh. However, financing constraints have stymied all conversion efforts downtown to date. City council is working to break down barriers for redevelopment, recently (May 2024) passing a tax abatement for developers with the intention of bridging financings gaps for the aforementioned conversion projects. Considering all rumored office to residential conversion projects, a potential 1.7 million square feet (msf) of dated, mostly vacant office product could be removed from the data set, just in the CBD. This would put downward pressure on the CBD vacancy rate, helping to create a much-needed healthier CRE atmosphere in an already struggling downtown Pittsburgh.

Figure 1: Space Demand / Deliveries



Demand

Surface level demand key performance indicators (KPIs) for the first half of 2024 tell more of the same bleak outlook for the office market. The headline vacancy rate for the entire Pittsburgh metropolitan area (MSA) has increased for an astounding nineteen consecutive quarters. Moreover, the rate of increase has accelerated as of late, rising 220 bps since the onset of 2023. The vacancy rate for the entire MSA currently stands at an all-time high 17.3 percent, with key submarkets like the CBD (19.8 percent), Greater Downtown (17.4 percent), and the Parkway West (25.1 percent) experiencing higher levels of vacancy. Moreover, net absorption has been consistently negative since the onset of the pandemic, totaling -3,674,977 square feet since the start of 2020. Current YTD net absorption for the Pittsburgh MSA is also deeply negative at -296,834 square feet. Despite the bleak picture painted by these headline KPIs, there are positive indicators to give some hope.

A Tale of Two Cities: Suburbs v. CBD

It is no secret that downtown Pittsburgh in particular has taken its fair share of hits since 2020. These hits include, but are not limited to, an all-time high vacancy rate, major move outs, sluggish return to office, and reductions in tax assessment due to office properties decreasing in value because of poor market conditions. However, just outside the immediate greater CBD area, the suburbs are operating at a much healthier clip. The overall

Figure 2: Overall Vacancy & Asking Rent

suburban vacancy rate is a more modest 16.0 percent, with key submarkets like Butler County (10.5 percent), North Pittsburgh (15.9 percent), and Washington County (13.9 percent) far outperforming the MSA Average.

Large Leases

In late 2023 and the first half of 2024, the Pittsburgh MSA, and in particular the suburban office market, have seen a considerable uptick in new large leases. Specifically, since Q4 2023, there have been eighteen newly executed leases in excess of 20,000 square feet, four of which exceeded 50,000 square feet. The return of large leases has not only carried recent leasing activity but could also help to turn the tide on net absorption in the future (as these leases are predominantly expansionary in nature and not just relocations within the market).

New Trend: Rebounding Average Lease Size

In the immediate aftermath of the pandemic, it became much more apparent to occupiers that they had excess real estate. In many instances, this led to a sharp reduction in space occupied. However, as the economy stabilizes and sentiment surrounding office needs have been prioritized, companies have adjusted, causing the average lease size to rise. This trend is even evident when conditioning for abnormally large deals. That is, the typical deal (i.e. outliers removed) is also increasing. This result is promising, as a larger average deal size implies more space occupied, which in turn implies a healthier overall office market. However, whether this trend will persist remains to be seen.

Flight to Quality

The flight to quality trend has not only continued but has intensified as of late. Since 2018, Class A space has consistently dominated more and more of the new leasing activity each year (barring 2020, which was an anomaly on all accounts). Consider just the jump from 2023 to 2024. In 2023, Class A space represented 64.2 percent of the space leased. So far in 2024, Class A space represents 70.7 percent of the new space leased. Simply put, tenants are not willing to compromise on quality. This implies that despite the woes in the office market, of which there are plenty, there is always a market for grade A space.

Pricing

Face value asking rates dropped for the third consecutive quarter as landlord financing challenges persist. Previously, even in the face of waning office demand, landlords could keep the asking rate constant (or even increase) by offering concessions. That is, the net effective rate (NER) dropped in response to decreasing demand (as higher concessions drive down the NER), but the asking rate could remain constant (or increase). Now, distressed loans have led landlords to be strapped for the cash needed for tenant improvements, leaving reductions in the asking rate as the only recourse for remaining competitive.

Outlook: Good Amongst the Bad

The Pittsburgh office market, especially the greater CBD area, is currently facing many challenges, as evidenced

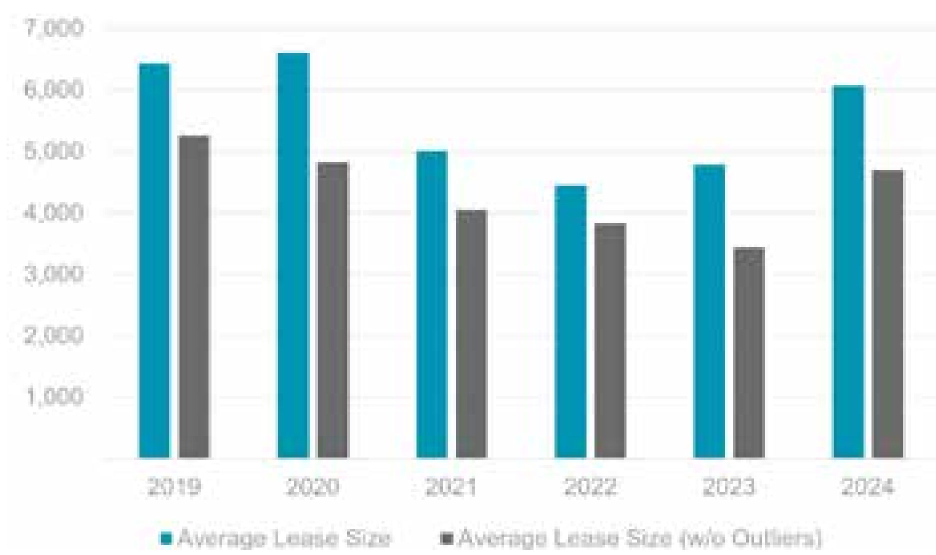


Figure 3: Average Lease Size Trends

by headline KPIs like vacancy rate and absorption. Moreover, distressed loans on assets, devaluations of office buildings, and major downsizing of several anchor tenants further complicate the arena. Simply put, the Pittsburgh office market is facing major hurdles, but positive indicators are appearing. The suburban submarkets continue to perform well, and leasing activity across the whole market has begun to rebound. Finally, downtown revitalization efforts (including office to residential conversions) promise the inward migration of many talented professionals. More workers living downtown leads to more workers onsite, potentially reversing the demand woes of the office market. In short, there are positive trends in this challenging market. **DP**

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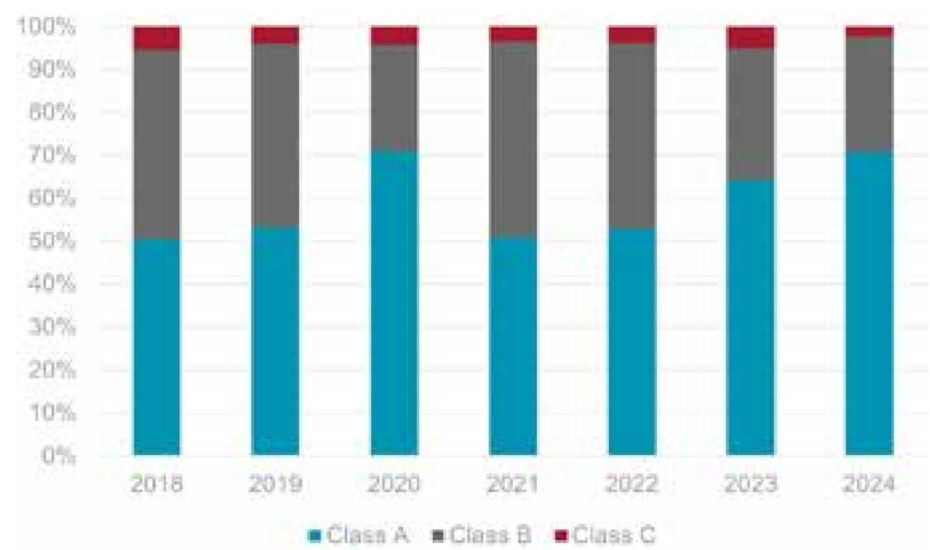

Figure 4: Flight to Quality

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Pittsburgh Industrial Market: Resilience and Reinvention

The Pittsburgh industrial commercial real estate market continues its trajectory of slow and steady growth, showcasing its ability to reinvent itself. From the 1980s collapse of steel to today's focus on advanced manufacturing, AI, robotics, and life sciences, Pittsburgh has demonstrated remarkable adaptability and reinvention. While the market is not particularly deep in any one sector, its diversity is its strength.

Recent Industrial Developments and Notable Activity

Year-to-Date 2024 Highlights:

- 312,500 square feet of new deliveries
- 420,000 square feet of new leasing activity
- 515,000 square feet of renewals

As of the first half of 2024, notable deals include Batesville Casket at 260 Solar Dr. (93,000 square feet) and Wholesale Millwork at 2400 Sweeney Dr. (50,000 square feet). Significant renewals included Steelite International at Turnpike Distribution Center One in Beaver County and Benshaw at 615 Alpha Dr., indicating strong recommitment to the market. The 145,000 square feet of new leasing activity in Q2 2024 was partially offset with new availabilities, creating a net decrease in occupancy and a 20-basis point increase in vacancy compared to Q1 2024. Despite these challenges, there were 250,000 square feet of renewals in the market.

Recent growth seen throughout the market is attributed to organically grown businesses like Westinghouse and is reflected in the expansion of operations already located in this region coupled with the expansion of recent additions to the marketplace in the distribution e-commerce vertical. Total leasing activity for the first half of 2024 totaled 935,000 square feet, led by renewals making up about 55 percent of the total. All non-renewal deals signed to date were under 100,000 square feet, signifying a slowdown in leasing activity by about 25 percent compared to the second half of 2023. New deal volume was slow in part due to high interest rates and expensive construction costs. JLL projections are conservatively optimistic that larger and more frequent transactions will come into fruition in the back half of 2024 and into Q1 and Q2 of 2025.

When looking at construction completions for the year, a handful of significant projects were delivered in 2024. The most notable project was the completion of Ferguson Enterprise's new 150,000-square foot HVAC distribution center at the Fairywood Logistics Center which was delivered as a build-to-suit in Q1. The successful completion of the development was achieved through a collaboration between the URA and RIDC in a public-private partnership. This joint venture received financial assistance from the Commonwealth of Pennsylvania, making it a noteworthy achievement for the community.

Other noteworthy projects included a new 82,500-square feet speculative light industrial warehouse located at Neville Commerce Center developed by the Elmhurst Group in Q1 as well as a new facility for Samuel, Son & Co., a processor and distributor of metal goods which was delivered in July 2024. The development pipeline is muted, and year-to-date deliveries are much lower compared to 2023; however, site inquiries are increasing as developers prepare for the next cycle hopeful that project costs stabilize, and occupier demand continues improvement.

As of the end of Q2, the Logistics Manager's Index (LMI) recorded a value of 55.3, indicating an ongoing expansion in the sector, albeit at a slower rate compared to the previous quarter (-3). This suggests that while the growth pace has slightly decelerated, there is still room for potential market expansion. With the LMI serving as a critical performance indicator for the logistics industry, this data presents an optimistic outlook for the future, indicating the possibility of continued growth and opportunities in the broader market.

Sectors Driving Growth

Pittsburgh's transformation continues, with a focus on value-added manufacturing, AI, robotics, EV and autonomous driving. The city's world-class universities, particularly Carnegie Mellon University and the University of Pittsburgh, play crucial roles in fostering innovation and talent.

We continue to recognize the Richard King Mellon Foundation donation to the University of Pittsburgh to develop the Pitt Bioforge, which will help further establish Pittsburgh as a national life science hub.

Market Outlook

Adapting to Economic Conditions and Emerging Opportunities

Pittsburgh is well-positioned to move forward in the new economy, leveraging:

1. World-class universities and their extended influence
2. Research and advanced manufacturing capabilities
3. Public-private partnerships driving

Fundamentals		Forecast
YTD net absorption	-107,374 s.f.	↑
Under construction	88,000 s.f.	→
YTD deliveries	232,500 s.f.	↑
Total vacancy	6.7%	→
Total availability	7.0%	→
Average asking rent	$6.28 p.s.f.	→
Concessions	Rising	↑

green innovation, notably involving state and federal grants and subsidies

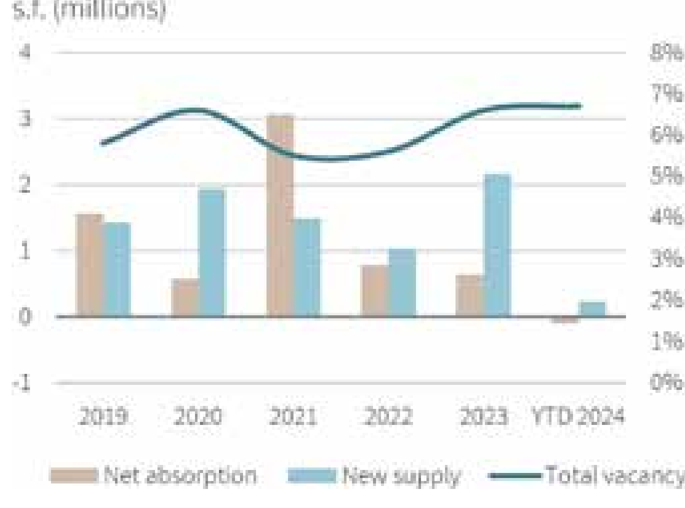
4. Welcoming emerging sectors: EV and autonomous driving cars, hydrogen, wind, electric, robotics, and AI

The Pittsburgh market is poised for growth with a smaller existing inventory and a lot of opportunities for construction development. Developers are eyeing vacant land, anticipating a restart as interest rates and construction costs decrease. Many are positioning themselves for growth in 2025.

Additional transactions and new tenants in the market will reduce occupancy and possibly force developers to close on new development sites, spurring future activity. Vacant warehouse spaces in urban areas offer potential for creating dynamic destinations, meanwhile manufacturing projects targeting advancements in alternative energy, batteries, and EV programs are on the horizon.

Amazon's activity will continue to be closely monitored as a sign of recovery due to its recent nationwide expansion as a trajectory of the wider market. If interest rates stabilize, there may be more cautious optimism in the sector regarding investments in inventories, potentially leading to a gradual expansion in the industry over the coming months.

With its high quality of life, proximity to major distribution and logistics hubs across the U.S. and opportunities for business growth, Pittsburgh is poised to attract additional investment from across the U.S. and to be further viewed as an ascending industrial city for the aforementioned emerging advanced manufacturing industrial sectors. **DP**



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It has been a few tough years for capital markets. A 500-basis-point spike in the Fed Funds rate, along with a reduction in long-term bond purchases by the Federal Reserve Bank, pushed borrowing costs for commercial real estate above seven percent. Construction loans jumped to the eight percent range – and higher. The 10-year Treasury bond hovered around the make-or-break level of 4.5 percent.

These borrowing conditions reversed the easy money, low capitalization rate environment that existed since the financial crisis in 2008. Property values plunged by 30-to-40 percent. Acquisition and development deals became unfeasible. Buyers and sellers were miles apart in pricing. Activity ground to a halt, except for deals that had to happen.

"Coming out of the pandemic has been the single most challenging cycle of my career, even more than the Great Financial Crisis, the Dot.com bubble, and 9/11," says Paul Fedorko, principal of Lee & Associates Nationwide Investment Services Group. "Capital is still finding a home; deals are still trading but it is becoming more specific."

Conditions have remained largely unchanged since mid-2022. Capital markets need the boost that will come when long-term interest rates fall back below six percent. With that prospect looking more likely to occur in 2025, activity is picking up, but dealmaking is not booming yet.

"The flow has picked up for sure in the last 90 days. It is still tough to make deals work, even with the drop in Treasuries, but it is encouraging," says Daniel Puntil, senior vice president, production manager at Colliers Mortgage.

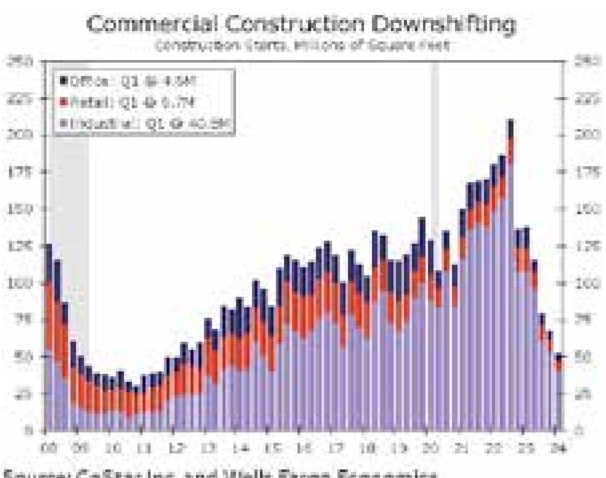
We're moving in the right direction, but we're not quite there yet," agrees Nick Matt, senior managing director and co-head of JLL Capital Markets' Pittsburgh office. "The hope is that the Fed rate cuts, and the Treasury market will stabilize, in the worst case, or decline in the best case, and that will start to make the numbers pencil out. There are pockets of people doing deals, but transaction volume is still way down."

On August 2, the narrative changed. The July jobs report catalyzed concerns about the economy. The report's household survey found unemployment had jumped to 4.3 percent, which moved global markets to trade as though a recession might have already begun. Within days, the 10-year Treasury bond was yielding 3.75 percent. While the poor jobs report may have sparked a short-term panic, it is unlikely to trigger a sell-off that would push long-term rates back to pre-2022 levels.

Bond traders on the winning side of the panic took profits off the table, selling and pushing yields back up. While there was some sentiment that the Fed would consider an emergency rate cut to calm markets, most economists noted that such a measure was more likely to add to fears rather than allay them. As long-term rates stabilized within a week, the background story for commercial real estate finance had not changed materially. The markets still need lower rates.

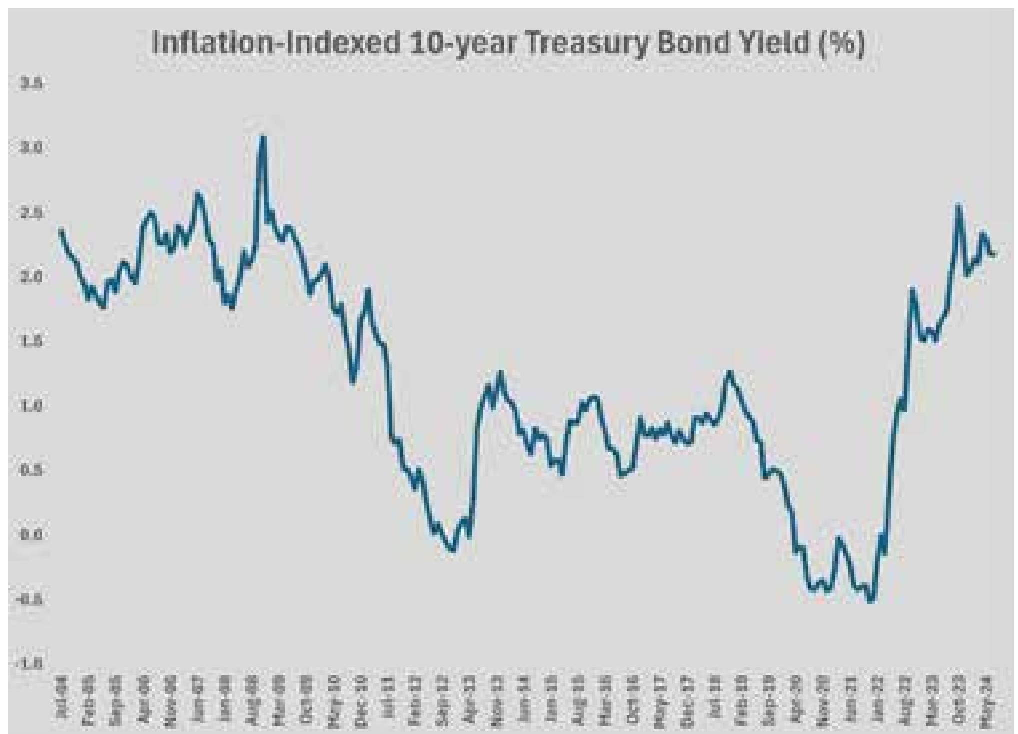
So, what is the good news for those looking for rate cuts? The current data on inflation suggests that the Fed's tightening is curbing inflation. Much of the hand wringing about resurgent inflation during the first quarter has proven to be overwrought. Core personal consumption expenditures, the Fed's preferred measure of inflation, cooled further during the second quarter, falling to 2.5 percent year-over-year, below the levels Fed presidents forecasted for the end of 2024. That presages conditions that will give the central bank room to begin cutting in September.

There are other measures that indicate that a reversal of monetary policy is in order. First among them for the central bankers is the increasingly higher rate of unemployment. Fed Chair Jerome Powell has been signaling growing concern that rate cuts were more dependent on unemployment than inflation, and the August 2 jobs report raised the alarm that the Fed may have kept rates higher for too long.



Source: CoStar Inc. and Wells Fargo Economics

Source: MSCI Real Capital Analytics and Wells Fargo Economics



The inflation-adjusted yield on the 10-year Treasury has begun to retreat after spiking between March 2022 and October 2023. Source: U.S. Treasury Department, Federal Reserve Bank.

The open question is whether the Fed has the will to cut more than once in 2024, assuming the trajectory of inflation data is unchanged from July. Bond market futures are trading as though there is a 100 percent chance of a quarter-point September cut and a 30 percent chance of cuts that reduce the Fed Funds rate by 100 basis points by December 31. Assuming two or more cuts, how quickly will long-term rates follow?

The demand for U.S. Treasury bonds impacts long-term rates to a greater extent than monetary policy. Concerns about U.S. fiscal policy have not yet spooked investors in Treasury bonds. In fact, demand for U.S. sovereign debt has remained anchored at roughly 2.5 times the supply of Treasury bonds for more than two decades. This consistently high demand-to-supply ratio

suggests that the market will not exert upward pressure on the 10-year yield once rates begin to fall.

Another indicator that lower rates are coming is the effective interest rate, the yield adjusted for inflation. Following the post-recession decade, the inflation-adjusted yield for 10-year Treasury bonds floated around one percent until the pandemic. Since the Fed belt-tightening began in 2022, the inflation-adjusted yield doubled, peaking at 2.55 percent in October 2023. That rate was 2.1 percent in July.

With the Fed possibly in reactive mode, the demand from long-term and sovereign investors will determine how low mortgage rates will go. Matt believes the significant increase in U.S. debt since the last rate cut cycle will keep long-term rates from plummeting as they did in the 2010s and will give real estate investors a sense of certainty again.

"If the Fed cuts its rates, that impacts the shorter end of the yield curve not the long-term rates. With our level of debt, I don't see the 10-year Treasury getting much below 3.5 percent," Matt predicts. "If rates stabilize at that level, buyers and sellers will adjust to it."

Real estate fundamentals have begun to firm up, primarily due to a steep decline in new construction. Starts for new commercial building supply fell steeply over the previous four quarters, hitting a 12-year low of 52.1 million square feet in the first quarter of 2024. The slowdown reaccelerated positive net absorption of multi-family to 109,000 units and kept net absorption positive for both retail and industrial. The latter property types saw annualized rental growth of 3.1 percent and 5.6 percent respectively in the first quarter, despite rising supply during the previous year.

Not surprisingly, the fundamentals of office properties remain weaker, despite construction levels below five million square feet. Rents increased by 0.8 percent as more desirable properties were able to ask for more, despite overall market softness. Absorption of office space was negative by more than 19 million square feet in the first quarter. Sales of office properties soared by 27.5 percent in the first quarter compared to the first quarter of 2023, according to MSCI Real Capital Analytics; however, the driver of transactions was distress, as office property values fell by 15.4 percent year-over-year. The bifurcation of the office market widened during the first quarter. Suburban office values rebounded from the fourth quarter of 2023 but were still 7.9 percent lower than a year earlier. Downtown office property values plunged 33.9 percent year-over-year.

Commercial real estate transactions overall fell by 16 percent compared to the first quarter of 2023, to $78.9 billion. That level was down by nearly 80 percent from the end of 2021.

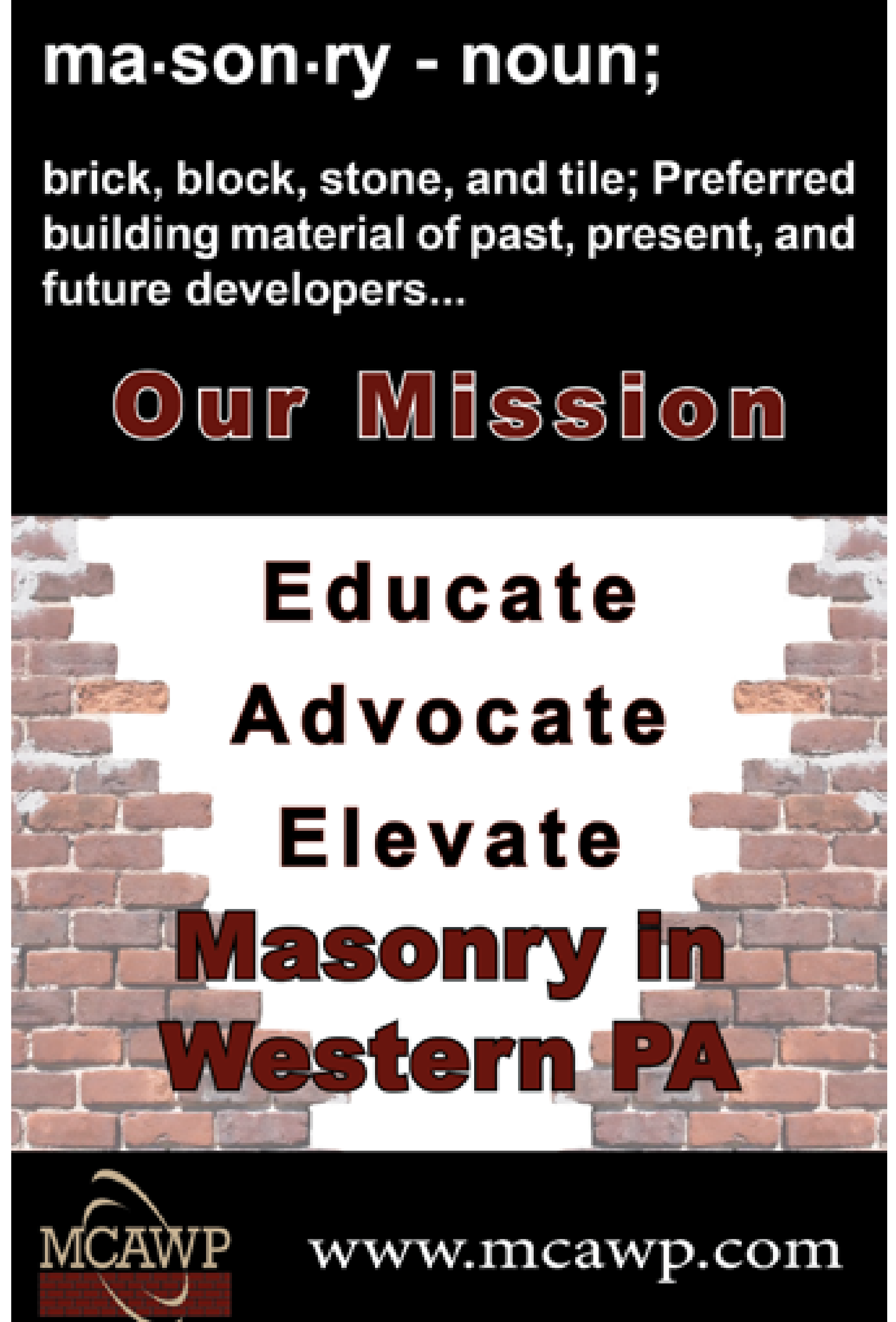
The lower volume of transactions is evident even in the active multi-family market. The trend in multi-family financing is set by the government-sponsored entities, Fannie Mae and Freddie Mac, which purchase the lion's share of residential mortgages in the

U.S. Last year Fannie and Freddie fell short of their allocations for multi-family, reaching $52.9 billion and $48.3 billion respectively. The multi-family allocations for each were cut to $70 billion for 2024, but it is unlikely that either will reach that volume without a much brisker second half. Through June, Fannie Mae had closed on $19.4 billion in multi-family deals (compared to $25.4 billion through June 2023); Freddie Mac closed $20.2 billion (compared to $19 billion).

In an environment where there are few discretionary transactions, some interesting trends have emerged.

"We pay more attention to where real estate investment trusts, family offices, debt and pension funds are allocating into commercial real estate, what sectors and geographies," says Fedorko. "In retail there is a trend towards anchored, essential-need strip centers. The trend is very geographically focused. The capital allocators and even the smart debt funds have pivoted post-pandemic away from the heartland into the southeast. There are big differences in both capital flows and pricing between a market like Pittsburgh, Cleveland, Columbus, or Indianapolis to cities like Nashville, Austin, Raleigh, Charleston, Tampa, and Phoenix.

"We find cap rates are not a function of the rate environment but how much capital is chasing a certain asset class. There is more capital chasing those kinds of shopping centers than there is supply."



The competition for valued asset classes has dampened the private equity growth trend. Large institutional investors are able to be cash buyers or low-leverage borrowers, pushing the higher leveraged private equity investor to the sideline.

Robert Powderly, senior vice president of investment real estate at First National Bank (FNB), notes that there have been changes in the southernmost markets FNB serves.

"In some of the seven states we cover the supply of multi-family product is growing faster than demand," he observes. "We wrote retail off five years ago, but it's now performing pretty well. There wasn't much supply put on so we're getting more backfill of existing centers."

The mid-year stress test of the nation's largest banks revealed that the balance sheets and earnings for the 31 biggest banks had deteriorated since 2023, but not so much that there would be insufficient liquidity and reserves. The Federal Reserve Bank tested the lenders in hypothetical conditions that were severe – a recession that triggers 10 percent unemployment, a 40 percent decline in commercial real estate values, and a 36 percent decline in home values, among others – and concluded that the banks had sufficient capital to withstand the losses that would follow in such conditions. Five of those banks – PNC, BNY, Huntington, Citizens, and KeyCorp – with significant physical presences in Pittsburgh were projected to have $45 billion in losses. The Fed concluded that the five could absorb that level of losses.

During second quarter earnings reports PNC, FNB, and First Commonwealth Bank all took pains to talk about their commercial real estate portfolios. PNC

reported that 29.3 percent of its $7.5 billion commercial real estate loans were criticized, meaning that they were exhibiting weakness but still performing. FNB reported that none of its $1.7 billion office loans were delinquent. First Commonwealth identified $14.7 million worth of office loans as nonperforming and noted that it had $82 million in office loans maturing between July 1, 2024, and December 31, 2025. None of these reports raised alarms.

"The appetite for commercial real estate lending is there, but the metrics are tightening. We're being very cautious in underwriting and managing our portfolios. Metrics are tighter in terms of debt service coverage and loan to value," Powderly explains. "The big push for banks is gathering deposits and building a lower-cost funding source. As rates moved up so quickly, those deposits became very valuable for funding any kind of loan growth."

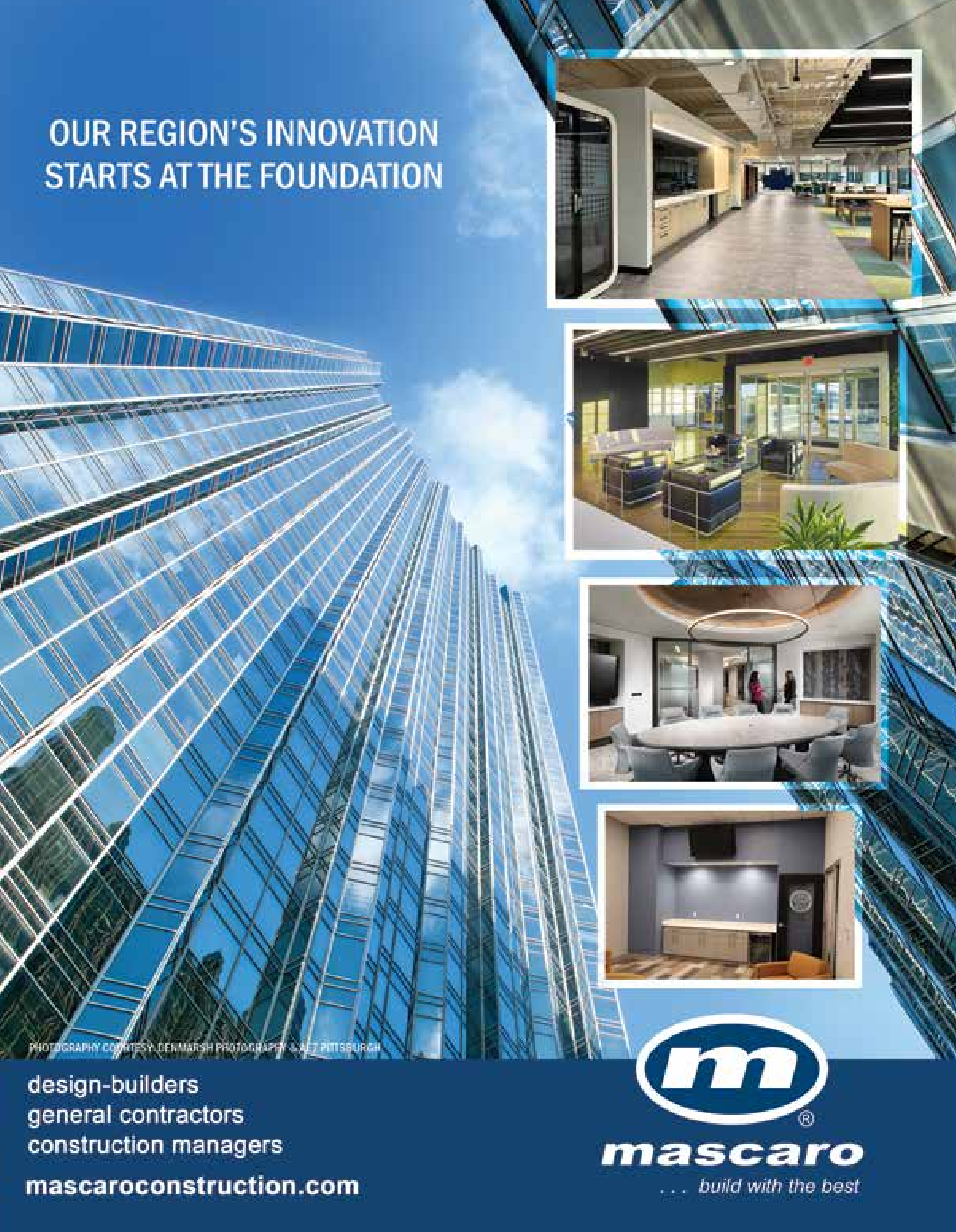
John Casile, senior vice president at Dollar Bank, agrees that banks are quite cautious about office lending, but agrees that the appetite for commercial real estate exists.

"We are still doing a fair amount of construction lending; it just depends upon property type," Casile says. "We have a number of projects that are between 40 and 70 percent completed on the multi-family side and are looking at a couple of other redevelopments or ground up construction for multi-family. We would look at retail, but I don't think there's a whole lot of retail construction right now. We have done a couple of light industrial and warehouse projects this year and it seems the folks doing them are having little trouble getting leases signed. Obviously, I don't think anyone's going to do an office project anytime soon."

"There is not much activity in the office market, but in last 12 to 18 months we've done a fair amount of bridge financing, getting maturing debt and doing three- or four-year bridge loan to get the borrower to whatever one hopes is a lower rate environment," he continues.

Capital market activity has been largely stagnant since rates climbed in mid-2022. The conventional wisdom that no deals would get done except those that had to be done has held true. A retreat in long-term rates has been needed to move the ample liquidity off the sidelines and to reduce the possibility of a negative macroeconomic event. The shift in sentiment that followed the August 2 jobs report has futures trading as though long-term rates will fall below 3.5 percent by the end of 2025. The challenges now appear to be avoiding a late cycle economic crash and running out the clock on unfavorable commercial real estate financing that will improve with lower rates.

"If you looked at the data behind the jobs reports and recent economic reports, I think we have been in a recessionary period for longer than the media has wanted to report," says Fedorko. "I remain cautiously optimistic that as we move through the second quarter of 2025, the 'survive until 2025' mantra will prove to have been true." **DP**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Facilitating Solar Development in Urban and Suburban Areas

By Brittany M. Bloam

Introduction

The Urban Redevelopment Authority of Pittsburgh recently announced its plans to remediate a 15-acre property in Swisshelm Park for use as a solar farm.[1] The project is in the early stages, but signals an interesting opportunity for municipalities and developers - are there other urban and suburban properties that could be used for solar development? While utility-scale solar projects have received most of the headlines, and many homeowners have considered placing panels on their roof, there is another "missing middle" type of solar project that could create more opportunities for development on smaller sites in the city and surrounding suburbs.

Types of Solar Development

The general categories of solar development projects are:

Residential and Commercial Solar Projects: Residential and commercial solar projects are smaller, "individual" solar developments that generate electricity for on-site use and are generally located on a rooftop or adjacent to an existing structure. The energy generated by these smaller projects is measured in kilowatts (kW). Many municipalities in the Greater Pittsburgh area have enacted local zoning and permitting ordinances governing rooftop solar units.[2]

Utility Scale Solar: (also called "grid-scale solar," "solar arrays," or "solar farms") produce electricity on-site that is transmitted into the power grid for off-site use. Significant acreage is required for these types of developments, and the energy generated is measured in megawatts (MW, which is 1000 kW). Typically, these developments generate at least 5 MW of electricity and can be sold to a single user or placed onto the electric grid.

Net Metering: Medium scale solar development is currently facilitated through "net-metering," which is a method to measure the difference between electricity generated by a customer connected to an electrical utility and the energy used by the customer. The customer receives credit for the electricity produced by their on-site solar infrastructure and sent to the utility that is in excess of the electricity used on-site.

Community Solar: Pennsylvania is currently considering legislation to allow "community solar" development, which may be well-suited for properties in urban and suburban areas. Community solar generates energy for off-site use within the surrounding community via distribution over the electric grid. These projects require several acres, but can be installed either on the ground, a rooftop, or in a parking lot. Community solar project generally generate between 100 kW through 5 MW and are estimated to require 15 to 30 acres of land depending on the project design.[3] Community solar allows people who cannot install solar panels on their own property (perhaps because they rent, cannot afford it, or because their location isn't suitable) to benefit from solar energy generation. "Subscribers" purchase a "share" in a community solar project in exchange for credit on their electric bill. Community solar is not currently permitted in Pennsylvania because a solar array with multiple subscribers could be regulated as an energy manufacturer.

Status of Community Solar in Pennsylvania

In March 2024, the Pennsylvania House of Representatives approved House Bill 1842, which would allow for community solar facilities to produce a maximum of 5 MW, or up to 20 MW if the project is located on a brownfield site or rooftop. The legislation also provides for consumer protection for subscribers and tasks the Pennsylvania Utility Commission with regulatory duties. The bill was sent to the Senate for consideration, where it was referred to (and remains with) the Consumer Protection and Professional Licensure Committee.

Brownfield to Brightfield

Interestingly, one of the guiding principles of the Pennsylvania Department of Environmental Protection regarding the location of utility-scale solar projects is to minimize use of agricultural and forest land and instead "prioritize reuse and repurposing of previously impacted lands."[4] The DEP Energy Programs Office recently commissioned a study called the "Assessment of Solar Development on Previously Impacted Mine Lands in Pennsylvania," which evaluated the feasibility of solar projects on brownfields, and opportunities to facilitate the transition from brownfield to "brightfield".[5]

Among its many recommendations, the study concluded that legislation enabling community solar projects would help medium-sized installations to be economically viable and more easily sited on smaller parcels.[6] This suggestion could also help facilitate solar development on other urban and suburban sites given the smaller footprint necessary to construct community solar projects.

The conversion process to brightfield is significantly expensive given the costs of environmental cleanup, additional permitting, remediation, and special construction measures that are necessary, so the study also recommends the creation of additional sources of federal, state, and local funding.[7] Mineral Basin Solar, a 402 MW grid-scale project sited on reclaimed mine land in Clearfield County, will receive $90 million to build the facility.[8] Dedicated funding toward smaller solar projects would help defray the costs of remediation (if on a brownfield) or general costs of development on other sites.

Solar Ordinances and the Permitting Process

There is no statewide law governing solar development. The lack of consistency in the entitlement process increases costs and makes investment in solar projects riskier, particularly for the smaller, community solar developments that could be most appropriate for urban and suburban areas. There are over 2500

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municipalities in Pennsylvania, all with autonomy to institute their own zoning, subdivision and land development ordinances (SALDO), and permitting requirements.

As with any proposed development, solar developers will need to comply with local zoning and approval requirements. Many municipalities' zoning ordinances do not address ground-mounted solar developments. Forward-thinking municipalities should consider where solar projects would be appropriately sited in their communities and update their ordinances accordingly. This would provide clarity to the municipality, potential developers, and to neighboring property owners.

Some municipalities have adopted variations of a solar ordinance developed by the Pennsylvania State Association of Township Supervisors, which creates a framework for development of accessory solar energy systems (for generation of power for onsite use) and principal solar energy systems (PSES) for generation of power for off-site use. The ordinance addresses municipal permitting, setbacks, stormwater, screening, signage, and access. In addition, the ordinance also requires developers to provide financial security to cover the costs of decommissioning the solar panels and restoring the surrounding environment to its original condition.

Developers must also comply with a morass of permitting requirements subject to oversight by the local municipality, the County Conservation District, and the Pennsylvania Department of Environmental Protection (among others). The DEP Assessment recommended a streamlined process to facilitate solar development like the ones implemented in other states, such as New York and Virginia.[9] Any increases in efficiency will lower development costs and help facilitate solar projects.

Conclusion

With the right mix of enabling legislation, funding opportunities, and clarity in local ordinances, urban and suburban properties - including existing brownfields - could be poised to take advantage of solar development. **DP**

Brittany Bloam is a partner at Meyer, Unkovic & Scott LLP in its Litigation and Dispute Resolution Practice. She can be reached at bmb@muslaw.com.

1 URA Announces EPA Award for Swisshelm Park Solar Remediation Project, May 21, 2024.

2 Western Pennsylvania Rooftop Solar Challenge Solar Installation Guidebook

3 "Assessment of Solar Development on Previously Impacted Mine Lands in Pennsylvania, May 7, 2024, p. 48.

4 Commonwealth of Pennsylvania Grid-Scale Solar Siting Policy.

5 Assessment of Solar Development on Previously Impacted Mine Lands in Pennsylvania, May 7, 2024, p. 48.

6 Assessment of Solar Development on Previously Impacted Mine Lands in Pennsylvania, May 7, 2024, p. 88.

7 Assessment of Solar Development on Previously Impacted Mine Lands in Pennsylvania, May 7, 2024, pp. 89-90.

8 Feds funding large solar project in Clearfield County, Pittsburgh Post-Gazette, March 23, 2024.

9 Assessment of Solar Development on Previously Impacted Mine Lands in Pennsylvania, May 7, 2024, p. 94.

Reflections from NAIOP Corporate Chair Brian Walker

Brian Walker

Brian Walker, president of NAI Burns Scalo, is serving as NAIOP Corporate's chair for 2024. Walker served as president of NAIOP Pittsburgh in 2015 and 2016 and has been active on Corporate's committees in recent years. During the past eight months, Walker has traveled the country visiting NAIOP chapters. DevelopingPittsburgh asked Walker to reflect on his time as chair and look forward to the remaining months of his tenure.

DP: How does this role at NAIOP Corporate fit into your career path?

BW: It was an opportunity to give back to NAIOP. I remember what it was like at 31 years old, being a partner in my accounting firm and being a Developing Leader. I am the first Developing Leader to have been named chair since that program started in 1967. When I joined as a 31-year-old, NAIOP provided me with the resources and relationships to build a foundation and learn to launch a successful career. To have the opportunity to give back and spend time with the future leaders of the organization is really special. This overlays with what I want to do at NAI Burns Scalo, but there have only been 50-some people who had this opportunity to give back to NAIOP and I am embracing that.

The biggest concern I had was for my family. I talked to my wife about it, and she was immediately supportive. My son is 24 and my daughter is 26, so we are empty nesters. It was more about my wife supporting it because she has been my rock.

DP: You were relatively new at NAI Burns Scalo when your term as chair began. How did you prepare for that and how has the term affected your work?

BW: My company is embracing it. Imagine the circumstances. Jim Scalo hired me for the growth and succession of his business knowing that most of my time in the first year would be on the road traveling. Not many people would do that. I was initially worried about being away from the office, but at Burns Scalo we have a great infrastructure. There is a strong CIO, CFO, and COO, so I can spend most of my time out of the office. I had to learn how to be a leader in a different way while driving a growth mission outside of Pennsylvania.

I was fortunate that Bill Hunt [president and CEO of Elmhurst Group and former NAIOP Corporate Chair] had done this in 2012. I talked to him about his experiences and the opportunities it provided. He recommended I write things down throughout the year. That was good advice.

DP: How has the time as chair affected the way you view NAIOP Corporate's role?

BW: During COVID we lost the ability to stay close to our chapters and that hurt us a little bit. Our strategic plan lays out the mission to be the most recognizable commercial real estate association out there. It's a plan to ensure that we are always operating with the highest levels of integrity, transparency, inclusivity, innovation and collaboration; to support the great work that our members are doing in their communities; and to be deliberate about engaging and investing in the future workforce and leadership. The only way we can do that is to get into the community and support them.

Thus far, I've taken 18 trips. They were all different and special. I've seen great leadership. When I visit these chapters I want to see the work they are doing in the communities. I want to see what's working and what's not, how we at NAIOP Corporate can support them better.

DP: What are some of the things being done at the chapter level that have impressed you?

BW: There is something in every city. The four Canadian chapters have united to do a national back to office call. Four chapters in North Carolina are working closely with the legislature to set up expedited permitting and reviews. In Massachusetts, it's amazing what they're doing. If there's an office building underwater, they are pushing for gap financing to make the investment real estate side make sense because deals don't pencil right now. They're also working on expedited permitting for property owners that want to convert their upper floors. In Ohio, all four chapters are coming together to make sure that their building infrastructure investment fund is working. I got to go to the first rodeo in my life in Reno! I was blown away by how amazing their industrial market is and what they did to land Tesla. I'm seeing great events and have been speaking at numerous award ceremonies. I've met winners from various cities and learned how they're handling these challenging times.

From a commercial real estate perspective, I was most impressed with what Ohio has done. When I spoke to their Capitol Hill Day, they scheduled me to meet with Jobs Ohio. They shared how they spun that off in 2012 to purchase the liquor licensing for the state and use that platform to build investments for their communities. They make $400 million a year to invest in communities. That's how they landed the chip deal and the Intel deal. They have 12 mega sites in negotiation right now. What Pennsylvania is doing now is a start - you have to start somewhere - but when I see the big

Brian Walker's year of service to NAIOP Corporate coincides with major changes being made at NAI Burns Scalo. In July 2023, the company affiliated with NAI as part of what will ultimately transition the ownership of the company from its second generation, led by Jim Scalo, to its third. As the president of a company undergoing generational change, Walker could have found the year traveling to be a major distraction, but he says that the experience dovetailed smoothly with the mission of his day job.

The relationship with NAI helps Burns Scalo broaden the perception that the market may have about its business and cast a wider net. Walker sees the challenging current conditions as an opportunity to use NAI to reintroduce the firm to the marketplace.

"We've been time tested since 1956, but we were always taking care of our own investment real estate. Most people knew Burns Scalo as an owner. They didn't realize we were a large fully integrated professional service company with thriving subsidiaries in construction development, asset management, property management, and brokerage," he says. "Jim Scalo was our biggest customer and our biggest liability. What would have happened if something had happened to Jim?"

"What NAI brings us is almost like an advisory committee across the world. It provides us with partnership reaches through 325 offices and 6,500 partners across the world. It gives us a chance to learn what other commercial real estate professionals are doing to deal with these difficult times," he continues.

Throughout 2024, Walker has been traveling throughout the U.S. and interacting with peers that are struggling with the same market challenges as NAI Burns Scalo has in its markets. He says that it is refreshing to see how others are managing the tough times. He also says it is refreshing to see that there are markets where the challenges are less difficult. Those are opportunities Walker says he would not necessarily have known of otherwise.

"My mission is to find new ways to grow so the company that is bigger than we've been in the past. We need to diversify asset classes and geography. So, when I go into a market, I may have my NAIOP hat on, but when I stay late and I'm developing relationships with future partners I have my NAI hat on," Walker says. "We hope to be community members in other parts of the country. We just opened in West Virginia. We will have something down south. We will have an office in the Midwest. Is it a tough time? Yes, it's an absolute grind but I'm convinced that people that grind through these market conditions will be successful in the future."

Burns Scalo's model has been to fund growth through speculative development, mostly of office buildings. Its equity investments drove construction, which lead to leasing opportunities for its agency team and property management team. With speculative development mostly on hold, it is harder to execute that model. Walker notes that those services are now offered for hire as NAI Burns Scalo and he expects the partnership with NAI to lead to growth opportunities outside the firm's traditional model. That is a strategy designed to leave NAI Burns Scalo more resilient and diversified when conditions improve.

"Commercial real estate isn't dead, but it is different. Those who embrace that and find ways to offset negative margins and net operating income decline can create strategic ecosystems that will be the great real estate firms for the future. Those that don't will fall behind," Walker says. "We'll still be an equity investor, but we're leading with transactions. When equity investing returns, we will be in a better position. We're focused on getting our mission done and I expect in a few years will be building new commercial real estate."

work that Ohio is doing, I'm glad we are trying to be competitive. Jobs Ohio was generous in telling us how they underwrote it and why they did it that way. My experiences in Ohio and with Jobs Ohio were the reasons that Governor Shapiro asked me to meet with his cabinet.

DP: What do you expect to learn during the rest of your tenure that can be shared to help chapters across NAIOP Corporate's footprint?

BW: I expected to learn about other markets through my travels and have not been disappointed. There are numerous cities that are pushing investment through TIF deals. Multiple cities are providing gap financing for affordable housing or upper floor renovations.

NAIOP as an organization must evolve to help our members brace for the impact of bad times.

NAIOP Corporate just agreed to support NAIOP Colorado on Regulation 28, which is a move to electrify all real estate. There is a lot of state regulatory assistance NAIOP Corporate can provide. That's on water, energy, and affordability. We're working to see how we can help the states deal with them. We're working with Mountain West to help with regulation and land banking so there is land available to develop. Nimbyism is a real thing. NAIOP Corporate is trying to support the local chapters in their discussions with local government to develop the right way, without just stopping development. We support them sometimes with staff and sometimes with monetary support. We just got our first tax bill through the House Ways and Means Committee to get a 20 percent tax credit to offset the cost associated with converting upper floor office buildings to alternative use, such as residential.

I didn't anticipate that this role would happen during one of the most difficult times for commercial real estate. It's exciting to lead through this difficult time for commercial real estate and help make sure our members come out stronger on the other side **DP**

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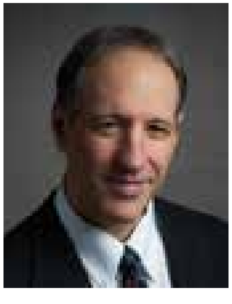
How do the conditions for development today compare with those of the 2009-2011 period?

Molly North
CEO, Al.Neyer LLC

"The conditions for development today differ significantly from those in 2009-2011. During the Great Recession, the commercial real estate market was plagued by limited lending, reduced investment appetite, and a sluggish macroeconomic environment. There simply was no debt capital available and this applied broadly to all commercial real estate asset classes. Even projects leased to investment grade tenants had few debt prospects. In contrast, today's market benefits from more robust lending conditions and higher investor confidence. Debt and equity capital is still competing for multifamily and industrial projects, though investors and lenders are exercising greater discipline and discretion. Regional factors also play a crucial role; markets in the Mid-Atlantic have shown resilience and adaptability, fostering a conducive environment for development."



Domenic Dozzi
President, Jendoco Real Estate

"The biggest difference between the 2009-2011 real estate recession and today is there were almost no companies looking to lease space then. It didn't matter if you discounted the properties' rent, advertised it to death, or offered amenities, almost no one was in the market to rent. In today's market, interest rates and higher construction costs have put a damper on new projects, but existing well-located properties continue to do well.

On the construction side, numerous companies either closed or downsized during the recession, forcing many long-time professionals to retire or move to other industries. This continues to affect us even today as we lost the experience and 'institutional knowledge' of these seasoned professionals. Their experience and mentorship were often not passed on to those who came after them."

Ryan A. Schwotzer
President, Crossgates Inc.

"Although I wasn't in the same role back in 2009-2011, remembering a few developments we were involved in, it seemed like the process didn't take quite as long to get to construction. Financing, even with the parameters required, still made sense and construction costs were at a manageable level to achieve the rents needed. Today, the development process seems to require so much more time, effort, and capital...even before a project is determined to move forward. Examples including engineering costs to achieve stormwater/DEP compliance, architectural/construction design to meet newer building codes, and additional approvals required by municipalities/boroughs/cities/etc., all lead to more costs, more land area needed, and more legal reviews. Tie those pieces in with the higher material costs, higher labor costs, higher interest rates, and banks not eager to lend money in some circumstances, it makes conditions for development challenging right now."

Lynn DeLorenzo
Principal, Tarquincore LLC

"Having attempted an urban for-sale multifamily project in the city adjacent to Green Tree within the 2009-2011 timeframe, the experience left my Miami-based partners with no options other than to walk away from Pittsburgh. Others have followed suit over the last decade or so for various but related reasons. (This project did not fall into 'we've always done it this way" model.)

The simple overview is that the successful development occurring in other cities today cannot be attained here due to continued disagreement and/or misunderstanding of objectives, or what it takes to build a project in the city – today. While the costs alone of the time-factor of development add considerably to a project and are often not a consideration by government or the public, what we truly face today is reaching a shared vision of the future – and a plan of how to get there.

First, we need to get on the same page. How lucky are we that Oakland is a major job generator for the region? The future is so bright for Pittsburgh, but we seem to lack the ability to work together to achieve this goal. So, what we need first is a willingness to collaborate. Collaboration can only be achieved when we are genuinely willing to work together, to make reluctant change for the better, and create a new paradigm for the future.

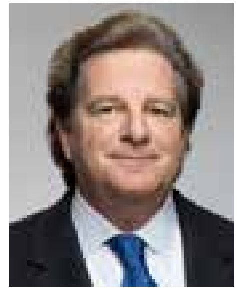
Secondly, we face a simple "math problem" in the development process. To continue our quest to become a world-class city, we need to tackle the math problem. It is simple. Costs have changed. Land is at a premium. To build projects that really work today – and not just economically but

within the fabric of the community – height and density need a serious adjustment. Formulas should be permitted where we are challenged with housing, affordability, transit, and accommodating growth that will prepare Pittsburgh for a strong future. Until this occurs, we continue to be stuck in the building challenges of 2009-2011."

John Deklewa
CEO, RDC Design + Build

"The economic conditions following the Great Recession lacked three major ingredients: capital, employment growth, and consumer confidence. The residential crash affected everyone from schoolteachers to speculators as home equity vanished, resulting in a lack of capital and capital preservation for many. Despite extremely low costs and near-zero interest rates, consumer confidence was too low for major purchases, and developers halted new projects. Only institutional owners and build-to-suit developers could leverage the low interest rates and readily available labor and materials.

Today, the situation is markedly different. The economy varies greatly across the country. The biggest deterrents to development today, specifically multi-family and warehouse projects, are the high costs and scarcity of certain labor and materials, as well as construction interest rates over eight percent. Currently, there is full employment, job and population growth (especially in the South and West), and strong consumer confidence. Housing demand is particularly high in several key Pittsburgh submarkets where new housing supply is constrained. Development today is limited to specific uses in strong submarkets."



Bill Hunt
President and CEO, Elmhurst Group

"One material difference since 2011 is the decrease in efforts being put forward for economic development. Our elected officials must reemphasize future growth in our region. As property assessments have plummeted, governments must now be proactive and help grow our region. Specifically, our leaders must become more like salespeople and assist existing local companies to expand while also reaching out to prospective companies to encourage them to relocate to our region.

It is simply not true that corporate relocations would compete with our existing companies for jobs. As long as there is job training for our workforce, the region can absorb expansions and relocations. Growth leads to more taxable projects which can lower existing taxes and support badly needed government programs. In growing regions, success breeds success. Best in class local governments have discovered the formula to create a pro-business region in which people want to locate here because of new job opportunities, while also providing the incentive for future companies to relocate here to take advantage of the growing workforce. A rising tide raises all boats.

Along with public works, safety and human services, economic developments should be the fourth leg of the stool with our local governments. As economic development grows our tax base, it provides the additional resources for the necessary infrastructure and social services. It also provides a secondary benefit for local workers, as additional demand for employees will also ultimately lead to long-term wage growth."

Correction: Anthony Oliva was incorrectly identified as Louis Oliva in the Voices column of the spring 2024 DevelopingPittsburgh.

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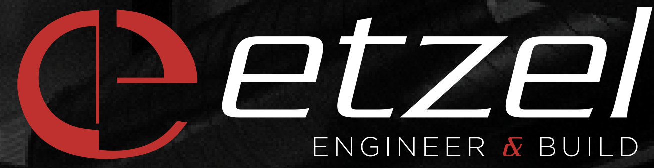

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Allegheny County

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Lauren Connelly, Director
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When County Executive Sara Innamorato took office in January, she laid out her vision for the future of Allegheny County and for a regional economy that delivers shared prosperity. She made a commitment to a more collaborative and comprehensive approach to governing -- an approach rooted in partnership. We are just getting started and we are encouraged by promising data and programs that are making progress.

In June, the City of Pittsburgh, Allegheny County, and the Allegheny Conference unveiled a vision plan to help revitalize Downtown Pittsburgh. The plan put forward public realm improvements for those who live, work and play downtown. Civic leaders are working closely with Downtown organizations and stakeholders, and the State's Department of Community and Economic Development to develop a reinvestment strategy to bring the vision to life.

Allegheny Shores, a project expected to transform a 52-acre industrial waste site along the Allegheny River in Sharpsburg into affordable housing, mixed-use development, and a riverfront trail, was awarded a $25 million federal grant through the Department of Transportation and $10 million in additional state investment over the summer.

Public-private partnerships are a major theme for some of our most ambitious projects in the region.

Allegheny County joined the Richard King Mellon Foundation, Arctaris Impact Investors, and RDC Design-Build to announce the County's $1 million investment as part of a larger investment to convert a currently vacant facility into a specialty manufacturing hub. In the county's comprehensive approach to economic development, we're focused on investments to support all sizes of projects. The Redevelopment Authority of Allegheny County continues its work with Braddock as part of its BBCI initiative to stabilize currently vacant commercial buildings along Braddock Avenue and to deliver the buildings to local entrepreneurs who will enliven the main street corridor.

There are also very encouraging signs of post-pandemic recovery and economic growth. June was Pittsburgh International Airport's busiest month in nearly two decades. More than 970,000 passengers traveled through PIT in June, the highest monthly travel at the airport since 2005. June also marked the Airport's largest monthly increase over pre-pandemic traffic levels. Embracing innovation and sustainability, Pittsburgh International will be the first domestic airport terminal to be designed and built post-pandemic and is poised to open in 2025.

In addition to the positive data at the Airport, we are encouraged by positive regional economic indicators. According to the Bureau of Labor Statistics, the monthly employment, labor force participation, unemployment, and establishment growth numbers continue to improve for the Pittsburgh MSA. Allegheny County secured a stable economic forecast with recent affirmations from Moody's Ratings and S&P Global Ratings as part of their bond rating analysis. Allegheny County was deemed as having a sizeable and growing economic base and this reinforced that the county is on strong financial footing and an attractive place to invest and to do business.

Partnership can yield exciting outcomes in Allegheny County. Allegheny County Economic Development welcomes your ideas, projects, and partnership to help to deliver the future that Allegheny deserves.

Beaver County

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The Beaver County Corporation for Economic Development (CED) has continued results to show for our efforts in enhancing the economic well-being and quality of life for the Beaver County community. The BHIVE Building has now been operational for five months where programming and events are held that provide a secure and inviting place where entrepreneurs in the region are comfortable and eager to go for guidance and assistance.

The Business District Initiative is also in full swing where we aim to decrease the vacancy rates within key designated areas in the county's nine business districts. As part of this initiative, the mini-grant program has also disbursed a total of $40,000 in grant dollars funded by the Appalachian Regional Commission.

Also, Kenson Plastics that is located in Beaver Falls, is expanding each year as their business continues to thrive. Kenson is a manufacturing company that specializes in precision pressure-formed plastics since 1972. They have invested approximately four-million dollars in growth initiatives over the past several years, and they intend to add thirty to forty new jobs. Another company with expansion efforts is the Aliquippa native Versatex. They announced in June that they plan to invest forty-million dollars in expansion projects that include building a new facility within the Aliquippa Industrial Park that will produce eighty new jobs and renovating their current facility also located within the park. Versatex is a building products manufacturer that focuses on PVC trim options.

Additionally, another individual making an impact in Aliquippa is Vinnie Lima, the President of GetBlok.io which is an agricultural technology company and partner of Logstown Schoolhouse LP. The schoolhouse project consists of renovating the former St. Joseph Schoolhouse in West Aliquippa into affordable housing apartments with a commercial kitchen area featured in the basement.

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The Indiana County Development Corporation has been awarded a $1 million state grant through the initial round of the Pennsylvania Strategic Investments to Enhance Sites (PA SITES) program administered by the Pennsylvania Department of Economic & Community Development (PA DCED). The $1 million grant will advance site improvements, such as internal access roads, grading, and utility extensions at the Windy Ridge Business & Technology Park in White Township, which is strategically located at the intersection of US 422 & PA 286. The Windy Ridge Business & Technology Park is designated as a Keystone Opportunity Zone (KOZ) through December 31, 2029, which provides certain state and local tax abatement to businesses. The PA SITES grant is the latest boost to a business park that already hosts a 950,000 square foot Urban Outfitters fulfillment center and Creps United Publications.

The Indiana County Development Corporation and NSS Propco, LLC have closed on the sale of 486 Cornell Road, Blairsville located in Burrell Township. NSS Propco, LLC will lease the office building to New Story Schools. The 486 Cornell Road building is a 25,345 square foot building that has operated as a multi-tenant facility over the last nearly twenty years. New Story Schools is an educational organization comprised of special education schools in Pennsylvania, Ohio, and Virginia. New Story Schools provides tailored academic curriculum infused with therapeutic support to students ages 5 through 21 in grades kindergarten through 12 experiencing social, emotional, educational, and behavioral challenges.

The Indiana County Commissioners and First Commonwealth Bank have entered into an agreement that includes First Commonwealth Bank donating its historic Downtown Indiana Office located at 600 Philadelphia Street, Indiana to the county with the intention of its becoming a welcome center. The donation of the bank's current downtown branch location at 600 Philadelphia Street, Indiana will not have any impact on the bank's employees' jobs or its ability to serve customers right from the heart of downtown Indiana. First Commonwealth Bank will be moving the branch location, the ATM and night depository right down the street into the front of its existing building at 654 Philadelphia Street, Indiana, which is currently under construction. The Indiana County Commissioners announced that the conversion of the 600 Philadelphia Street building to a welcome center serving all of Indiana County will become the shared home to the Indiana County Tourist Bureau, the Indiana County Chamber of Commerce and Downtown Indiana, a Non-Profit Organization. The Indiana County Commissioners have outlined that there are many benefits of the collaboration and synergy the shared space will create between the three organizations and have noted that a Payment In Lieu of Taxes (PILOT) agreement will be part of the of the transition of the facility to ensure that local taxpayers are not negatively impacted by the move. First Commonwealth Bank is planning its transition to the new branch in late September 2024 and the county anticipates that the renovation to the welcome center building will occur over the winter months and be ready in the 2nd quarter of 2025.

Indiana County offers a diverse range of available buildings and pad-ready site options that cater to various business needs. For those interested in exploring available sites and buildings in Indiana County, please contact the Indiana County Center for Economic Operations (CEO) at 724-465-2662 or www.indianacountyceo.com.

Lawrence County

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Lawrence County is seeing unprecedented cooperation and collaboration among our municipalities, governments, and businesses – all of which translates into advancing economic growth and opportunities in our community.

Stonecrest Business Park, the first private business park to be constructed in Lawrence County in 40 years, is expected to create more than 1.5 million square feet of industrial space under roof and generate over 750 new jobs. Ground-breaking for this $14 million site development project on a 213-acre site in New Beaver Borough took place earlier this year. The business park project is designed to create pad-ready sites attractive to light manufacturing and warehouse/distribution operations with all public utilities in place.

Developer John LaCarte of LaCarte Enterprises believes that growth and development is moving in the direction of Lawrence County in part because of its strategic location which provides convenient highway access to Interstate 79, the Pennsylvania Turnpike, Interstate 376 and is also just 30 minutes north of the Shell Cracker Plant.

Steelite International, a global manufacturer of tabletop, lighting, and buffet solutions for the hospitality industry continues to grow its warehousing and distribution presence in Lawrence County. Steelite recently contracted to purchase 96 acres of prime real estate in Neshannock Township and announced plans to develop a state-of-the-art distribution facility on the property. This project will streamline Steelite's supply chain and logistical processes and accommodate future expansion plans. "This expansion is a testament to our commitment to our valued customers, dedicated employees, the Commonwealth

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Photo Project: Distillery at South Side Model 631 Fire Rated Doors

of Pennsylvania, and our Lawrence County Community," said John Miles, President and CEO at Steelite International.

Keystone Compliance, a full-service regulatory compliance laboratory and 30,000 square foot testing facility located on a 4-acre footprint in downtown New Castle, began construction on a 10,000 square foot addition to its main building. The expansion will create additional lab space for the company. Keystone Compliance also operates a second lab facility in Durham, North Carolina.

The Lawrence County Broadband Initiative, spearheaded by Amy McKinney, Director of the Lawrence County Department of Planning and Community Development, continues to work to improve broadband access in the county. The project identifies gap areas within the county for future broadband infrastructure expansion to keep both urban and rural communities connected and competitive in today's digital economy. The project was initiated and fully supported by the Lawrence County Commissioners working closely with McKinney and the planning office.

The Lawrence County Economic Development Corporation (LCEDC) conducted a Business Incubator Planning Study over the summer and is currently reviewing the recommendations with the eventual goal of establishing an incubator and maker space, as well as offer programming that would enhance the local entrepreneurial eco-system. The LCEDC recently purchased and is currently rehabbing a 39,975 square foot heavy industrial facility with a detached 3,360 square foot office building in the city of New Castle's industrial corridor. The buildings are adjacent to the New Castle Industrial Rail, providing access to two Class One rail carriers, Norfolk-Southern and CSX. With manufacturing representing 13 percent of Lawrence County jobs, we expect this upgraded space will complement and help grow our industrial base. We are currently in conversations with an interested manufacturer which could net more than 40 new jobs in our community.

Forward Lawrence Executive Director and CEO Benjamin Bush is encouraged by the recently passed state of PA budget for 2024 – 2025, and especially with the Pennsylvania Strategic Investments to Enhance Sites Program (PA SITES) legislation, which will provide grant funding to eligible applicants to develop competitive shovel-ready sites for businesses to relocate or expand within the Commonwealth. Bush said, "We are making incredible strides in Lawrence County through cooperation and collaboration at all levels. This significant investment by the Commonwealth will allow Pennsylvania to bring more sites online and increase our competitiveness. While we still have much to do, we are moving forward here in Lawrence County, regionally, and at the Commonwealth level. I am excited by the prospect of utilizing the PA SITES program to enhance the competitiveness of Lawrence County."

Washington County

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In Washington County, public-private partnerships continue to catalyze growth in our communities and several projects in 2024 demonstrate the strength of these collaborations. In addition, the office market in Washington County continues to steadily improve with a recent event highlighting that momentum. These are a few of the many aspects that contributed to the continued success of Washington County's economy in the first half of 2024.

At a recent event in Southpointe, one of the largest mixed-use developments in Western Pennsylvania, a group of leading property developers, office leasing agents, and business leaders detailed an improving situation in the park, while acknowledging the challenges facing the overall office real estate market. Recent successes in Southpointe have been punctuated recently by several new office leases, including 40,000 square feet for Lighthouse Electric and 5,000 square feet for GAI Consultants. These deals were indicative of a larger trend of smaller footprints and multiple companies in the same buildings. The larger, corporate headquarters-style buildings have largely been slower to return their staff to fulltime in-office work, while smaller companies (on average) seem to have been quicker to return their employees to full-time or hybrid office arrangements. In Southpointe, this has translated to a higher number of multi-tenant buildings and companies "right-sizing" their space. In addition, there has been a noticeable shift in the in-office amenities that building owners are providing for these multi-tenant buildings – including things like on-site fitness facilities, coffee and food offerings, or communal leisure and game areas.

While no one can be totally certain about Southpointe, conventional wisdom seems to favor that it may involve the addition of more multi-family residential options, increased entertainment and leisure opportunities, and office remaining a vital component. What is undeniable is that Southpointe remains uniquely positioned to offer a true live-work-play opportunity for families, young professionals, and two person households. With a highly rated golf club, two indoor sports facilities, and a vibrant main street, the continued residential and commercial development both within Southpointe and in surrounding communities will ensure future growth. Also, the convenience to downtown Pittsburgh and the Southern Beltway's access to Pittsburgh International Airport envisions Southpointe remaining the premier office, residential, and recreational destination in the region.

Outside of Southpointe, Washington County has seen success with several projects that demonstrate that the county's long-held focus on public-private partnerships continues to deliver positive results. Earlier this year, the county announced a new Blight Mitigation and Demolition Fund, dedicating $12 million in American Rescue Plan funds to launch a multi-pronged initiative aimed at removing blighted, vacant, and/or condemned properties from communities across the

county. Partnering with several regional organizations, the funding will provide educational, capacity building, and practical assistance to municipal leaders looking to improve their communities.

On a related note, ground was broken on a 100,000 square foot spec building on the site of the former Brockway Glass plant in Canton Township. This represents the final step in transforming a blighted and obsolete factory into a modern light industrial facility. The project has been a long-term partnership between private developers, led by Crossgates, working with state and county economic development programs to return this property to productive use. It has been a case-study in the use of public-private cooperation to eliminate blight and transform a dilapidated property into a modern development-creating jobs and economic opportunity.

Work continues at the Fort Cherry Development District (FCDD) in Robinson Township. One of the region's newest industrial parks, FCDD is being developed by Imperial Land Corporation as a premier light-industrial commerce park along the Southern Beltway in Washington County. This project is a transformative investment in northern Washington County, providing potential tenants with convenient access to Washington County and points south, as well as many of the region's landmark attractions, including the Pittsburgh International Airport, the Shell Cracker Plant, and downtown Pittsburgh. More than 200 acres have been developed, with pad-ready sites available and infrastructure in place. In the long term, FCDD has the potential to be the largest mixed-use development in the county with more than 800 acres planned.

In the Mon Valley, the Mon Valley Alliance recently completed the renovation of their headquarters and will be opening the MVA Business Resource Center. This initiative will provide small businesses and start-ups in the region with a location to meet, collaborate, and access resources across the public and private sectors. A grand opening will be held this fall and programming is being developed to meet the needs of businesses across the Mon Valley.

With summer nearing an end, the impact of the tourism industry in Washington County remains a key piece of our economic mix. Due to the efforts of the Washington County Chamber of Commerce & Tourism Promotion Agency and its partners, state data ranks Washington County second in the region in key tourism indicators. According to the state, this impactful industry supports over 5,000 jobs and nearly $700 million in direct and indirect visitor spending. The wide variety of sports and outdoor recreational facilities that bring visitors of all ages to the county helps emphasize the county's inviting environment as a great place to live and raise a family. The county's green space is a key benefit for visitors, particularly the county park system and rails-to-trails assets. Washington County is also home to several major events each year that attract people to the county, including the Washington County Agricultural Fair, West Alexander Fair, and Printscape PONY League World Series. The annual EQT Washington & Greene Counties' Covered Bridge Festival is another annual event that attracts tens of thousands of visitors every year to the county and is the unofficial kickoff to the fall season.

This is an exciting time in Washington County, with positive momentum on many fronts. As we like to say in Washington County, the power to prosper is right beneath our feet and we invite you to join us.

Westmoreland County

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Economic Development investment continued in Westmoreland County in the first half of the year, with notable projects in multiple parts of the county.

ATI unveils $65 Million Expansion at Vandergrift Plant

In April, Allegheny Technologies Inc. (ATI) unveiled a $65 million expansion at its Vandergrift plant, which specializes in titanium and nickel-based alloys. The new Bright Anneal Line, a 10-story structure, increases efficiency and enables the operation to expand from low-margin products into higher-margin industries such as the aerospace and defense markets. ATI and its predecessors have a 150-year history in Vandergrift, and this expansion — which began in 2020 — has increased employment by 20 percent, bringing the total jobs number at the plant up to 250. The automated line offers long-term job security, high wages and benefits, positively impacting the local economy.

$22 Million Airport Terminal Expansion Project

In May, work began on the first phase of a $22 million terminal expansion project at Arnold Palmer Regional Airport. The project will add 22,000 square feet of space to the Unity Township airport. After crews razed an old hangar, workers began building the shell of the new structure, creating space for the Transportation Security Administration to screen passengers and installing a new passenger gate with a bridge to access planes. Another gate will receive a new passenger bridge during the second phase of construction. The terminal expansion is expected to be completed by early 2027

PA SITES Funding for $30 Million Hempfield Industrial Park Project

In May, Gov. Josh Shapiro visited Hempfield Township to announce $2.5 million in Pennsylvania Strategic Investments to Enhance Sites (PA SITES) grant funding to develop an industrial park along Georges Station Road. The funding will support the redevelopment of a 217-acre site, which is owned by Adam Eidemiller, Inc., into an industrial park that could support up to one million square feet of building space. Westmoreland County Industrial Development Corporation will serve as the grant administrator — a role that it has filled for multiple projects outside of

its own system of industrial and business parks — and Eidemiller is responsible for the rest of the cost of this nearly $30 million project.

New Kensington Advanced Manufacturing Park

The WCIDC-RIDC partnership continues to modernize New Kensington Advanced Manufacturing Park, a 70-acre industrial park in New Kensington and Arnold that it acquired last year. In particular, three news items stand out.

- Re:Build Manufacturing — In June, Re:Build Manufacturing announced that the first phase of its $81 million facility had been completed, marking the start of manufacturing operations. The facility focuses on fabrication, manufacturing, and assembly projects. The first phase covers 100,000 square feet; when complete, Re:Build will occupy 175,000 square feet in the park.
- $500,000 for Infrastructure — In April, it was announced that the park will benefit from state funding aimed at enhancing road infrastructure. The $500,000 grant will improve site access, making the park more attractive to potential businesses and supporting the overall economic development strategy of the region. The funding comes from the Commonwealth Financing Authority.
- $6 Million in State Funding — In midsummer, it was announced that the WCIDC-RIDC partnership will receive $6 million from the state funding in the form of a $2.4 million grant and $3.6 million loan from the state's Business in Our Sites Program. The funding will be used for site improvements, demolition, and utility upgrades.

Mount Pleasant Glass Centre upgrades

May marked the completion of a $1.85 million WCIDC building façade project at Mount Pleasant Glass Centre. A former Lenox Crystal factory, the facility was successfully transformed into a multi-user facility that is owned by Economic Growth Connection of Westmoreland and managed by the WCIDC. Mount Pleasant Glass Centre is home to six companies that employ approximately 100 workers. Among the tenants is WATT Fuel Cell, a manufacturer of Solid Oxide Fuel Cell Systems. Watt signed a seven-year lease to keep its headquarters at the facility in December of 2023.

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Jason Rigone, executive director of Westmoreland County Industrial Development Corporation, was honored as Supporter of Development at NAIOP Pittsburgh's 2024 Awards Banquet on May 9. Pictured with Rigone are RIDC's Don Smith (left) and Tim White (right).

Steve Thomas from Chapman Properties was inducted into the NAIOP Pittsburgh Hall of Fame at the 2024 banquet. Pictured are (from left) banquet co-emcee Ruby Scalo from NAI Burns Scalo, Chapman's Tony Rosenberger, Steve Thomas, Kevin Withers, and Nate Phillips, and co-emcee Michael Galet from Gateway Engineers.

(From left) Ashley Neptune and Kelley Harrington from Gateway Engineers, Blair Droskey from Sebring & Associates, and Beka Bellhy from LLI Engineering.

Mike Connor from Hanna Commercial (left) and Sam Wills from Al. Neyer.

RIDC's Carissa Feeney and Kyle Owens from Faros Properties.

(From left) Pittsburgh's Mayor Ed Gainey, Bret Miller from Hill CDC, and NAIOP Pittsburgh Executive Director Tom Frank.

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(From left) Whiting-Turner's Michael Blum, UPMC's Adrienne Miles, Adam Ramsey from JLJI, and Whiting-Turner's Ramon Milke at the May 20 CREW Pittsburgh Golf Outing.

(From left) Holly Lefever from PennTex Ventures, KevCon's Anne Duggan, and John Reed and Beth Cheberenchick from DRAW Collective.

(From left) Erica Wilkerson from WorkSpace Solutions, Micall Russo from Information Technology Services, Tori Horan from JPs Contracting, and TEDCO's Kyra Sarver.

(From left) Anastasia Dubnicay and Jen Haberman from the University of Pittsburgh , Mascaro's Alyssa Kunselman, and Pitt's Lori Burns at the NAIOP Pittsburgh Golf Outing held at Fox Chapel Golf Club on June 3.

(From left) JLL's Geoff Greco and Nick Francic, with Stacey Weniger and Michael Weniger from Sentinel Construction.

(From left) Ted Staats from SBS, Lou Craig from Americas Auto Auction, Cushman & Wakefield's Darin Shriver, and Ric Ford from Ambridge Regional Distribution & Manufacturing Center.

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(From left) Jesse Ainsman from JLL, Jeffrey Letwin from Saul Ewing, Laura Ainsman Sohinki from the governor's office, and JLL's Jackie Bezek at the Pittsburgh Regional Alliance-NAIOP Pittsburgh Annual Joint Real Estate Breakfast on May 13.

(From left) Michael Galet from Gateway Engineers, NAIOP Pittsburgh's Tom Frank, and Aaron Roach from Hillis-Carnes.

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(From left) Will Thomeier from the Washington County Chamber of Commerce, Aaron Brown from First Energy, Jeff Kotula from the Washington County Chamber, and First Energy's John Greenwood at the CREW/NAIOP Pittsburgh Clays Shoot held at Highlands Sporting Clays in Rockwood, PA on June 21.

(From left) Tammy Ribar from Houston Harbaugh, Alcoa's Maureen Ford, Sara Sadek from PJ Dick, and Kimball's Rob Karl.

DEVELOPING Pittsburgh

2024 BUYER'S GUIDE

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An award-winning firm, AE Works has been named to the 2024 Architectural Record Top 300. With WTW Architects, a part of our AE Works team, we are now the largest architecture firm in Pittsburgh. Experience spans commercial, healthcare, science and technology, infrastructure, and education projects. Services include architecture, interior design, building systems engineering, and planning + project services.

Design 3 Architecture PC

300 Oxford Dr. Suite 120, Monroeville, PA 15146
T: 412-373-2220
www.d3a.com
Anthony Scruppi - tScruppi@d3a.com

Design 3 Architecture has been offering architecture, planning, and interior design services to the Pittsburgh region since 1982. We view inherent project constraints as potential opportunities for innovative design solutions. With a philosophy grounded in team collaboration, providing both personal attention and project leadership, Design 3 Architecture does more than solve problems. We provide solutions that are unique, exciting and affordable.

desmone

Desmone Architects

3400 Butler Street, Pittsburgh, PA 15201
412-683-3230
www.desmone.com
Eric Booth, AIA, President
ebooth@desmone.com

Great design is inspired by vision. We design buildings and spaces that allow people to thrive – physically, emotionally, and spiritually. Our unique service journey is rooted in effective delivery strategies and informed by principles of health and wellness. Our work reflects the range and diversity of the clients we serve. Each project is informed by a unique set of opportunities and constraints and is inspired by our client's vision. We design high performing buildings and spaces optimized for the people who live, work and play within. Health and wellness are a consideration on all projects, regardless of size, scale or type. Our work is designed to thrive.

DLA+ Architecture & Interior Design

Foster Plaza 10, Suite 500
680 Andersen Drive, Pittsburgh, PA 15220
412-921-4300
www.DLAplus.com
Christoper Haupt, AIA – President & Chief Operating Officer
CRHaupt@dlaplus.com

Founded in 2008, DLA+ is a full-service Architecture and Interior Design firm headquartered in Pittsburgh, with offices in Morgantown, WV, and State College, PA. We design rewarding experiences by combining our Strategic ArchitectureSM approach with a passion for design excellence and client commitment. Our clients include leading organizations in workplace, higher education, sports, government, healthcare, and retail/hospitality industries. With broad expertise, our team excels in architecture, interior design, sustainability, design/build, and construction administration. We're dedicated to creating remarkably designed, technically sound, and sustainable projects that are rewarding from inception and for generations to come.

DRS architects

DRS Architects

One Gateway Center, 17th Floor, Pittsburgh, PA 15222
www.drsarchitects.com
T: (412) 391-4850
Jon Funari | Principal
jfunari@drsarchitects.com
T: (412) 325-8617
Patrick Thornton, AIA | Partner: Head of Relationships
patrick@sixmocompanies.com

For over 65 years, DRS Architects has delivered architectural, planning, and interior design services throughout Western PA and the tristate region. As a certified small business, we specialize in higher education, healthcare, recreation, corporate, and government sectors. Our team is committed to meeting clients' needs with thoughtful design and environmental responsibility. Dedicated to our region, we've partnered with neighborhood groups and institutional clients to create vibrant community buildings. In 2024, we joined The Sixmo Companies, expanding our offerings to include professional engineering, surveying, and materials testing services.

HHSDR Architects/Engineers

40 Shenango Avenue, Sharon, PA 16146-1502
130 7th Street, 201 Century Building
Pittsburgh PA 15222-3413
T: 412-281-2280
www.hhsdr.com
Andreas Dometakis – adometakis@hhsdr.com
Matthew Franz – mfranz@hhsdr.com

HHSDR helps our clients deliver successful projects, on-time and on-budget, using a 360 degree approach to project planning, design and management. Our approach means detailed, Partner involvement at every phase, from initial studies through the phases of design, construction contract management and post-construction closeout. It means advocacy on our clients' behalf, through every stage of the project, with the same Partner and team members that started the project with you. It means a facility that is as effective as it is beautiful. It means having the confidence that comes from a firm with more than 70 years of experience. HHSDR looks forward to speaking with you about our 360 degree approach to your project.

ikm architecture

Pittsburgh | Cleveland | Columbus | Tampa
HDQ: 11 Stanwix Street #2200, Pittsburgh, PA 15222
T: 412-281-1337
www.ikminc.com
Joel R. Bernard, AIA, NCARB, LEED AP, Principal
jbernard@ikminc.com

IKM Architecture has been in continuous practice since 1911 and provides innovative and informed design solutions that create enduring value in a changing world. IKM provides architectural, programming, planning, and interior design services to clients regionally and nationally in healthcare, science and technology, workplace, education, and civic/cultural markets. We prioritize the vision and goals of our clients and champion an immersive engagement process proven to creatively develop the project solution. IKM employs animation, virtual reality, 3D modeling, and laser technology to bring each client's vision to life.

LGA Partners, LP

1425 Forbes Avenue, Suite 400, Pittsburgh, PA 15219
T: 412-243-3430
Paulette Burns, Partner
pauletteb@lga-partners.com

LGA Partners is an award-winning, full-service architectural design and planning firm headquartered in Pittsburgh, PA. For over 30 years, we have formed meaningful partnerships with clients, consultants, and stakeholders, producing inspiring and enduring architecture. Specializing in Aviation, Education, Healthcare, Housing, Retail, and Workplace design, our team of 85 talented and diverse professionals creates exceptional solutions for outstanding project solutions. Renowned both locally and globally for our commitment to Design that Works, we are consistently ranked as one of Pittsburgh's largest and fastest-growing firms and have been voted a "Best Place to Work" five years running. Our collaborative culture fosters innovation across specialized studios, ensuring each project not only meets but exceeds client expectations.

Perkins Eastman

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Co-Managing Principal
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Perkins Eastman is a global design firm founded on the belief that design can have a direct and positive impact on people's lives. Striving for a sustainable and resilient future, and to enhance the human experience through the built environment, our award-winning practice draws on its nearly 1,000 professionals networked across 23 studios worldwide, comprising of work in a wide range of specialized project types. From education, workplace, senior living, and healthcare to mixed-use, residential, civic/cultural and transit-oriented developments, we are uniquely equipped to tackle the most complex of design challenges. For more information, visit www.perkinseastman.com.

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PWWG Architecture + Planning

408 Blvd. of the Allies, Pittsburgh, PA 15219
T: 412.391.2884 | F: 412.391.1657
www.pwwgarch.com
Lisa Carver, AIA, LEED AP, Principal
lcarver@pwwgarch.com

Forward-looking clients partner with PWWG for exceptional design and detailing; cost-effective, buildable designs using sustainable principles; our meticulous, ethical approach to professional responsibilities; and the partnerships we nurture. PWWG works throughout the tri-state area from offices in Pittsburgh and Cincinnati. Projects for developers and private clients include multi-family housing, cultural buildings, mixed-use commercial, and adaptive re-use of existing structures. PWWG's portfolio is 50% new construction and 50% renewal and re-use, creating new value for original buildings. Our turnkey services include: feasibility and space programming, concept studies, forensic assessment, support for funding applications, architectural & interior design, 3D visualizations, and project management.

R3A Architecture

48 South 14th St., Pittsburgh, PA 15203
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www.r3a.com
James Sheehan – jas@r3a.com
Deepak Wadhwani – dw@r3a.com

R3A believes that empathy-driven architecture shapes meaningful human experiences. R3A's team of architects and interior designers collaborates closely with our project partners to create built environments that support and enrich our communities – educational, scientific, workplace, residential, civic, non-profit, and others. Our approach leverages design thinking to reframe the dialogue around our clients' needs beyond effective planning and cost-responsive construction, using a research-driven and iterative process of analytical rigor, to reimagine solutions that not only respond to our clients' needs and challenges, but harmonize measurable performance goals with strategic aspirations.

Wildman Chalmers Design

1622 Lowrie St, Pittsburgh, PA 15212
412.436.9303
wildmanchalmers.com
Chad Chalmers, RA, AIA, NCARB, LEED AP, Partner
chad@wildmanchalmers.com

Wildman Chalmers Design is an award-winning mid-size architectural and interior design firm based in Pittsburgh, PA that works collaboratively with clients, regionally and nationally, to transform their goals and visions into creative design solutions. The firm comprises a diverse group of professionals dedicated to delivering high quality design, documentation and execution, and client service. Our experience covers a wide range of new construction and adaptive reuse projects including commercial, institutional, education, hospitality, retail, residential, and workplace.

WTW Architects, an AE Works company

800 Waterfront Drive, Suite A, Pittsburgh, PA 15222
wtwarchitects.com
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Larry Payne, AIA, Managing Principal
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Rachel Sweetland, Business Development Associate
rachel@aeworks.com

WTW Architects, an AE Works company, brings 65 years of award-winning design across education, commercial, and healthcare markets. Known for leadership in higher education facility design, WTW has impacted over 140 campuses, including Pittsburgh landmarks like Acrisure Stadium. Recently, we joined AE Works, a top-ranked firm, to form one of Pittsburgh's largest architecture firms. This strategic move expands our national reach, market expertise, and new capabilities in engineering and planning + project services promising enhanced client service and innovative design solutions. Our AE Works team brings over 100 professionals with increased expertise and flexibility, focused on making building projects a better value.

ASA SPECIALTY CONTRACTORS

Overhead Door Company of Greater Pittsburgh

400 Poplar Street, Pittsburgh, PA 15223
T: 412-781-4000 Ext. 216 | F: 412-781-2446
www.overheaddoorpittsburgh.com
Jason Henze – jhenze@ohdpgh.com

Overhead Door Company of Greater Pittsburgh is a Veteran-owned business specializing in commercial, industrial, and residential door systems, loading dock equipment and operable partitions. Overhead Door has always produced and installed the highest quality products. Our superior craftsmanship and dedication to excellence has made us the leader in door systems for Western PA and the Tri-State Region. Our Red Ribbon trademark is your guarantee for receiving unequaled personalized service and expertise –from assistance with product selection through the timely completion of product installation. We also offer our customers preventative maintenance plans as well 24/7 emergency repair service 365 days a year.

Pellman Electric Associates

1133 Woodward Drive, Greensburg, PA 15601
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www.pellmanelectric.com
Darren Pellman, President
Darren@pellmanelectric.com

Pellman Electric Associates LLC was built by a team of professionals who established a reputable and customer-pleasing electrical contracting company in Greensburg PA.

Our high-level customer satisfaction rate is attributed to our ethical and professional office staff and our first-class field support team. Pellman Electric is focused on complete design-build services, thorough and competitive bidding, accurate accounting, and an excellent project management group complemented by warehouse "on time" material and tool expediting. Whether the project is a residential call or a large-scale commercial project, we recognize that quality and reliability are essential to our clients' success. Our clients and community deserve the highest level of service. Our experienced professionals arrive on time with materials needed to complete the project in a timely and efficient manner.

CIVIL ENGINEERS

The Gateway Engineers
100 McMorris Road, Pittsburgh PA 15205
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www.gatewayengineers.com
David M. Heath, P.E.
dheath@gatewayengineers.com

Since 1954, Gateway Engineers and its predecessors have played an active role in the development of this region. The tradition of providing value-added engineering solutions carries on as the company continues to grow and expand its reach into other parts of the United States. Our team of professional engineers, surveyors, construction inspectors, and landscape architects, along with qualified technicians, is ready to provide the expertise and personalized service which every project deserves. Our mission has always been to help our clients reach a higher level of success through knowledge, experience, and responsiveness. This year marks our 70th anniversary, but our brightest days lie ahead. For more information, visit www.gatewayengineers.com.

Mackin Engineers & Consultants
103 Technology Drive, Suite 200
Pittsburgh, PA 15275
T: 412-788-0472
www.mackinengineering.com
Steve Janosko, PE – President

Serving our clients since 1960, Mackin Engineers & Consultants continues to be a leader in the civil engineering field. We offer a wide range of professional consulting services for both public and private sector clients throughout the Commonwealth. Mackin places an emphasis on our staffs' ongoing professional development to best serve our clients. Our multi-disciplinary staff includes dedicated professionals in the fields of civil, traffic, transportation and structural engineering, landscape architecture, community planning, GIS mapping, and construction inspection/management.

Red Swing Group
Engineers and Surveyors
Penn Office Building - 4314 Old William Penn Hwy, Suite 101, Monroeville, PA 15146
T: 724-325-1215
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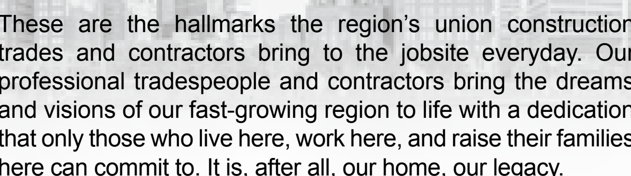
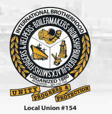
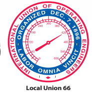
Matthew E. Smith, P.E. – Matthew.Smith@RedSwingGroup.com
Scott R. Pilston, P.L.S – S.Pilston@RedSwingGroup.com

Red Swing Consulting Services, a Veteran-Owned Business, views its Client as Partners; focusing first and foremost on building and maintaining strong relationships and trust. This mutual trust is the foundation of a solid business partnership. Red Swing offers Land Development Consulting Services to take a project from concept through construction. Red Swing has experience in Surveying, Civil Engineering, Utility, and Water Resource Projects. Red Swing effectively maximizes the return on investment through a collaborative design approach, utilizing a low impact design philosophy that reduces project capital costs and produces the competitive edge that we and our partners demand.







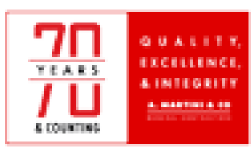
These are the hallmarks the region's union construction trades and contractors bring to the jobsite everyday. Our professional tradespeople and contractors bring the dreams and visions of our fast-growing region to life with a dedication that only those who live here, work here, and raise their families here can commit to. It is, after all, our home, our legacy.

We are also committed to providing opportunity for all who share these values and want to pursue a lifelong, lucrative and satisfying career. For more information on building with our union trades and contractors, or to explore career opportunities, please visit www.buildersguild.org where you will find direct links to our Trade Unions, Joint Apprenticeship Training Centers and Contractor Associations.

Jeff Nobers • Executive Director • 631 Iron City Drive • Pittsburgh, PA 15205 • 412.921.9000

Labor & Management ▸ Building Our Region's Success www.buildersguild.org

CONTRACTORS



A. Martini & Company

320 Grant Street, Verona, PA 15137
T: 412-828-5500
www.amartinigc.com
Emily Landerman – Emily.Landerman@amartinigc.com

As a fourth generation, family owned and operated General Contracting and Construction Management firm, we are celebrating our 73 years of operation. The principals of A. Martini & Co. continue to provide hands on participation as a commitment to our clients and each of their projects. We believe that building projects as a true partner to the owner, utilizing sustainable building practices, and promoting true diversity in our subcontractor selection are the best practices for our region. As a mid-sized CM/GC, we utilize current technology for project tracking and scheduling coupled with personal attention to details, and our client's needs. A. Martini & Co. provides construction management, general contracting and design build services for corporate, healthcare, senior living, restaurant, religious, retail, non-profit, residential, industrial, historic, and education clients.

ARCO Pittsburgh

322 North Shore D., Bldg 1B Suite 200, Pittsburgh, PA 15212
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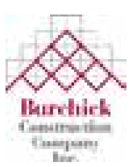
www.arcopittsburgh.com
Gary Gabor, Division Manager
ggabor@arcodb.com

ARCO Pittsburgh is an industry-leading design-build general contractor with more than 30 years of experience providing clients with complete project delivery throughout the United States. With a local team in Pittsburgh and 46 offices coast to coast, ARCO offers the strength and presence of a national builder with the personalized attention of a small company. Specializing in industrial, cold storage, commercial/specialty, and tenant improvement projects, ARCO's Pittsburgh team offers local expertise, as well as complete turnkey construction solutions for projects nationwide, regardless of complexity or scale.



Burchick Construction Company, Inc.

500 Lowries Run Road, Pittsburgh, PA 15237
T: 412-369-9700
www.burchick.com
Dave Meuschke – meuschke@burchick.com

Burchick Construction is a full-service general contractor founded on the commitment to excellence that Joe Burchick brings to each project. Burchick's management approach is designed to ensure optimum results for our clients while setting the performance standard for construction services. Our executives and managers have broad-based experience delivering construction to the highest of standards with every delivery method preference. Burchick's project team and professional engineers on staff are equally comfortable with a completed design or with providing pre-construction assistance at the earliest stages of design. Burchick has managed commercial, institutional, and industrial projects from $1 million to $73 million with equal attention. Burchick Construction – Setting the Performance Standard.

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Our shareholders are exclusively charitable and nonprofit organizations, which means our responsibility is to those who help our community thrive. We are humbled by that responsibility, and dedicated to creating a company, relationships, and impact that will last another 75 years.

Carl Walker Construction

935 Vista Drive, Pittsburgh, PA 15205-1218
T: 412-490-2924
www.carlwalkerconstruction.com
Greg Heddaeus, Partner
gheddaeus@carlwalkerconstruction.com

Carl Walker Construction (CWC) has remained the industry leader for parking garage design, construction, restoration, and specialty concrete projects since its inception in 1996. We are a single-source solution for owners seeking accurate scheduling and cost prediction, turn-key design, streamlined and transparent contact, and thorough certification and training by a self-performing garage expert. Our experience is our advantage: we do not compromise on workmanship, product quality, design detail, or safety.

CWC focuses on the prolonged integrity and sustainability of the structures we restore and build, and take a proactive approach in applying improvements and beneficial modifications when applicable and cost effective.

We are proud members of the International Concrete Repair Institute and American Concrete Institute, and have earned multiple safety awards and acknowledgements for our dedication to industry best practices.

Cuddy Roofing

22 Rutgers Road, Suite 102, Pittsburgh, PA 15205
412-458-3812
John Leuch – Vice President, General Manager
leuchj@cuddyroofing.com
www.cuddyroofing.com

Established in 1991, Cuddy Roofing is one of the largest, premiere union roofing companies in the area. We specialize in difficult, high-end, and sheet metal sustainable applications as well as full-service repair and maintenance. Using state-of-the-art technology, Cuddy Roofing has topped some of the largest and most prestigious buildings in downtown Pittsburgh. We offer our customers superior roofing products that are backed by the best warranties in the industry.

Dick Building Company

46 South Linden Street, Duquesne, PA 15110
http://www.dickbuilds.com/
T: 412.567.8200
Alexander Dick, Chief Operating Officer
agdick@dickbuilds.com

Dick Building Company combines the knowledge acquired from four generations of industry leadership with the latest in construction technology to maximize value for our clients. We maintain integrity and an unwavering work ethic at all levels of the company and promote open communication in our relationships with clients, design professionals, subcontractors and vendors. Dick Building Company carries these values across our spectrum of services, which include: pre-construction consulting, construction management, general contracting, design-build, project management, program management, green building, and construction inspection.

417 Plum Industrial Ct., Pgh, PA 15239 ph:(724)733-5216 www.AceLightning.net

Etzel Engineer and Build

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Saxonburg, PA 16056
T: 724 524 1280
Twitter: @Etzel_Eng_Bld
www.etzelengbld.com
Rege Etzel - retzel@etzelengbld.com

Etzel Engineer and Build is a design-build contractor serving the mission critical and commercial construction industries. We are located in Saxonburg, Pennsylvania with roots dating back to 1987. Etzel has built strong relationships with subcontractors and equipment vendors serving the area. These relationships allow Etzel to better understand the local bid market; a more aggressive bid process reduces overall construction cost. Our capabilities reach beyond the Western Pennsylvania. We have completed construction projects from Kansas to Boston. We specialize in an open book, owner focused delivery method.

Gilbane Building Company

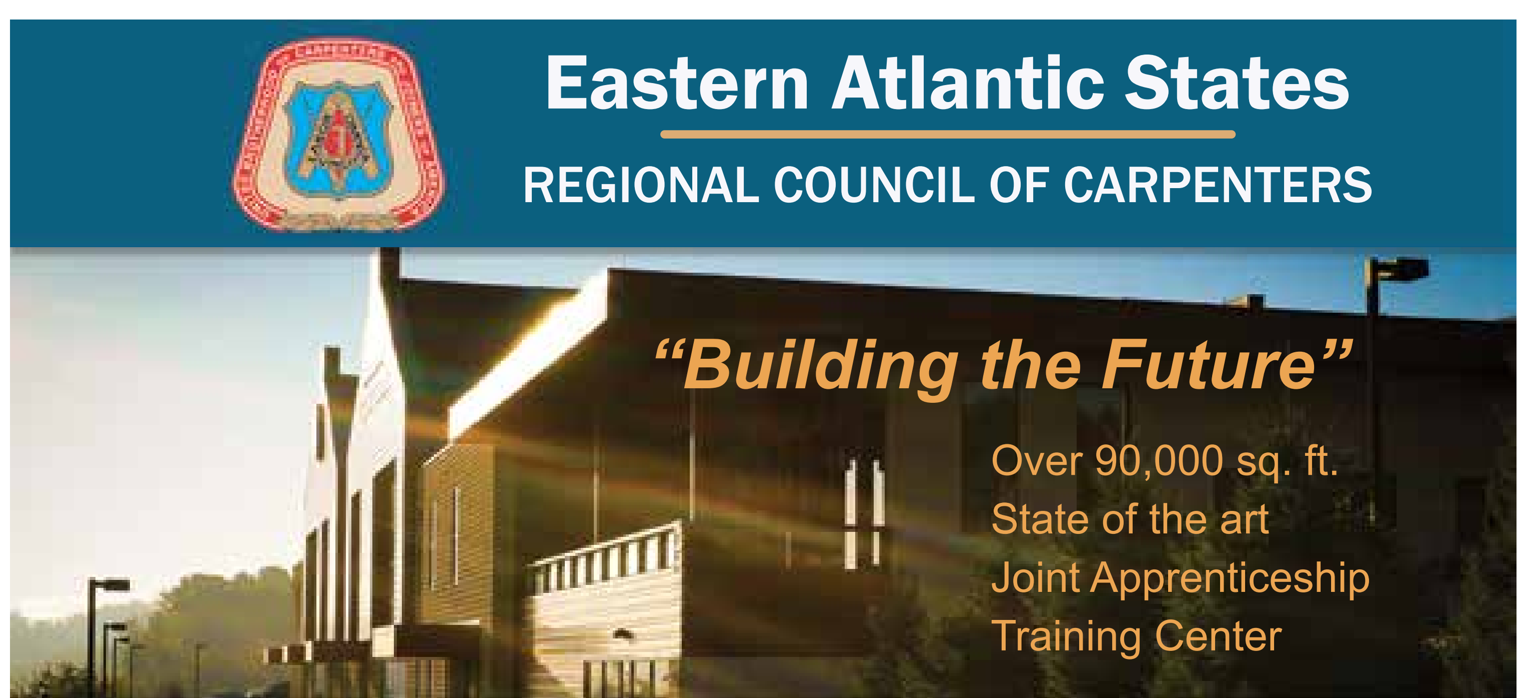
11 Stanwix St Suite 701, Pittsburgh, PA 15222
T: 412-207-1700
Chris Perez, Business Development Manager
CPerez1@GilbaneCo.com | 412-207-1673

Gilbane Building Company provides a full slate of construction and facilities-related services – from preconstruction planning and integrated consulting capabilities to comprehensive construction management, general contracting, design-build, and facility management services – for clients across various markets. Founded in 1870 and still a privately held, family-owned company, Gilbane has more than 45 office locations worldwide. Gilbane first established a presence in the Pittsburgh market in 1987 and has built a wide range of projects in markets such as healthcare, higher education, and commercial in the area.

Jendoco Construction Corporation

2000 Lincoln Road, Pittsburgh, PA 15235
T: 412-361-4500 | F: 412-361-4790
www.jendoco.com
Michael Kuhn – mkuhn@jendoco.com

JENDOCO Construction, founded in 1957, is located in Pittsburgh's East End and provides building construction services to the Western Pennsylvania region. Jendoco believes that the built environment should have a Net-Positive impact on people, nature, and communities and that designing and constructing the places in which we live, work, worship, learn, heal and play should be collaborative, creative, and fun. Through proactive solution development, sustainable building practices, community engagement, and charitable support, Jendoco continues to demonstrate our commitment to the Greater Pittsburgh Region.



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Landau Building Company

4378 Craighead Road, Allison Park, PA 15101
T: 724-935-8800
www.landau-bldg.com
Jennifer Landau, President – jplandau@landau-bldg.com

Landau Building Company, with a legacy spanning 130 years, has established itself as a leading construction management and general contracting firm in Western PA and the surrounding region. As a sixth-generation family-owned and operated company, we have cultivated a diverse portfolio of commercial, healthcare, institutional, and community-based projects, ranging from ground-up construction to major renovations. In 2006, we expanded our services to include northern West Virginia through our subsidiary, Marks-Landau Construction. To learn more about our services and experience, we invite you to visit our website at www.landau-bldg.com.

Mascaro Construction

1720 Metropolitan St, Pittsburgh, PA 15233
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www.mascaroconstruction.com
Michael R. Mascaro - mcclp@mascaroconstruction.com

Mascaro is one of the region's largest construction firms specializing in design-build, construction management, and general contracting. Founded in 1988 on the simple premise to deliver excellence in construction services, we bring to your project the 'Mascaro Advantage:' We are humble, hungry, and smart – not shying away from hard work and complex projects, but tackling each one proactively. We do what we say we are going to do, right, the first time. We will provide a family atmosphere, concentrating on the health and welfare of not only our employees, but also that of our clients and community. Our success is based on our market diversity, superior planning, building relationships, and, most importantly, delivering great experiences.

McKamish, Inc.

50 55th Street, Pittsburgh, PA 15201
T: 412-781-6262 | F: 412-781-2007
www.mckamish.com
John Jordan – jjj@mckamish.com

Serving the mid-Atlantic region with almost fifty years of experience, McKamish is a full-service mechanical contractor specializing in commercial HVAC, plumbing, piping, industrial piping, custom metal fabrication, and 24/7 service and maintenance. McKamish is dedicated to "Building Excellence" on every project that we build. With a dedicated team of employees who are committed to our customers, you can feel confident that your project will be handled with integrity. A family-owned company with deep roots in the Pittsburgh community, our goal is to surpass customers' expectations and provide top quality service in everything we do.

PJ Dick Inc.

225 North Shore Drive, Pittsburgh PA 15212
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www.pjdick.com
Bernard J. Kobosky | Bernie.kobosky@pjdick.com

PJ Dick is a part of a Pittsburgh, PA based family of companies that provides best-in-class construction management staff to estimate, plan, and build the Mid-Atlantic region's most prominent projects. Since 1979, PJ Dick has served markets including commercial, government, hospitality, healthcare, higher education, industrial, K-12 education, multi-family and senior living, and sports and entertainment. Consistently ranked among the nation's top firms, PJ Dick offers unsurpassed general contracting, design/build, construction management, and consulting services while maintaining its values of safety, sustainable building, quality construction and innovative technology.

Rycon Construction Inc.

2501 Smallman St., Suite 100, Pittsburgh, PA 15222
T: 412-392-2525
www.ryconinc.com
Lou Ferraro, Co-President - Pittsburgh
Stephen Kosmer, Co-President - Pittsburgh

Founded in Pittsburgh, Rycon Construction is an employee-owned company (ESOP) that provides construction management, general contracting, and design-build services nationwide. We have an in-house Architectural Woodwork & Specialty Fabrication Division, Craftworks USA, that ships/installs nationally as well as a Service Division offering 24/7 emergency service/restoration and term service work in Western PA. Rycon is an ENR Top 400 Contractor, ENR Top 100 Green Contractor, and celebrated our 35th anniversary in 2024. We have nine offices in Pittsburgh, Atlanta, Charlotte, Cleveland, Fort Lauderdale, Fort Myers, Houston, Philadelphia, and Washington, DC, and specialize in new construction, renovations, and adaptive reuse projects. Rycon's portfolio consists of projects and developments in health care, education (K-12 & higher ed), industrial/warehouse, commercial, multi-unit residential, retail, financial, food service, governmental, hospitality, cannabis, self-storage, and LEED facilities.

Shannon Construction Company

3257 West Liberty Ave., Pittsburgh, PA 15216
T: 412-341-1155 F: 412-341-2955
www.shannon1.com
Ken Schultz, President
ken@shannon1.com

Shannon Construction is a commercial builder with a rich legacy handed down from generations of family. Our objective is to develop and deliver customized building programs that meet our client's goals. Shannon utilizes a creative, collaborative project approach to ensure client satisfaction and successful outcomes on every project. Clients benefit from our service philosophy rooted in personalized attention to every detail. We believe the best way to do business is to treat people fairly and do the right thing. Our services include General Contractor, Construction Management, Design & Build, Self-perform Construction, Building Construction Maintenance, and Green Building techniques.

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TRE Construction & Real Estate

A Commercial Construction Company

1800 Pine Hollow Road, McKees Rocks, PA 15136
T: 724-650-5544
www.treconstruction.net
Angie Eger, Owner/Managing Member
angie.eger@treconstruction.net

Formed in 2022, TRE Construction focuses on being a high-quality and trusted subcontractor/general contractor specializing in interior/exterior building systems, construction specialties, and casework/millwork – including slab/flatwork concrete, disaster restoration, new construction and remodeling - in Greater Western PA, OH, WV, DC, MD, VA and national locations.

Family-owned and operated, we provide the highest quality of work and deliver cost-effective projects on schedule by employing and supporting motivated, flexible, and focused teams. Our clients count on our dependability, drive, and integrity. People and Safety are the most important assets to build better with TRE. We are a member of the Master Builders' Association, Master Interior Contractors Association and NAIOP Pittsburgh.

Turner Construction Company

600 Grant Street, Suite 2740, Pittsburgh, PA 15219
T: 412-255-5400
Chris DiLorenzo
cdilorenzo@tcco.com

Founded in 1902, Turner Construction Company is the largest general builder in the United States. Our continued success is built upon an unwavering dedication to our core values of teamwork, integrity, and commitment. Turner's roots in Western Pennsylvania date back to 1908, with a contract for work on Forbes Field. In the intervening years, we built or managed the construction of many of the city's signature buildings. We opened a full-time Pittsburgh office in 1976 and have since built or managed the construction of many leading commercial, residential, institutional, industrial, and healthcare facilities in the region. Turner's Pittsburgh office continues to provide our clients with industry-leading resources with a local, dedicated staff.

Volpatt Construction Corporation

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www.volpatt.com
Ray Volpatt, Jr. President – rayjr@volpatt.com

From our first renovation in 1991, to over 900 industrial, commercial, and institutional projects, Volpatt Construction has successfully positioned itself as one of the most respected building contractors in the Tri-State area. With a focus on high quality, hands-on service, competitive pricing, and timely project completion, Volpatt Construction has built and maintained a long list of repeat clients, partnering with the finest businesses and institutions in the area. Today, the family-operated company continues to play an integral role in building the region into a top global destination for healthcare, education, and research.

DEVELOPER

Ambridge Regional Center and ConAm3PL

2301 Duss Avenue #1, Ambridge, PA 15003
T: 724-266-4661
www.AmbridgeRegional.com
www.ConAm3PL.com
Ric Ford
rford@ambridgeregional.com

The Ambridge Regional Center offers over 1 million square feet of warehouse, distribution, manufacturing, lab and yard space for lease. Our tenants include Fortune 100 firms as well as small private companies.

ConAm3PL offers full third party logistics to international conglomerates as well as regional companies whom all utilize our distribution capabilities to maximize their operational efficiencies.

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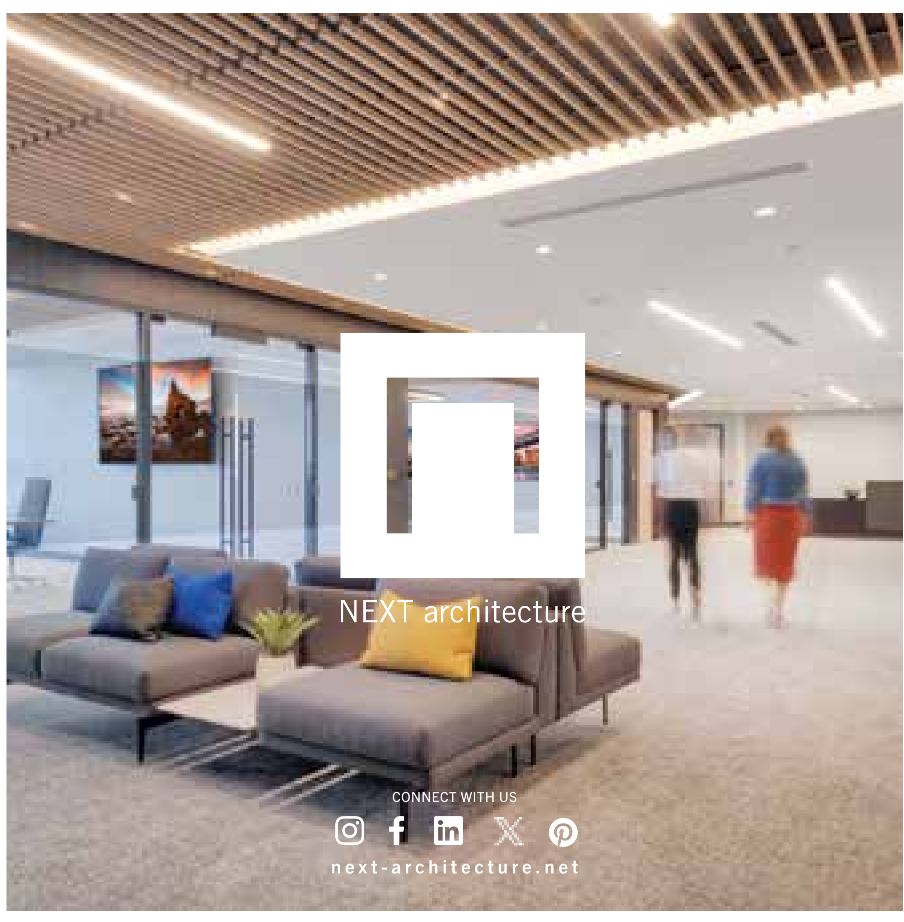

The Buncher Company

One Waterfront Place
1251 Waterfront Place #201, Pittsburgh, PA 15222
412-422-9900
www.buncher.com

The Buncher Company, headquartered in Pittsburgh, Pennsylvania, is a recognized leader in all phases of real estate development, including site acquisition, construction, brokerage and leasing, and property management.

We are experienced in providing innovative solutions to prospective clients and tenants, and we understand what it takes to effectively adapt to the constantly changing real estate business environment. Our highly experienced staff of real estate and construction specialists can help clients navigate the complexities of finding the perfect location to build and lease. They bring in-depth industry expertise and knowledge of every property, and consistently deliver high-level tailored services, unlimited accessibility, and timely results.

Elmhurst Group

One Bigelow Square, Suite 630, Pittsburgh, PA 15219
T: 412 281-8731
www.elmhurstgroup.com
Eric R. Schindler, Director of Leasing
eschindler@elmhurstgroup.com

The Elmhurst Group of companies is a 46-year-old Pittsburgh-based organization that invests in commercial real estate and the hospitality industry. Elmhurst's real estate holdings include 46 buildings on 23 sites totaling more than 3.6 million square feet of office, flex, distribution, student housing, and hospitality space.

Elmhurst's long-term strategy is to continually increase the value of each of its properties by providing strong and dedicated management and exceptional customer service. We maintain close personal contact with our customers. We operate with the understanding that we are in the service business—not the space business. And we recognize that our legacy is inextricably linked to the quality of our people and the service we provide.

OXFORD

Oxford Development Company

2545 Railroad Street, Pittsburgh, PA 15222
412.261.1500
www.oxforddevelopment.com

For over 60 years, Oxford has stood at the forefront of the marketplace as a developer and full service commercial real estate services provider with experience in the local, regional, and national marketplace. Oxford's mission is to forge dynamic centers where community thrives alongside commerce, through real estate solutions that uplift and ignite inspiration for our people, partners, and communities alike. We deliver real estate solutions to our clients that are innovative, cost-effective, and sustainable. Our team has the depth of experience to manage, lease and develop all types of facilities. Oxford's ability to create unique partnerships and complete complex transactions makes us a preferred real estate partner.

THE CONSTRUCTION INDUSTRY

Save The Date

February 27
2025

ACRISURE STADIUM

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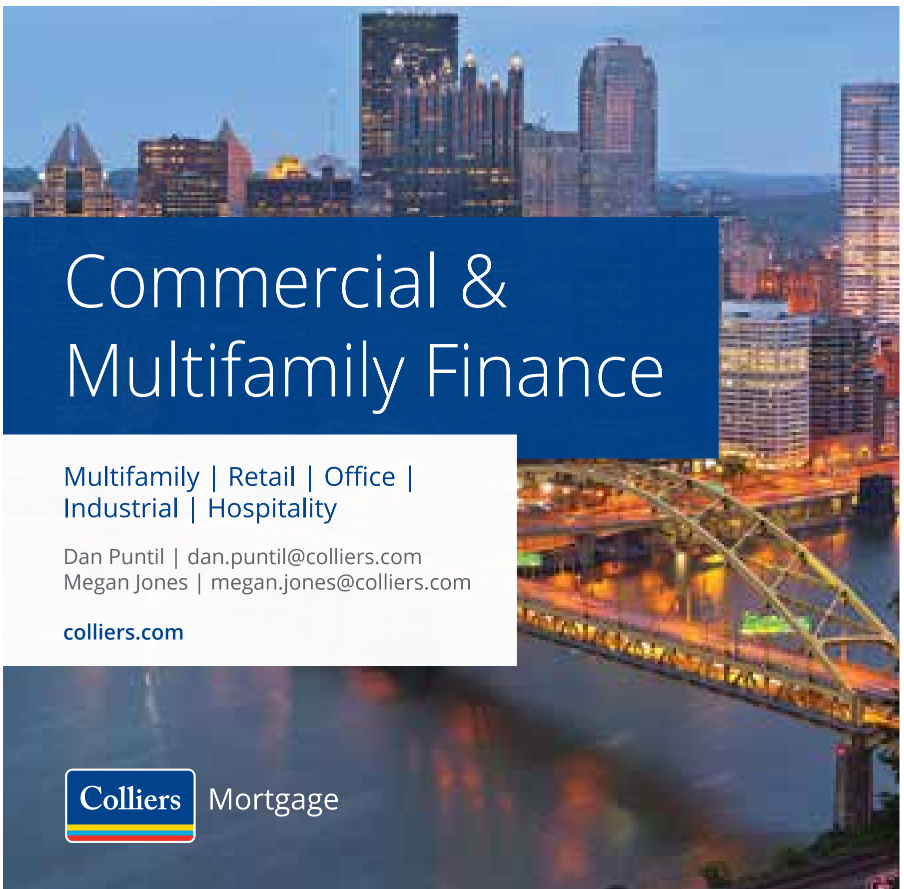

DOCUMENT HANDLING

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tristate@tsrepro.com

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ECONOMIC DEVELOPMENT

Community Development Corporation of Butler County
110 East Diamond St., #201/202 Butler, PA 16001
T: 800-283-0021 | F: 724-283-3599
www.butlercountycdc.com
Joe Saeler, Executive Director
jsaeler@butlercountycdc.com

The Community Development Corporation of Butler County (CDC) is the lead economic development organization in Butler County. The CDC is your first contact for economic development in Butler County. The CDC works closely with you to identify the right location for your business. The CDC also has financing available for real estate, equipment, working capital and lines of credit.

Indiana County pennsylvania
PEOPLE. PLACE. PROGRESS.

Indiana County Center for Economic Operations
801 Water St., Indiana, PA 15701-1705
T: 724-465-2662 | F: 724-465-3150
www.indianacountyceo.com
Byron G. Stauffer, Jr., Executive Director
byronjr@ceo.co.indiana.pa.us

The Indiana County Center for Economic Operations (CEO) serves as a public-private partnership promoting economic growth, development, and prosperity in Indiana County, PA. The CEO serves as a hub for businesses, government agencies, and community organizations. The CEO provides services and resources for businesses throughout their life cycle. The CEO offers site selection assistance, an array of pad-ready sites and buildings and coordinates financial incentives. The CEO seeks to support the continuous improvement of Indiana County through increased business activity, economic growth, education, tourism and quality of life.

THE 24TH ANNUAL

NIGHT AT THE FIGHTS

TIME

NOV 14TH 2024

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SAVE THE DATE

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- Logo in ads
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MIDDLEWEIGHT SPONSOR:

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Washington County Chamber of Commerce

1000 Horizon Vue Drive, Suite 1C80, Canonsburg, PA 15317
T: 724-225-3010 | F: 724-228-7337
www.washcochamber.com
Will Thomeier, Director Economic & Tourism Development – will@washcochamber.com

The Washington County Chamber of Commerce is the largest chamber of commerce Southwestern Pennsylvania and leading economic development agency in Washington County. The Chamber focuses on marketing and business development initiatives to expand the economy of Washington County and was one of the first organizations to publicly support the economic benefits and job creation potential of the natural gas industry. Learn more at www.washcochamber.com.

Westmoreland County Industrial Development Corporation

5th Floor, Suite 520,
40 North Pennsylvania Ave., Greensburg, PA 15601
T: 724-830-3061 | F: 724-830-3611
www.westmorelandcountyidc.org
Jason W. Rigone, Executive Director
wcidc@wpa.net

Founded in 1983 by the Westmoreland County Board of Commissioners, Westmoreland County Industrial Development Corporation promotes growth in terms of job creation, economic output and a stable tax base for Westmoreland County. By developing a robust industrial park system, deploying a comprehensive marketing strategy, administering a proactive Business Outreach Program and collaborating in public/private partnerships, WCIDC supports business growth that results in job opportunities for the citizens of Westmoreland County.

ENGINEERS

KU Resources, Inc.

22 South Linden St., Duquesne, PA 15110
T: 412-469-9331 | F: 412-469-9336
www.kuresources.com
Tysen Miller, PE, LEED AP, CPESC
Tmiller@KUResources.com

KU Resources, Inc. provides a full range of environmental management and site development engineering services to industrial, commercial, and community based clients. The firm specializes in brownfield redevelopment, environmental site assessment, economic revitalization assistance, regulatory permitting and compliance, remediation design and implementation, and environmental risk management strategies. The firm's engineering and environmental consulting capabilities also include the areas of civil and geotechnical engineering, site development engineering, water resources engineering, mining and quarry services, water quality monitoring, and air quality compliance and permitting.

LSSE Engineers and Surveyors

846 Fourth Ave., Coraopolis, PA 15108
T: 412-264-4400
www.lsse.com
Kevin A. Brett, P.E. – kbrett@lsse.com

A leading provider of civil engineering and surveying services for nearly 40 years. Serves public and private clients in the municipal, commercial, industrial, institutional, residential, and utilities markets. Specializes in wastewater facilities, water facilities, and stormwater/green infrastructure planning, design, and construction phase services. LSSE's operating plan turns on client satisfaction and corporate and individual career development.

Triumph Services

1101 Auburn Ave., Cleveland, OH 44113
www.triumphservices.com
T: (216) 767-5400
Patrick Thornton, AIA | Partner: Head of Relationships
patrick@sixmocompanies.com
Aaron Mitchell, P.E. | Principal-in-charge
aaron@sixmocompanies.com

Triumph Services, founded in 2023 as a part of the Sixmo Companies, is a multidiscipline engineering and professional services firm offering comprehensive design solutions throughout the Midwest. We operate on the principle that collaboration produces the best outcomes, efficiently managing projects of all sizes. Our team of professional engineers and surveyors apply technical expertise across diverse markets and clients, including fellow design firms. Committed to enhancing service delivery for existing clients while cultivating new relationships, we ensure reliable solutions and exceptional service. In addition to our full suite of engineering and professional surveying services, we also provide materials testing.

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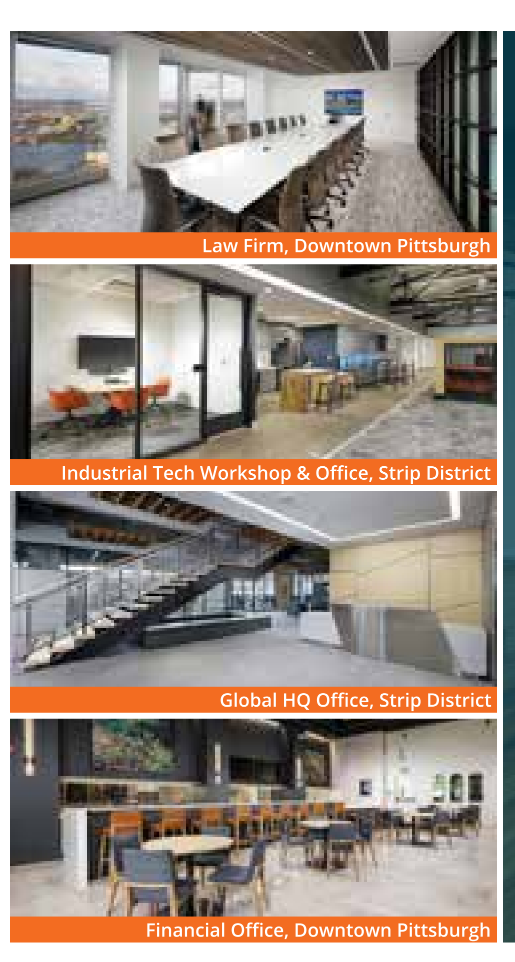

UPCOMING EVENTS

EVERY MONTH
Tuesday Coffee CREW

SEPT 19
Speaker Program: Megan Miller

OCT 10
Annual Wine Dinner

NOV 7
Holiday Party

pittsburgh.crewnetwork.org

ENVIRONMENTAL

KU Resources, Inc.
22 South Linden St., Duquesne, PA 15110
T: 412-469-9331 | F: 412-469-9336
www.kuresources.com
Dominick Anselmo
danselmo@kuresources.com

KU Resources, Inc. provides a full range of environmental management and site development engineering services to industrial, commercial, and community based clients. The firm specializes in brownfield redevelopment, environmental site assessment, economic revitalization assistance, regulatory permitting and compliance, remediation design and implementation, and environmental risk management strategies. The firm's engineering and environmental consulting capabilities also include the areas of civil and geotechnical engineering, site development engineering, water resources engineering, mining and quarry services, water quality monitoring, and air quality compliance and permitting.

FINANCE

Dollar Bank
20 Stanwix Street, Pittsburgh, PA 15222
T: 412-261-8236
www.dollar.bank
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Business Banking Regional Manager
phillipsmt@dollarbank.com

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INDUSTRY / TRADE GROUP

American Subcontractors Assn. of WPA
565 Callery Rd., Cranberry Twp., PA 16066
T: 724-538-8227 | F: 724-538-8227
www.asawpa.org
Angie Wentz, Executive Director
angie@asawpa.org

ASA Western PA is the united voice dedicated to improving the business environment and representing subcontractors before all branches of government, other construction industry groups, and the media. We strive to promote quality construction, ethical and equitable business practices, safety in the work environment, and best industry practices. Our scholarship program reaches students interested in the trades through partnerships and school visits.

A Mentorship Program is available for all scholarship recipients. ASA's Emerging Leaders create an environment of young professionals who have the potential to serve in leadership roles and provide networking opportunities that help to expand their careers.

Builders Guild of Western PA, Inc.
631 Iron City Drive, Pittsburgh, PA 15205
T: 412-921-9000
Jeff Nobers, Executive Director
jnobers@buildersguild.org

A unique, non-profit labor/management initiative, representing 16 building trade unions and nine affiliated contractor associations. The Builders Guild is a positive forum for labor, management, and community relationships, and fosters a cooperative and productive climate for regional commercial construction development. Through the Builders Guild, unions and management have forged fair and equitable working partnerships which promote economic and professional growth.

Guild initiatives include:

- Promoting the professionalism, skill, and pride inherent with union construction;
- Training for long-term careers in the construction trades;
- Providing a reliable, skilled and diversified workforce; Facilitating diverse partnerships with like-minded organizations throughout Western Pennsylvania.

CREW Pittsburgh
CREW Network
1201 Wakarusa Drive, Suite D, Lawrence, KS 66049
www.crewpittsburgh.org
Admin@crewpittsburgh.org

Commercial Real Estate Women (CREW) offers unparalleled business development, personal leadership growth, and networking opportunities, both in our local Pittsburgh market and across 80+ affiliates in the US, Canada, France, Mexico, and the United Kingdom with 14,000+ members. The Pittsburgh chapter has 20+ years of providing educational programs and networking events to its members and the CRE community. Whether male or female, join CREW to have a global commercial real estate network at your fingertips and your contact info in that worldwide network.

Ironworker Employers Association of Western Pennsylvania
Bailey Center II
135 Technology Drive #311, Canonsburg, PA 15317
T: 412-922-6855
www.iwea.org
Danielle Harshman, Executive Director
dharshman@iwea.org

The IWEA is a Trade Association of Union Contractors who work in all aspects of the ironworking trade within the construction industry. We are a resource for all owners, developers and contractors who are looking for a qualified contractor with a well-trained workforce. Visit our website or call our office for additional information.

Master Builders' Association of Western PA, Inc.
631 Iron City Dr., Pittsburgh, PA 15205
T: 412-922-3912
www.mbawpa.org
David D. Daquelente, Executive Director
dave@mbawpa.org

Master Builders of Western Pennsylvania, Inc., is a trade association and influential voice in the construction industry, including 282 general contractors, construction managers, specialty contractors, service, and supplier companies. Members are responsible for more than 80 percent of the Pittsburgh area commercial construction. MBA awarded $800,000 in scholarship support to students in industry-related categories, brought nearly 1500 representatives of our industry together to celebrate the MBA Building Excellence Awards, and supports mental health through its acclaimed Yinz Good? campaign. MBA's affiliation with Associated General Contractors of America affords members with broader access to national resources. For more information visit http://www.mbawpa.org/

NAIOP Pittsburgh
PO Box 100085, Pittsburgh, PA 15233
www.naioppittsburgh.org
Tom Frank, Executive Director
info@naioppittsburgh.org

NAIOP Pittsburgh is the regional association of developers, owners, investors, and professionals in commercial real estate. We are the leading industry resource to foster business relationships, promote responsible development and support growth of the region through education, leadership, and advocacy. Visit naioppittsburgh.com for additional information or contact info@naioppittsburgh.org.

Pittsburgh Works Together
631 Iron City Drive, Pittsburgh, PA 15205
Jeff Nobers, Executive Director
info@PghWorks.com | www.PghWorks.com

Pittsburgh Works is committed to creating an inclusive vision of economic progress that embraces and respects both traditional legacy industries and emerging ones, while honoring the diversity of cultures and traditions inherent to each, while ensuring a sustainable environment. We seek a Pittsburgh and a region in which the lines between "old" and "new" economy are erased and respect is shown for our work ethic and dedication to community, while building a future for all.

Pittsburgh Works Together knows that we need an economy that works for everybody. Created after meetings of union leaders and officials from the manufacturing, steel, and energy sectors, our organization is committed to working with leaders of tomorrow's industries by reminding them that without everybody, there is no New Pittsburgh.

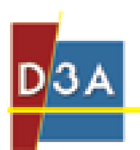
Society for Marketing Professional Services
SMPS – Pittsburgh Chapter
www.smpspittsburgh.org
Kara L. Smith, Chapter President
Herbert, Rowland & Grubic, Inc.
220 W. Kensinger Dr., Suite 100, Cranberry Twp., PA 16066
724.779.4777 (o)

The Society for Marketing Professional Services (SMPS) is a diverse community of marketing and business development professionals working together to move the Architecture/Engineering/Construction (A/E/C) industry forward. SMPS is the only organization dedicated to creating business opportunities in the A/E/C industry. Companies large and small are able to tap into our powerful national and regional network to form partnerships, secure business referrals, and benchmark performance. The Pittsburgh Chapter offers educational programs, professional development seminars, and networking opportunities to professionals from architectural, engineering, planning, interior design, construction, and consulting firms serving the Pittsburgh region. SMPS Pittsburgh has over 100 members representing more than 50 firms in the built industry.

INTERIOR DESIGNER

AE7, LLC
2840 Liberty Ave., Suite 403, Pittsburgh, PA 15222
T: 412-932-2044
www.ae7.com
Jeffrey Wetzel, AIA, NCARB
– Principal, Board of Directors
jeff.wetzel@ae7.com

AE7 Interior Design, part of the globally renowned AE7 Architects, specializes in creating innovative and functional interiors for corporate and commercial clients. With a deep understanding of the unique needs of these sectors, AE7 delivers tailored design solutions that enhance productivity, reflect brand identity, and add value to properties. Our team's expertise spans office spaces, commercial developments, residential projects, and food and beverage venues ensuring each design is both aesthetically pleasing and highly practical. Committed to excellence, AE7 Interior Design leverages cutting-edge technology and sustainable practices to create environments that inspire and engage. Discover more at www.ae7.com.



Design 3 Architecture PC
300 Oxford Dr. Suite 120, Monroeville, PA 15146
T: 412-373-2220
www.d3a.com
Anthony Scruppi - tScruppi@d3a.com

Design 3 Architecture has been offering architecture, planning, and interior design services to the Pittsburgh region since 1982. We view inherent project constraints as potential opportunities for innovative design solutions. With a philosophy grounded in team collaboration, providing both personal attention and project leadership, Design 3 Architecture does more than solve problems. We provide solutions that are unique, exciting and affordable.

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Kevin A. Brett, P.E. – kbrett@lsse.com

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LEGAL SERVICES

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Two Gateway Center
603 Stanwix St., 6th Floor, Pittsburgh, PA 15222
T: (412) 394-5400
www.babstcalland.com
Mary H. Binker, Esquire: mbinker@babstcalland.com
Alyssa E. Golfieri, Esquire: agolfieri@babstcalland.com

Babst Calland's attorneys offer experienced legal counsel in real estate development, finance, construction, energy, environmental risk assessment, zoning and land use, tax assessment appeals, eminent domain, and other corporate and litigation services. We provide creative, pragmatic advice to developers, landlords, tenants, investors, brokers and managers of commercial real estate to help them reach their goals, through attentive service that keeps the client's bottom line in mind. From acquisition to disposition, our approach to the practice of law gives our real estate clients an edge.

When you're responsible for a career-defining real estate project, you need a dedicated and determined partner who's invested as you are.

As a multi-asset class, design-build developer, Al. Neyer combines nearly 130 years of commercial real estate expertise with an integrated team of company owners who will do whatever it takes to bring excellence to your build, value to your portfolio, and pride to our communities.

Learn more at neyer.com.

Brandon Snyder
VP, Pittsburgh Market Leader
bsnyder@neyer.com
412-716-1190

Meyer, Unkovic & Scott
Henry W. Oliver Building
535 Smithfield Street, Suite 1300, Pittsburgh, PA 15222
T: 412-456-2800
www.muslaw.com
W. Grant Scott – wgs@muslaw.com
Patricia E. Farrell – pef@muslaw.com
Amanda M. Daquelente - amd@muslaw.com

Understanding each client's business objectives, we provide timely, creative, and cost-effective solutions. We represent those in the business of real estate and companies who must have real estate in order to do business: our clients include manufacturers and service providers as well as owners, developers, managers, lenders, landlords and tenants, investors, contractors, brokers, and design professionals. Clients rely on us to counsel them on all facets of commercial real estate, retail, multifamily, office, and industrial, working with them on purchases and sales, land use and development, construction, financing, leasing, title insurance, property tax, assessment appeals, zoning, and eminent domain throughout the region and across the US. Our multi-practice firm enables us to ensure time and resources are used wisely and your deal closes on time.

REAL ESTATE BROKERS

Hanna Commercial Real Estate
11 Stanwix Street, Suite 1024, Pittsburgh, PA 15222
T: 412-261-2200
http://www.hannacre.com
AJ Pantoni - ajpantoni@hannacre.com

Hanna Langholz Wilson Ellis is rooted in the history of the Pittsburgh region. Our legacy in Pittsburgh real estate spans nearly 90 years through various companies & names, culminating with the merger of Langholz Wilson Ellis, Inc. and Hanna Commercial Real Estate. HannaLWE thrives by providing responsive, personalized service. Our disciplines of specialty include Retail, Office, Industrial, and Investment commercial brokerage services. We service all Western Pennsylvania and West Virginia. Our greatest asset is our people, who maintain the integrity of HannaLWE. Our unique structure creates an environment in which our agents and staff are often teamed together to extend both competence and energy to each client requirement.

NAI Burns Scalo
965 Greentree Road, Suite 400
Pittsburgh, PA 15220
T: 412-250-3000
www.naiburnsscalo.com

NAI Burns Scalo, headquartered in Pittsburgh, Pennsylvania, is an integral part of NAI Global, which spans over 325 offices across 55 countries. Since 1956, NAI Burns Scalo has been at the forefront of providing commercial real estate services such as brokerage, property management, development, and construction. As a leading player within NAI Global, the company's strategic positioning ensures exceptional outcomes for clients, with access to over 6,000 professionals worldwide. With nearly 100 dedicated specialists, we seamlessly integrate into this expansive network, excelling both locally and globally.

NEWMARK
210 Sixth Avenue #600, Pittsburgh, PA 15222
T: 412-281-0100
www.nmrk.com
Gerard McLaughlin – Gerard.mclaughlin@nmrk.com
Louis Oliva – Louis.oliva@nmrk.com

Since 1970, the Pittsburgh Newmark office has been a key contributor to the firm's strength in the Midwest. Our services have evolved to address the real estate needs of property investors, multi-market corporations and single-location tenants and landlords. Today, Newmark offers a full range of commercial real estate services, with brokerage professionals specializing in office, industrial, retail and investment product types, and a highly-skilled management services group that provides property, facility and construction management services for a diverse portfolio of properties. In addition, our team handles client accounting and lease administration for property investors and corporations.

SIGNAGE

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Scalo Solar
22 Rutgers Road, Suite 101, Pittsburgh, PA 15205
412-458-3888
Mark Heckathorne – Chief Operating Officer
heckathornem@scalocopanies.com
www.scalo-solar.com

Scalo Solar Solutions has been helping residential, commercial, and industrial properties gain their energy independence using our expertise in PV design, construction, yield analysis, tax models, and financial engineering. Scalo Solar Solutions provides tremendous expertise and strategic resources for the roofing and sheet metal needs required by PV solar installations. We can install both your roof and solar array, so you won't have to communicate between multiple contractors. Scalo Solar aims to help businesses, homeowners, institutions, and non-profits take ownership of their energy future.

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jwhite@lliengineering.com

LLI Engineering provides mechanical, electrical, architectural, commissioning, and structural engineering services. Since 1910, LLI Engineering has been consistently recognized for providing top-quality engineering design services. We specialize in commercial, critical facilities, education, healthcare, industrial, infrastructure upgrades, green building design, energy conservation modifications, project engineering, and engineering estimates. Located in Pittsburgh, Pennsylvania, LLI Engineering has completed projects in over 20 different states.

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