

# Pittsburgh

## One Oxford Centre

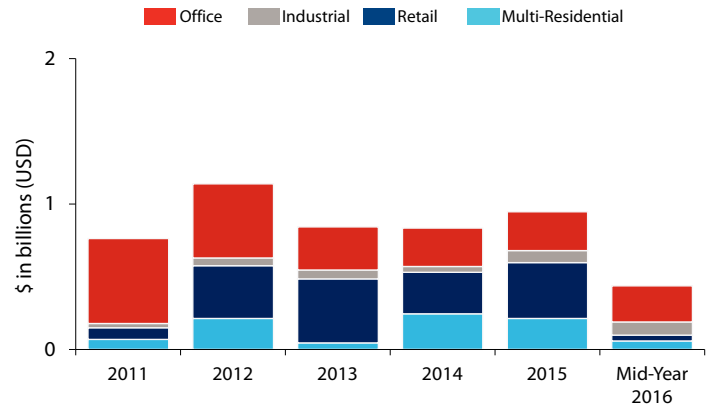
In the first six months of 2016, Pittsburgh investment activity totaled approximately \$435 million, down 2% from the same period in 2015. Pittsburgh continued to attract outside investors to the market, including King Penguin, Founders Properties and Shorenstein Properties. Since investors from New York, Minnesota and California have closed transactions in Pittsburgh, local investors have been forced to become more aggressive and creative with their investment strategies. McKnight Properties made two such acquisitions in the first half of 2016, and both will require repositioning and significant additional capital to succeed.

The largest transaction in the first half of 2016 was the sale of One Oxford Centre, a prominent 1.01-msf highrise office complex in Downtown Pittsburgh, to Shorenstein Properties for \$149 million. King Penguin continued its investment in the CBD market with the purchase of the 317,200-sf Centre City Tower for \$21.9 million. Other major transactions included the sale of the 375,756-sf Pennsylvanian, a historic landmark and residential property, to a New York firm for \$37 million; and the sale of 100 Beecham Drive, a 105,000-sf office building in the western suburbs, for \$6.1 million.

The largest industrial transaction in the first half was the sale of GE's three-dimensional printing facility. The 125,860-sf class A warehouse, located in the western suburban market, sold for \$20 million to Monmouth Real Estate Investment Corp. Another major industrial transaction was the sale of the former American Eagle distribution center, a 440,160-sf warehouse located in the northern suburban market, to McKnight Properties for \$9.4 million. This completely vacant property will be renovated and repositioned to accommodate multi-tenant occupancy.

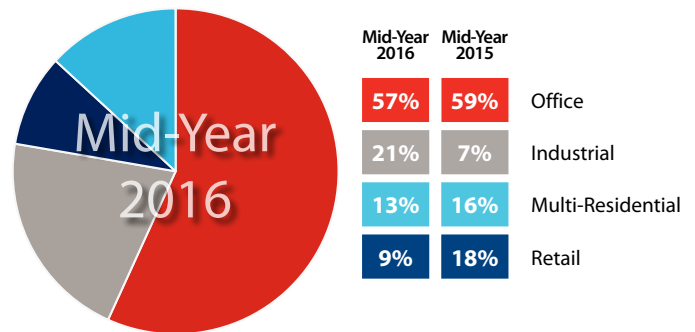
The overall investment market was very active and on pace with the prior-year period. Outside investors continued to have a major impact on the Pittsburgh market while local investors remained active with an eye for value-add acquisitions. With multiple transactions under agreement and other owners of premier properties listing buildings for sale, activity should remain elevated through the balance of 2016.

## Pittsburgh Investment Volume



## Pittsburgh Investment Activity

(By Property Type)



## Select Average Capitalization Rates

	Mid-Year 2016	Mid-Year 2015
Office	8.4%	7.6%
Industrial	6.8%	8.2%
Retail	7.9%	7.4%
Multi-Residential	7.9%	6.5%

## TOP 5 INVESTMENT SALES BY PRICE - MID-YEAR 2016

	Property Name / Address	Property Type	Total Price (USD)	Price Per sf/unit/acre	Vendor	Purchaser
1	One Oxford Centre	Office	\$148,752,900	\$147 psf	Oxford Development Company	Shorenstein Properties LLC
2	The Pennsylvanian	Multi-Residential	\$37,500,000	\$154,959 per unit	Brothers Property Corp.	JMC Holdings LLC
3	Centre City Tower	Office	\$21,930,000	\$69 psf	The Sovereign Group	King Penguin Properties LLC
4	101 N. Campus Drive	Industrial	\$20,032,864	\$159 psf	SunCap Property Group	Monmouth Real Estate Investment Corp.
5	130 Enterprise Drive	Industrial	\$14,223,828	\$166 psf	Clayco Inc.	Cole Real Estate Income Strategy Inc.