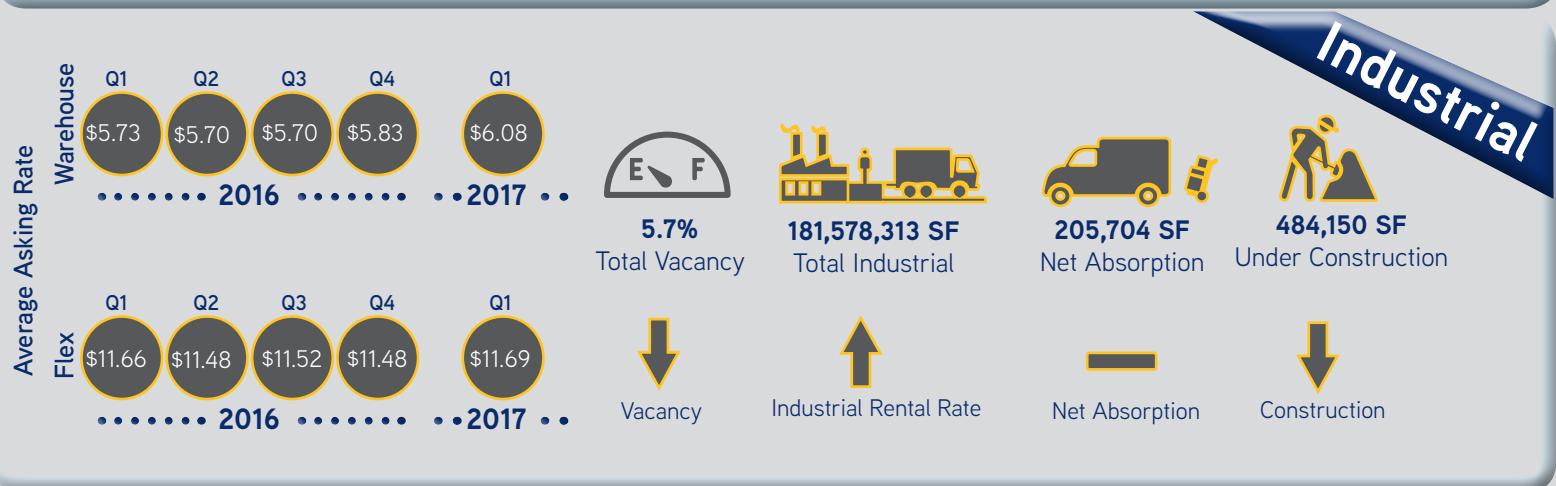




## MARKET INDICATORS



## Total Office Market Statistics

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bldgs	Total RBA	Direct SF	Total SF	Vac %				
Armstrong County	52	365,555	44,950	44,950	12.3%	(3,450)	0	40,000	\$5.37
Beaver County	356	8,136,477	259,200	259,200	8.3%	(10,736)	0	0	\$15.57
Butler County	454	6,486,203	300,456	308,974	4.8%	(13,762)	0	35,267	\$20.32
Central Business District	231	32,132,108	3,144,818	3,275,581	10.2%	(204,240)	0	0	\$24.27
Greater Downtown	531	14,894,773	1,128,159	1,184,191	8.0%	13,256	113,341	37,500	\$23.10
Monroeville	176	3,293,693	622,055	622,055	18.9%	(38,619)	0	0	\$18.06
North Pittsburgh	774	8,979,484	529,177	532,924	5.9%	5,758	45,000	252,421	\$19.07
Northeast Pittsburgh	423	4,507,892	209,035	211,481	4.7%	(5,994)	0	0	\$17.41
Oakland	158	5,326,211	65,797	65,797	1.2%	31,010	0	150,000	\$22.17
Parkway East Corridor	787	10,767,445	710,895	738,011	6.9%	(3,196)	0	24,000	\$18.69
Parkway West Corridor	538	8,640,747	774,219	774,219	9.0%	4,654	0	0	\$21.55
South Pittsburgh	913	9,476,894	645,230	648,280	6.8%	(15,209)	0	80,000	\$17.42
Washington County	493	8,277,886	624,810	693,081	8.4%	24,678	0	26,565	\$19.70
West Pittsburgh	215	4,559,016	738,579	738,579	16.2%	(41,170)	0	0	\$19.81
Westmoreland County	980	7,152,636	408,168	408,168	5.7%	35,280	0	71,237	\$13.18
Totals	6,881	127,997,020	10,205,548	10,505,491	8.2%	(221,740)	158,341	716,990	\$20.94

## Total Industrial Market Statistics

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bldgs	Total RBA	Direct SF	Total SF	Vac %				
Armstrong County Ind	50	1,997,588	52,475	52,475	2.6%	(29,990)	0	0	\$4.19
Beaver County Ind	239	11,553,193	370,282	370,282	3.2%	54,758	0	0	\$4.28
Butler County Ind	367	14,965,438	689,529	723,091	4.8%	14,042	41,125	43,000	\$5.72
Greater Downtown Ind	504	14,128,524	471,148	471,148	3.3%	76,113	0	0	\$6.79
Monroeville Ind	101	2,583,982	268,938	268,938	10.4%	5,050	0	0	\$9.80
North Pittsburgh Ind	584	17,715,880	488,988	511,443	2.9%	372,417	0	0	\$5.89
Northeast Pittsburgh Ind	471	17,426,634	452,943	452,943	2.6%	(9,122)	10,000	0	\$9.32
Oakland Ind	28	403,132	0	0	0.0%	0	0	0	\$3.00
Parkway East Corridor Ind	464	14,153,188	658,636	658,636	4.7%	(53,607)	0	0	\$4.92
Parkway West Corridor Ind	301	9,577,071	796,182	796,182	8.3%	25,389	40,000	100,000	\$7.56
South Pittsburgh Ind	705	18,432,225	406,218	406,218	2.2%	(59,082)	0	0	\$5.83
Washington County Ind	363	13,158,847	1,634,159	1,634,159	12.4%	14,209	14,936	0	\$5.15
West Pittsburgh Ind	355	14,434,668	1,040,980	1,040,980	7.2%	(73,625)	0	289,650	\$6.02
Westmoreland County Ind	604	31,047,943	2,887,130	2,887,130	9.3%	(130,848)	0	51,500	\$5.11
Totals	5,136	181,578,313	10,217,608	10,273,625	5.7%	205,704	106,061	484,150	\$6.08

## Total Retail Market Statistics

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bldgs	Total GLA	Direct SF	Total SF	Vac %				
Armstrong County	191	1,731,573	79,160	79,160	4.6%	(2,260)	0	0	\$5.19
Beaver County	884	9,266,620	445,615	445,615	4.8%	19,332	0	0	\$9.14
Butler County	894	10,865,917	314,325	314,325	2.9%	16,915	18,220	15,000	\$14.97
Central Business District	133	2,332,047	135,322	135,322	5.8%	12,266	0	45,000	\$27.00
Greater Downtown	813	5,379,981	148,283	148,283	2.8%	(12,414)	0	29,500	\$13.83
Monroeville	263	6,173,354	141,050	162,550	2.6%	1,500	0	4,798	\$14.73
North Pittsburgh	1420	14,949,367	198,956	210,624	1.4%	45,077	16,748	91,757	\$16.35
Northeast Pittsburgh	885	8,557,339	386,382	386,382	4.5%	(3,265)	0	31,100	\$12.08
Oakland	179	1,147,922	25,069	25,069	2.2%	(7,000)	0	0	\$21.12
Parkway East Corridor	2187	16,030,804	450,092	450,092	2.8%	60,040	56,620	36,280	\$10.58
Parkway West Corridor	456	6,766,845	138,550	138,550	2.0%	(3,837)	0	33,715	\$13.31
South Pittsburgh	2389	24,413,867	718,120	722,070	3.0%	272,451	40,000	138,683	\$15.07
Washington County	1123	12,447,820	168,218	168,218	1.4%	72,805	13,134	102,664	\$15.17
West Pittsburgh	417	3,306,455	21,784	21,784	0.7%	(4,290)	0	0	\$11.50
Westmoreland County	1923	20,230,542	734,466	734,466	3.6%	21,687	3,000	99,654	\$13.65
Totals	14,157	143,600,453	4,105,392	4,142,510	2.9%	489,007	147,722	628,151	\$13.25

\*Market Data Source: CoStar Pittsburgh Market Reports

## Debt Market Information on Terms and Rates

Including data from agencies (Fannie Mae &amp; Freddie Mac), CMBS, life companies and banks, and recent transactions closed.

## Multifamily Loan Programs &gt; \$3 Million

Fixed Rate	Agency Lenders		Portfolio Lenders *	
	Term	LTV	Interest Rates	LTV
5 Yr.	55 to 80%	3.83% to 4.33%	55 to 75%	3.34% to 4.18%
7 Yr.	55 to 80%	4.10% to 4.60%	55 to 75%	3.61% to 4.45%
10 Yr.	55 to 80%	4.28% to 4.78%	55 to 75%	3.79% to 4.63%

## Multifamily Loan Programs &lt; \$3 Million

Fixed Rate	Agency Lenders		Portfolio Lenders *	
	Term	LTV	Interest Rates	LTV
5 Yr.	55 to 80%	3.93% to 4.43%	55 to 75%	3.34% to 4.28%
7 Yr.	55 to 80%	4.20% to 4.70%	55 to 75%	3.61% to 4.55%
10 Yr.	55 to 80%	4.38% to 4.88%	55 to 75%	3.79% to 4.73%

## Commercial Property Loan Programs

Fixed Rate	Agency Lenders		Portfolio Lenders *	
	Term	LTV	Interest Rates	LTV
5 Yr.	55 to 80%	4.96% to 5.46%	55 to 75%	3.54% to 4.58%
7 Yr.	55 to 80%	5.08% to 5.58%	55 to 75%	3.81% to 4.85%
10 Yr.	55 to 80%	5.25% to 5.75%	55 to 75%	3.99% to 5.03%

## Bridge Loan Programs

Development	LTC/LTV	Spread over LIBOR
	Stabilized	55 to 80%
Re-Position	55 to 80%	200 to 500

## Construction Loan Programs

Development	LTC/LTV	Spread over LIBOR
	Development	55 to 80%
Development	55 to 80%	200 to 500

## Recent Transactions

Student Housing	Multifamily
State College, PA	Philadelphia, PA
\$12,000,000	\$2,960,000
3-year fixed with 2 years I/O	3-year fixed at 2.875%
25-year amortization	30-year amortization

Multifamily	Multifamily
Philadelphia, PA	East Hartford, CT
\$4,100,000	\$4,950,000
3-year fixed at 4.00%	7-year fixed at 3.75%
Interest Only	30-year amortization

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SALE TRANSACTIONS > Q1 2017	
11 Stanwix Street / CBD	Office
375 North Shore Drive / Fringe	Office
Beaver Valley Mall / West	Retail
Norwin Town Square / East	Retail
Philips Respironics / East	Industrial
800 Plaza Drive / South	Office
350 5th Avenue / CBD	Office
One Chatham Center / CBD	Office
4840 McKnight Road / North	Retail
225 Boulevard of the Allies / Fringe	Office
	\$ 81,300,000
	467,843 SF
	\$173.78 / SF
	\$59,500

## INVESTOR SPOTLIGHT



Bill Hunt, *The Elmhurst Group; based in Pittsburgh, PA*

*Your portfolio is heavily invested in Pittsburgh commercial real estate, which has been red hot in recent years. Are you active in any other markets?*

Not at this time. We had looked at other markets in the past – Carolinas, Nashville and several cities in Ohio. We thought that our value add strategy would not work there. Elmhurst has culled together strong local contacts with construction companies, leasing firms, lenders and government agencies. In addition, after all these years, we now have a strong knowledge of the local market. All we would bring in those other regions would be money, and everyone seems to have money these days. Elmhurst will therefore remain in Western Pennsylvania, where we can take full advantage of our value add strategy.

*How would you describe your property portfolio and why did you choose those properties?*

Our current portfolio consists of office, industrial and hotels. They are spread out fairly evenly over the local submarkets, which is actually more of a coincidence, but has worked out well for us. We understand our three segments and always like to take on challenging development projects, which help differentiate ourselves.

*There has been a flurry of development in Pittsburgh during the past few years. How will that affect the local market and where are the best opportunities going forward?*

Oversupply of development can be problematic, especially in midsize markets like Pittsburgh. Excess space will now take a long time to absorb. Case in point, it is difficult for me to understand how developers are justifying building all these new downtown hotels. Yes, there is growing demand in Pittsburgh, but the supply is now far exceeding that demand. Regarding future opportunities, certainly Beaver County with the cracker plant in Monaca is projected to be a big driver, but Elmhurst is patient and will wait to see what transpires. It's a bit of the wild, wild west out there right now. We have been presented with certain opportunities, but we will be patient until the dust settles and we see exactly what the real demand will be.

*What have been your greatest accomplishments and how did you get there?*

Internally, my great accomplishment has been recruiting and maintaining a strong management team. I am really proud of our group. They are all bright, hardworking, and take what we do very seriously. Externally, I am proud of our successfully completing two office buildings in Oakland. They required complexity, patience and creativity. These investments are now going to maintain value over time because the buildings are nearly impossible to replicate.

*Why should national and global companies buy property in Pittsburgh?*

One specific trend is automation technology. Autonomous cars are just the beginning. There are so many other physical operations that will be automated using the same technology, with much of the research occurring here in Pittsburgh.

*Co-working spaces have become popular nationally and is catching on locally. Is this a lasting trend and have you considered implementing it in your buildings?*

We do have Regus as a tenant in our Cranberry office building, and I understand they are doing very well. It is a different operational model that is best suited for those in that specific industry. Downtown also appears to be getting saturated right now with this segment. We would be interested, with the right location and the right timing, and if the numbers work—although, with those three criteria, who wouldn't be? One important aspect of this segment is you do get the first crack at leasing space to companies coming out of these facilities.

*What is your favorite restaurant in Pittsburgh?*

Definitely the Bigelow Grill in our downtown DoubleTree and Ember & Vine in our Cranberry DoubleTree Hotel. I am also a big fan of Casbah in Shadyside.

## CONTACT US



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## INVESTMENT OPPORTUNITIES



Pittsburgh | Industrial  
Bankruptcy Sale  
330,000 SF | 9 1/2 Acres



Pittsburgh | Medical Office  
\$5,600,000  
26,028 +/- SF | 100% Occupied



Pittsburgh | Retail  
\$3,150,000  
Two NNN Retail Tenants



Pittsburgh | Retail  
\$1,750,000  
7,200 SF | Former Bank Branch



Pittsburgh | Urban Warehouse  
\$5,950,000  
102,000 SF | South Side Flats



Wheatland | Industrial  
\$4,900,000  
Absolute NNN | Ten Yrs Remain



Pittsburgh | Warehouse  
\$899,000  
6,000 SF | Lawrenceville



Pittsburgh | Warehouse  
\$3,950,000  
45,000 SF in East Liberty



Washington | Boutique Hotel  
\$3,200,000  
350,000 SF | 31 Rooms & Events Business



Cranberry | Retail  
\$1,950,000  
4,200 SF | Former Bank Branch

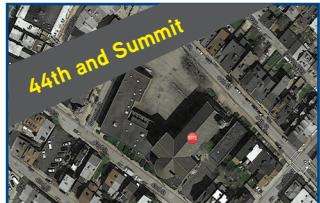


Sharon | Flex  
\$895,000  
11,000 SF | Warehouse with Office



West Virginia | Industrial  
Sale / Leaseback | \$2,500,000  
70,254 SF | 56 +/- Acres

## DEVELOPMENT OPPORTUNITIES



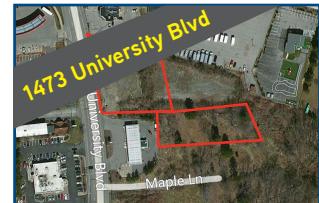
Lawrenceville, PA | Development Site  
Call for Offers | 3 Parcels  
65,171 SF | 1.5 Acres



Washington | Land  
\$8,250,000 | 56 Acres  
Zoned C-2



Pittsburgh | Development Site  
\$3,750,000  
38,180 SF on 8 Different Parcels



Airport Area | Land  
\$675,000 | 1.6 Acres  
Retail - Commercial



Wilkinsburg / Land  
\$2,200,000 | 2.4 Acres  
45,000 SF Building

## PROPERTIES SOLD

### Building Name / Address

Parkway Center  
Lycoming Mall  
Centre City Tower  
460 Nixon Road  
Keystone Commerce Center  
100 Beecham Drive  
290 Bilmar  
221 Westec Drive  
100 Industry Drive

### Property Type

Pittsburgh | PWC Office Portfolio  
Pennsdale, PA | Shopping Mall  
Pittsburgh | Office Building  
Cheswick | Industrial Building  
Warrendale | Industrial Class A  
Pittsburgh | Office  
Pittsburgh | Office  
Mt. Pleasant | Industrial  
Pittsburgh | Office

### Sale Price

\$49,000,000  
\$26,350,000  
\$ 21,930,000  
\$20,322,000  
\$10,800,000  
\$ 6,050,000  
\$ 3,500,000  
\$ 3,200,000  
\$ 2,600,000

### SF / Acres

7 Buildings | 20 +/- Acres  
806,788 SF | Enclosed Mall  
307,000 SF  
578,227 SF | 42.7 Acres  
179,394 +/- SF  
105,000 SF  
67,000 SF  
66,853 SF | 11.35 Acres  
18,128 SF | Corp. Sale / Leaseback

## PROPERTIES UNDER CONTRACT

### Building Name / Address

4520 Penn Avenue

5933 Baum Boulevard

Route 30 and Agnew Road

### Property Type

Pittsburgh | Medical Professional Office  
Pittsburgh | Office or Retail  
Greensburg | Land

### Listed Price

\$ 1,950,000  
\$ 795,000  
\$ 4,500,000

### SF / Acres

8,800 SF | 40 Car Parking  
5,700 SF | Open "Tech" Space  
10 Acres | Lighted Intersection

Please contact us for off-market deals