DEVELOPING Pittsburgh

FALL 2020

WAITING IT OUT

OFFICE MARKET UPDATE

NAIOP
COMMERCIAL REAL ESTATE DEVELOPMENT ASSOCIATION
PITTSBURGH CHAPTER

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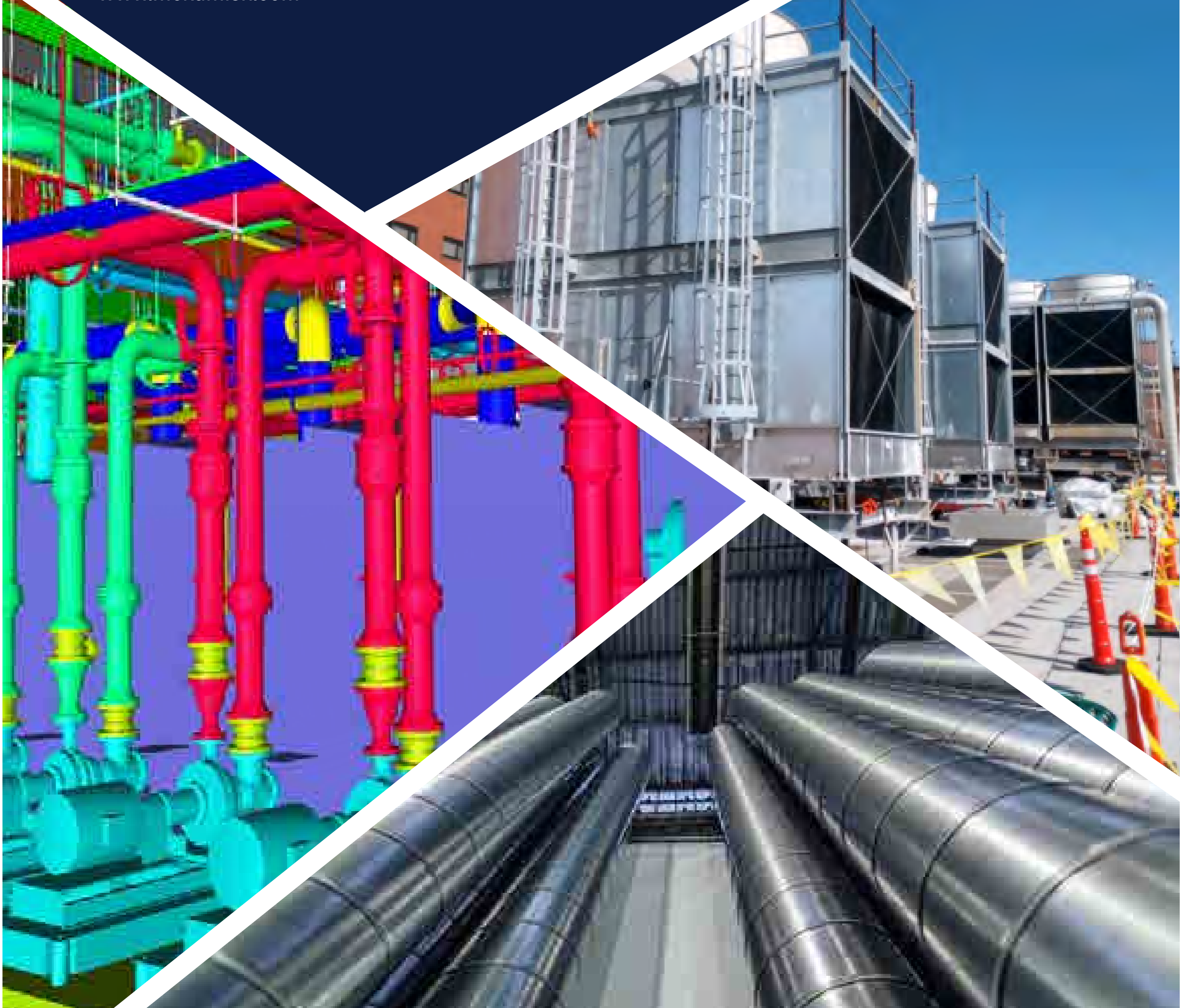

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President's Message

Where Does NAIOP Pittsburgh Go from Here?

As my time as NAIOP Pittsburgh chapter president winds to a close, it seemed a good time to look back over an action packed two years and look forward to what NAIOP should/could look like in a post-pandemic world.

The commercial real estate development industry has continued to be a major contributor to the region's economy, despite the headwinds of Covid-19 and a challenging regulatory framework. The success of our market, combined with the enormous draw of our universities and the talent they produce, has attracted new developers to our region, bringing with them new capital, new connections, and new perspectives. This is great news and a tribute to the opportunities that remain in our region.

While there are many opinions about what comes next for the world/economy/industry, the truth is that no one really knows. So how does NAIOP Pittsburgh respond to a changing world?

Our chapter has been very busy over the past years: We have a dynamic executive director in Brandon, which has upped our game as a regional player. Advocacy has been a hallmark of our chapter, as we have worked hard to energize the advocacy committee, hired a government affairs consultant, and engaged elected and appointed leaders on a scale we haven't seen in the past. No matter where the post-pandemic world takes us as an industry, the importance of advocacy will only grow, and this focus adds value for literally every member of NAIOP. Growing the industry is good for all of us.

The Pittsburgh region has benefitted from a strong national economy for more than a decade. We cannot rest on our past successes. Now, more than ever, with economic conditions in flux, we must develop and advocate for policy positions will enable our region to compete effectively for the types of businesses and jobs that are emerging as engines of growth. The long-term success of our region is dependent on the growth and success of real estate development driven by NAIOP members.

In addition, NAIOP Pittsburgh has started a new focus on education and inclusion as a means of expanding opportunities and growing our pipeline of talent for our industry. A nascent training partnership with Robert Morris University shows great promise to reach out to new people and to help introduce and train a new generation of talent to drive our regional industry. And, given the increased awareness of the unique hurdles that hinder inclusive economic participation, NAIOP has formed a committee to focus on what we as an industry can do to help address this challenge.

NAIOP Pittsburgh, like our industry, is strong and well positioned for the future. Our continued focus on responding to the commercial real estate industry's needs in our region, and our strength in membership and staff leadership will enable NAIOP to continue to be the go to resource for our industry, no matter what challenges and opportunities the future brings.

Don Smith Jr.
NAIOP Pittsburgh President

Join NAIOP Pittsburgh

High-Impact Networking

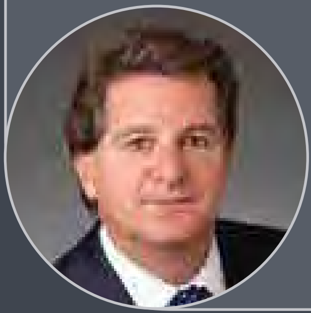
NAIOP Pittsburgh members can connect with nearly 350 members in the Pittsburgh region and 19,000 across North America as a part of NAIOP's extensive chapter network.

Connect with Industry Leaders

Network with the power players in the Pittsburgh region through events such as monthly chapter meetings, project tours of innovative developments, annual golf outing, ski trip, iconic Night at the Fights, Annual Awards Banquet and holiday party.

Movers and Shakers Wanted

There's no stronger association for commercial real estate in the Pittsburgh region. NAIOP Pittsburgh members build partnerships that further their careers and their businesses.



"In commercial real estate, you need the right partners at the right time. There's no better organization for building relationships than NAIOP Pittsburgh."

BILL HUNT
President & CEO, Elmurst Group
NAIOP Pittsburgh member since 1994

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As I write this, I am a little over two years into my position as executive director of NAIOP Pittsburgh and it has been a pleasure leading this organization to new heights. But, like all organizations right now, COVID-19 has presented us with great challenges. I am proud to say, under the leadership of our board and executive committee, we have been meeting these challenges head on. While many challenges remain, NAIOP Pittsburgh remains committed to our members and the CRE industry. We are continuing our focus on advocating on behalf of the industry. We are continuing our focus on bringing quality events and programming that enhance our members' knowledge and expertise. And we are committed to providing safe networking opportunities for our members.

Our advocacy has been focused on improving the permitting process within the City of Pittsburgh. As part of a taskforce reviewing the city's process, we are actively working with the City to improve their system. We also remain steadfast in our support for stimulus to boost our state and regional economy. We plan to keep our members abreast of developments on these and other policy concerns as they arise. As we approach a pivotal election for our country and state, we will maintain our engagement with key elected leaders in our region.

While we are adhering to CDC guidelines and social distancing measures to combat COVID-19, we remain committed to quality events and programming for our members. Over this summer, we have taken advantage of safe outdoor opportunities and have held a bike tour, a Developing Leaders golf outing, and we are planning our Annual Golf Outing for October 5th at Fox Chapel. In addition to outdoor events, we are maintaining strong digital content to keep our members informed about trends in the industry. While COVID-19 has made it difficult to network, we have utilized the outdoor settings this summer to help our members get together in safe environments.

While we are working to meet the challenges brought on by COVID-19, we remain committed to our members and the CRE community. We hope you, your families, and your colleagues are staying safe and well. We are here; do not hesitate to reach out if you or your business needs anything. Thank you again for your ongoing support of NAIOP Pittsburgh

Brandon J. Mendoza
Executive Director
NAIOP Pittsburgh

Office Market **2020**

We don't know. Any other answer about the future of the office environment is speculation. The corporate reaction to mitigating the spread of the novel coronavirus COVID-19 introduced widespread working from home as a normal way of doing business. Work from home worked. Companies have been nearly universal in positively assessing the productivity of remote workers. That, in turn, has led to lots of speculation about how this current reality will reshape the office of the future.

The interest rates are just one of drastic shifts in office usage since mid-March has been visible. Workers who have returned to offices Downtown say that no more than one person in five has joined them. Traffic is light. Parking is plentiful. And the futurists are working overtime to offer opinions about how the virus has changed office use forever. It's clear that employers have learned some interesting lessons about how real estate should be used. It's also clear that some office trends will probably be changed as a result of the pandemic. (Goodbye address-free office plans.) It's much less clear how many of the changes in how we work will remain after a vaccine allows work to return to normal.

A pandemic wasn't the only force working on the office market in 2020. In Pittsburgh there were more trends ongoing this spring than the pandemic wrought. Office vacancy has been creeping higher for the past couple years, especially in the Central Business District. The big office drivers from the past decade – energy companies, UPMC, and banks – were seeing changing business conditions or were becoming more efficient users of space. The same was true with some of Pittsburgh's biggest office users, its law firms. Countervailing these downsizing trends is the growth of emerging technology companies, some of which are doubling in size every six months.

The push and pull of these trends will determine the course of the office market for the next decade. The smart money says that the phenomenal opportunities for growth that Pittsburgh's technology companies have – and the universities that feed them – will create another boom in office demand in a few years. Even if that bet pays off, however, the market is in for a bumpier ride for the next couple of years than it experienced in the 2010s.

At the end of the summer, flexibility was the buzz word emerging in the countless "office of the future" articles being written. There's quite a bit of logic to that, of course, but ask yourself when flexibility in office design or layout wasn't important. What flexibility seems to really mean now is that we don't know how all of this will shake out, but decisions about office space for the next few years should not be etched in stone. Work from home? Suburban versus urban? Spoke and hub? Back to normal? The course of the virus has yet to be determined. The course of the office will have to wait.

The Fundamentals

COVID-19 is the driving force in the global economy in 2020 and will continue to have a deleterious effect on the economy well into 2021. For the Pittsburgh office market, the most obvious impact of the pandemic has been the skyrocketing unemployment that the mitigation steps created. That mid-double-digit unemployment included an estimated 100,000 office workers. That's a dash of cold water on demand.

But the impact of the virus has also been a dash of cold water on new development, especially of speculative office development. While that's bad news overall, the upside of the pause on new construction is that supply is growing at a much slower pace. Spec office construction had only begun to hit its stride by 2019-2020. So, while the slowdown in new projects is a negative for construction, the pause has helped with the negative absorption trend. During the second quarter, for example, absorption improved, although remaining negative for the year. According to Cushman & Wakefield|Grant Street Associates Q2 2020 Office Report, absorption improved from -355,304 square feet to -111,376 square feet during the second quarter. With the start of construction delayed into the third quarter for Pittsburgh's two major new spec offices, the Vision of Fifteenth developed by Burns & Scalo Real Estate/RDC and Walnut Capital's Innovation Research Tower, Pittsburgh employers will have almost two years to absorb the roughly 900,000 square feet of new construction still underway.

"The economy was doing exceedingly well but that wasn't necessarily felt in the office market. I don't think office demand is going away but I don't think it is growing as fast as some of the supply was being added," notes Bill Hunt, CEO of The Elmhurst Group. "When you look at the Strip District, with all the announced projects, there has to be a pretty constant

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)*	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT $ (ALL CLASSES)	OVERALL AVG ASKING RENT $ (CLASS A)*
Armstrong County	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]	[illegible]	[illegible]	[illegible]
Beaver County	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
Butler County	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CBD	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fayette County	[illegible]	[illegible]	[illegible]	[illegible]		—	[illegible]	[illegible]	[illegible]	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
North Pittsburgh	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Oakland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Parkway East	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Parkway West	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
South Pittsburgh	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Washington County	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Westmoreland County	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
PITTSBURGH TOTALS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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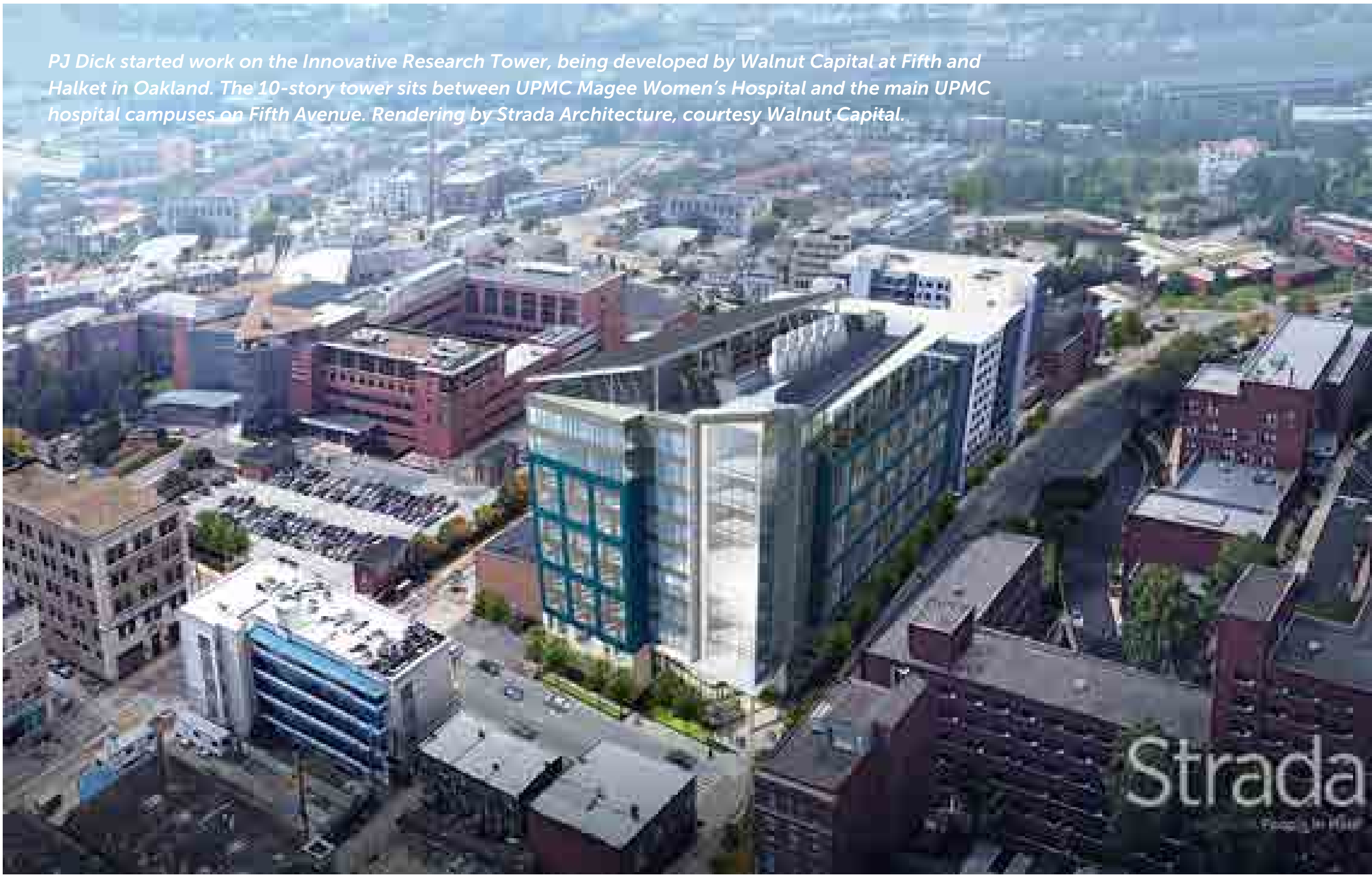


PJ Dick started work on the Innovative Research Tower, being developed by Walnut Capital at Fifth and Halket in Oakland. The 10-story tower sits between UPMC Magee Women's Hospital and the main UPMC hospital campuses on Fifth Avenue. Rendering by Strada Architecture, courtesy Walnut Capital.

stream of demand to match that supply. That was going to be a challenge even before the pandemic."

The vacancy rate in the Pittsburgh market was largely unmoved during the first six months of 2020. According to CBRE, total direct vacancy was 14.3 percent, with Class A direct vacancy at 14.4 percent. Cushman & Wakefield pegged vacancy 60 basis points lower than in January at 10.4 percent and JLL had the vacancy rate slightly higher from January 1, at 17.8 percent. Newmark Knight Frank reported overall office vacancy at 17.9 percent, a 50-basis point increase over the first quarter.

Not surprisingly, the relatively flat occupancy levels led to flat rental rates from the first to second quarters. The average office rate remained roughly $24 to $25 per square foot, with reported Class A rents of between $27 and $30 per square foot. Average rents belie the disparity in the Class A rates from submarket-to-submarket. Suburban rates have softened to the low $20s, except for new product, while much of the Downtown Class A market was feeling pressure too. Rents in the space-starved markets of Oakland, East Liberty, and the Strip District – all of which have mostly new or new renovated Class A space – have offset these trends. Rental rates in the new construction in these hot submarkets are topping $40 per square foot.

Underlying the conventional supply and demand fundamentals in Pittsburgh is a disturbing trend of growing space for sublease. Although much has been written about the downsizing trend that is attributable to the changes in work habits, the increase in sublease space in Pittsburgh is attributable only to changes in underlying businesses leasing the offices. During the second quarter of 2020 roughly 425,000 square feet of office space was marketed for sublease, according to CBRE. That brought the total space for sublease to nearly 1.5 million square feet in Pittsburgh. More than three-quarters of the 2020 increase came from three users, EQT, Chevron, and UPMC. Difficult conditions in the oil and gas industry precipitated the downsizing in the first two cases, and a rebalancing of space at 600 Grant Street created an opportunity for UPMC, which still occupies 900,000 square feet in the tower.

The trend in subleasing adds to softening of market fundamentals in Pittsburgh, which has seen several million square feet of new office space built during the recovery from the Great Recession.

What few expect to see in the next 18 to 24 months is a catalyst for office absorption like the natural gas industry provided after the Great Recession. Exploration of the Marcellus shale formation began ahead of the financial crisis but ramped up in earnest during and immediately after the downturn. Drillers and well service companies led the way,

Working from home has proven to be more difficult for younger generations than the Baby Boomers. Image by Cushman & Wakefield.

followed by producers and professional service companies once the industry became established in Western PA. Gas-related users virtually swallowed up the development of Southpointe II, along with large blocks of space in Cranberry Township, Wexford, and the Airport Corridor. That was a once-in-a-generation event. For the next generation of office expansion, the occupancy will be more broad-based, although the drivers of the economy are likely to be coming from the technology and life science sectors.

The projects getting construction underway now suggest that is already the case. Vision on Fifteenth, 75 Hopper Place, Innovation Research Tower, and 7514 Thomas Boulevard have either landed tech or life science anchor tenants or expect that will be the case. The latter project will be home to M*Modal, which will take 53,000 of the 142,000 square feet being developed. The other three projects are in locations that are magnets for emerging companies or Pittsburgh operations of tech giants.

Pittsburgh's office market is evolving again because of the new economic drivers. The strength of the market is still urban rather than suburban, but the Central Business District has softened. More than any other factor, success in office development hinges on the proximity to Oakland and its job-creating engines.

The Office and the Virus

Offices were easy places to keep virus free. The solution was simply not to use them. From the time of the earliest mitigation measures in mid-March until the dog days of summer, office workers stayed out of the office. Long after Western PA entered the "green" phase of COVID-19 response, companies continued to allow – or require – their employees to work remotely. The obvious impact of the pandemic was that it killed demand for office space.

Of course, unlike the chilling impact on hospitality or retail, the virus's effect on office properties was a function of the lease. Tenants were on the hook for their monthly rent while they were under lease and the uncertainty of the future use of the office was secondary to the lease terms. Office size and rental rates are a matter of an existing agreement. Tenants don't have to occupy their space in order to be obligated to pay the rent. That doesn't mean that some didn't try to use that justification to reduce or remove the obligation.

"We've been asked if there's any way to have a reduction in space or if we will take some of the space back. We just say no, and it has gone away," says Hunt. "I think someone in corporate real estate has said to send a letter out or call our landlords and ask for a reduction in space. This is the large corporate owners. The average lease throughout the country has 4.5 years left. I think these large companies are trying to figure out what they can do and so they are contacting all their landlords."

Attempts at renegotiation aside, Hunt and other office owners say tenants have been paying rent. One of the provisions of the Payroll Protection Program (PPP) was that using PPP funds for rent or mortgages would not create a penalty for repayment.

"In the office market people have been paying rent. Our receivables are not an issue in the office category," agrees Jim Scalo, CEO of Burns & Scalo Real Estate. "We have had a few people not renew

and there are others who think there is blood in the water and are looking for a great deal. It's not a great year for renewals. On the demand side, we have a good bit of activity with smaller and medium deals but nothing materially large. Big corporations aren't making decisions but that would be true of a presidential election year anyway."

Indecision seems to be another universal condition when it comes to leasing during the pandemic.

"There are some smaller requirements coming in and companies looking at the possibility of relocating but there isn't the influx of large-scale requirements," says Amy Broadhurst, vice president, CBRE's Occupier Services Group.

"I think there is pause in the marketplace to try to swallow what is going on, to completely think through what it will mean coming out the other end of this," says Steve Guy, Oxford Development's CEO. "We are talking to a ton of regional and national brokers representing anything from start-ups to well established tech companies. I would say the rate of pulling the trigger has slowed. We're seeing a lot of inquiries and broker activity. We're not seeing a lot of execution over the last two months."

"Right now, tenants are not willing to make long-term commitments during this COVID pandemic," agrees Jeffrey Ackerman, CBRE's managing director in Pittsburgh. "We're finding tenants want to make short-term decisions, extending leases for a year or two to see how things are going to unfold."

For property owners and managers, the time has been more dynamic. The nature of the virus, with such uncertainty about how it spreads and how long we'll be coping with it, required a response from landlords that hoped to see their properties occupied again after the outbreak was tamped down. The shutdown gave owners a window to implement new procedures for cleaning, revised access, and change office design.

"Getting back to work, returning to offices has created a market that didn't exist before. The acrylic manufacturers can't make enough to keep up with demand," says Dave Sauter, president of Workscape, a contract furniture and office system contractor in Pittsburgh.

"We had a mixture of reactions from our tenants about coming back to work. Several, like us, were exempted from the beginning and were working from their offices. Typically, we are seeing our tenants doing the basics as recommended by the governor to protect their employees," reports Dick Donley, president of Chaska Property Advisors. "We have found that the format of our buildings and office design are helping tenants with the process of restarting physical operations. With no elevators or common areas, and self-contained restrooms, kitchens and lobbies, each office space is effectively the tenant's own 'bubble' for their employees. We made changes with our maintenance employees by limiting their access to tenant spaces. When our staff does need to enter your space, they will wear masks and gloves, and social distance per state guidelines."

Conference rooms have been retrofitted to serve as smaller meeting areas. Photo by Falkbuilt.

Clint Rounsfull, senior vice president for JLL, says tenants that JLL works with were prioritizing safety, health and wellness for their employees. That focus will cause the configuration of public areas and amenity spaces to change, he says. Donley says that he has been working with his architect, NEXT Architecture, to help tenants design new employee flow patterns, cube spacing, and signage.

Dan Delisio, principal and owner of NEXT Architecture, developed a multi-step program for clients to adopt as appropriate for their circumstances. The program developed strategies for employee wellness in scenarios involving graphic communications, visitor and customer facing situations, high-touch surfaces, restrooms, collaborative areas, and the open office. Deepak Wadhwani, Renaissance 3 Architecture's (R3A) co-founding principal, notes that clients have presented R3A with a laundry list of requirements that were mostly unconsidered before COVID-19.

"Several of our clients have asked us to consider population density, smart workspace orientation, rethinking of communal and shared spaces, enhanced indoor air quality through ventilation and filtration strategies, frequency of air changes, touchless ambulation through a work environment, increased voice control technologies, high performance cleanable materials and antimicrobial surfaces," Wadhwani says.

For new development projects, the timing of the virus outbreak allowed the measures to mitigate infection spread and promote wellness to be incorporated into the design before construction started. The timing was less than ideal for development in general, of course. For most projects in the pipeline, the recession sparked by COVID-19 has altered the economic landscape and significantly changed the conditions for development. Financing terms have tightened. Risk appetite declined. Pre-leasing became more difficult. The virus made speculative office development more difficult. Even with those challenges, several office projects have forged ahead.

Burns & Scalo Real Estate has started construction on the 275,000 square foot Vision on Fifteenth office building, which it is developing with RDC Design + Build. Jim Scalo says that the emerging technology tenants he expects to attract are continuing to have space requirements in the marketplace. With a late 2021 delivery scheduled, Scalo expects that tech companies will be back on their long-term growth path and competing for the region's top talent in the Strip District.

"You still have to take the long view. I don't know that I would do this project anyplace else in the city except Oakland since our market is life sciences and technology. I think there are some challenges Downtown and the suburban markets, but not in Oakland," says Todd Reidbord, president and founding partner of Walnut Capital Management. Walnut Capital is developing the 293,000 square foot Innovation Research Tower at Fifth Avenue and Halket Street. "I think Pittsburgh can be the equal of Philadelphia, or Boston, or other cities that have had partnerships with universities for science and medical research. I know that is a big part of Chancellor Gallagher's mission. He wants to bring those kinds of partners to the University of Pittsburgh."

Oxford Development Company completed The Stacks at 3 Crossings in early 2020 and is following that project by starting the 145,000 square foot 75 Hopper Place office building. Continuing its long-term 3 Crossings development in the Strip District, Oxford is looking past the recession that the virus started.

"We're very bullish even though we are in a recessionary time; but I am an absolute believer in the capital asset marketplace where you're building long-term assets," says Guy. "You can build through a recession and there are some certain benefits to it. There is a timing risk but pricing, material availability, and labor availability work for you during a recession. You just may not get the sales activity that you wanted. There are three things that are for sure about recessions. Recessions don't last as long as expansions do. Recessions always end. And at the end of a recession, businesses that are ready to expand want to make a statement. One of the ways they can make a statement is by saying that they have made a commitment to expansion or relocation for the betterment of their work force. That typically involves real estate."

The Office After the Virus

None of these new developments will be completed within the next 15 months, meaning that the expectation is that they will be open for business in the post-COVID-19 environment. None has announced any tenant deals yet, but it is almost assured that the tenant improvements will look different from what would have been expected in February 2020. Beyond the obvious difference in the way offices will look and function, there are questions about office use that are of a more existential nature. How much office space will we need in the future? And what will the office look like?

Soothsayers trying to foretell the future of the office have zeroed in on two likely outcomes of the adjustment to the virus that will remain after a vaccine eradicates COVID-19 as a threat: increased work from home and heightened occupant safety. These two factors are opposing forces on the future demand for space. To the degree that people work from home, there will be a diminished need for office space. Making occupants feel safe from future health threats will mean that the individual workstation will be more isolated from another and more likely to have a physical barrier of some sort. That means companies will need more space.

While the yin and yang of these influences may result in a net zero impact on the space companies need, there is already change coming from reduced level of economic activity. Working from home was not universally successful. Inconsistent connectivity was a problem for many employees. Child and elderly care giving was a difficult challenge for Millennials. Gen Z workers found their apartments had inadequate workspace. Surprisingly, only 55 percent of Baby Boomers reported problems working from home, while 69 percent of Millennials reported challenges and 70 percent of Gen Z workers found work-from-home difficult.

Finally, working remotely fails to allow for the kinds of mentoring and collaboration that promotes professional growth and future leadership. Ultimately, people do tire of the solitude. With all after COVID-19," Ford says. "The reason is because we're back to walls and screens."

"We saw companies, driven by financial considerations, trying to drive that number down to 165 or 170 square feet per person. That's pretty dense" says Ackerman. "That trend is going to reverse but there's going to be more flexibility in the workplace. People are going to take advantage of working from home more often by taking advantage of technology. If this had happened 10 or 20 years ago, we could never have done the work from home. What will happen is there will be fewer open desks and more private offices, but people will share those private offices."

"We did studies across the United States because we actually do the math for our algorithms, and the average was about 195 square feet per person pre-pandemic. We are closer to 230 to 250 square feet after COVID-19,"

the response of owners and developers. The changes fall into two categories: disruptions caused by the virus, and acceleration of pre-existing trends.

Working remotely is the most obvious disruption, although it was hardly a new phenomenon. But the virtually national requirement that office workers stay home in March and April forced tens of millions of people to figure out how that could work routinely. The answer turned out to be that it worked better than expected but there are some provisos. First among them is the reality that working from home is difficult to impossible for parents of pre-school-age children. Second is the fact that measurements of work-from-home productivity are skewed by the low expectations and the dramatically that said, it seems clear that remote work will gain popularity in the post-COVID world.

The virus also disrupted the long-term trend of "densification" of office design. The phenomenal growth of technology companies helped drive the open office design that drove down the number of square feet per person needed in office settings from 250 to 150 square feet. Kim Ford, founder and CEO of COEO Space, says that her firm keeps mountains of data on office users. COEO Space matches tenants with offices and uses algorithms to help identify clients' needs.

"We did studies across the United States because we actually do the math for our algorithms, and the average was about 195 square feet per person pre-pandemic. We are closer to 230 to 250 square feet

Office market observers also expect that another basic office trend, the hub-and-spoke, will get a boost from the virus. Remote working has devalued the headquarters, especially since large corporate headquarters often locate near mass transportation hubs, which are being viewed with skepticism during a pandemic. Developers expect to see more demand for space away from hub offices and into suburban office locations. That trend, if it comes to pass, will benefit second tier cities that are viewed as safer and have a lower cost of living. Pittsburgh is one such city.

"I think the paradigm shift that comes out of COVID will be that what was happening before the pandemic is accelerating because of the pandemic," says Scalo. "The office is not going to go away. It's needed so you have a hub. It would be like having a family without a home. But I think all successful corporations will have a work from home policy. We will have to set people up at home with technology. There will be less watching the clock. The message will never be that the job doesn't have to be done but employers are going to have to be more life balance friendly."

"I think it is still up in the air. Even though some companies are looking to downsize their office space and work from home permanently, they are also realizing it is not as beneficial," notes Broadhurst. "With the passage of time people are realizing how much social interaction is missing. There are emotional factors kicking in. To some degree you're working harder and longer when you're at home. I still think we are at a place where companies are going to go through a cleansing of the situation. Employees think one way and the employers might think another."

CBRE surveyed companies on how the work-from-home trend would impact future needs. Responses from 126 firms indicated that 63 percent planned to give workers more choice about where they would work; however, only one fourth of the respondents indicated that they would offer the choice for full-time remote working. A PwC survey in June found that only 11 percent of employers expected none of their workers to work remotely after the virus receded while 55 percent expected employees to work remotely 60 to 100 percent of the time. The same study found that 83 percent of employees wanted to work from home at least one day per week and 72 percent wanted work from home twice weekly. Thirty-two percent said they did not want to return to an office. An earlier survey of 1,200 workers found that while 74 percent wanted to have the option to work remotely, 92 percent of the same respondents said they still wanted to have an office option.

It's easy to see the conundrum facing corporate real estate executives. Employees who want to work from home and have an office don't help reduce the corporate footprint. Factor in more private workspaces and distance between employees and it's not hard to understand why many executives fear the post-COVID office will be larger than before the pandemic.

"We have been asked by a client who has been kicking the tires for months on some Class A space downtown to rethink the design to accommodate COVID," notes Jonathan Glance, partner at LGA Partners. "The client asked us to redesign by spreading out. Private offices doubled in number; cubicles became larger and more private; common spaces nearly disappeared. All of this is the antithesis of conventional office design wisdom just a few months ago. As a result, the client's space requirements grew and now required taking multiple floors to accommodate their program."

Rycon Construction has begun work on 75 Hopper Place, the newest office building at Oxford's 3 Crossings 2.0. Rendering courtesy Oxford Development Co.

Landlords will not object to LGA's experience becoming the trend; however, the trends that are pushing towards more space are running headlong into pressures to squeeze expenses during a recession. Existing trends, like address-free open office plans, were driven as much by cost reduction as work habits. Like work-from-home, the trend away from open office was already underway when COVID-19 hit. Employee wellness concerns should just about put an end to open plans but the flexibility that open plans created is on the rise.

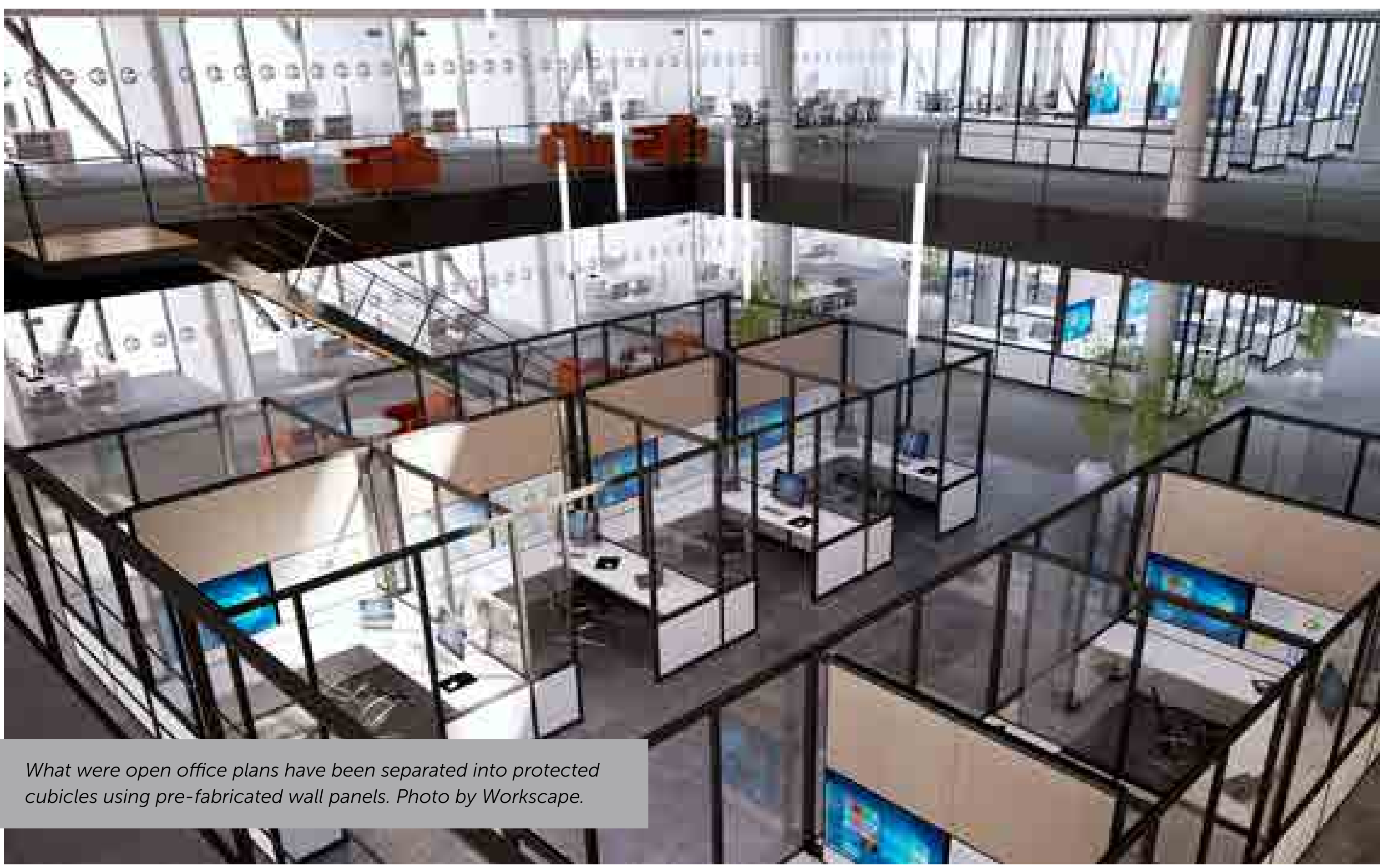
Flexibility is another of the COVID-era buzz words. Exacerbated by the uncertainty of conditions, landlords have been asked to consider more flexible terms in leases going forward. Those that are inflexible will likely lose tenants in an era of user indecision. The heightened demand for flexibility should also be a lifeline for the troubled co-working space, although not before some considerable pain is endured.

"Co-working companies are going to have to redesign their original thinking about space. I actually think co-working could be a winner from all of this but in the short term they are going to struggle," says Ford. "Major corporations won't allow everyone to work from home, but I do think they will have more flexible policies. I can see companies providing a subscription for a desk pass and offer employees multiple markets that they can work in for two or three days a week when not in the office. Over time co-working will evolve into what the market needs but is that 12, 24, or 36 months from now? Right now, people aren't going to want to go amongst a bunch of strangers. Long term, though, co-working provides the flexibility people need."

Ford expects co-working to experience consolidation over the next few years and has doubts about the financial strength many will have to re-capitalize space to meet post-COVID demands for distance and physical separation. She believes that owners of conventional offices have an opportunity as a result.

"Landlords can provide the same kind of flexible environment if they're smart. If you look at what Highwoods did at PPG Place, they built out full floors with three to five suites, each with the same carpet and same finishes. They allow the tenants to move up-and-down in size and even in different spaces as the tenants' needs change," Ford explains. "Especially in the tech world, companies don't know how big they are going to be from one month to the next, let alone sign a five- or ten-year lease. These are investor-based companies. Their investors and board of directors don't care about how pretty the space is. They just want to know what their return is."

The nexus of technology and flexibility is a property type that is growing in popularity. Chaska's Cranberry Business



What were open office plans have been separated into protected cubicles using pre-fabricated wall panels. Photo by Workscape.

Park has attracted healthcare and technology companies that needed a flexible mix of office and research space for two decades. Elmhurst's Thorn Hill Commons is a recent suburban tech flex success story. Projects like Fort Willow's TechMill 41, and RIDC's TechForge and Mill 19 proved that office space that flexed easily into research or maker space had demand in the urban core.

Tech flex projects are among the few moving through the pipeline in 2020. Elmhurst is planning two tech flex buildings totaling 156,000 square feet in the Pittsburgh Technology Center and Oxford Development is adapting the former 56,000 square foot Achieva Building in the Strip into tech flex. Hunt says the first Elmhurst Innovation Center building should start in the fall. Steve Guy says Oxford has proposals out on leases totaling more than 115 percent of the building and hopes to be 50 percent leased when work starts on the Achieva property in November.

"Our attention to tech flex - and more specifically urban flex - is driven primarily by feedback from our partners who are responding to their interactions with their tenants," says Tyler Noland, chief operating officer for PenTrust Real Estate Advisors. "Flex space is nothing new; it's just typically been suburban due to the lower land costs. What has changed is that tech/robotics use combines the need for this formerly suburban, flexible product type with the desire to attract top young talent, which often is partial to the urban setting for lifestyle. The margins that these companies operate on are much different than a typical manufacturing or industrial product or service, which allows them to pay the higher rents demanded in the city. And lastly, I see this property type as a slight hedge against the remote work evolution magnified by COVID-19. I look at it like this: if you can work from a 70 square foot office or cube with nine-foot ceilings, there's at least a chance you can work from home. If your work requires 20-foot ceilings and drive-in doors, you probably can't."

Perhaps tech flex will provide a new twist in the cycle of new demand for office product in Pittsburgh. Already soft before 2020's calamitous environment, the Pittsburgh office market will need a fresh source of demand to return to the multi-year run of single-digit vacancy rates. Jeffrey Ackerman thinks the market reactions to the COVID-19 pandemic could be a start.

"I think there are several factors that will drive occupancy higher. One of them will be de-densification, companies having to expand to larger spaces," Ackerman says. "All of this deferral of decisions, extending a lease for one or two years, is going to create a lot of pent up demand. There will be a lot of demand coming out of the recovery. I see a period of one to three years that we will rebound back to when we were in 2019. And the new development will slow in 2021 in 2022."

Ackerman's outlook would be good news for office property owners. The leasing environment is unlikely to support rent growth in the coming year or two. That could put pressure on property prices as the market recovers. Pittsburgh should remain attractive for investors looking to own office buildings in stable markets, much as they did in the 2010s coming out of the Great Recession. Property values should not decline, even if offices need an infusion of capital for renovations to meet post-COVID expectations.

"I think it will be two or three years until we figure out whether or not there's going to be substantial downsizing and how much capital expense will be needed to initially impact values. We would be doing a net income loss projection until the property stabilizes," says Paul Griffith, senior managing director and market leader for Newmark Knight Frank Market Valuation & Advisory. "We are figuring that once there is a vaccine, we would re-stabilize the property and, in the meantime, apply a discount that is equivalent to one year. We're taking between a five and eight percent discount. We don't think there's going to be a long-term structural decline in values. This is a temporary decrease so that if you did an 'as is' value today, you would get an impact; but if you do a stabilized value in the third quarter of 2021 you wouldn't see any impact at all, assuming that interest rates are where they are today."

Time will tell whether Griffith's forecast about office properties will play out. To the largest extent, the retention of value will rely upon a return to conditions that are closer to what was the norm on March 1, not July 1. If, in addition to a reversion to the mean, there are organic sources of demand growth, the office market should be thriving in 2022. For Pittsburgh landlords and developers, an economy leaning on forward-looking sectors is a source of optimism.

There is cause for optimism, assuming the growth path for emerging technology companies continues. In major U.S. markets where technology companies have clustered – San Francisco, Austin, Boston, and Seattle – the footprint tech firms occupy exceeds 30 percent of the metropolitan inventory. In total, technology company leases made up 22 percent of all leasing activity in 2019, according to CBRE Research. Here in Pittsburgh, CBRE shows that tech companies occupy just over five million square feet, or 6.6 percent of the 75.5 million square foot total office market. Even in the tech-heavy urban sub-markets, tech occupancy is only 8.3 percent in second quarter 2020. That leaves significant room for expansion.

"The marketplace that we have been serving for the last five to seven years - largely tech and tech spin-off - has not changed. The demand for incubator and growth space, the fund-driven investment is there," says Guy. "I think technology is needed now more than ever for connectivity and process. I think Carnegie Mellon is as relevant, if not more relevant, than it has ever been in 2020. Where the money comes from is largely seed capital funding that is raised all around the world and is currently sitting at record amounts. There is nothing that has happened during this pandemic that has changed the amount of money waiting to fund the next growth cycle."

"Pittsburgh remains on the radar for high-tech companies because of the universities and the tech talent already in the region," says Tim Goetz, managing principal for Cushman & Wakefield/Grant Street Associates. "That's a good thing and it isn't going away because of the pandemic." **DP**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Co-Living is Coming to Pittsburgh

Rycon Construction began construction in May on the Helm on the Allegheny apartments, a 220-unit project being developed by Steel Street Capital Partners and Oxford Development Company at 23rd and Railroad Street in The Strip. The project brings something of a New York sensibility in its design and density on a small site. It also brings Pittsburgh 32 units of co-living space, a first of sorts.

It's true that the Ollie at Baumhaus has been renting co-living units in Shadyside for a couple of years. But that property was developed as a traditional luxury apartment building. Ollie, a Manhattan-based company, with other locations in Los Angeles, Boston, and Newark, came on board at the Baumhaus after the construction was complete. Like at Helm on the Allegheny, Ollie at Baumhaus makes up a fraction of the total units in the building. The differences between the two properties speak to how co-living has evolved in a short period of time, and what is driving this new property type.

Most of us have experienced co-living at some point in our lives. Besides the nuclear family arrangement, many Americans have spent at least one year living in a dormitory or barracks. The reason that colleges and the U.S. Army offer their version of co-living is the same reason that is driving the trend today: denser living is cheaper. The version of co-living being developed today, including the units at Helm on the Allegheny, bears no resemblance to dorm living. While the market may be responding to demand for less expensive housing, co-living is as much about community and amenity as lower rent.

Co-living in its current iteration has its origins in the Great Recession recovery. Like many of today's trends, co-living has gained its momentum from the Millennial generation. A variety of factors converged to make residential real estate much more expensive in the 2010s. A huge spike in demand following the recession – driven by millions of homeowners becoming renters and the Millennials entering the workforce – drove an apartment construction boom. It also drove rents markedly higher. Even as the construction of new apartments continued throughout the decade, the volume never outstripped demand. At the same time, construction of single-family homes lagged well behind demand, pushing home prices up more than five percent annually for a decade.

The higher price for shelter ran headlong into a perfect financial storm of sorts for the younger generation. Millennials, now the largest age cohort, have more debt than previous generations and have entered the workforce earning less. Millennials make up the greatest share of the gig economy. Their coming of age experiences seems also to have made Millennials less inclined towards home ownership than their parents or grandparents. At the end of last year, some 14 million adults between the ages of 23 and 37 lived with their parents, double the number in 2000.

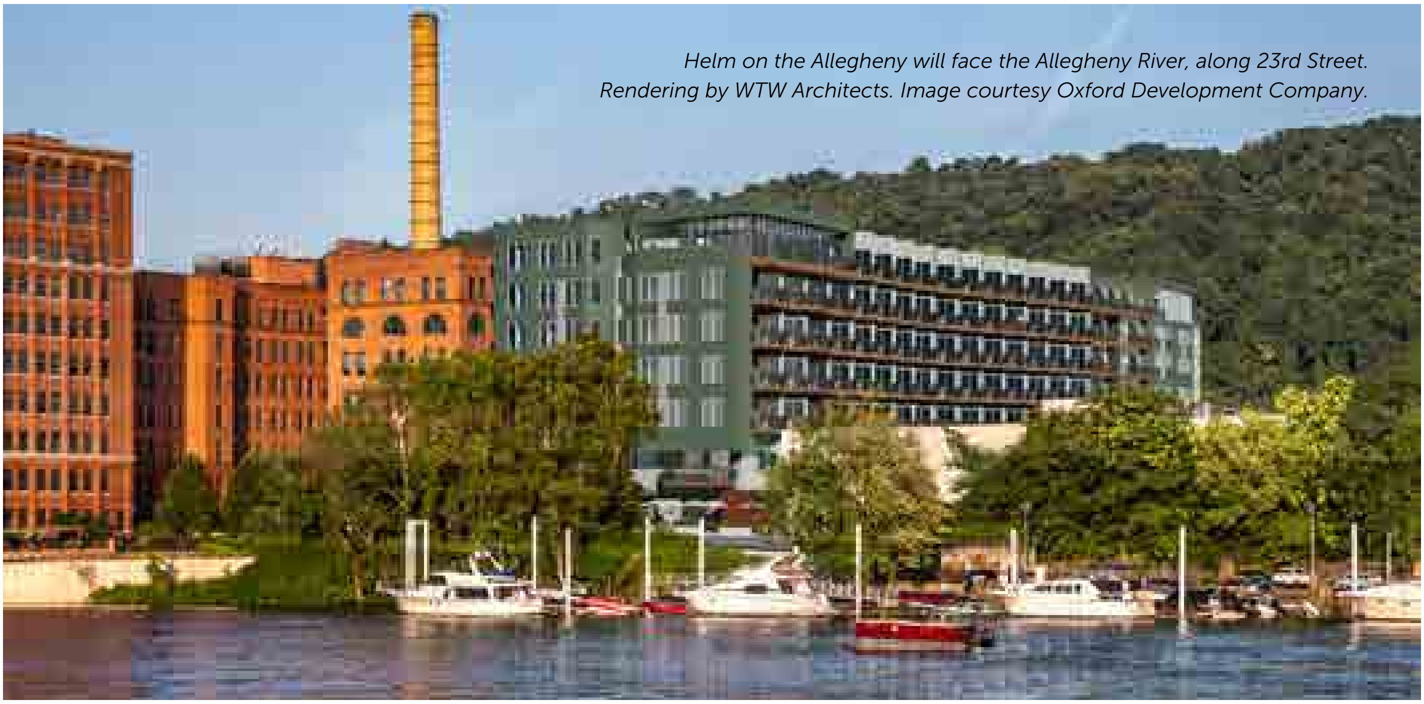
Ollie was founded in 2012 by two brothers when one of them, Andrew Bledsoe, used demountable partitions to split up his one-bedroom Financial District apartment and was swamped with 90 applicants when he offered it for rent. Ollie's solution is for micro-suites that are supported by hotel-like concierge services and small community space. The solution is meant to provide independence and services in a well-appointed, but small space. As the decade unfolded, other startups tried variations on the model, with varying success. And, on a per square foot basis, many of the co-living units are more expensive than their traditional neighbors.

The trick appears to be balancing density, amenity, privacy, and community. A November 2017 survey done by SpaceLab10, IKEA's research lab, brought responses about co-living preferences from 7,000 people living in 147 different countries. The results showed that people are fine sharing kitchens, workspaces, gardens, and the internet, but don't want to share bathrooms or bedrooms. People were most open to living with childless couples and single women, preferring not to live with teenagers or small children. The survey's most interesting finding may help to explain why co-living owners have struggled to be profitable. Respondents were most interested in living in shared houses with four-to-ten people. That is the opposite arrangement from what most developers are pursuing.

The largest of co-living companies – Common, Haven, WeLive, Quarters, and Ollie – have worked hard to partner with developers of large-scale projects. For a business model based upon density to produce attractive rent (and profits), the tendency towards greater density and more units is logical. But results haven't tracked as yet. Bedly, an early competitor, closed its doors in 2019, along with Roomi and Campus. Ollie's co-founding Bledsoe brothers left the company in February 2020.

Helm on the Allegheny represents the opposite approach, in that it is a one-off location designed within a larger, amenity-rich apartment building. At Helm, the co-living units are split into two areas, each of which is comprised of a two-story common space supporting 16 units and up to 32 tenants. Helm's co-living is closer to the scale that the respondents to the IKEA survey preferred. Its design is meant to create neighborhoods of co-living units that will coalesce into community behavior. Steel Street's founder and president, Brandon Guy, refers to the phenomenon as "self-actualization" for the neighborhoods because the shared activities and lifestyle will be determined by the residents, not the management.

"The co-living space at Helm has been designed to invite tenants into the common areas to engage with their fellow co-livers through self-determined shared experiences," he says. "These are key to co-living at Helm, and we believe that this approach sets this product apart from other co-living experiences. No one wants to go to their landlord's party for



Helm on the Allegheny will face the Allegheny River, along 23rd Street. Rendering by WTW Architects. Image courtesy Oxford Development Company.

any reason other than free beer. At Helm, if the tenants decide to do a happy hour event, they will have ownership over it. Music, refreshments, and food will all be selected by the neighborhood."

Residents in the co-living section of Helm have the same access to the amenities that the renters of the conventional 187 units have. Security measures are heightened for the co-living areas, so that non-residents of that space can't gain access to the shared spaces unless they are granted it by a co-living resident. The co-living common spaces include an upgraded chef's kitchen, living/gathering rooms, outdoor gathering space, and entertainment space that encourages socializing. Each co-living resident has an assigned private apartment, with secured access, that includes a bedroom, bathroom, and small kitchen. Each neighborhood has six outside entrances so that residents can decide when they want to engage with the common areas.

"While the social aspect of co-living is the heart and soul of the experience, so is self-actualization," Guy says. "It was important that we give each tenant the ability to control their exposure to the social environment. No one wants to feel forced to socialize."

Guy says that the issuance of the project's building permit was delayed when Gov. Wolf issued the construction shutdown order on March 19. However, Guy explains that the delay gave them the opportunity to review the project through a new prism, focusing on understanding the needs of buildings in a post-pandemic world and implementing strategies and technologies to adapt to this ever changing reality. The co-living areas, with their focus on social living, were an area of focus during this review.

"There are a lot of people trying to position themselves as thought leaders about what the post-COVID world will look like, but the real answer is that it is hard to get a handle on. There are some things you can reasonably anticipate but there are a lot of unknowns," says Guy. "The delay gave us time to let some of the early science and data unfold so that we could work through things from a more informed perspective. We looked at the HVAC systems building wide. We focused mostly on the highest throughput areas, the front lobby, the gym, the club room, the elevators, and the co-living common areas. Even if people are not hanging out as much as they used to there are going to be a lot of people coming through these areas. We looked at increasing the air filtration media, increasing the air turns and reducing or eliminating the recycling of indoor air in common spaces. We have investigated reducing the number of surfaces that residents must touch to move through the building. Touchless interfaces can help us eliminate a significant area of transmission. These interfaces range from alternative door pulls, to foot operated elevators, to coded elevator access that responds to your key fob. And we're looking at the cleaning plan to disinfect high touch surfaces two or three times per day."

While the pandemic may have heightened fears about the likelihood of future infectious disease outbreaks, Guy believes that COVID-19 will not significantly alter the behaviors and needs that created the demand for co-living space. For certain, the economic need will not be reduced by the pandemic. Humans have also demonstrated that anxieties sparked by traumatic events fade as the events recede in memory. Anxiety about living in close quarters may reduce the universe of renters who would consider co-living but finding rent-conscious residents on the scale of the co-living being offered in Pittsburgh should not be difficult. The basic human needs that co-living addresses were established long before a public health crisis.

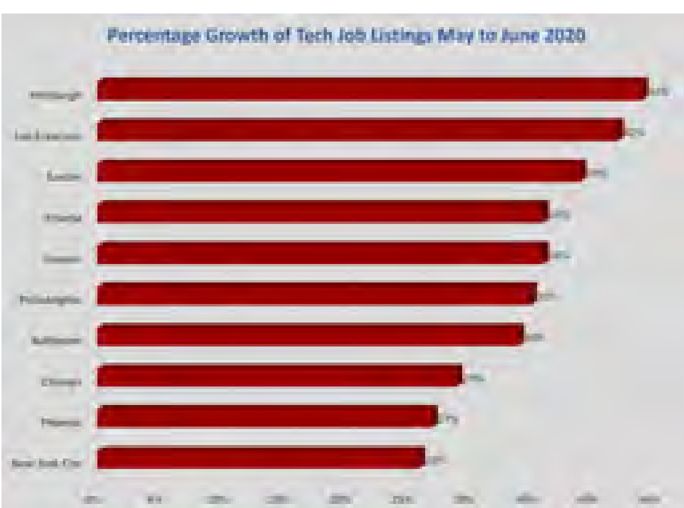
"The co-living experience at Helm provides tenants with equal parts privacy and socialization," notes Guy. "There is a core area that is designed to bring people into the space for shared experiences, but each tenant has their own private space where they can find peace and quiet when they need it." **DP**

The headline measure of the U.S. economy, gross domestic product (GDP), shrank by 32.9 percent during the second quarter, according to the Bureau of Economic Analysis' advance report on July 30. Following a five percent decline in the first quarter, the decline was the largest in the history of the survey. A 34 percent slump in consumer spending, which accounts for about 70 percent of GDP, was the main culprit in the precipitous decline. The strain of managing COVID-19 on the healthcare system – primarily the loss of non-emergency procedures – produced a 9.5 point dent in the overall GDP. That was the largest sector drag on output. Business investment and government spending also declined.

Although the data confirmed the depth of the U.S. recession, the report was not a surprise. Economists had predicted declines of as little at 15 percent and as much as 50 percent during the depth of the self-imposed COVID-19 shutdown in March and April. The severity of the decline has economists forecasting a sharp GDP growth spike in the third quarter, although the trend in the management of the COVID-19 outbreak will ultimately determine the path of economic recovery.

Mid-summer observations of "green shoots" in the economic recovery that were based upon the hiring rebound of May and June proved to be both premature and exaggerated. While employers re-hired 7.5 million workers, at least temporarily, during those months, attempts at reopening regional economies kick started worse outbreaks of the COVID-19 virus than were experienced in March. Whether the region was one that dismissed the severity of the pandemic, like Florida or Texas, or one that took strong mitigation measures, like California or Allegheny County, relaxing mitigation led to big spikes in infections and deaths, and drove economic demand lower.

After falling from record high levels in April, the number of first-time unemployment compensation claims steadied above one million per week throughout the early summer. The July jobs numbers validated the trend, with job creation falling to 1.763 million after gains of 4.8 million and 2.7 million in June and May respectively. Unemployment fell to 10.2 percent; however, economists monitoring the continuing unemployment claims estimate the rate of unemployment is close to 15 percent, after factoring in losses that will follow the end of the Payroll Protection Program.



Pittsburgh information technology and robotics employers increased job listings by 44 percent from May to June. That was the largest increase in IT hiring in the U.S. Source: Burning Glass Technologies.

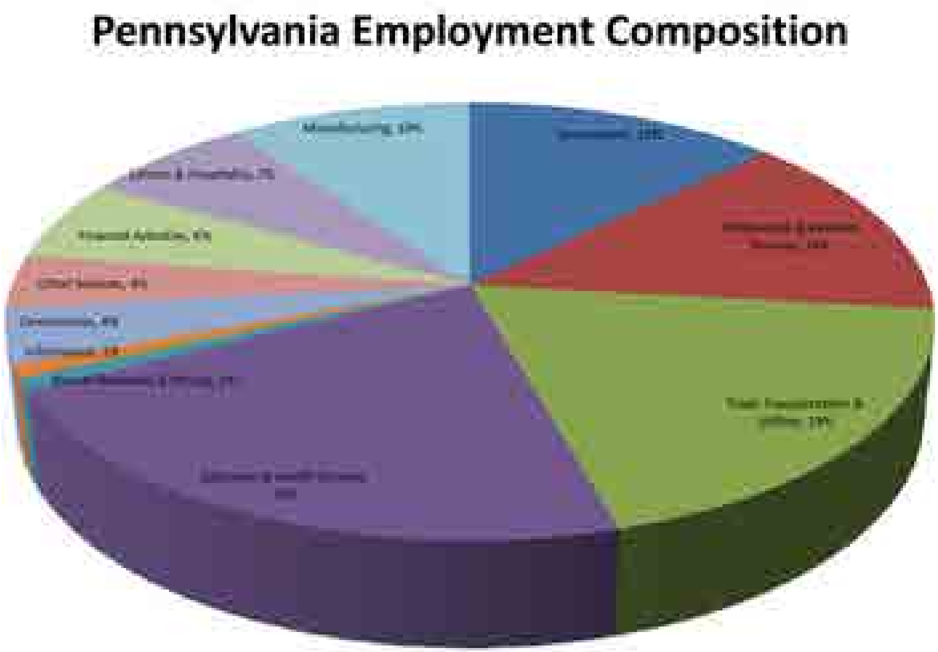
Mitigation efforts at the local and state level were called out as crushing the economy during the spring months. As the first wave of the pandemic moved belatedly throughout the south and southwest of the country (and spread to nearly all 48 continental states), it became clear that consumers didn't require mandates to pare back economic activity. A combination of job losses and fear kept demand suppressed. And, as late summer saw renewed efforts to tamp down COVID-19 spread, the start of the school year loomed as a likely new source of another wave of infections.

The clearest path out of the COVID-19 recession will be the medical solution, most likely a vaccine, which will eliminate fears of consumers and give investment a line of sight to recovery. On that front, the prospects were much more positive. At least two of the many vaccine trials underway were cleared for final trials of tens of thousands of people. That bolstered optimism that the virus could be beaten back in early 2021.

Metropolitan Pittsburgh experienced one of the more pronounced public health reversals following the shift to "green" in mid-May, seeing COVID-19 cases jump to levels that were twice that of illnesses during the shutdown. The healthcare systems in the region were not placed in stress, however, as more of the new infections were among younger people. Measures to respond to the new outbreak were largely effective at stabilizing the number of hospitalizations well below levels of concern, albeit at higher case loads. Regional economic health fared less well.

Unemployment fell in May and June in metropolitan Pittsburgh. After climbing to 15 percent, the unemployment rate fell to 13.9 percent in May and 12.5 percent in June. That rate was slightly higher than the 11.1 percent U.S. unemployment rate, although unemployment had been tracking at a higher rate in Pittsburgh than the overall economy for more than two years. One measure that did not track consistent with the trend was the labor force size. After trending slightly higher for the past decade, the number of workers in the labor force fell by 17,757 year-over-year in May, and declined by 35,415 since the end of 2019.

Those looking for green shoots at the regional level could point to the emerging technology sectors in Western PA. A major source of growth during the past decade, emerging tech employers renewed hiring at a rapid pace in June. The 44 percent



The two largest employment sectors in Pennsylvania – health and education services, and trade, transportation and utilities – have been significantly disrupted by the COVID-19 outbreak. Source: Department of Labor.

increase in tech job postings in Pittsburgh was the highest of any U.S. metropolitan market, according to job market analyst Burning Glass Technologies.

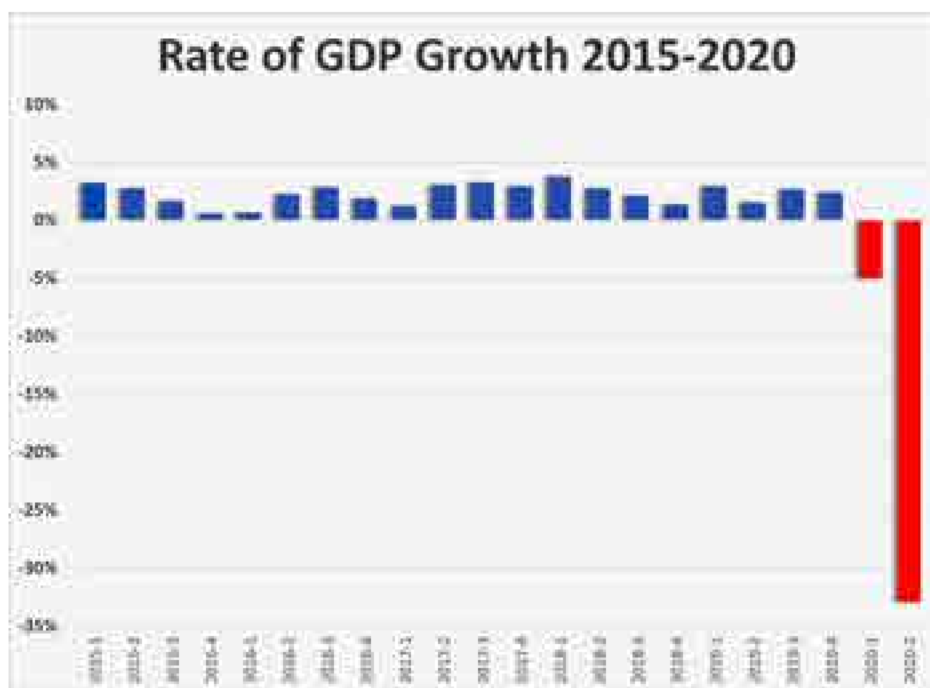
Signs of growth from technology and life sciences sectors boost optimism for the region's top research universities, which have been driving demand for new commercial space in the city neighborhoods that surround Oakland. Sustained activity in these sectors will be a strong foundation for the next regional growth cycle, especially if the universities involved can navigate a reasonably safe reopening in September.

While the economy has suffered from an unprecedented supply shock and deep decline in demand, one sector has shown unusual resilience. The housing market has experienced greater health as the balance of the economy struggled. Moreover, there is evidence that the strength of the housing market is sustainable.

May and June home sales and new construction showed a rebound from the forced inactivity of March and April. More encouraging were the figures for June's single-family sales, which were 6.9 percent higher than June 2019 at an annualized rate of 776,000 homes. A variety of factors, including historically low rates, higher wages, pent-up demand, and recovered stock market portfolios, are driving more buyers into the market than one year ago. With fewer homes on the market, prices have been appreciating faster than before the pandemic. It seems unlikely that this upbeat housing trend will continue if double-digit unemployment lingers through the fall and foreclosures begin to tick higher; however, for the near term, the boost to the housing market is giving some lift to the overall economy.

New home construction also picked up briskly in June. Starts were up 17.3 percent over May, at 1,186,000 total units. Construction was off four percent from June 2019. Permits for new single-family homes were 2.5 percent lower than a year earlier. Permits for new multi-family units reached 368,000 units in June.

Residential construction in Pittsburgh took a similar hit as the national trend during the first half of 2020, largely due to the six weeks of mandated shutdown for construction state-wide, which occurred in only three other U.S. states. Construction of all new residential units was down 12.9 percent year-over-year but



Consumer spending plunged 34 percent in the second quarter, sending GDP into a 33 percent decline. Source: Bureau of Economic Analysis.

permits for new single-family homes were off only 2.9 percent. Only 528 apartment units were started from January through June, as delays in permitting, financing, and construction pushed projects back.

A comparison of 2019 to 2020 reveals that demand for single-family homes may be much higher than the data is showing. While new home starts were 1,386 during the first six months compared to 1,428 in 2019, permits during the shutdown period in March and April fell more steeply. There were 409 permits for new homes in April-May 2019 but only 250 during the same months in 2020. That, along with a whopping increase in the average sales price of more than 12 percent, suggests that there is pent-up demand for new homes that will drive construction much higher in the second half of 2020. A significant increase would also be supportive of the observed trend of Millennial generation renters seeking to purchase suburban homes.

The slowdown in new construction of apartments may have helped keep occupancy and rents stable during the worst months of the pandemic. Because 2018 was an off year for new multi-family construction, there are fewer deliveries from that cycle hitting the market than in the past five years. With less progress on new product this year, rents have remained tight to previous highs, slipping 0.5 percent year-over-year, according to Apartment List. Median rents at the end of July were $741 per month for a one-bedroom unit and $927 for a two-bedroom. Apartment List also reported that rents were up 0.1 percent since March, when the pandemic hit Pittsburgh.

By all reports, industrial and office properties have fared similarly well in terms of rent collections and occupancy since mid-March. The many interventions of the federal government have certainly helped business owners maintain payments.

Usage in Federal Reserve Emergency Credit Programs

Program / facility	Capacity (billions $)	Current balance (billions $, 22 Jul 2020)	% of stated capacity
Commercial Paper Funding Facility	not stated	$2	N/A
Primary Dealer Credit Facility	not stated	$2	N/A
Money Market Mutual Fund Liquidity Facility	not stated	$18	N/A
Term Asset-Backed Securities Loan Facility	up to $100 billion	$1	0.9%
Corporate Credit facilities	up to $750 billion	$12	1.6%
Main Street loan facilities	up to $600 billion	$0	0.0%
Paycheck Protection Program Liquidity Facility	$659 billion	$69	10.4%
Municipal Liquidity Facility	up to $500 billion	$1	0.2%
Totals	**$2,609**	**$104**	**3.2%**

Source: Federal Reserve Bank of Cleveland, Pittsburgh Branch.

	March	April	May	June	July
Restaurant Reservations	-18%	100%	-87%	75%	-62%
Number of Travel Trips	1%	-40%	-28%	28%	-21%
Purchase Mortgage Applications	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Sources: Open Table, Mortgage Bankers Association, U.S. Department of Transportation.

Business conditions for office and industrial occupiers have also deteriorated less than those in the hospitality or retail trades. Hotels have seen cataclysmic declines in occupancy. Restaurants and stores have been forced to deal with mandated closings, followed by declines in consumer demand as outbreaks returned.

The outlook for bricks and mortar retail, restaurants, and other hospitality space is simply bleak until a vaccine or other proven medical solution exists. That will create downstream problems for landlords. Those with portfolios that are balanced with office and industrial space should have some hedge against declining performance.

Data collected from the Mortgage Bankers Association, Open Table, and the U.S. Department of Transportation provides a graphic look at how the average American has responded to the COVID-19 outbreak from March through July. Record low interest rates have driven mortgage applications dramatically higher. Shelter-at-home orders and anxiety have reduced travel by about one-third. Restaurant reservations declined by 100 percent in April and have recovered to levels that are 62 percent below last year in July.

As the second half of 2020 unfolds, there is opportunity for the government to provide more backstop to get consumers and businesses through to the point that a vaccine is viable. The government bridge for consumers will be more difficult to sustain but the Federal Reserve Bank remains a resource for business. The Fed's corporate bond purchases and Main Street Lending program have a combined capacity of roughly $2.5 trillion dollars, of which more than $2 trillion remains untapped. A variety of other Fed bond purchase programs – including municipal bonds - could add an additional $2 trillion in liquidity. At the end of July, only 3.2 percent of that capacity had been used. As a creditor, the Federal Reserve can afford to hold bonds for decades to allow growth to repay the debt. Unfortunately, providing working capital is not the same as replacing lost revenues.

Replacing lost personal income has been the government's other role. The data on consumer spending in May and June underscores how important the financial relief has been. Consumers spent 5.6 percent more in June than in May, which saw an 8.5 percent bump over April. Those increases occurred while personal income fell 1.1 percent and 4.4 percent respectively. Unemployment compensation accounted for six percent of all income in May, a total that exceeded the share of Social Security benefits.

Assuming that the current wave of higher infections and deaths is brought under control, and that a majority of Americans adopt measures to thwart the spread of COVID-19, the prospects are good for a slow, uneven recovery in the second half of 2020. It's likely that GDP will rebound by a double-digit margin in the third quarter. The opportunity to replace revenues, however, is going to depend on success in developing a vaccine. Even without large-scale vaccine production, development of a cure will allow investors to see a path forward. Until then, the virus is in the driver's seat. **DP**

Overview

The current office landscape is a unique one in which new and untraditional opportunities are arising, as commercial real estate investors and occupiers in Pittsburgh wade cautiously through an unprecedented real estate market as a result of a global pandemic. Like other similar cities, our labor market faces a long road to recovery following the pandemic lockdown, and the path to a healthy local office market is littered with obstacles. However, there are still innovative and interesting projects and leases on the docket, which is reassuring to prospective tenants and landlords. Spear Street Capital is moving forward with a project to transform a former Sears outlet into a tech office project in Lawrenceville. Icon Development landed 3M as a tenant in their new development in North Point Breeze. Zoom will be opening an office in Pittsburgh. FNB is moving forward with their headquarters at the former Civic Arena Site. Walnut Capital broke ground on their research tower. LG broke ground on their Whole Foods/office development, and Aptiv has completed their fit-out project of their 70,000 square foot space located at Mill 19 in Hazelwood. Although the leasing velocity has slowed down as a result of near-term economic uncertainty, it is nice to know it has not halted completely, and sentiment surrounding these projects remains bullish. On the occupier front, the foundation of meds, eds and tech, as well a limited supply of new inventory, makes our region well-positioned to weather the storm.

Economy

The COVID-19 pandemic struck the U.S. in March 2020, late in the first quarter but with enough time to have a slight impact on first quarter office metrics. Some were forecasting a peak of 15 percent U.S. unemployment and cumulative gross domestic product contraction of 10 percent, which would mark the deepest recession on record, and nearly five times worse than the post-war average. By the end of the second quarter, Pittsburgh's unemployment rate ticked up markedly to 15.9 percent, with the U.S. up to 14.0 percent, an unparalleled upward trend that recently reached a plateau, as an inflection point presented itself. Recently, the U.S. economy felt the effects of COVID more fully, as government-mandated shutdowns along with shelter-in-place ordinances pushed the country into recession.

We are beginning to get a better feel for the true effects of the pandemic, although many commercial real estate metrics are lagged. The situation remains very fluid, however Pittsburgh's manageable size, large healthcare system and burgeoning tech scene may bode well for the future. We are still in for a bumpy ride as the country rides out COVID, as local metrics have historically been worse than national averages, but a bucking of that trend could present itself. Operators and occupiers alike will have to act swiftly and be savvy in their approaches on a go forward basis.

Supply & Demand

Absorption is still negative year to date, but less than expected and leasing activity should normalize soon, as should vacancy rates. Several new leases were signed including Morgan Stanley and 3M, but leasing activity is still down markedly. As expected, subleasing activity has risen and will continue to rise. This is a trend worth monitoring for the remainder of the year, as there may be a shift in corporate real estate strategies. Construction on the lion's share of office inventory in Pittsburgh has largely resumed, with another building at Three Crossings

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delivering in the Strip District. The region's most active developers are still building, betting on STEM firms to fill their trophy product. The sentiment remains positive surrounding larger developments like 1600 Smallman, Bakery Square 3.0 and The Riviera. In addition, two new projects are preparing to launch in the coming months: The Innovation Research Tower and The Vision on 15th, which will add a sizable chunk of Class A space to the area. However, plans for future developments that were in their nascent stages may be shelved for the foreseeable future.

Another boon to the region was Zoom deciding to open a Pittsburgh branch, drawn by CMU's top-tier computer science program. However, submarkets outside these tech and health bubbles have struggled to fill existing stock, as companies re-evaluate their footprints. The trend of higher tier companies with younger demographics migrating from suburban submarkets to the CBD fringe into newer product may be slowing, as uncertainty surrounding the pandemic settles. The virus has come at an unfortunate time for a city that was evolving; the diversifying local economy built around tech and healthcare was continuing to trend up, but there will now be downward pressure on all metrics.

Pricing

It is still too early to tell if there will be material rent discounts, and it may be too reactive at this time for landlords to implement them. Moving forward, landlords will remain more flexible to secure office tenants as a result of increased competition and slower demand fundamentals.
For now, rents are largely stable, but a softening market in select submarkets of the Pittsburgh MSA is probable. Permanent disruption in the form of remote work may lead to tenants shrinking their footprint, but high-quality STEM tenants will still pay premiums for space in Oakland, the East End or the Strip District in the $40-$50 per square foot range.

According to Sam McGill, Senior Vice President with Cushman & Wakefield | Grant Street Associates, "It's still too early to tell the implications of the coronavirus pandemic on the long-term prospects for office workers. What we do know now is that this is not a "one size fits all" outcome for occupiers and investors. Each will adapt to the changing dynamics of the market and will continue to do so until we see more certainty in both the labor markets and global economy."

While Pittsburgh is not over-exposed as far as inventory, no region is protected from the downstream effects of the pandemic. The early barometer shows that uncertainty of demand will continue, as evidenced by several high-profile tenants canceling expansions. It is exceedingly difficult to make a leasing decision in this environment, as we don't truly know how the next several quarters will affect Pittsburgh businesses. **DP**

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Construction resumes in the region, however impacts from COVID-19 are felt with negative absorption.

The health, policy, economic and financial disruption stemming from the COVID-19 pandemic continues to create a fluid and evolving environment for the industrial market. Although data from the second quarter is providing greater clarity about conditions and the short-term real estate outlook, there remains significant uncertainty surrounding market dynamics and long-term trajectories. Some specific observations about the market that emerged during the second quarter are:

- A slight uptick in vacancy could end a five-year decline trend; however national trends in e-commerce demand suggest a rebound.
- Sales activity decreased in the second quarter with only two sales closing in April and June.
- Although COVID-19 put leasing activity and construction on pause for a quarter, there are plenty of tenants in the market searching for space.

Construction at the Shell petrochemical facility faced headwinds as safety regulations around COVID-19 limited the amount of workers. Other construction projects across the region were also placed on pause as state regulations restricted construction. However, in June, construction resumed and activity began to show signs of a return. In a quarter with less than 400,000 square feet of total leasing, June captured the majority of leasing as the market began to return towards normalcy, while 16.2 percent of leasing occurred in May and only 8.4 percent took place in April.

Sales activity in the second quarter also lagged behind previous quarters with $10.8 million in total sales volume across two closed transactions. Although the total sales volume is well below previous years, the total square footage sold is only slightly behind last year's total by approximately 300,000 square feet and has already surpassed the total in 2018.

Outlook

Several transactions were initiated pre-COVID-19, including Komatsu's 250,000 square feet at Alta Vista Business Park and Haemonetics's 202,817 square feet at Clinton Commerce Park, Building III. Both projects will be under construction in the third quarter. Sewickley-based Chapman Properties continues to

Fundamentals	Forecast	
YTD net absorption	-288,195 s.f.	▲
Under construction	1,786,000 s.f.	▲
Total vacancy	6.8%	▼
Sublease vacancy	75,170 s.f.	▶
Average asking rent (NNN)	$5.49 p.s.f.	▲
Concessions	Stable	▶

expand development opportunities at Westport, Cincinnati-based Al. Neyer is entitling two additional speculative buildings at the Clinton Commerce Center, Indianapolis based Scannell Properties is aggressively marketing two large industrial park sites in the West submarket and the Pittsburgh International Airport will announce the developer for their Innovation Campus this summer. Industrial tenants in the market, as a measure of activity, are up 27.0 percent over 2019. While initially the pandemic hit the pause button in the second quarter, it has accelerated the need for high quality industrial space to service medical, grocery and e-commerce sectors on a national basis and the trend is evidenced in many markets, including Pittsburgh. **DP**

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Industrial Statistics

	Inventory (s.f.)	Quarterly total net absorption (s.f.)	YTD total net absorption (s.f.)	YTD total net absorption (% of stock)	Total vacancy (%)	Total availability (%)	Average total asking rent ($/s.f./yr)	Quarterly Completions (s.f.)	YTD Completions (s.f.)	Under construction (s.f.)
Pittsburgh total										
Warehouse & Distribution	89,292,798	206,060	-57,442	-0.1%	6.3%	9.0%	$5.89	0	726,704	1,198,000
Manufacturing	53,883,017	-211,892	-230,753	-0.4%	7.6%	8.2%	$4.81	0	0	0
Totals	**143,175,815**	**-417,952**	**-288,195**	**-0.2%**	**6.8%**	**8.7%**	**$5.49**	**0**	**726,704**	**1,780,000**
Beaver County										
Warehouse & Distribution	5,627,234	0	-16,800	-0.3%	13.2%	21.3%	$4.92	0	130,000	525,000
Manufacturing	4,358,833	0	-14,125	-0.3%	10.8%	9.0%	$3.77	0	0	0
Totals	**9,986,067**	**0**	**-30,925**	**-0.3%**	**12.2%**	**16.3%**	**$4.75**	**0**	**130,000**	**521,000**
Butler County										
Warehouse & Distribution	4,136,199	14,000	1,940	0.0%	17.4%	20.9%	$4.53	0	0	0
Manufacturing	3,561,575	0	0	0.0%	7.4%	8.0%	$2.77	0	0	0
Totals	**7,697,774**	**-14,000**	**1,940**	**0.0%**	**12.8%**	**14.9%**	**$4.07**	**0**	**0**	**0**
Downtown										
Warehouse & Distribution	18,388,235	-4,182	-4,934	0.0%	4.2%	6.7%	$11.08	0	0	0
Manufacturing	4,643,481	0	-1,200	0.0%	1.3%	4.1%	$9.00	0	0	0
Totals	**23,031,716**	**-4,182**	**-6,134**	**0.0%**	**3.6%**	**6.2%**	**$11.04**	**0**	**0**	**0**
East										
Warehouse & Distribution	5,969,910	-42,182	-38,512	-0.6%	4.5%	6.7%	$5.87	0	0	0
Manufacturing	3,637,199	0	0	0.0%	5.7%	6.0%	$3.44	0	0	0
Totals	**9,607,109**	**-42,182**	**-38,512**	**-0.4%**	**4.9%**	**6.4%**	**$4.52**	**0**	**0**	**0**
Northeast										
Warehouse & Distribution	4,086,164	12,500	12,500	0.3%	2.0%	3.3%	$4.69	0	0	0
Manufacturing	8,880,307	0	-21,250	-0.3%	5.6%	5.3%	$3.63	0	0	0
Totals	**12,966,471**	**12,500**	**-8,750**	**-0.1%**	**4.0%**	**4.7%**	**$3.97**	**0**	**0**	**0**
Northwest										
Warehouse & Distribution	10,526,275	-212,239	-302,136	-2.9%	6.1%	9.0%	$6.09	0	0	0
Manufacturing	3,063,623	0	0	0.0%	0.3%	0.3%	$0.00	0	0	0
Totals	**13,589,898**	**-212,239**	**-302,136**	**-2.2%**	**4.8%**	**7.0%**	**$6.09**	**0**	**0**	**0**
South										
Warehouse & Distribution	5,521,847	949	-5,451	-0.1%	7.5%	9.7%	$5.74	0	0	0
Manufacturing	7,892,472	0	0	0.0%	5.1%	5.1%	$5.42	0	0	0
Totals	**13,414,319**	**949**	**-5,451**	**0.0%**	**6.1%**	**7.0%**	**$5.68**	**0**	**0**	**0**
Washington County										
Warehouse & Distribution	6,423,088	8,800	45,133	0.7%	10.2%	15.0%	$5.53	0	0	165,000
Manufacturing	4,736,380	0	-50	0.0%	2.4%	2.4%	$5.08	0	0	0
Totals	**11,159,468**	**8,800**	**45,083**	**0.4%**	**6.9%**	**9.7%**	**$5.51**	**0**	**0**	**165,000**
West										
Warehouse & Distribution	12,115,232	45,772	156,526	1.3%	6.5%	6.0%	$6.14	0	596,704	1,100,000
Manufacturing	2,706,639	0	1,284	0.0%	2.4%	4.4%	$5.15	0	0	0
Totals	**14,821,871**	**45,772**	**157,810**	**1.1%**	**5.8%**	**8.8%**	**$6.11**	**0**	**596,704**	**1,100,000**
Westmoreland County										
Warehouse & Distribution	14,499,614	-1,478	94,292	0.7%	3.7%	6.7%	$4.99	0	0	0
Manufacturing	12,402,510	-211,892	-195,412	-1.6%	14.4%	18.0%	$5.42	0	0	0
Totals	**26,902,124**	**-213,370**	**-101,120**	**-0.4%**	**8.7%**	**11.9%**	**$5.31**	**0**	**0**	**0**

Source: CoStar

One of the surprises of the deep recession gripping the U.S. economy since spring has been the resilience of the real estate market. There is still significant uncertainty about the underlying economy but the dry powder in the market is providing the needed demand to generate activity. Unlike in 2009, when there was no liquidity in the marketplace, the volume of available capital has buyers on the prowl.

The economic uncertainty is not without influence. While transactions have occurred, the activity has hardly returned across the board. There has been a shift in the kinds of deals being done. Absent a clear idea of what sort of pricing discount should apply to riskier properties, sales have been almost entirely focused on high-quality properties with low-risk conditions. Leverage is low. Debt coverage is high. And deals are closing, but there seem to be clear lines of delineation between the deals that are closing and those that are not.

The total U.S. sales volume for the first six months of 2020 was $180 billion according to the Newmark Knight Frank second quarter Capital Markets Report. That is 70 percent of the total for the first six months of 2019; however, 75 percent of the 2020 volume occurred before the mid-March shutdown. Monthly volume since then failed to exceed $16 billion.

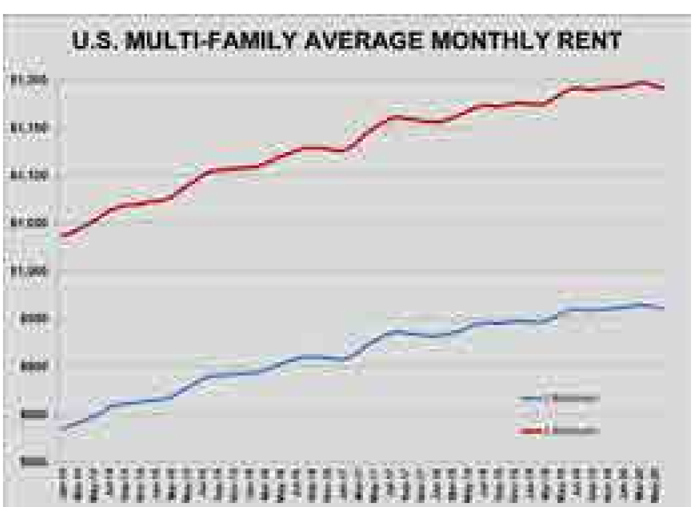
Nationwide mitigation efforts to halt the rapid spread of COVID-19 began around March 15 and ended generally around May 15. Investors and lenders struggled to understand the implications of the halt in business on revenue and future value. Uncertainty over pricing kept buyers and sellers apart, even as yields fell away to almost nothing.

That began to change in May. The prospect of reopening, and the removal of restrictions in a number of southern states, gave a green light to bargain hunters and distressed sellers. Small deals began closing before Memorial Day. New offer sheets were signed. The renewal of activity was not the same as a return to normal, however. Key questions about the market remain unanswered.

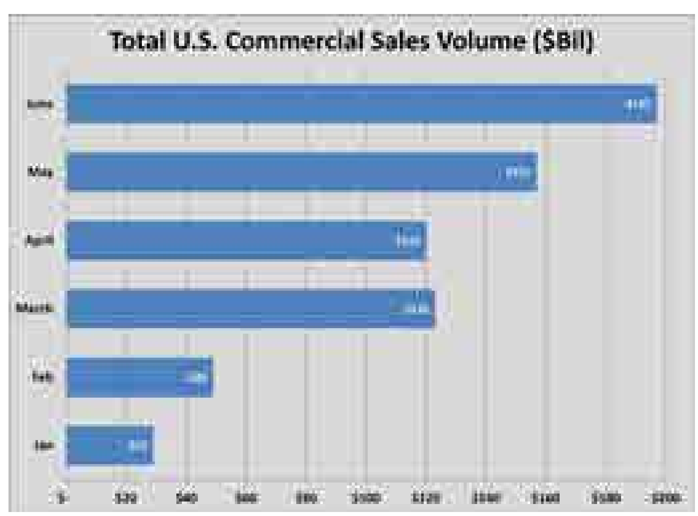
There are some disconnections between much of the data on the economy's performance and the realities of Main Street. The big surge in consumer spending in May and June were driven to the largest extent by the CARES Act payments. While that meant that the stimulating effect of the legislation was wildly successful, the spending also meant that the primary goal of the CARES Act – to create a safety net for those who were not working – would be largely unmet if no further income was received by those affected by the pandemic. Reports from mortgage lenders and landlords for the first few months were likewise cheery. By June, however, there were signs that the extended poor labor market was eroding household finances. Nearly one-third of renters and homeowners did not make payments in June or July. More than four million mortgages, or 8.5 percent of the U.S. total, were in forbearance at the end of July.

For businesses, the Payroll Protection Program (PPP) was also very successful in its goal of encouraging employers to maintain employees even with little work to do. Large corporations also received a lifeline of sorts, as the Federal Reserve's promise to purchase corporate bonds provided a means to raise capital. Likewise, the booming stock markets gave publicly-traded companies needed working capital by issuing stock. All of these measures and others, like the Fed's Main Street Loan Program, helped build war chests for employers. Some $5.4 trillion in capital was raised globally during the second quarter as a result of government and corporate actions. Reserves can't provide the sustainable support that comes from a growing economy.

Second quarter earnings reports of the world's largest investment banks gave a window into the impact expected on the capital markets for the balance of the COVID-induced economic slowdown. JP Morgan Chase, Goldman Sachs, Citigroup, and Wells Fargo all reported booming growth in revenues during the



Rents have remained steady at high 2019 levels throughout the first half of 2020. Source: Apartment List.



U.S. commercial real estate sales were off by nearly 30 percent compared to the first six months of 2019. Source: Newmark Knight Frank 2Q2020 Capital Markets Report.

second quarter. At the same time, the big four hiked their bad-debt reserves $30 billion, on top of a $20 billion set-aside in the first quarter. Reserves in the fourth quarter of 2019 were less than $5 billion, by comparison. In total, provisions for bad loans now exceed what was set aside at the height of the financial crisis. That means Wall Street sees pain ahead for Main Street.

"I think we are in a malaise for the next six to 12 months," says Nick Matt, senior managing director and co-head of JLL Capital Markets' Pittsburgh office. "We need the vaccine first, to state the obvious. Until that happens, I think it's just the government doing more stimulus and being the bridge to the vaccine."

Having a runway of three-to-six months ahead of the perceived credit crisis has given lenders an opportunity to prepare, something that was missing in 2008-2009. The banking system in the U.S. had $1.2 trillion in capital reserves as the third quarter opened. That means there is ample capacity to absorb increased levels of default or to offer further forbearance. It also means that lenders have the means to look past short-term economic disruption into early 2021 in the event of a viable COVID-19 vaccine development during the next six months. Those reserves also provide liquidity for borrowers looking to trade or develop high-quality assets.

One common theme for all lenders is that underwriting has become very conservative. With the exception of Fannie Mae and Freddie Mac, which have government-mandated lending levels, lenders are being selective about the loan's sponsors, the type of property they will consider, lowering loan-to-value ratios (LTV), and scrutinizing revenue projections closely.

Fannie Mae and Freddie Mac are the government-sponsored enterprise lenders that are intended to facilitate home ownership. As part of that general mandate, Fannie and Freddie also provide permanent financing for multi-family properties. The Federal Housing Finance Agency oversees the agencies and has established $20 billion quarterly lending expectations for Fannie and Freddie. In times of economic difficulty, these expectations become minimums that are harder to achieve; thus, the agencies become more aggressive. That has been the case in mid-2020. Fannie and Freddie are the only lenders in the market that a borrower can still hope to see LTV ratios at or above 70 percent. Fannie and Freddie are asking for lower spreads and doing deals with 30-year amortizations.

At the other end of the risk spectrum are the life insurance companies.

"Grandbridge has been tracking the top 40 life companies that we do business with. When the pandemic started there were only a handful of life companies still active out of that 40. Now there are probably only five or six that are not," notes Daniel Puntil, senior vice president and office manager for Grandbridge Real Estate Capital. "They are back in the market, but

I will tell you that life companies are very conservative to deal with."

Banks have joined the life companies in tightening conditions. Few banks are taking on new customers. The overwhelming volume of work associated with administering PPP loans suppressed bank commercial lending. Prior to the outbreak, banks were still operating under Dodd Frank regulations and maintaining underwriting discipline. Since then, banks are looking for lower LTV ratios and concentrating on supporting long-term client relationships.

"All banks are driving loan-to-value lower. What was 80 LTV is now 75; what was 70 is now 65. Some deals are just going to become un-financeable," acknowledges Greg Sipos, executive vice president/ corporate banking executive for First Commonwealth Bank. "Certain segments are still hot, however. Multi-family is still doing well and industrial warehouse is doing very well. With those products you'll see more conventional terms than other property types."

The sharp shock to the economy COVID-19 caused was a jolt to the commercial mortgage-backed securities (CMBS) market, freezing what was the smallest piece of the real estate financing system. CMBS tends to attract the riskiest assets, since those loans can be bundled with low-risk mortgages and are rated and priced accordingly. In recognition of this, the CMBS issuers assembled unusually conservative tranches of mortgages in the first attempts at going to market. The results were a surprise.

Goldman Sachs went to the market with a small offering of loans during the shutdown. The average loan-to-value was in the mid-50s. There were no hotels and the retail made up less than ten percent of the pool. Goldman was expecting the spread to be at 165 basis points, and the demand was so high that bids came in at 145. The results prompted Barclay's to test the market with a similar risk-profile CMBS offering one month later. That issue was bid down to 125 basis points.

"In the CMBS industry, 20 basis points is a grand slam. There is appetite for the bonds. With where the Treasury note was, those spreads made it the lowest coupon ever for CMBS," Puntil reports.

The successes that have occurred in selling CMBS deals don't foretell a Renaissance in that market. Volumes will be much lower because there are fewer low-risk assets, and even those that remain will likely see erosion in the coming months. Rating agency Fitch reported that $21 billion in CMBS loans had been put in special servicing since March. That is twice the total for the full year of 2019. Trepp analyzed 13,000 CMBS loans and forecasts that the default rate will jump from 0.5 percent to 6.5 percent by year's end.

Regardless of the financing facility, there is universal agreement in the marketplace about the relative risk of the different property types. Thus far, industrial properties have seen an upswing in value, as the swelling logistics market gets a boost from increased ecommerce.

Multifamily properties have seen steady rents and investor interest. Uncertainty about the future of working from home and occupant density swirls around the office market but performance is still solid, even if deals are down. Retail properties are undesirable, unless anchored by a grocery store. Hotels and other hospitality are virtually impossible to value.

Rental income has followed the risk assessment so far. According to National Council of Real Estate Investment Fiduciaries, rent collections in June were 93.1 percent for multifamily, 91.8 percent for office, 91.1 percent for industrial, and 49.5 percent for retail.

There is also market consensus thus far on another metric: property size. Large deals are difficult to get done.

"On the larger properties - $10 or $20 million and up - the pricing hasn't caught up yet. The underwriting is much harder. How do you underwrite rent growth? How do you underwrite interest reserves?" asks Gregg Broujos, regional principal, investment services for Colliers International. Broujos sees the risk of making a misjudgment in underwriting a large deal as a roadblock in the market until pricing of the risk is worked out. For smaller deals, the low cost of borrowing lowers the barrier.

"The properties that are $10 million and $20 million and up are struggling but the $2 million to $10 million dollar properties are in demand. Rates are low and people are buying. Those interest rates can make up for a mistake," Broujos laughs.

"Smaller deals are manageable from a capital stack standpoint. A borrower is still viewed as a good customer by the bank. Borrowers have their friends and family network. The stock market is all over the place so investors still like real estate," explains Matt. "On a $10 million dollar deal that means the borrower maybe has to raise $3 million from their network. That's an amount that can get done. When you start getting above those numbers the capital stack backs up."

Autumn Harris, founder of Rose Finance LLC, says that she has still seen support from banks on construction lending but understands the reluctance to commit to larger deals. She's leery of how successful refinancing and permanent loan placement will be.

"Banks will work with us if they can make sense of the deal," she says. "It's just very difficult to make sense of the deal with so much unknown."

"The right properties are still going to the permanent market. There are buyers out there for the right product and we still have merchant builders that are looking to do construction loans with investment grade companies. They will end up flipping the project," says Sipos.

Refinancing presents a challenge because of the shift in risk tolerance by lenders. Loans being refinanced will almost certainly have been done at higher LTV ratios, making certainty about the appraisal critical to the success of refinancing. Taking out a 75 or 80 percent LTV mortgage with one that will likely be 60 or 65 percent will be challenging, but even more so if the property value appraises 15 percent lower. Thus far, however, appraisals haven't been a problem. While there have been fewer transactions post-COVID on which to base a comparable, appraisers are not uncomfortable finding a basis for valuation.

Paul Griffith, senior managing director and market leader for Newmark Knight Frank Market Valuation & Advisory says that the disruption is showing up in reduced rent growth and extended stabilization assumptions. After factoring in adjustments to rent and lease up over the next 12 to 24 months, Griffith says that there isn't a reason to reduce values long-term.

"That varies by property type," Griffith explains. "The hardest property to put a value on is hotel. How we are looking at retail is to make a prediction about what type of property is likely to rebound and do a income loss projection. Does the property re-stabilize in 15 months or so close to where the value was six months ago, or is this property in for a structural change? Will it be something different in the future? When you move into the office market it's trickier. We see this being a temporary income loss. We don't think there's going to be a long term structural decline in values. For industrial property and 'A' multi-family, we aren't seeing negatives at all."

Compared to the last recession, the COVID-19 economic downturn has been far less disruptive to the capital markets. There is excess liquidity. Values haven't fallen for most property classes. Forbearance and government intervention have held off the direst consequences of the March-April shutdown. The challenges ahead will come when government support for incomes and loan forbearance expire.

"The problem is that nothing really has changed. How many of the borrowers that took forbearance are going to need it again and how are the lenders going to deal with that? Will they continue to give them forbearance for another month or another 90 days?" asks Puntil. "That's what we're waiting to see in the next 30 days. I think that is very much up in the air."

Federal intervention measures put training wheels on the U.S. economy in March. The Federal Reserve Bank has made clear its intentions to have supportive policies until the economy can return to maintaining its balance again. Politicians have proven to be less effective at legislating solutions but, in an election year, they can be relied upon to support their voters. The debt and equity participants in the capital markets have welcomed the support; however, history has shown that private capital doesn't rush to declare an all clear.

"Institutions are conservative by nature on the equity side. They are taking a wait and see approach," says Matt. "Institutions have a herd mentality. No one wants to be the one out in front of the crowd."

"Right now we are doing deals but I am telling all of our regional managers to focus on credit quality," says Sipos. "It doesn't matter how many loans you make if you let one slip by the wayside. Worry about credit issues first and growth second." **DP**

Wading Through Muddy Waters – Understanding the Navigable Waters Protection Rule

By Robert B. Geho and Trevor C. Conlow

Since the Clean Water Act was published in 1972, various regulations and Supreme Court cases have tried to define criteria used to classify aquatic features as Waters of the United States (WOTUS). As a result, there has been ambiguity and inconsistency on how these definitions have been interpreted by different agencies. The latest twist in this decades-long struggle culminated on April 21, 2020, when the Navigable Waters Protection Rule (Rule) was published in the Federal Register by the U.S. Environmental Protection Agency (U.S. EPA) and the U.S. Department of the Army. The move was the final part of a two-step process repealing the 2015 Clean Water Rule.

U.S. EPA and the U.S. Department of the Army representatives indicated that the Rule is intended to prevent federal overreach while protecting the nation's navigable waters and preserving state autonomy to protect and manage their aquatic resources. The Rule eliminates the "significant nexus" approach used in the 2015 Clean Water Rule and provides clarity regarding what is to be regulated as WOTUS, resulting in significant reduction of waters subject to federal regulation under the Clean Water Act.

The new Rule became effective nationwide on June 22, 2020; however, an order issued on July 19, 2020, in the U.S. District Court for the District of Colorado granted a preliminary injunction staying the effective date of the Rule in Colorado.

The Three Changes You Need to Know

1. Federally Regulated Waters

The Rule defines WOTUS to include four categories of jurisdictional waters:

1. The territorial seas and traditional navigable waters;
2. Perennial and intermittent tributaries of such waters;
3. Lakes, ponds, and impoundments of such waters; and
4. Adjacent wetlands.

The definition of "adjacent" has been revised in the Rule to include only those wetlands that have a direct surface water connection to jurisdictional waters listed in categories 1 through 3 above. Specifically, wetlands separated by a natural or artificial barrier from another jurisdictional water, and wetlands

subject to inundation by flooding by a jurisdictional water in a "typical year" may be considered adjacent.

The exclusion of ephemeral features and the refined definition of "adjacent" significantly reduce the extent of aquatic features subject to federal regulation under the Clean Water Act.

2. Waters Not Federally Regulated

The following non-jurisdictional waters are not WOTUS and will not be federally regulated under the Clean Water Act:

- Ephemeral features that contain water only in direct response to rainfall or snowmelt;
- Groundwater;
- Diffuse stormwater runoff and directional sheetflow over uplands;
- Most farm and roadside ditches;
- Prior converted cropland;
- Artificially irrigated areas;
- Farm and stock watering ponds;
- Water-filled depressions created in uplands incidental to construction or mining activity;
- Stormwater control features;
- Groundwater recharge, water reuse, and wastewater recycling structures constructed in uplands;
- Waste treatment systems; and
- Wetlands that do not meet the adjacency criteria.

Areas of "prior converted cropland" that have not been used for agricultural purposes at least once in the last five years (i.e., abandoned) and have reverted to wetlands will be subject to federal jurisdiction under the Clean Water Act if the areas meet the conditions of an "adjacent wetland" specified in the Rule.

3. Determining Surface Water Connection Between Features

In determining whether or not there is a surface water connection between features, the Rule proposes that it be based on the "typical year," which means the normal periodic range of precipitation and other climate variables over a rolling 30-year period. This ensures that jurisdictional determinations are not based on conditions that are abnormally wet or dry, such as droughts or flooding.

A variety of validated data sources can be used to determine if the current conditions fall within those of the "typical year." In addition, the U.S. Army Corp of Engineers (USACE) is nearing completion of the development of an Antecedent Precipitation Tool (APT) that will provide an automated, consistent methodology for "typical year" evaluations. Once complete, the APT will be made available for public use. It is important to note that a "typical year" does not necessarily represent a calendar year.

Evaluation of Impacts on Development Activities in Pennsylvania

The Rule was signed by the U.S. EPA and U.S. Department of the Army at the

National Association of Home Builders International Builders' Show in Las Vegas, Nevada. At that time, U.S. EPA Administrator Andrew Wheeler noted that the Rule would provide "... much needed regulatory certainty and predictability for American farmers, landowners, and businesses to support the economy and accelerate critical infrastructure projects." R.D. James, Assistant Secretary of the Army for Civil Works noted that the Rule "...takes a common-sense approach to implementation..." to eliminate confusion and federal overreach. However, both Administrator Wheeler and Assistant Secretary James noted that the Rule would not infringe on the rights of the states to protect their aquatic resources.

In the Clean Streams Law (35 P.S. § 691.5), the Commonwealth of Pennsylvania includes an expansive definition of "Waters of the Commonwealth" that are subject to protection from pollution. These waters "include any and all rivers, streams, creeks, rivulets, impoundments, ditches, water courses, storm sewers, lakes, dammed water, ponds, springs, and all other bodies or channels of conveyance of surface and underground water, or parts thereof, whether natural or artificial..." In addition, 25 PA Code Chapter 102 establishes the authority of the Commonwealth to regulate construction activities that may affect Waters of the Commonwealth via erosion and sedimentation. Regulatory authority over dams, water obstructions, and encroachments in Waters of the Commonwealth is established in 25 PA Code Chapter 105.

Pennsylvania State Programmatic General Permit-5 (PASPGP-5) is a statewide Department of the Army General Permit issued in conjunction with Pennsylvania's Chapter 105 regulatory program. In certain circumstances, this allows the Pennsylvania Department of Environmental Protection (PADEP) to issue federal authorization for impacts to WOTUS under specific conditions, without the need for a separate federal review by USACE. For instance, certain routine and smaller-scale activities that impact WOTUS, such as utility line and minor road crossings and stormwater outfall structures, can be reviewed by PADEP or the County Conservation District for both state and federal authorization.

Based on the expansive definition of Waters of the Commonwealth and the long-standing regulation by the Commonwealth of impacts to such waters, it is anticipated that the Rule will have negligible impact on permitting associated with land development projects in Pennsylvania. In fact, the exclusion of certain aquatic features from federal regulation may result in increased complexity in Pennsylvania in determining when permitting coordination with the U.S. EPA and USACE are necessary. Consider the following potential scenarios.

Scenario 1

An aquatic resource delineation report prepared by a qualified professional for a 100-acre property identified streams with ephemeral flow characteristics and wetlands that do not meet the adjacency criteria specified in the Rule. Following review of the delineation report, the U.S. EPA and USACE determine that all aquatic features in the project area are exempt from federal regulation per the Rule. The development plan avoids impacts to wetlands, but will require impacts to

75 feet of an ephemeral stream. The drainage area of the ephemeral stream to be impacted is less than 100 acres and the stream is low quality; therefore, the impacts would appear to automatically qualify for a waiver under 25 PA Code Chapter 105.12(a)(2), commonly referred to as "Waiver 2." Total ground disturbance for the project will exceed 1 acre. In this scenario, coordination with U.S. EPA and USACE for proposed impacts is not required because aquatic resources in the project areas are not subject to federal regulation per the Rule. Although the impacts to the ephemeral stream appear to meet the automatic waiver criteria specified in 25 PA Code Chapter 105.12(a)(2), coordination with the PADEP is necessary to obtain a National Pollution Discharge Elimination System (NPDES) Permit for construction stormwater discharges in accordance with 25 PA Code Chapter 102 due to the ground disturbance exceeding 1 acre.

Scenario 2

In this scenario, the identified resources are the same as described in Scenario 1 above. The development plan requires impacts to one of the non-jurisdictional wetlands and impacts to 75 feet of an ephemeral stream. The drainage area of the ephemeral stream to be impacted is less than 100 acres and the stream is low quality; however, the proposed impact to the wetland, although federally non-jurisdictional, may still be regulated as a Water of the Commonwealth and therefore, would not qualify for a waiver under 25 PA Code Chapter 105.12(a)(2). Total ground disturbance for the project will exceed 1 acre. In this scenario, coordination with U.S. EPA and USACE for proposed impacts is not required because aquatic resources in the project areas are not subject to federal regulation per the Rule. Coordination with the PADEP and/or the County Conservation District is necessary to obtain permits for the wetland impact per 25 PA Code Chapter 105 and a NPDES Permit for construction stormwater discharges in accordance with 25 PA Code Chapter 102.

Scenario 3

In this scenario, the same site above has a mix of federally jurisdictional and non-jurisdictional features, and the development plan requires impacts to both types of features. Although there are impacts to federally jurisdictional resources, PASPGP-5 may still allow for federal authorization for these impacts without a separate review by USACE. This scenario would require coordination with PADEP and/or the County Conservation District to obtain permits for the resource impacts per 25 PA Code Chapter 105, a NPDES Permit for construction stormwater discharges in accordance with 25 PA Code Chapter 102, and permits for the federally regulated resources under Section 404 of the Clean Water Act. **DP**

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How Can Pittsburgh Gain Ground After the Pandemic?

COVID-19 is proving to be a reset button for economic development. In the same way that a weather delay stacks up the positioning of race cars for a restart, the pandemic offers the potential for well-prepared, aggressive regions to gain ground fast when the public health crisis is over. Pittsburgh's regional leaders should now be wrestling with the question of how Southwestern PA can get off the mark better than its benchmarked competitors.

"It is a reset, and for our state and our region, we have to use this moment to ensure that we perform well when we start to recover" acknowledges Mark Anthony Thomas, president of the Pittsburgh Regional Alliance (PRA). "We tend to judge successful regions based on the previous recession. When people think about Austin, or Nashville, or New York, it's based upon the previous recession. This blows all that away. People will judge us in five years on how we recovered. If we use the same playbook as from the last decade, it won't be positive."

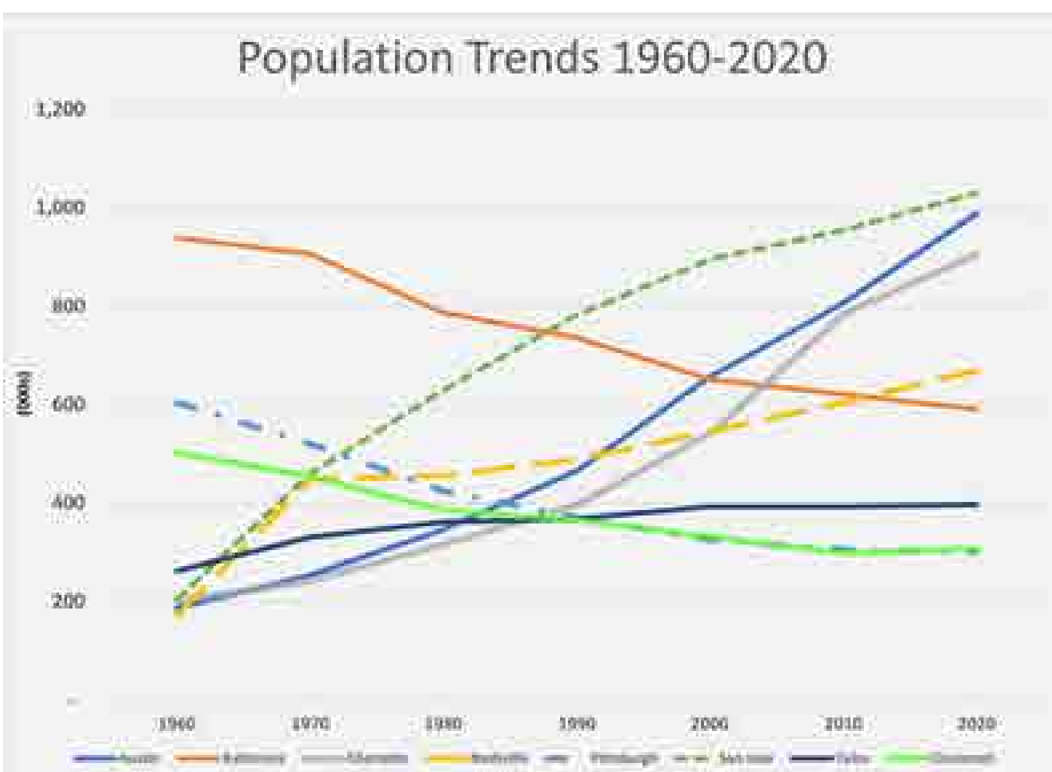
A decade ago, the Marcellus shale play cushioned the blow dealt by the financial crisis. That's an economic development event that isn't replicable. Moreover, in 2020 the gas industry is in the doldrums. After a decade of being on every "top ten" list, Pittsburgh is no longer the new shiny object in the economic development game.

"It does seem that Pittsburgh has lost some of the momentum we had seven or eight years ago," observes Bill Hunt, CEO of The Elmhurst Group. "It's not anyone's fault but it's just the reality. We have to work together to get that back. We were on top of the charts and we aren't any more."

It may be a surprise to hear civic leaders talking about the position that Pittsburgh finds itself in ways that aren't entirely upbeat but the truth is that on two key metrics – population and job growth – the region lagged its benchmark competitors by a growing margin as the economy peaked in the late 2010s. The nature of the pandemic-related economic collapse is a spark for reevaluation of the workforce and the workplace. The pandemic is said to be accelerating the (unproven) trend of people leaving mega cities. White collar workers and their employers are expecting that the work-from-home trend will become permanent. Pittsburgh has a chance to gain ground on its competitor cities and there is agreement that the approach must be different.

"I think it's an important opportunity. If we don't grow our population, in particular, the kind of people that really helped drive the growth of new companies, we're missing an opportunity," says Don Smith, president of RIDC and NAIOP Pittsburgh board president. "I have become a little bit familiar with what Tulsa, OK is doing to attract work from home workers. They are offering a $10,000 grant and additional benefits to eligible workers who move and work from Tulsa."

"We've all heard that the virus is going to accelerate the trend of people moving away from the big gateway cities like New York and San Francisco, but that doesn't necessarily mean that Pittsburgh will benefit from that trend," notes John Deklewa, CEO of RDC Design + Build. "As a region, we have to do a better job of encouraging businesses to come here. Google's and Facebook's



Demographics and negative domestic migration have kept the City of Pittsburgh's population declining, although at a slower pace than most of its Rust Belt neighbors. Source: U.S. Census Bureau.

people love Pittsburgh. Let's be proactive about making Pittsburgh even more attractive to tech companies. Take the Amazon package that was already vetted regionally and offer it to 100 businesses that agree to locate to Pittsburgh and hire 50 or more employees. What if regional leaders went on MSNBC and announced that anyone moving to the city or county got a $10,000 property tax credit for buying a home? It can be soft stuff too. How attractive would it be to companies if the city would turn around permits in 60 days? Tulsa OK is a top five city for job creation because they are heavily marketing incentives to relocate there. Pittsburgh has just as much, if not more, to offer. We need to be in the top five for job creation and that should be our number one priority."

Working from home has emerged as the most likely potential trend to be institutionalized by the pandemic. Employers and employees have been vocal about how productive the work-from-home arrangements have been, although it will require a return to normal output to truly measure productivity. The perceived success of working remotely dovetails with the perceived trend of de-urbanization. After more than a decade of urbanism, there was an observable movement of young adults moving to the suburbs. This movement was primarily driven by family formation, which was growing among Millennial generation adults seeking lower cost of living, more spacious living quarters, and public schools that replicated their own childhood experiences.

Lance Chimka, director of economic development for Allegheny County, believes that this phenomenon suits metropolitan Pittsburgh well. He thinks Pittsburgh is the right size for "densification" that appeals to the talent that will fuel the innovation economy.

"The idea of density is relative. If Pittsburgh is competing against Chicago, or New York, or other super dense places I still believe we have the bandwidth to densify in a safe way. I think the livability, the affordability, and the current lack of density here are even bigger assets now than before the pandemic," Chimka says. "If I work for Twitter, which has said they're going entirely to a remote working environment, and I am sitting in an apartment in San Francisco with eight roommates, I am going to ask myself why I am sitting here when I could be in a yard in Mount Lebanon."

Chimka asserts that one of the key regional population retention strategies should be turned on its ear because of the variance between lifestyle options from city to city.

"So much of our marketing efforts have been centered around keeping university graduates here. I think we're swimming upstream there because I think the value proposition Pittsburgh has to offer is not valued by that population," Chimka continues. "They want to stay out all night and they don't care if they share a shoebox in San Francisco or Queens with eight other people. I think Pittsburgh's value proposition is for people who want to start adulting. That should be our target market."

Mark Thomas also believes that the strategies that served Pittsburgh well during a generation-long transformation from manufacturing to innovation are inadequate to meet the current challenges, especially in the area of population attraction.

"The talent that we are trying to attract wants to be able to find their own community when they pick a place. It is not in our best interests to prescribe what the limitations of that are versus being an open-source, inclusive environment," he says. "If we do that right, based upon the assets that we have, we will get our fair share of business and people. The perception externally is not that we are open for all. I think we have projected that internally, but that has not been the image projected outside the region."

"I think Tulsa is banking on the fact that Tulsa is a great place with a good work environment, cheaper housing, and a good lifestyle. They believe that if you try, you will buy," says Smith. "There is still a reputation gap in Pittsburgh that needs to be bridged."

Greater Pittsburgh Chamber of Commerce President Matt Smith says that his team has been working with several other cities to combat the federal government's policies that have closed doors to talent born outside the U.S. As a co-founder of the Great Lakes Metro

Chambers Coalition, the Pittsburgh Chamber has advocated for the reversal of executive orders that would have returned foreign students to home countries in the event of online learning this fall. They also have proposed policy that pushes back against the growing nationalism.

"We have been very actively working with our legislators to push back at the many decisions our administration has made on immigration and visas. We think that putting up a blinking red light to the best talent in the world is terrible economic and immigration policy, and it will really hold our region back," Matt Smith says. "We are looking forward, maybe as soon as next year, at place-based immigration so that cities like the Great Lakes cities that have experienced a population decline would be eligible for more H1B visas than other areas. Those visas are for highly skilled people that we would be attracting. We think that's an innovative approach to attracting talent."

County Executive Rich Fitzgerald says he has heard from multiple corporations with a presence in Pittsburgh that the region's response to the COVID-19 outbreak has been noticed. Fitzgerald says that those corporations have indicated that they are looking at relocating staff from some of the major cities that struggled with the pandemic to smaller cities.

"While Pittsburgh was in a very competitive position before the pandemic, because of our ecosystem, lower costs and talent, I think we will be in a more competitive position because of the pandemic. I think we have shown that we can keep people safe compared to denser urban areas," he says. "The outbreaks have been everywhere, but Pittsburgh has been able to keep things under control. I am also getting feedback from major companies that have footprints in half-dozen or more cities around the country that are moving more of their operations into Pittsburgh. I think how we've handled the pandemic is a factor in that."

Thomas talks about an approach to attracting people and business that supports all opportunities, rather than one that identifies strengths and focuses on those. The latter approach has been the modus operandi for regional

"Anything that someone wants to build here, our broader message needs to be that can happen here. When you think of towns like Phoenix or Atlanta you don't think of one or two sectors, you just think of the town as a booming place. I think that's a philosophical difference here."

marketing in Pittsburgh for nearly 30 years. Thomas believes the evolution of the region's assets means that attraction strategy should embrace all comers with equal optimism.

"We need to move from building support for specific industries to promoting the fact that we have assets that support all industries where there is growth. We have to understand every investment that could potentially come and be able to advocate for it. We have not been promoting an 'open to all' approach, but have been very specific about promoting key sectors," Thomas says. "Anything that someone wants to build here, our broader message needs to be that can happen here. When you think of towns like Phoenix or Atlanta you don't think of one or two sectors, you just think of the town as a booming place. I think that's a philosophical difference here."

Matt Smith believes that the combination of economic and national security priorities will create opportunities for manufacturing in the U.S. Thomas sees a broader spectrum of opportunities arising because of the rapid early-stage growth of emerging technologies and advanced manufacturing. He also sees the supply chain disruptions caused by the pandemic as potentially driving policies that incentivize on-shoring of manufacturing to the U.S. Thomas emphasizes that the PRA will need to be prepared to promote the regional assets as adaptive to all of the opportunities that may arise. That will include incentive packages that are customized to the prospective investment. Preparing for that will involve a different level of research and marketing than has been executed heretofore.

"Part of the answer is marketing strategy. There is a subset of that target market that is now moving to fully remote work mode. I would start flooding those people's inboxes with information about that yard in Mount Lebanon," Chimka says. "I'm not a marketer but I know that if I Google the word Fedora, for the next two weeks I'm bombarded with ads about buying a hat. I think it would be great if we could target people in specific zip codes that are in the age demographic of 25 to 40, and work in the sectors that are being moved to remote working."

Don Smith also thinks that using the substantial technological resources available in Pittsburgh is the best approach to crafting solutions. He suggests that mining the data from recruiters, site selectors, and even moving companies would yield answers to the questions about why people moved and why they did – and did not – choose Pittsburgh. Smith thinks this would at least get the efforts started in the right direction.

"I think there is an opportunity to put the right package of opportunities together to attract people to Pittsburgh. I don't know what that package is, but I don't believe we have gone about finding that out by doing the research," he says. "I'm not sure we're looking in all the right places. We have tended to generalize from a very limited number of anecdotal stories. We have made the fundamental mistake that my PhD econometrics professor warned us never to make. The plural of anecdote is not data."

"I think in order to build your economy and make Pittsburgh better for everybody it has to start with jobs. You have to have jobs to attract people. I think Pittsburgh is well-positioned. Companies like Zoom are picking places where they want to grow and Pittsburgh is one of them. If there are any sectors that are going to come out of this economy better it's going to be technology and life sciences. Those are two things that Pittsburgh does better than most places in the country," notes Todd Reidbord, president and founder partner of Walnut Capital Management. "We're only halfway done rebuilding our regional economy. Pittsburgh needs more people living here. That's the way that we can be a better city than we are today." **DP**

What design measures, generally or specifically, have your clients asked you to take as a result of the COVID-19 virus?

Gretchen Zetler, NCIDQ
Principal
DRS Architects, Inc.

"We have already seen a pivot in projects under construction where furniture placement and floor plan density has been reduced. Working remotely has proven to be attainable by companies whose leadership may have resisted in the past and, as people are beginning to return to the office, it is now being done by shifting days or hours.

Flexibility, strategic design, and agility are becoming stronger components of office designs. Workplaces need to adapt as people return to the office and find their comfort level. Allowing for areas where one can separate themselves for physical distancing, providing easily cleanable surfaces and a sense of safety are being taken into consideration on a higher level than pre-COVID. In addition to meeting employee's needs, being flexible and agile will allow owners to maintain business continuity when faced with unexpected scenarios such as a pandemic in the future. The open floor plan still exists, but flexibility in the workplace is increasing with seating limited to every other seat, or adding vertical barriers to existing systems, adding moveable writing surfaces, furniture on casters and spaces that can adapt to different uses. Break rooms and kitchenettes are no longer spaces to linger in conversation."

Cassandra Renninger, Principal, COO
VEBH Architects PC

"At VEBH serving our institutional clients has always meant a heightened attention to public health and welfare. For us, our extensive experience with the design of medical facilities has influenced our solutions in the educational markets. Best practice designs for low-contact public service counters, the use of easily sanitized materials in high-touch features and furnishings, and quality ventilation systems are the norm for these institutions but have not quite reached the bar required to safely occupy buildings at full occupancy during this unprecedented pandemic.

We have been asked to assist our clients, specifically in K-12 and higher education markets, with both short-term and long-term strategies to help them safely reopen during the pandemic. This includes the installation of best practice features designed to minimize in person contact where they don't already exist. The most notable long-term strategies focus on improved indoor air-quality. Coupled with pre- and post-occupancy purge cycles, the addition of bipolar ionization units and use of better filter medium on the HVAC systems are beginning to be implemented. These enhancements to the HVAC systems will result in improved air quality long term by filtering other common viruses and allergens.

The most challenging short-term strategies focus on social distancing and maintaining low population density in facilities designed to serve large groups. For our higher education clients this has included analysis of seating capacity and classroom scheduling, studies to manage student flow in buildings with clearly identified entries and exits, and mitigating the congregation of large groups in informal gathering spaces. Maintaining strict social distancing protocols within existing K-12 facilities remains a significant physical and administrative challenge, Our K-12 clients continue to wrestle with options for in-person vs. on-line learning."

Daniel Delisio, AIA
Principal
NEXT Architecture

"We have implemented a number of strategies as a result of COVID-19 to improve the office, retail and restaurant design for our clients in the current environment. Some of these strategies include reviewing workstation/table locations to provide six feet of distance between people, integration of 'touch free' fixtures in restrooms, installation of floor and wall graphics to demonstrate social distancing or new sanitation procedures and the inclusion of additional barriers like Plexiglas or taller workstation partitions. We have implemented all of these measures in our office.

We've also discussed HVAC, air circulation, HEPA or higher MERV filtration heavily with clients working on new ground up projects. We believe this may be the trend that sticks around post COVID, a renewed focus on 'healthy' buildings with healthy air. Overall, we are designing spaces to make occupants feel safe and know that measures have been taken to ensure their health and well being.

I am also working with Joe Blattner and CleanRated. He has developed an uncomplicated platform for companies to measure and implement occupational hygiene protocols and best practices for employees and guest safety. We find this a perfect bookend to the work we are doing in all market sectors."

Gerrod Winston, AIA, LEED-AP
Principal & Owner
Winston Design + Development, LLC

"From the onset of the pandemic, the effects of COVID-19 have been on the forefront of my mind. We've all been thrust into this very uncharted and new way of living, partly to maintain a level of normalcy and mostly to maintain a safe level of living without increasing the threat of contracting the virus.

As an architect, I guess it's safe to say that problem solving in some ways is in my DNA. So the expectation for me was that clients would start requesting ways they might design in order to respond to this new reality. However, that was not actually the case for me. Clients in turn went forward with projects with more of a 'business as usual' approach.

With commercial clients, I'm finding myself making recommendations for them to consider, such as increased natural ventilation and access to operable windows; considerations for increased ventilation and air filtration; furniture arrangements for adequate social distancing; inclusion of hand sanitizer stations in addition to normal restroom lavatories, etc. Given the understanding that COVID is not going away anytime soon and recognizing the real potential for this to occur again, we must all start to think about what changes in design need to become part of our new normal."

Jennifer Pavlik, NCIDQ
Interior Design Practice Leader and Principal
DLA+ Architecture & Interior Design

"Regardless of the facility, clients are looking for the best solutions that promote well-being and health while being mindful of the limited budgets available for retrofitting or renovating their facilities.

Over the last five months, DLA+ Architecture and Interior Design has been conducting strategic programming sessions with clients in workplace, healthcare, educational, and sports facilities. During these sessions, we have identified and proposed design solutions that de-densify the floor plate, incorporate creative partition solutions that keep the spaces flexible and adaptable, and redefine circulation and queuing patterns for employees and visitors.

In addition to addressing post COVID-19 planning principles into individual workspaces, DLA+ continues to study and propose design solutions for collaborative spaces such as pantries, break rooms, work cafes, team meeting spaces and lounges that promote learning and collaboration while maintaining social distancing."

Jeff Young, AIA
Principal
Perkins Eastman

"We recently announced that we are relocating our Pittsburgh studio of more than 70 people to the 25th floor of 525 William Penn Place. We are serving as both client and architect and have taken special care to design spaces that fit with the new work modalities of our staff. The new space reflects the very latest findings on workplace design and is guided by research and findings the firm has been gathering through roundtables and surveys of clients and staff across the globe throughout the spring and early summer,.

We learned that even when conditions return to normal, two-thirds of our staff said they'd like to continue to work from home one or more days a week. We believe we will need more collaborative and communal spaces and fewer individual workstations in our studio. Because fewer staff will be in the office at any given time, free-address seating will be deployed and all employees will be assigned a locker for their belongings. We believe that the space can serve as a testing ground for best practices. The office of the future will be designed for connection, adaptability, and resilience; and its spaces will accommodate the need for organizations to provide a hub, a resource, and a showroom for employees, clients, and collaborators. People can work from anywhere, but there will always be times when you need to be together to collaborate.

Our new space will also place greater emphasis on connections to the outdoors, given the experiences many are having in their current set-ups at home. Through careful planning, only a limited number of walls will be constructed at the office perimeter to honor the views of downtown Pittsburgh and provide access to valuable daylight. The new office will become a re-imagined hub, supporting collaboration, mentorship, and culture-building that cannot be realized while working from home."

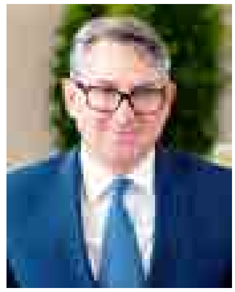
Paulette T. Burns, RA
Partner/President
LGA Partners, L.P.

"At LGA Partners, each market sector has responded differently to design in a post-COVID world.

Our national aviation, retail, and restaurant clients required short-term solutions to reopen quickly. We incorporated social distancing strategies, redesigned furniture/fixture layouts, and millwork, such as customer service desks, to distance employees from customers, which is a critical analysis for reopening.

Corporate and higher education solutions have been more strategic. We recently completed a Post-COVID Master Plan for a higher education client that included an analysis of all campus buildings; identifying new entry and exit points, preferred pedestrian traffic patterns, and incorporating a comprehensive safety-signage plan.

Corporate clients have required evaluation as well, including furniture layout and density, touchless controls, and widening of corridors. Evaluating fresh air intake and durability of finishes for harsher sanitizing solutions are common discussion points."

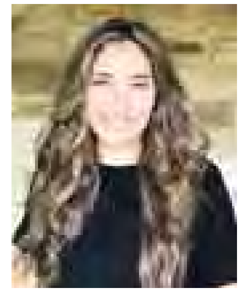


Chip Desmone, AIA, LEED AP
Principal
Desmone Architects

"Design measures that we have been asked to contemplate and institute in designs from our clients have included touchless maneuvering, cleaning protocols, light and air (mechanical solutions) and distancing, among other things.

A critical first step is how employees and clients/tenants move through spaces with a minimum of touch points. Automatic doors, touchless faucets, water closets, hand washing/drying around paths and restrooms. Paths through spaces are widened where possible for distancing and less close interaction, and finding ways to create more space per person per square foot, reversing a trend that had been driving office space and circulation areas towards less space per person for decades. This trend will also look at the reduction or elimination of bench workstations and the crowded open office for more generous spaces where people aren't facing each other and in close proximity, along with the return of the private office space. Large scale conference rooms will go away and be reconfigured for smaller meetings with fewer people spread further apart. Spaces will need to be more resiliently designed and flexible with the well being of the occupants in mind.

There will be enhanced cleaning protocols for all types of buildings that will include more thorough attention to touch points, surfaces where multiple people interact (like copy rooms). Mechanical improvements that include greater air changes, filtering and even UV light to help clean air will become more normalized and considered more broadly as a part of building solutions and as an enhancement to help market spaces for both living and working."



Rebekah Bellhy,
Interior Design Practice Leader
LLI Engineering Inc.

Due to COVID-19, we are seeing a greater awareness of design concerns such as good ventilation, good filtration, and easy to clean, antimicrobial surfaces. These elements have always been a part of good design and construction and now, more than ever, are proving to be recognized as more functional.

By working closely with our mechanical and electrical engineers, and architects through the design process, we think about HVAC system maintenance, like easy filter replacement, while space planning for efficient workflow and flexibility. We have been providing UVc lights within the HVAC system for our medical and laboratory clients for many years, and they are now being considered by other clients.

From efficient building infrastructure to durable interior applications like non-porous work surfaces or finishes with antimicrobial properties that can withstand extensive cleaning, good design has always been aimed at improving occupant health. There is now greater consideration for implementing more effective means to reduce disease transmission, whether it is through HVAC systems updates, lighting, or installing touchless and automatic fixtures.

Since all users will have a different comfort level coming out of this pandemic, exploring ways of integrating building systems with sensorial design elements that reflect occupant safety will be important in navigating our new normal.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Mark Gordon
Butler County Chief of Economic Development and Planning
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Joe Saeler
Executive Director Community Development Corporation of Butler County
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Allegheny County

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Allegheny County has always been at its best when we work together, and the current challenge before us is no exception. The COVID pandemic has challenged all of us in new ways and, for businesses, has resulted in even greater demand on Allegheny County Economic Development and its partners in this region.

On a daily basis, our economy is supported by partners and industries who successfully collaborate to advance key sectors within our region including higher education, healthcare and medical research, technology-infused manufacturing, energy and financial services. And even in a pandemic, we continue to support and collaborate to address the needs of this community.

Wigle Whiskey switched its processes to begin producing hand sanitizer when demand for it, not only in this region, but across the country far outweighed the supply. Lachina Drapery moved its production facilities, which also kept its employees working, to the manufacturing of face masks instead of curtains. And Day Owl moved from backpacks to face shields. These are just a few of our local businesses who have adapted to provide for their community.

Understanding that businesses have different needs, local and regional organizations have stepped up to offer resources and information. The Allegheny Conference is providing a number of features including twice weekly updates for subscribers, provided a home for resources (including webinars) that are available to businesses, and the community, and has also launched a website – www.readypittsburgh.com – to provide best practices for readying a workplace and helping the workforce.

And that's not all. Catalyst Connection has published a Back to Work Playbook and has also provided strategic partnerships, networks, and resources for its member organizations. The Pittsburgh Tech Council has hosted a daily series to give its members access to Pittsburgh's leading entrepreneurs, government officials and other executives to discuss everything from COVID to day-to-day operations. The Health

Department has created a COVID Response Team to help restaurants and other food establishments be clear on existing mandates and steps they must take to protect their clientele and employees. The Steel Valley Authority's SEWN program is specifically focused on helping companies in crisis. The agency provides resources online as well as in person and via phone, email and conference services.

Just like we always have, we will get through this pandemic, together and stronger than ever. At Allegheny County Economic Development, we are confident that our region and its people will continue to discover new and innovative ways to boost our diverse and thriving economy. We look forward to a future of continued growth, sustainability and maintaining our public and private partnerships to further our mission of making Allegheny County a national and international destination for years to come. And we look forward to doing it together with all of you.

Armstrong County

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The Armstrong County Department of Economic Development sprang into action on behalf of Armstrong County's existing businesses when the COVID-19 pandemic was declared. The ensuing business closures affected Armstrong County's small businesses even though the COVID-19 case count remained relatively low in the county.

In March, the Armstrong County Industrial Development Council (IDC) submitted an application for the PA COVID-19 Working Capital Access (CWCA) program on behalf of 10 Armstrong County businesses. Applicants represented a wide variety of industries, including manufacturing, healthcare, energy, mining, transportation, recreational sports, newspaper publishing, etc. The Pennsylvania Industrial Development Authority approved six of the applications, totaling more than $500,000. The IDC is a Certified Economic Development Organization and the staff at the Armstrong County Department of Economic Development coordinated the virtual loan closings.

Department staff also sent periodic emails to businesses in Armstrong County regarding COVID-19 programs and resources. Information was sent regarding the Paycheck Protection Program, Economic Injury Disaster Loan and EIDL Advance, unemployment compensation, safe reopening procedures and guidelines, COVID-19 Relief Statewide Small Business grants, dairy assistance grants, food retailing grants, etc.

In April, the Armstrong County Department of Economic Development sent two surveys to Armstrong County businesses to determine the economic impact of COVID-19. The overwhelming majority of businesses that responded said that their revenue was negatively affected and they expected that trend to continue for the next 6 months.

In May, the Armstrong County Department of Economic Development coordinated a live Q&A webinar for Armstrong County businesses. Panelists with extensive knowledge and backgrounds answered questions related to the local, state and federal pandemic economic response. The topics covered included EIDL, PPP, unemployment compensation, workforce development, tax credits and tax implications related to EIDL, PPP, unemployment, etc.

The Armstrong County Department of Economic Development continues to share new programs and resources with the Armstrong County business community.

For information about the services offered by the Armstrong County Industrial Development Council and Department of Economic Development, or to search available land and buildings in Armstrong County, visit http://www.armstrongidc.org.

Butler County

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Despite the COVID-19 Pandemic economic development in Butler County has continued. The Pullman Center Business Park Expansion (PCBPE) has been a focal point the past several months as Gadova Manufacturing broke ground on a 10,000 square foot manufacturing facility in the park. The firm, a medical device manufacturer, expects the new location to be in operation by the end of the year. Butler Township also purchased the remaining 15-acre parcel at the PCBPE in July. Plans call for the construction of a sports dome on the property. The project is currently in the design phase and construction is slated to begin in 2021.

SmartMask Technology, LLC recently leased 10,050 square feet at the PCBPE. The business plans to produce masks for clients who need masks as a result of the recent pandemic.

Gabe's, a discount retailer, opened the company's largest store in June at the Pullman Square Shopping Center which is adjacent to the Pullman Center Business Park. Gabe's sells designer brands and fashions for men, women, and children at up to 70% off retail. In addition, they also carry a full line of home décor items as well as electronics and housewares.

The Victory Road Business Park is also the site of a new project. A 250,000 square foot manufacturing facility is planned for the Clinton Township business park. The project is currently in the design phase with construction expected to get underway in 2021.

The CDC continues to play an important role in the administration of grant funding and loan programs. We are currently working to start a new revolving loan program that will assist county businesses with their expansion plans. Our office is also working with Butler County officials on a grant program for small businesses that were impacted by the COVID-19 Pandemic. This grant funding will be disbursed to county businesses that either did not receive funds in the previous rounds of federal funding or were ineligible.

CDC Executive Director Joe Saeler continues to work with Butler County's Director of Planning and Economic Development Mark Gordon on Brownfield Assessments in the county. They have been conducting environmental assessments on properties throughout the county with the goal of cleaning up the parcels and permitting development to take place on them.

The northern portion of Butler County is seeing several infrastructure improvements. Petrolia Borough will be updating their storm sewer system with construction slated to begin next year. The AC Valley Business Park located near Route 38 is considering both a new sewer treatment facility and a new water treatment facility. This project is currently in the engineering phase. Construction is scheduled to start in 2021. Once completed both projects will serve the businesses and residents in the area.

The Butler County Growth Collaborative has continued to operate successfully during the pandemic. The group which includes Butler County officials, the Butler County Tourism and Convention Bureau, the Butler County Chamber of Commerce, the Community Development Corporation of Butler County, the Pittsburgh North Regional Chamber and other entities in Butler County, kept area business owners and residents up to date on the resources that were available to assist them during the COVID-19 crisis. The Beaver County Chamber of Commerce also participated in the Collaborative providing for a unified and regional approach to tackle the challenges that occurred as a result of the pandemic.

As we navigate through this uncertain time, the Community Development Corporation of Butler County will continue to work with Butler County businesses to provide them with information on the programs that are and may be available to assist them in their recovery.

Fayette County

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While 2020 has been a challenging year, it also has been an opportunity for Fay-Penn to assist our local businesses in a variety of capacities, as well as move the economy of Fayette County forward with business expansion.

Fay-Penn closed on one loan this year for a spa located in Uniontown. This loan allowed the business owner to purchase new real estate. The total project cost was $137,000 with Fay-Penn financing $111,775.

Throughout the business shutdown in the spring, Fay-Penn staff was able to assist 157 businesses initially assisting them with loan and grant applications. Additionally, Fay-Penn was able to repurpose $15,000 from an ARC grant to provide 64 businesses with $250 worth of PPE, such as masks, gloves, hand sanitizers, contactless thermometers and disinfectants. The inaugural student cohort for the Fayette LaunchBox began in mid-May and concluded on July 10. This cohort consisted of five students working on three separate projects. They were chosen based on initial projects presents at the Penn State Fayette's biannual learning fair.

They collaborated remotely for 8 hours each week over the summer as well as attended virtual workshops to assist with their projects. Projects included work on a video game, a home kit to test the iron level in field water and work with amino acids in the solar industry. They were mentored by Penn State faculty during their project work, and final reports of their work will include an "investor-ready" video pitch, which will be entered into the 2021 Penn State Startup competition.

Fay-Penn also started a new program called ProServ, which can provide Fayette County businesses with 10 or fewer employees with up to 16 hours of no cost, one-on-one, on-site training services from select professionals in fields such as accounting, human resources and marketing. This program is funded through a grant from the U.S. Department of Agriculture.

PTC, which is a multi-national software development corporation, entered into a 10 year lease in 2016 with Fay-Penn to occupy the lower level of 14,000 square feet of floor space of the newly renovated old VFW building at 142 W. Main Street in Uniontown. In 2018 PTC approached Fay-Penn to expand their space in that building. Fay-Penn, with assistance from several local Fayette County contractors, an architect and engineer, completed a $1.5 million, 10,600 square foot second floor expansion. PTC currently has 75 full time employees with hopes to double the staff in Uniontown over the next couple of years.

In July, Fay-Penn announced the beginning of construction of a 100,500 square foot "speculative" building at its Fayette Business Park in Georges Township. "Based on economic development trends Fay-Penn was seeing, businesses looking to establish themselves in new locations -- especially those seeking larger building footprints -- have become more interested in ready-to-occupy buildings rather than ready-to-develop land. There's definitely risk involved to construct a large, expensive building without someone ready to move in, but we needed to move forward with this project for Fayette County to be more competitive in attracting new businesses here," said Bob Shark, Fay-Penn's executive director.

The state recently approved a $1.2+ million grant and a $1.8+ million low-interest loan through the Business-in-Our-Sites (BOS) program. Fay-Penn is also seeking a Pennsylvania Industrial Development Authority (PIDA) loan and will use its own private financing to complete the project. Building completion is targeted for late fall.

Indiana County

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The Indiana County Center for Economic Operations (CEO) is partnering with the Ben Franklin Technology Partners of Central and Northern PA to present the Big Idea Contest. The search is on for tech entrepreneurs, software developers, or small manufacturers who are bringing to market new products or software applications. Ben Franklin will award up to $50,000 for a winning application. The event kicked off on July 17 with an exclusive Zoom presentation to introduce the opportunity to the business community. That same day the application portal was opened at www.bigidea.benfranklin.org. The deadline to apply is 5:00 pm on September 21, 2020.

Since 2004, 218 finalists from 31 counties have competed for $1,180,500 in cash prizes in 35 contests. This year the winner can receive $50,000! In addition to the cash, winners can receive: a free consult on how to access federal R&D grant money from the Innovation Partnership (IPART), free passes to seminars offered by Ben Franklin's eMarketing Learning Center Business, mentoring offered by the Indiana University of Pennsylvania Small Business Development Center (SBDC) and a $2,500 "Peoples' Choice" Award.

The Big Idea Contest was devised to provide an impetus to people who have innovative ideas to come forward and receive technical assistance and possible funding to enable them to commercialize their ideas. Because Ben Franklin of Central and Northern PA serves a predominantly rural marketplace, this program is an effective tool for prospective entrepreneurs to make themselves visible to Ben Franklin and other partnering entrepreneurial development service providers. Whether or not an applicant wins a cash prize, each one benefits by way of access to advice, funding resources, networking and training to help them transform their ideas into viable businesses that will create jobs in the most rural parts of the region. The region's economic development community benefits by having a way for fledgling entrepreneurs to self-identify as prospects for their services.

The Indiana County Commissioners are finalizing design and permitting for the proposed Indiana County Education & Technology Center project, a 26,402 square foot education and workforce development facility that will house an expansion for the Indiana Center for Westmoreland County Community College and the Challenger Learning Center at Indiana Pennsylvania on the campus of the Indiana County Technology Center. The project is scheduled to begin in early Fall 2020.

Westmoreland-Indiana offers a variety of college classes at low costs. For students who are interested in transferring to a 4-year program and would like to save time and money, this is a great place to get started. Westmoreland-Indiana offers classes that transfer to most 4-year institutions as well as programs intended to lead directly to employment such as the Registered Nursing Associate of Applied Science degree. In addition to nursing and other health occupations, Westmoreland-Indiana offers general education courses in business, accounting, computer science and offers day, evening, and online classes, as well as full counseling, advising and student support services.

The Challenger Learning Center is to provide a regional science learning facility for students K-12, with a focus on middle school students, hands on, experimental activities that will relate their traditional classroom work efforts to simulate real world applications in science and math. The Challenger Learning Center has two primary goals: 1) to increase the number of courses in STEM (Science, Technology, Engineering, and Mathematics) that students will take during their secondary and post-secondary educations; and 2) to provide students entering the workforce the necessary skill sets to pursue successful STEM-related careers.

A campaign to extend high-speed internet access to the least populated and most destitute sections of Indiana County was advanced recently by the Indiana County Board of Commissioners. At the recommendation of the Indiana County Office of Planning & Development, the board agreed to pursue $1.5 million of federal funds to help design the extension of service to rural areas of the county. The commissioners pledged $1.5 million of local money, expected to come from various state, private and local sources, as a match for money being offered through the Appalachian Regional Commission, the Partnerships for Opportunity and Workforce and Economic Revitalization Initiative for the 2020 fiscal year. If approved, the funding would partially enable the county to develop and implement a broadband deployment strategy "to determine the delivery methodology and related costs of extending high-speed internet services to rural and underserved areas in Indiana County."

Lawrence County

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Lawrence County is seeking to assist businesses impacted by the COVID pandemic. On August 4 the commissioners unanimously approved 156 small businesses to receive grants to reimburse the businesses for losses incurred during the shutdown this past spring. Businesses showing losses were eligible for up to $25,000 each. Additionally, 19 nonprofit agencies will receive a total of nearly $366,000 to compensate them for losses during the same timeframe. Small businesses located within the County were encouraged to apply for the funds from a $7.7 million grant the county received from the Commonwealth of Pennsylvania's share of the CARES Act.

Ellwood Specialty Steel (ESS), Honeybee Lane, in Wilmington Township Lawrence County has announced a $4 million expansion. This includes the construction of a 10,800 square foot addition to the company's existing building and a 7,560 square foot lean-to structure. ESS distributes steel and aluminum used for molds, dies and other tooling and expects to break ground on the expansion in September and be finished by March 2021. Once it is ready, it will add another layer of vertical integration to Ellwood Group, parent company to ESS.

Real estate developer, John LaCarte, has set his 'sites' on developing the 213 acre Stonecrest Golf Course located on Route 18 in New Beaver Borough into a business park. With a sales agreement in hand, Mr. LaCarte sought financial assistance through the Commonwealth of Pennsylvania. He applied for a Business in Our Sites $2 million grant and a $3 million loan for the $7+ million project. The Commonwealth Financing Authority (CFA) at its July 14 meeting approved the $5 million of funding. Golfers need not worry about their golf play during the 2020 season. The golf course will remain fully operational. The 2021 season will be evaluated as the project proceeds.

"The approval of the funding was critical to proceeding with the business park," noted Mr. LaCarte. "My engineers had prepared a feasibility study noting the need to extend water, sewer, natural gas, and electricity to the site. With these funds and private capital the infrastructure work can begin."

With development already happening in Beaver County around the Royal Dutch Shell Ethane Cracker Plant and the Pittsburgh International Airport, Mr. LaCarte, working with commercial real estate agent, Lue Ann Pawlick, identified the Stonecrest location as a prime development location due to its close proximity to I-376 and the PA Turnpike.

Over time, a sales agreement was reached and Mr. LaCarte sought the assistance of the Lawrence County Economic Development Corporation (LCEDC) to assemble their public and private sector partners to learn about the project. The LCEDC Board of Directors agreed to apply for the Business in Our Sites grant.

"The LCEDC was pleased to facilitate with the application process and looks forward to working with Mr. LaCarte and his team," noted Alexander McCoy, CEO of the Lawrence County Regional Chamber and Economic Development Corporation.

County Commissioner, Morgan Boyd, was part of the team of elected officials that assisted with advancing the financing package. "This project is one of the top economic development priorities for Lawrence County. He further noted, "Lawrence County recognizes the importance of private developers coming into our county with plans to boost our economy through increased jobs and taxes. We welcome this opportunity."

Engineers estimate that 1.5 million square feet of buildings can be constructed at the site. An estimated 1,000 family-sustaining jobs will be created which will increase the need for housing, retail shopping, and services.

Mr. LaCarte noted, "I look forward to the opportunities that the creation of this business park will bring to commerce in Lawrence County and the region." For more information contact John LaCarte at 724-565-2030, Alexander McCoy, Lawrence County Regional Chamber at 724-658-1488, and Morgan Boyd at County of Lawrence 724-656-2165.

Washington County

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In a year like no other in memory, Washington County continues to move forward, albeit with a different focus than usual. With the onset of the COVID-19 pandemic in early March, Washington County, like many other counties, has had to look inward for large parts of this year. Of course, this does not mean that there have not been many positive activities to report.

In February, the Washington County Chamber of Commerce and Washington County Commissioners celebrated the annual state of the economy event by announcing over half a billion in economic development activity over the previous year. Washington County was also touting near historic lows in unemployment and positive gains in housing and a population that was holding steady. Like the rest of the world, we had no idea that within the next month, we would be staring at near historic highs in unemployment and a future that is looking very different from what we anticipated.

As the COVID-19 pandemic unfolded and Governor Wolf's mitigation efforts took effect, Washington County stood together and made the necessary sacrifices to flatten the curve. Our marketing efforts immediately pivoted to a billboard campaign to help rally residents to wear masks and rallied our residents to stay together by staying apart. Washington County also successfully marshalled our financial services sector and economic development partners to leverage vital funding for our small business community through the Pennsylvania Working Capital Access loan program and the federal Paycheck Protection and EIDL loan programs. Those resources have been vital in allowing the business community to weather the storm created by this pandemic. Like always, our public and private sectors have come together to partner in moving the county forward and overcoming the challenges that have been presented.

However, as life began to return to some semblance of normal and a 'new normal' has evolved, there have been many noteworthy projects to highlight.

Five Hundred Nineteen Properties LLC, intends to construct three 4,000 square foot buildings in Peters Township. The development will provide contractors working locally with storage space for vehicles, equipment and materials. Each building is expected to have about 750 square feet of office space, no manufacturing or processing is planned at the site.

The redevelopment of the 15-acre site of the former Federouch Landscape Supply location on Buckeye Road in McMurray was announced. The property, which is zoned for light industrial, is designated as a center to accept construction materials and debris for recycling, for which it is used by contractors throughout the region. The plan calls for cleaning up the site, expanding its recycling services, and using an approximately five-acre portion of the site on which to add a new industrial park component.

Washington County remains a leader in the energy sector, with the state announcing that Washington County will receive the largest share of more than $200 million collected in Marcellus Shale natural gas impact fees, also known as Act 13 funds. The county itself will get $6.6 million, the most among Pennsylvania's 67 counties, and its municipalities will receive $11.5 million. That combined $18.1 million likewise ranks first in Pennsylvania. Washington County also led the state in the number of wells, with 1,837, according to state records.

Southpointe based Range Resources paid $26.5 million in natural gas impact fees in 2019, the largest amount among drillers working in Pennsylvania.

Encore Living Group Inc., a subsidiary of Presbyterian SeniorCare is developing a four-story, 80-unit senior housing facility in North Strabane Township. The Washington County Industrial Development Authority served as the conduit for Encore and Presbyterian SeniorCare to borrow $32 million at a tax-exempt interest rate for the project. First National Bank and Washington Financial Banks are providing the financing.

UPMC Health Plan donated $150,000 to Transitional Paths to Independent Living (TRPIL) through the Department of Community & Economic Development's neighborhood assistance tax-credit program. TRPIL will use the grant toward the ongoing $9 million project to renovate the former YWCA building in the City of Washington for their new headquarters, care facility and community center.

Washington County continues to develop and maintain our infrastructure to support economic development. Pennsylvania American Water kicked off their 2020 investment project in Canonsburg by announcing a plan to invest $16.7 million dollar in the replacement of 12 miles of aging water main lines across the county. Pennsylvania American Water has also invested in new booster station and 7,000 feet of new water main in Burgettstown.

The three-year PennDOT project to improve Jefferson Avenue in the City of Washington is underway. This $12 million project will include utility work improving the intersection with Wylie Avenue, widening of Jefferson Avenue, adding turning lanes, traffic signals, sidewalk reconstruction and road resurfacing. After a brief COVID related work stoppage, the Pennsylvania Turnpike Commission has resumed work on the Route 22 to Interstate 79 segment of the Southern Beltway. The multi-year, multi-million-dollar investment is expected to open in 2021 and will connect the northwestern portion of Washington County with interstate access and provide a more direct route to the Pittsburgh International Airport for those coming from Washington County.

Utilizing the most up to date data available, the state Department of Community & Economic Development issued a report titled "2018 Economic Impact of Travel and Tourism in Pennsylvania" placed Washington County second in the Greater Pittsburgh Region in three significant tourism impact categories: Traveler Spending, Travel Industry Employment and Overall Travel Industry Impacts. Increases in individual categories such as Lodging, Food & Beverage, Shopping and Recreation also were noted.

Direct traveler spending in the county, according to the report, was about $737.3 million in 2018, a 4.8% increase from $703.7 million in 2017. The report also said Washington County's tourism industry employed 6,000 in 2018 and generated $204.1 million in labor income, both increases from the previous year.

Washington County, as a result, ranked second highest – behind Allegheny County – in traveler spending, tourism employment and overall travel impacts among the eight counties in the Greater Pittsburgh Region. Washington's travel industry sparked nearly $44.4 million in state and local tax revenue.

As the COVID-19 pandemic continues to unwind in western Pennsylvania and across the world, Washington County will continue to stand together to combat the negative impacts and work with our public and private sector partners to weather this pandemic and come out stronger once it has abated.

Westmoreland County

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The Westmoreland County Industrial Development Corporation set the stage for its next major project by purchasing, in March of this year, 110 acres in Hempfield and Unity townships. The WCIDC envisions a mixed-use development that will create a business park to support regional headquarters, financial operations, healthcare services and advanced technology opportunities. The project could lead to as many as 500 jobs when fully occupied, and it would include residential development and potentially a small commercial district. Located along George's Station Road, it also could include a walking/biking trail that would link to nearby Twin Lakes Park and Ann Rudd Saxman Nature Park.

As the foundation is laid for that WCIDC project, the finishing touches are being applied to another. In the first half of 2020, contractors nearly completed work on 206-acre Commerce Crossing in Westmoreland. Roads have been paved and lined at the Sewickley Township park, utilities have been installed and inspected, and the park's pad-ready sites have sprouted after the spring seeding. As we head into the second half of the year, only a few punch-list items remain. When complete, Commerce Crossing will accommodate the need for pad-ready sites with direct access to active rail and the interstate highway system. The site will be served by the Southwest

Pennsylvania Railroad, which offers daily service to and from connections with Norfolk Southern, CSX Transportation and Wheeling and Lake Erie Railway.

While crews worked on Commerce Crossing, PennDOT has been making improvements to adjacent Interstate 70. In addition to widening I-70, PennDOT is installing three roundabouts at the Madison exit, including one that provides access to Commerce Crossing.

Two of Commerce Crossing's five lots already have been optioned by Al. Neyer, LLC. The remaining three lots range in size from 9.8 to 25.65 acres. To take a virtual tour, see westmorelandcountyIDC.org.

Another industrial park near the New Stanton transportation hub continues to build momentum. In January, Red Fish, LLC optioned two lots with a combined 10.99 acres in Technology Park II. Red Fish plans a phased development that calls for the initial construction of a 41,000 square foot building, a 13,500 square foot expansion and the eventual construction of a 24,000 square foot additional facility. Red Fish represents Fossil Industries, a start-up that expects to employ 38 workers who will use high-tech manufacturing techniques to build a variety of consumer products. Red Fish joins Pressure Chemical Company and Al. Neyer, LLC as companies with options on Tech Park II lots. Already home to Donegal Construction and Vale Vista, the park has seven available lots that range in size from 0.95 to 16.64 acres.

In April, the WCIDC began a $2.36 million project to replace more than four miles of rail of the WCIDC-owned Southwest Pennsylvania Railroad. Funded by a Pennsylvania Rail Transportation Assistance Program grant and a local match by railroad operator Carload Express, the project will improve the Radebaugh Rail Relay section in Hempfield and Youngwood.

Upgrades are also taking place at Jeannette Industrial Park. In June, the WCIDC approved a $657,385 project to modernize the 50,095 square foot interior of Building 102. Work crews are installing energy-efficient LED interior lighting, insulating the roof and exterior walls, refurbishing an existing office, break room and men's restroom, building a women's restroom and replacing exterior doors and portions of the floor. The building is one of only two in the industrial park that are unoccupied. The 55,019 square foot Building 108 is currently available; Building 102 will be available once the renovations are completed around Thanksgiving of this year.

Another building in Jeannette Industrial Park recently came off the market. Building 600's 14,022 square feet are now home to the expanded operations of Stellar Precision Components. The Jeannette-based precision-machining operation signed a four-year lease in May. The company expected to create 10 new jobs as a result of the expansion.

To learn more about economic development projects in Westmoreland County, see WestmorelandCountyIDC.org.

People & Events

Jake Van Loon from ERIKS North America (foreground) and Ashley Koltonski from Grant Street Associates on the Developing Leaders July 17 bike tour.

Developing Leaders tour the plaza at The Stacks at 3 Crossings.

DC bikers pause by The Terminal Building.

CREW administrator Alicia Smith (left) and DLA's Jennifer Pavlik work the registration table at CREW's July 31 golf outing.

Playing at the NAIOP Developing Leaders August 14 golf outing were (from left) Reed Smith's Jason Hazlewood, Andrea Babb from Babb and Mack Design, RIDC's Jessica Brackin, and NAIOP Executive Director Brandon Mendoza.

(From left) Chapman's Bo Scwab, Matt Kaufman from Atlantic Engineering, and Christian Stoffan from Sherrard German & Kelly.

DEVELOPING Pittsburgh

2020 BUYER'S GUIDE

LOOKING FOR AN ARCHITECT, ENGINEER, CONTRACTOR OR LENDER? THE 2020 NAIOP PITTSBURGH BUYER'S GUIDE LISTS DOZENS OF FIRMS FROM AROUND THE REGION THAT CAN FIT THE BILL.

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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 67 years of experience. HHSDR looks forward to speaking with you about our 360 degree approach to your project.

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IKM Architecture is a dynamic design firm providing architectural, planning, and interior design services to clients across the region in Healthcare, Education, Science & Technology, Workplace, and Civic/Cultural. IKM champions an immersive client engagement process proven to creatively develop the direction of a client's project. IKM incorporates animations, VR, 3-D Modeling, and laser technology from our on-site Maker Space. In continuous practice for 109 years, IKM believes in providing innovative and informed design solutions that will continue to create enduring value for their clients in a changing world. IKM is a member of the AIA and the USGBC.

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LGA Partners aspires to design projects that balance innovation, context, precedent, and value. Our mission is to form meaningful partnerships with our clients, consultants, and community; creating inspiring and enduring architecture that surpasses project goals. With over 50 team members, our collection of talent is committed to a simple goal: to provide the highest quality of service possible to every client, every time. From the beginnings of creative ideas through the last punch list item, we will be there, going the extra mile.

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PWWG offers architecture and planning with a focus on work in urban, campus, and historic contexts. Our portfolio includes significant work in multi-family housing, education, and cultural buildings, as well as the preservation of adaptive re-use of existing buildings. Our award-winning design work also includes hotels, parking structures, theaters, offices, and technical training facilities. For over 40 years, from our studios in downtown Pittsburgh, we have assisted owners with detail-oriented service. From early conceptual studies through completion of construction, PWWG is adept at coordinating multi-disciplinary teams of engineers, consultants, contractors, and artists. PWWG brings expertise in code compliance, feasibility and space programming, historic tax credits, community outreach, visualization, and architectural design.

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R3A Architecture was founded on the notion that design and innovation can be a catalyst for change. Located in Pittsburgh's dynamic South Side neighborhood, R3A's team of architects and designers collaborates closely with clients, experts and communities to create built environments that support their most valuable asset: people. We help businesses in the markets of higher education, science & technology, smart workplace and advanced manufacturing, solve their toughest design challenges. Using a design-thinking approach, innovation is our spark to differentiation. Before every project we eliminate all preconceived notions, seeking to fully understand our client's goals and challenges before designing solutions. By seeking openings not endings, high impact solutions are able to bubble up from below rather than being imposed from the top.

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ECONOMIC DEVELOPMENT

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Michael P. Coonley, Executive Director
economicdevelopment@co.armstrong.pa.us

The Armstrong County Industrial Development Council (ACIDC), established in 1968 is a private 501(c)(3) industrial development corporation. Identified as the lead economic development group within the County, the ACIDC, along with its sister organization the Armstrong County Industrial Development Authority, provides single-point-of-contact service for emerging or expanding business and industry. Owners and operators of four industrial parks, single use and multi-tenant facilities, the ACIDC works closely with existing or prospective businesses to identify the right location. They also provide financing assistance to companies through government loan/grant programs and private sector financial institutions.

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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. Available land includes 30 acres at the Pullman Center Business Park Expansion. Initial lots at the Pullman site are priced as low as $50,000 per acre. All utilities are at both sites. The CDC also has financing available for real estate, equipment, working capital and lines of credit.

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The Indiana County Center for Economic Operations (the "CEO") was established in 1994 as a county-wide public-private initiative. The CEO Affiliates include the Indiana County Commissioners, the Indiana County Chamber of Commerce, the Indiana County Development Corporation, the Indiana County Tourist Bureau, and Indiana University of Pennsylvania, whom jointly seek to support the continuous improvement and vitality of Indiana County through increased business, economic growth, tourism, education, and the quality of life in Indiana County. The CEO facilitates access to information, resources, and the delivery of integrated programs and services to assist businesses in their efforts to grow and expand.

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Ben Brown, CEO
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The Mon Valley Alliance (MVA) is a non-profit, Certified Economic Development Organization, dedicated to industrial, business, and community development in the Mid-Mon Valley region, south of Pittsburgh, PA. MVA provides shovel-ready industrial land for sale or lease in 4 area business parks, build-to-suit projects, preferred financing through the Pennsylvania Industrial Development Authority, and access to tax abatements for companies creating and retaining family sustaining jobs. The organization serves as coordinator of the Mid-Mon Valley Regional Enterprise Zone and is a leader in community revitalization through improvement projects and blight removal in the historic downtowns.

Washington County Chamber of Commerce
375 Southpointe Blvd. #240, 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 business organization in Washington County and the second largest chamber of commerce in Southwestern Pennsylvania. The Chamber focuses on economic and business development initiatives to expand the economy of Washington County and was one of the first organizations to publically 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, the Westmoreland County Industrial Development Corporation (WCIDC) implements a comprehensive economic development strategy to promote growth in terms of job creation, economic output and a stable tax base for Westmoreland County. Through the development of a county-wide industrial park system, a responsive Business Calling Program and involvement in public/private partnerships, WCIDC strives to foster business growth, resulting in job opportunities for the citizens of Westmoreland County.

ENGINEERS

Civil & Environmental Consultants, Inc.
333 Baldwin Rd., Pittsburgh, PA 15205
T: 800-365-2324
www.cecinc.com
Christopher J. Remley, P.E. – cremley@cecinc.com

Civil & Environmental Consultants, Inc. (CEC) is a company of professionals who provide integrated design and consulting services at all points in a property's life cycle. CEC's industry experts offer a full complement of evaluation, technical and regulatory insight. Our value lies in the practical knowledge senior leaders contribute along with our broad skill-sets and desire to advance our clients' strategic objectives. We're building trust and our reputation on a local level through personal business relationships while continually assessing our environmental and economic sustainability in the communities where we practice.

KU Resources, Inc.
22 South Linden St., Duquesne, PA 15110
T: 412-469-9331 | F: 412-469-9336
www.kuresources.com
Tysen Miller – 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.

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

Established in 1985, LSSE is a civil engineering and surveying firm with offices located in Coraopolis, Allegheny County (headquarters); Greensburg, Westmoreland County (branch) and Albion, Erie County (branch), Pennsylvania. LSSE has provided planning, surveying and design services for sites throughout Pennsylvania and Ohio, including Pittsburgh's South Side Works and South Shore Riverfront Park; an 833-acre industrial park site in Allegheny County; 50 big-box commercial sites; 20 warehouse/package delivery sites; residential developments comprising over 4,000 housing units; institutional sites; brownfield redevelopment and unique, mixed-use recreational, commercial and residential sites.

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State College, PA 16803
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www.dewooster.com
Chuck Wooster, President
chuckwooster@dewooster.com

Since 1971, our firm has been a highly regarded and respected leader in the traffic engineering industry. We are most proud of our uncompromising integrity. Our goal is to guide our clients through the rigorous process of real estate development and assist them by correctly identifying on-site and off-site traffic impacts, develop cost effective and efficient mitigation strategies, and seek and receive municipal and State DOT approvals and/or permits. Our skills include: Traffic Engineering Studies, Highway Occupancy Permits, Traffic Signal System Design, Roadway Design, Intersection Design, and Parking Studies.

ENVIRONMENTAL

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FINANCE

Dollar Bank

Three Gateway Center
401 Liberty Ave., Pittsburgh, PA 15222
T: 412-261-7515
www.dollar.bank
David Weber, Senior Vice President
dweber578@dollarbank.com.

As your business changes, you'll need the flexibility to respond to market opportunities by purchasing equipment, expanding your facilities or increasing working capital. Your credit needs will change as your business grows, so your overall credit plan should address short-term demands as well as long-term growth. Dollar Bank's Business Banking Experts will work to understand your business and assist you in achieving your goals with the right financing for your needs. For more information, contact David Weber, Senior Vice President Business Lending.

KeyBank Real Estate Capital

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www.KeyBank.com
Russ Gentner, SVP – russ_gentner@keybank.com
T: 716-819-5593

As one of the nation's leading providers of commercial and multifamily real estate finance, our focus is always on building long-term relationships with new ideas and innovative thinking. So, no matter the size of the deal, KeyBank's broad financing options, integrated platform and deep industry experience gives our clients what they need to meet their short- and long-term goals. Our real estate teams support Multifamily Mortgage Lending, Commercial Mortgage Production, Healthcare Real Estate, Institutional REITs & Funds, Loan Servicing & Asset Management, Affordable Housing and Income Property Group.

M&T Bank

213 Market Street
Harrisburg, PA 17101
T: 717-237-6822 | C: 585-734-8745
www.mtb.com
Julie Krause, Administrative Vice President
jkrause@mtb.com

M&T Bank has a long-standing reputation of excellent banking, earned by providing quality products and superior service. Since 1856, M&T Bank has served people and businesses with a unique and personal approach, and today, is one of America's largest banks with 725 domestic offices in the Northeast. M&T is big enough to deliver the products and resources of a large bank, but remains a community bank at heart. At M&T, commercial customers experience a whole team approach that includes over 450 experienced commercial relationship managers and general managers that function as a liaison to a full suite of solution partners.

PNC Real Estate

300 Fifth Ave., Pittsburgh, PA 15222
www.pnc.com/realestate
T: 412-762-5619
Lou Stempkowski, SVP - lou.stempkowski@pnc.com

PNC Real Estate is a leading provider of banking, financing and servicing solutions for commercial real estate clients. Our capabilities include acquisition, construction and permanent financing for developers and investors; agency financing for multifamily properties; and debt and equity capital for the affordable housing industry. And, through Midland Loan Services, we provide third-party loan servicing, asset management and technology solutions.

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

American Subcontractors Association promotes the rights and interests of subcontractors, specialty contractors and suppliers by building strength in community through education, advocacy, networking, and professional growth. ASA adheres to and promotes quality construction, ethical and equitable business practices, safety in the work environment, and best industry practices. ASA was founded in 1966, our chapter was established in 1989. ASA of Western PA has been around for more than 30 years. Learn more about what ASA Western PA can do for your company by visiting our website or contacting the office.

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

Membership in Commercial Real Estate Women (CREW) Network offers unparalleled business development, personal leadership growth, and networking opportunities, both in our local market and across 75+ chapters in the US, Canada, and Great Britain with 12,000+ members. The Pittsburgh chapter has 20+ years of providing educational programs and networking events to its members and the CRE community. Having a global commercial real estate network at your fingertips and having your contact info in that worldwide network has never been more critical in the greater Pittsburgh region than it is now.

Ironworker Employers Association of Western Pennsylvania

Foster Plaza 9
750 Holiday Dr., Suite 615, Pittsburgh, PA 15220
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

631 Iron City Dr., Pittsburgh, PA 15205
T: 412-922-3912
www.mbawpa.org
David D. Daquelente, Executive Director
dave@mbawpa.org

Leading the Industry, Building the Region! The Master Builders' Association is the voice for the construction industry in Western Pennsylvania and provides valuable member services, promotes best practices, and helps to grow a highly skilled workforce. MBA will continue to be the premier construction association by setting exceptional standards of quality, safety, and labor relations, providing the best construction experience. Our members will build the Pennsylvania of tomorrow.

NAIOP Pittsburgh

PO Box 100085, Pittsburgh, PA 15233
www.naioppittsburgh.org
Brandon Mendoza, 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.

Society for Marketing Professional Services
SMPS – Pittsburgh Chapter
www.smpspittsburgh.org
Aaron Roach, Chapter President 2020-2021
President@SMPSPittsburgh.org

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

Design 3 Architecture PC
300 Oxford Dr. Suite 120, Monroeville, PA 15146
T: 412-373-2220
www.d3a.com
William Snyder – was@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.

A Certified DB/DBE/WBE

RIG Consulting, Inc.
100 Ryan Court #9
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Getting it right every time is how RIG Consulting, Inc. makes every build better. For 15 years RIG, a certified Women-Owned Business Enterprise (WBE), has exceeded client expectations participating in numerous marquee projects across the Mid-Atlantic region. Our services include: Land Surveying, Unmanned Aircraft System (UAS), Construction Layout and Highway Right of Way Plan Services, Construction Management and Construction Inspection Services, and Design Support Services. We serve designers, developers, private owners, utilities, energy owners, public and governmental agencies in land development, energy, water/utilities, oil and gas markets as well as transportation and building construction markets.

INSURANCE

Simpson & McCrady LLC
310-330 Grant St., Ste. 1320, Pittsburgh, PA 15219
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info@simpson-mccrady.com

Simpson | McCrady is a boutique risk management firm with a tailored approach to client management services. Our firm prides itself on providing our clients with access to specialists in all areas of the insurance industry including Commercial and Private Client Services. We strive to go above and beyond taking care of your insurance needs by providing risk management tools and solutions through our trusted vendors. As one of the largest personal and commercial insurance advisors in Pennsylvania, we have the expertise to handle any account size anywhere in the world.

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LEGAL SERVICES

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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.

Maiello Brungo & Maiello LLP
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Lawrence J. Maiello, Esq., Partner
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Maiello, Brungo & Maiello is a full-service law firm comprised of a team of diverse and experienced lawyers specializing in: Construction Law, Corporate Law, Education Law, Estate Planning, Employment Law, Litigation, Municipal Law, Real Estate Law, and Tax Assessment. We have been providing families, businesses, and individuals with high-quality legal advice since 1972. Our firm is highly regarded for our collaborative, hands-on approach when working with clients to find tailored and comprehensive legal solutions. In every aspect of our engagement, we will consistently demonstrate a firm commitment to you.

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Tony J. Thompson – tjt@muslaw.com

Our real estate lawyers understand each client's business objectives and provide timely, creative, and cost-effective solutions. We regularly represent those in the business of real estate and those 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. We represent clients in all facets of commercial real estate, retail, multifamily, office and industrial, working with them on purchases and sales, land use and development, financing, leasing, title insurance, property tax, and eminent domain throughout the region and across the US.

PROFESSIONAL SERVICES

David E. Wooster and Associates, Inc.

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REAL ESTATE BROKERS

Avison Young

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Brad Totten, Principal and Managing Director
brad.totten@avisonyoung.com

Avison Young is the world's fastest-growing commercial real estate services firm. Headquartered in Toronto, Canada, Avison Young is a collaborative, global firm owned and operated by its principals. Founded in 1978, the company comprises 5,000 real estate professionals in 120 offices, providing value-added, client-centric investment sales, leasing, advisory, management, financing and mortgage placement services to owners and occupiers of office, retail, industrial, multi-family and hospitality properties.

Hanna Langholz Wilson Ellis

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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.

Newmark Knight Frank

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Newmark Knight Frank is one of the world's leading commercial real estate advisory firms. Together with London-based partner Knight Frank and independently-owned offices, NKF's 18,000 professionals operate from approximately 480 offices in established and emerging property markets on six continents. With roots dating back to 1929, NKF's strong foundation makes it one of the most trusted names in commercial real estate. NKF's full-service platform comprises BGC Partners' real estate services segment, offering commercial real estate tenants, landlords, investors, and developers a wide range of services including leasing; capital markets services, including investment sales, debt placement, appraisal, and valuation services; commercial mortgage brokerage services; as well as corporate advisory services, consulting, project and development management, and property and corporate facilities management services.

SIGNAGE

Tri-State Signs & Reprographics, Inc.

2934 Smallman Street, Pittsburgh, PA 15201
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www.tsrepro.com
DJ McClary, Director of Operations
DJMcClary@tsrepro.com

Tri-State has the staff, equipment and skills to design, produce and install each of your signage projects. With our background in the building industry, we are able to work directly with our clients from the design phase throughout construction and the branding of a company. We create ADA compliant Interior signs and directories fulfilling the need for building code. Our equipment is able to cut and produce custom acrylic with raised tactile symbols and braille type on a variety of substrates painted to the customer specification. Exterior signage including construction billboards and banners for jobsites are delivered to the construction site.

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www.LLIEngineering.com
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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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