



gai consultants

COMMUNITY
SOLUTIONS
GROUP

RETAIL MARKET STUDY

Pittsburgh, Pennsylvania

Oakland Business Improvement District
November 2015

GAI Project Number: RI150031.00

Prepared for: Oakland Business Improvement District
Attn: Georgia Petropoulos, Executive Director
235 Atwood Street,
Pittsburgh 15213

Prepared by: GAI Consultants, Inc.
385 E. Waterfront Drive
Homestead, Pennsylvania 15120
412.476.2000 | gaiconsultants.com/communitysolutions



1.0	INTRODUCTION AND EXECUTIVE SUMMARY	3
2.0	KEY MARKET DRIVERS	4
3.0	COMPETITIVE SUPPLY	11
4.0	THE FUTURE	15



Support for this project was provided by the Oakland Business Improvement District, Ron Levick, and the University of Pittsburgh.

Photo Credits

Cover and above photo: OBID, Rick Armstrong Photographer



1.0 INTRODUCTION

Community Solutions Group a *GAI Consultants, Inc.* (GAI) service group was retained by the Oakland Business Improvement District to prepare a retail market study for the Central Oakland Business District with an emphasis on the Forbes Avenue corridor. The study will be used primarily as a marketing tool to help with recruiting new retail tenants to the area. The first phase of the project outlines key market drivers for the area, access, important institutional and cultural anchors, area demographics, future development in the immediate area, and the competitive context.



above photo courtesy of OBID, Rick Armstrong Photographer



above photos and bottom left photo courtesy of University of Pittsburgh



University of Pittsburgh | Cathedral of Learning

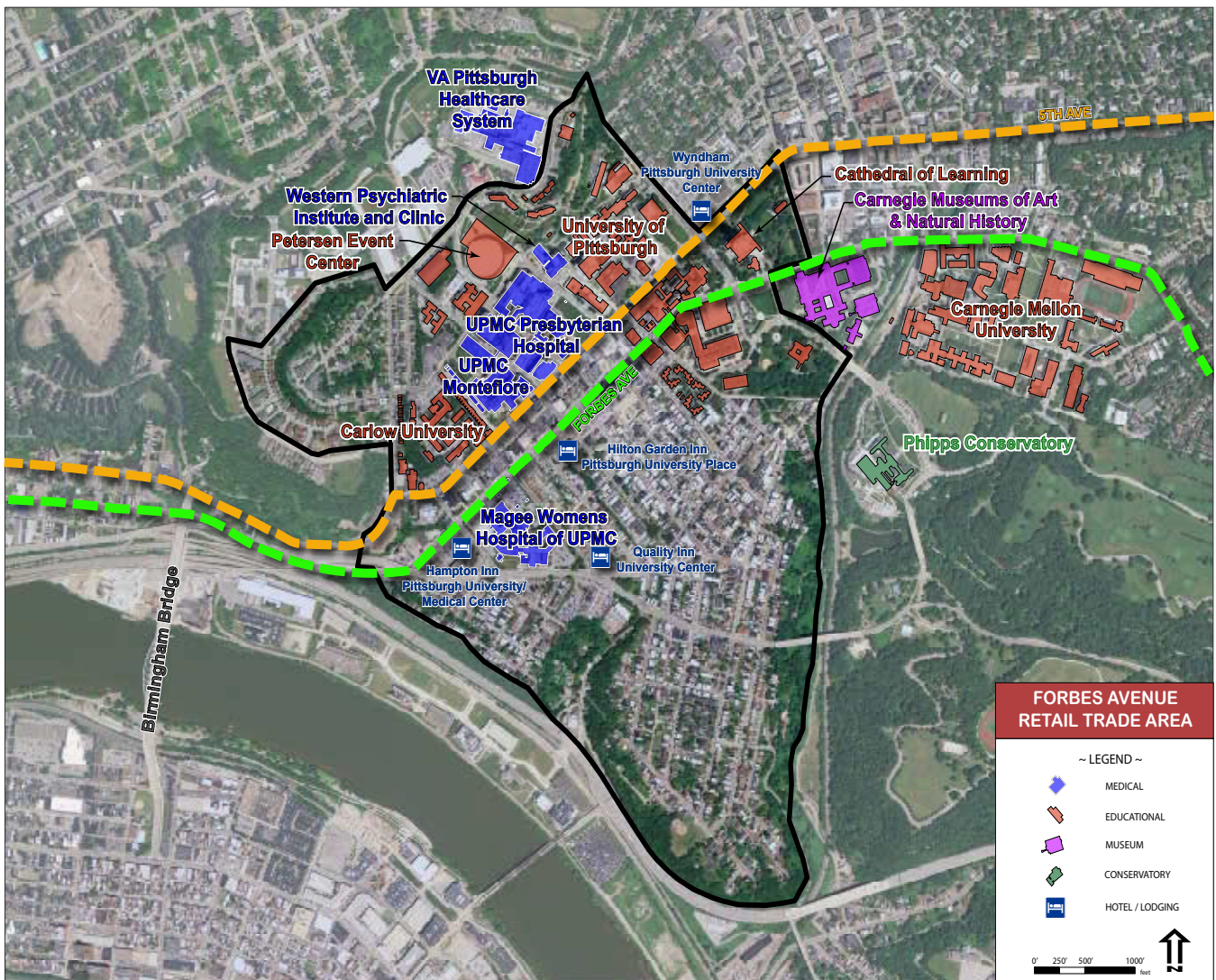
2.0 KEY MARKET DRIVERS

DEMOGRAPHIC REVIEW

A trade area has been defined for the Oakland Forbes Avenue corridor based on access, proximity to other retail competition, and discussions with local tenants. The trade area is reflected below and includes proximate institutions (University of Pittsburgh (and the Petersen Events Center), Carlow University, Carnegie Mellon University, UPMC Montefiore, UPMC Presbyterian, Magee Women’s Hospital, and Western Psychiatric Institute and Clinic, Carnegie Museums of the Art and Natural History, Phipps Conservatory, Schenley Plaza, and Schenley Park) and the nearby surrounding neighborhoods.

Market support for the Forbes Avenue corridor comes from four major customer groups:

1. **The Forbes Avenue corridor is located in the midst of one of the largest student body populations in the Pittsburgh area.** A large student population located in the immediate area – including 28,617 students attending the University of Pittsburgh (of which, 25,283 are full-time students), and an additional 2,213 at Carlow University. Another 13,285 students attend Carnegie Mellon University, which is located adjacent to the primary trade area. **In total, there are 44,115 students located in close proximity to the Oakland Forbes Avenue corridor. (with 8,000 typically enrolled during the summer months).**



2. There is a significant **employee base** located in the immediate area – including 12,186 employees at the University of Pittsburgh alone and an additional 254 faculty members at Carlow University and 1,442 faculty members at CMU, or a total of **13,882 university employees**. This includes a total of 4,205 employees associated with the School of Medicine at the University of Pittsburgh.

There is currently about 1,342,230 square feet of occupied office space (non-medical) located within the trade area. If we assume an average of one employee per 250 square feet of space, we estimate that there is an additional **5,369 employees within walking distance of the Forbes Avenue corridor**.

The four hospitals located in the area also include a significant employee base:

UPMC Presbyterian (which includes UPMC Montefiore) – UPMC Presbyterian is the flagship of the UPMC hospitals and has 792 beds and saw 40,137 patients in 2014. There are 6,150 UPMC Presbyterian employees, of which 729 live in Oakland.

Magee-Women’s Hospital - Almost 11,000 babies are born annually at Magee, with 383 beds and 23,949 annual patients and 2,478 employees.

Western Psychiatric Institute and Clinic - The Institute and Clinic includes 310 beds, with 5,799 patients recorded in 2014. Outpatient visits totaled 378,667. A total of 2,270 employees work at Western Psychiatric.

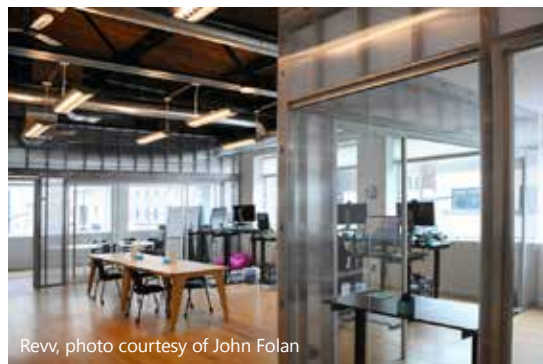
A total of 1,485 beds, 69,885 patients, and 10,898 employees.

The University of Pittsburgh and CMU continue to spin off new high technology companies. At CMU, the Entertainment Technology Center is one example of a program that combines technology, art, and design and continues to spin-off companies such as Digital Deam Labs and Electric Owl Studios. Other programs include:

- The CMU Center for Technology Transfer and Enterprise Creation (11 spin-off companies were created in FY 2014 alone.)
- Pitt’s Innovation Institute was formed in 2013 and promotes entrepreneurship throughout the Oakland area.
- Revv Oakland provides co-working spaces for technology startup companies. Members include high profile firms such as Uber and NoWait.



Photo courtesy of University of Pittsburgh



Revv, photo courtesy of John Folan

The Forbes Avenue corridor is able to draw from one of the largest employment bases in the region - second only to the downtown business district. It includes 10,898 employees affiliated with UPMC and 13,882 faculty and staff associated with the University of Pittsburgh, Carnegie Mellon University and Carlow University.

3. The Forbes Avenue Corridor is located in the midst of several **visitor destinations**, including the Carnegie Museum of Art, the Carnegie Museum of Natural History, Phipps Conservatory, and Carnegie Library. Total admissions at all of the nearby local attractions is estimated at about **1.8 million annually**. The corridor is also located close to Schenley Plaza, the site of several music festivals, family programs, the PNC carousel, and a local Farmer’s Market. The University of Pittsburgh also has several nearby destinations which attract visitors, including:

- Peterson Events Center; 317,000 attendees
- Solders and Sailors - 88,000 (museum and event attendees)
- Nationality Rooms - 27,000 attendees
- Charity Randall (153 seats) and Henry Heyman Theaters (478 seats) and the Studio Theater (black box theater) 23,000 attendees.

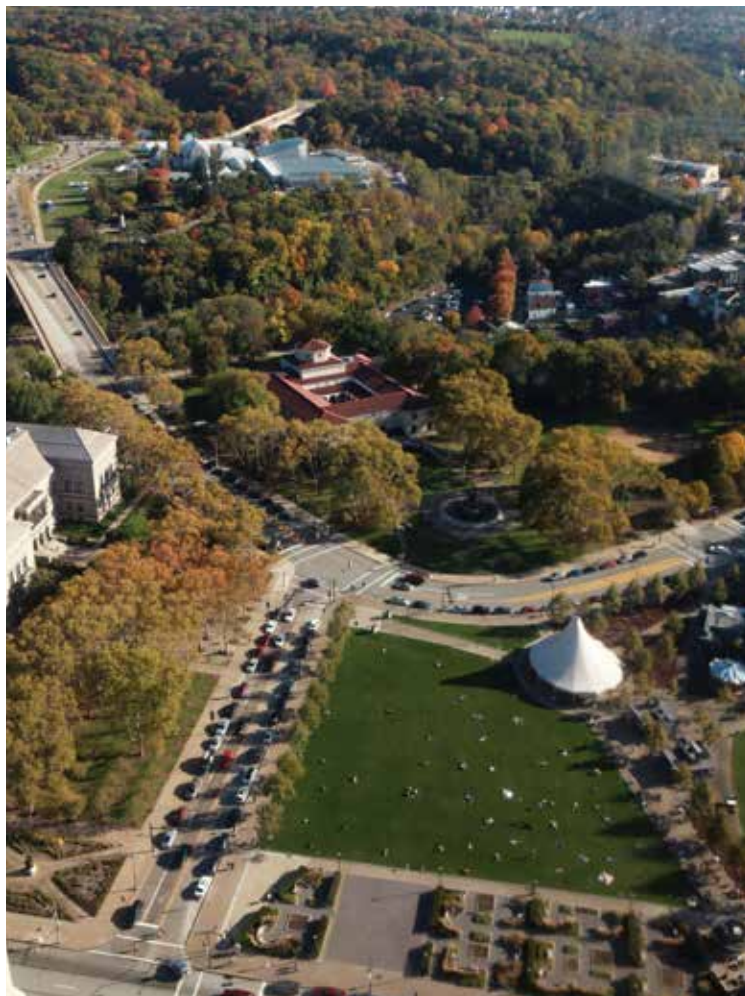
Other significant day visitors include visitors to the area hospitals and medical offices.

Annual Admissions	
Carnegie Museums	319,973
Phipps	350,000
Carnegie Library	659,270
Total	1,329,243

University of Pittsburgh	
Peterson Events Center	317,000
Solders and Sailors	88,000
Nationality Rooms	27,000
University of Pittsburgh Theaters	23,012
Total	455,012

Note: Carnegie Museums attendance includes program and special event attendees

Source: OBID, University of Pittsburgh, GAI Consultants



Schenley Plaza

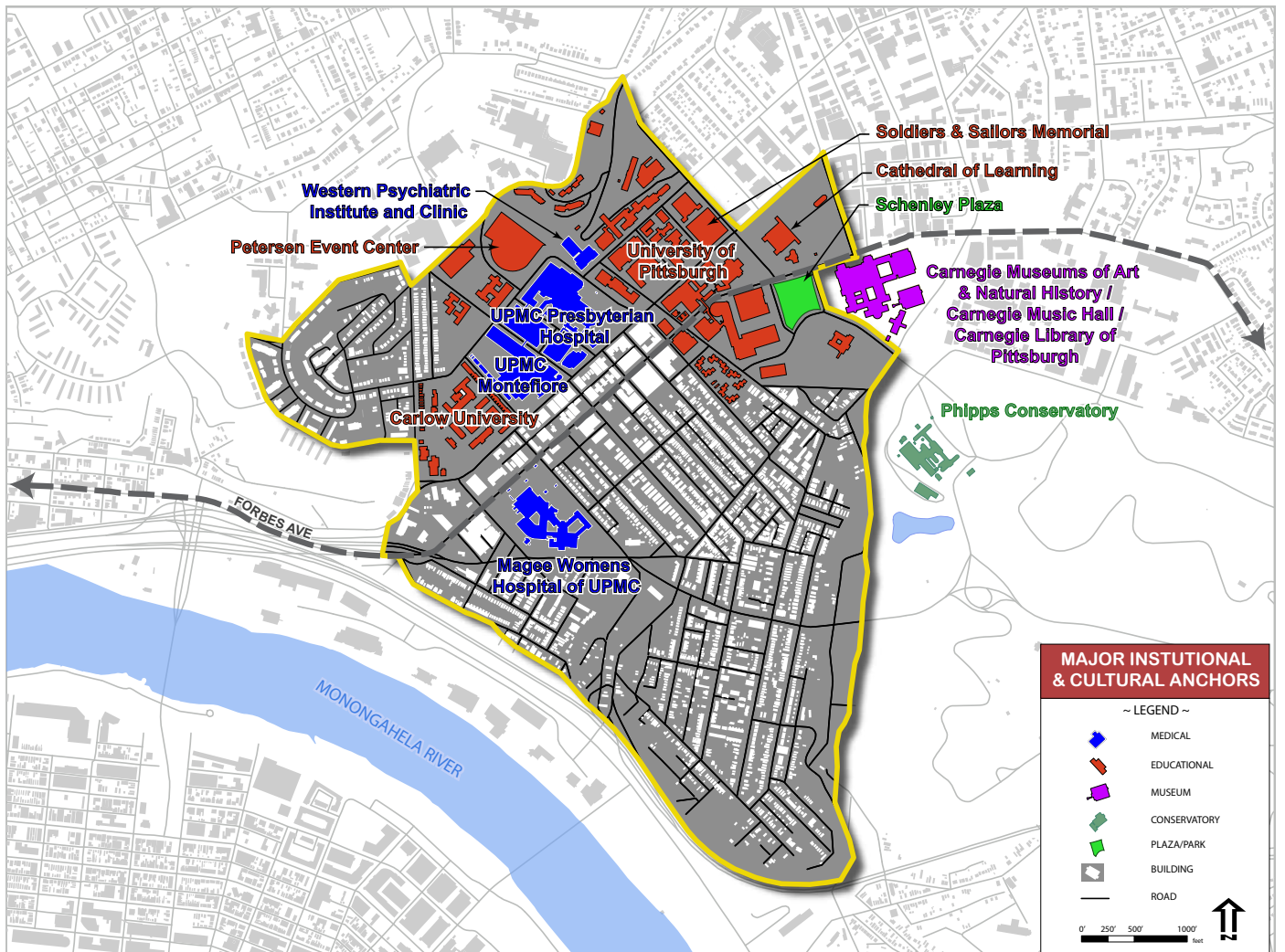


Schenley Plaza Carousel



Carnegie Mellon University

photo courtesy OBID, Rick Armstrong Photographer



3. Given proximity to major universities and hospitals, as well as to downtown, there are currently three limited service hotels located in the immediate area, with two additional hotels planned (Marriott Residence Inn with an additional 144 hotel rooms and a proposed Hyatt Hotel with 168 rooms). This translates into a total of 765 hotel rooms (including the planned Marriott), or an estimated **142,400 annual visitors to area hotels**.¹ Oakland is also home to Family House, a residence available to patients and families seeking treatment at area hospitals (three located in the Oakland area).

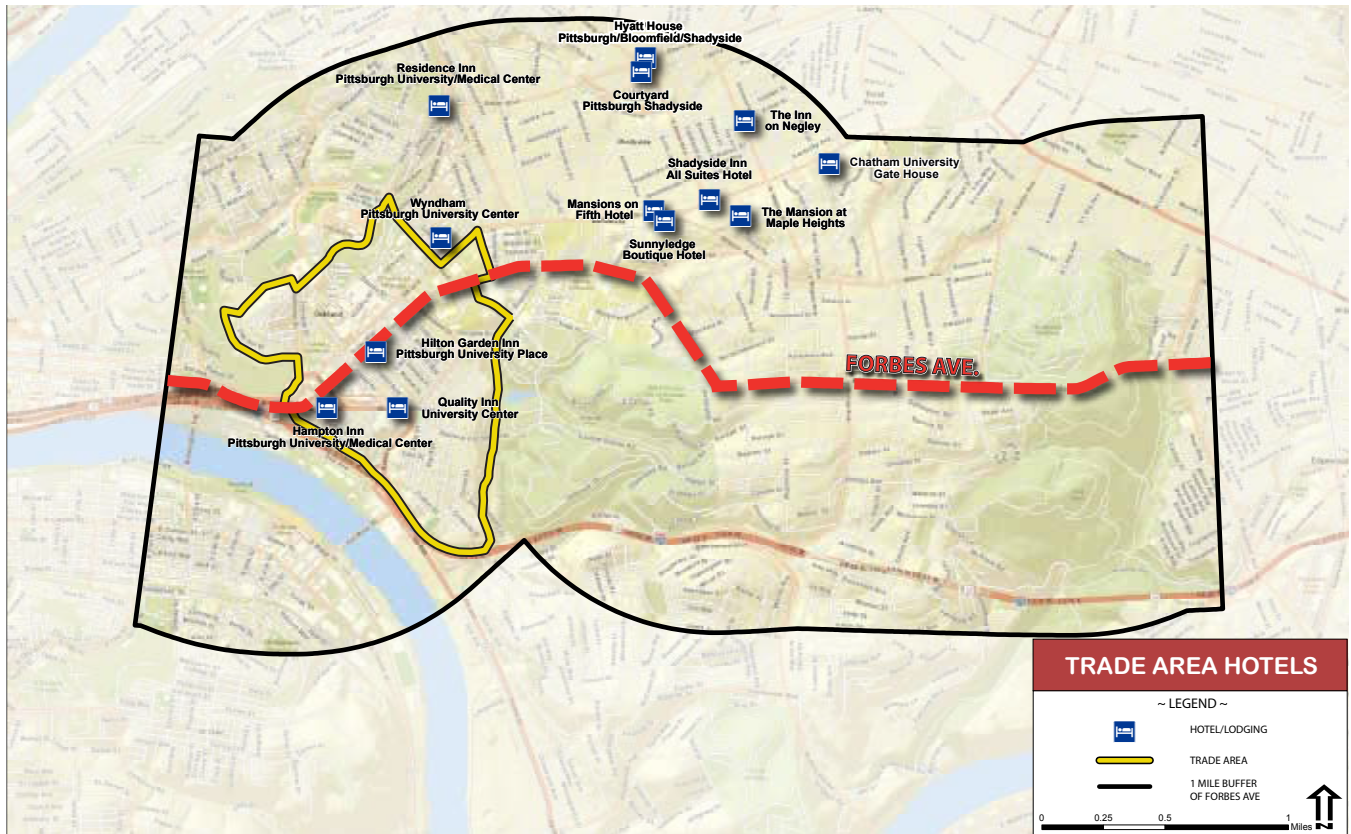
In total, there are 1,291 hotel rooms located within one mile of the Forbes Avenue corridor.

Forbes Ave Area Hotels	# of Rooms
Hilton Garden Inn University Place	202
Quality Inn University Center	119
Hampton Inn	132
Wyndham University Center	251
Residence Inn Pittsburgh University/Medical Center	174
Hyatt House Bloomfield/Shadyside	128
Courtyard Pittsburgh Shadyside	132
Mansions on 5th	22
Sunnylegde Boutique Hotel	105
Inn on Negley	8
Chatham University Gate House	5
Mansion at Maple Heights	5
Total	1291

Source: Various Hotels, GAI Consultants, Inc.



Proposed Marriott Residence Inn



¹ Estimated assuming 68% occupancy for area hotels, guests staying an average of 2 nights, with an average of 1.5 guests per room.

- Based on the study area boundaries, the total local population currently includes 16,132 residents. Based on age and income characteristics, as might be expected, the majority of these residents are students (over 80% are ages 18 through 34), and 82% of the households are renters.

The Forbes Avenue corridor continues to grow. There are currently two multi-family apartment complexes proposed for the trade area, including 389 new apartment units located at 3333 Forbes Avenue which will be targeted to young adults. A second project is proposed at 3407 Forbes Avenue and is proposed to include 137 rental units and 3,500 square feet of retail space. The project is targeted at the nearby student population.

FORBES AVENUE CORRIDOR MARKET DRIVERS

Students	44,000
Employees	28,000
Overnight Visitors	142,000
Day Visitors	1,784,000
Daily Bus Commuters	23,000

Oakland Study Area	
Population	
2020 Projections	16,587
2015 Estimate	16,132
Avg Annual Growth % (2015-2020)	0.6%
2015 Population by Age:	
Age 0-17	883
Age 18-34	13,148
Age 35-54	1,087
Age 55-74	938
Age 75+	444
2015 Population by Education (Age 25+)	
Some High School No Diploma	300
High School Graduate (equivalency)	1,249
Some College No Degree	960
Associate Degree	136
Bachelor Degree	754
Advanced Degree	1,513



SkyVue Apartments, photo courtesy of Ambling University Development Group



photo courtesy of Oakland Planning and Development Corporation

Significant Spending Potential

The Oakland downtown business district benefits from a substantial employee population located within walking distance, and accounting for about 73% of the total spending potential in the area. Students contribute an additional 16% of total spending potential in the area. **This translates to a total annual spending potential in the immediate area of about \$245 million.**

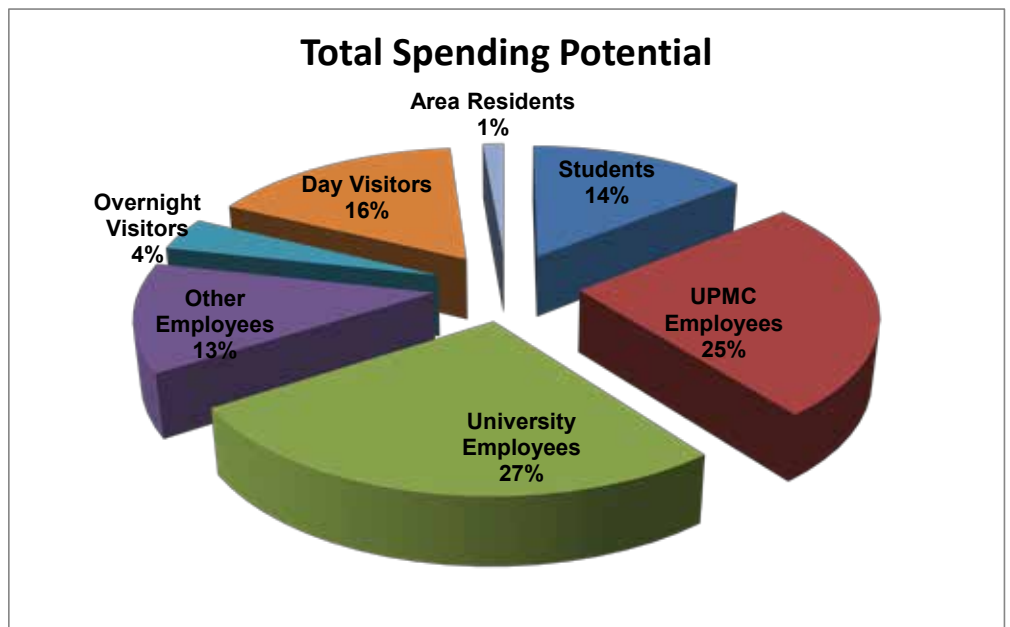


photo courtesy of OBID, Rick Armstrong Photographer

TOTAL FORBES AVENUE SPENDING POTENTIAL

Millions		
Students	\$40	Discretionary retail spending of \$167 monthly
Employees ²	\$178	Average weekly retail spending of \$129 (\$26 for food, \$102 for goods and services)
UPMC	\$70	
University	\$73	
Other office	\$35	
Visitors	\$56	Average retail spending per day of \$25-\$75
Residents	\$4	Average annual retail spending \$4,900

²: **Source:** International Council of Shopping Centers



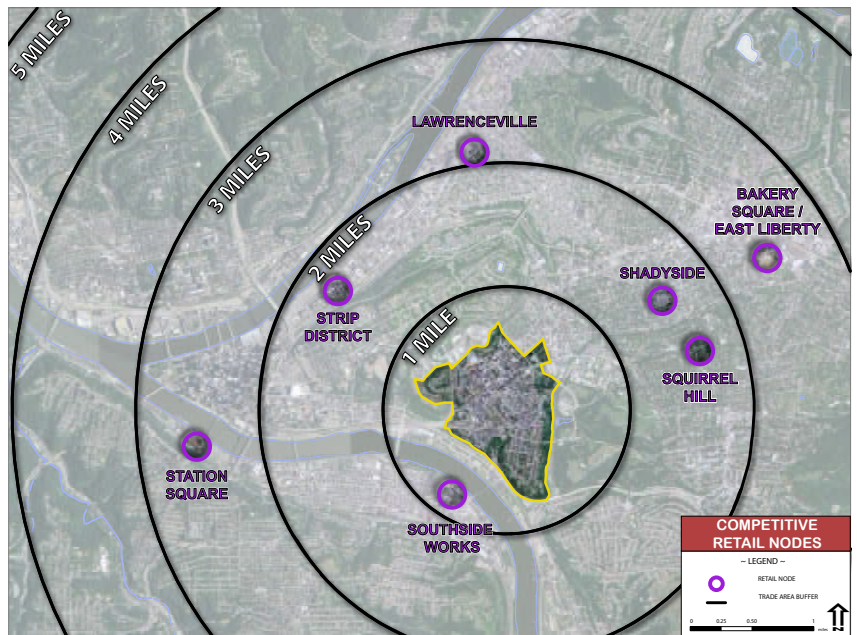
3.0 COMPETITIVE SUPPLY

Relative to other competitive retail offerings in the area, the Forbes Avenue market is situated in the midst of a significant concentration of well-occupied office space. The Oakland market has twice the amount of office space as the nearest competitor – 2.2 million square feet versus 1.0 million square feet in the area surrounding the Strip District retail and wholesale corridor. Both office and retail vacancy rates are under 2.0% in the Oakland Study Area. Moreover, the Oakland retail market reports the lowest retail vacancy rate among all of the competitive retail districts. **Given the large inventory of office space, the retail market appears underserved.**

	# Properties		Total SQ FT		SF Retail as %	% Vacant SQ FT		% Occupied SQ FT	
	Office	Retail	Office	Retail	SF Office	Office	Retail	Office	Retail
Walnut Street	5	52	70,508	279,904	397%	0.0%	3.2%	100.0%	96.8%
Oakland (Study Area)	67	90	2,181,840	582,325	27%	0.08%	1.7%	99.2%	98.3%
Strip District	47	99	1,027,747	612,605	60%	21.3%	6.5%	78.7%	93.5%
Station Square	4	4	513,908	341,221	66%	9.8%	7.7%	90.2%	92.3%
Southside Works	5	5	643,236	301,965	47%	2.1%	7.9%	97.9%	92.1%
Lawrenceville	17	114	95,006	501,365	528%	N/A	N/A	100.0%	100.0%
Bakery Square/East Liberty	6	42	329,561	838,411	254%	0.0%	5.0%	100.0%	95.0%
Squirrel Hill	8	36	79,888	233,018	292%	0.0%	4.1%	100.0%	95.9%

Source: CoStar; GAI Consultants, Inc.

Nearby competitive markets include Lawrenceville (along Butler Street), South Side Works, Walnut Street in Shadyside, Station Square/Carson Street, the Strip District (along Penn Avenue), downtown Squirrel Hill, and Bakery Square/East Liberty. The Strip District retail offerings focus on food markets and restaurants and bars, attracting shoppers from the broader Pittsburgh region and also serving as a destination for visitors to the city. Southside Works offers a more upscale/national brand than East Carson Street. Lawrenceville includes a mix of boutique stores, art galleries, and eating establishments along Butler Street. Butler Street is still hampered to some extent by relatively low pedestrian traffic and a relatively long stretch of rentable space and commercial tenants. Station Square, with a cluster of national tenants such as Hard Rock Café and Joe’s Crab Shack, attracts primarily conventioners and tourists to the area. Downtown Squirrel Hill includes primarily restaurant and local retail tenants serving nearby residents. Bakery Square is a mixed use lifestyle center with 121,000 square feet of ground floor retail including West Elm and Anthropologie. The greater East Liberty area includes a variety of shopping alternatives, including Whole Foods, Target, and a number of locally operated restaurants.



	Downtown Oakland	Mall at Robinson	Ross Park Mall	Southside Works
2015 Population				
1 Mile	30,458	2,658	9,091	20,222
3 Miles	182,159	24,716	69,165	169,456

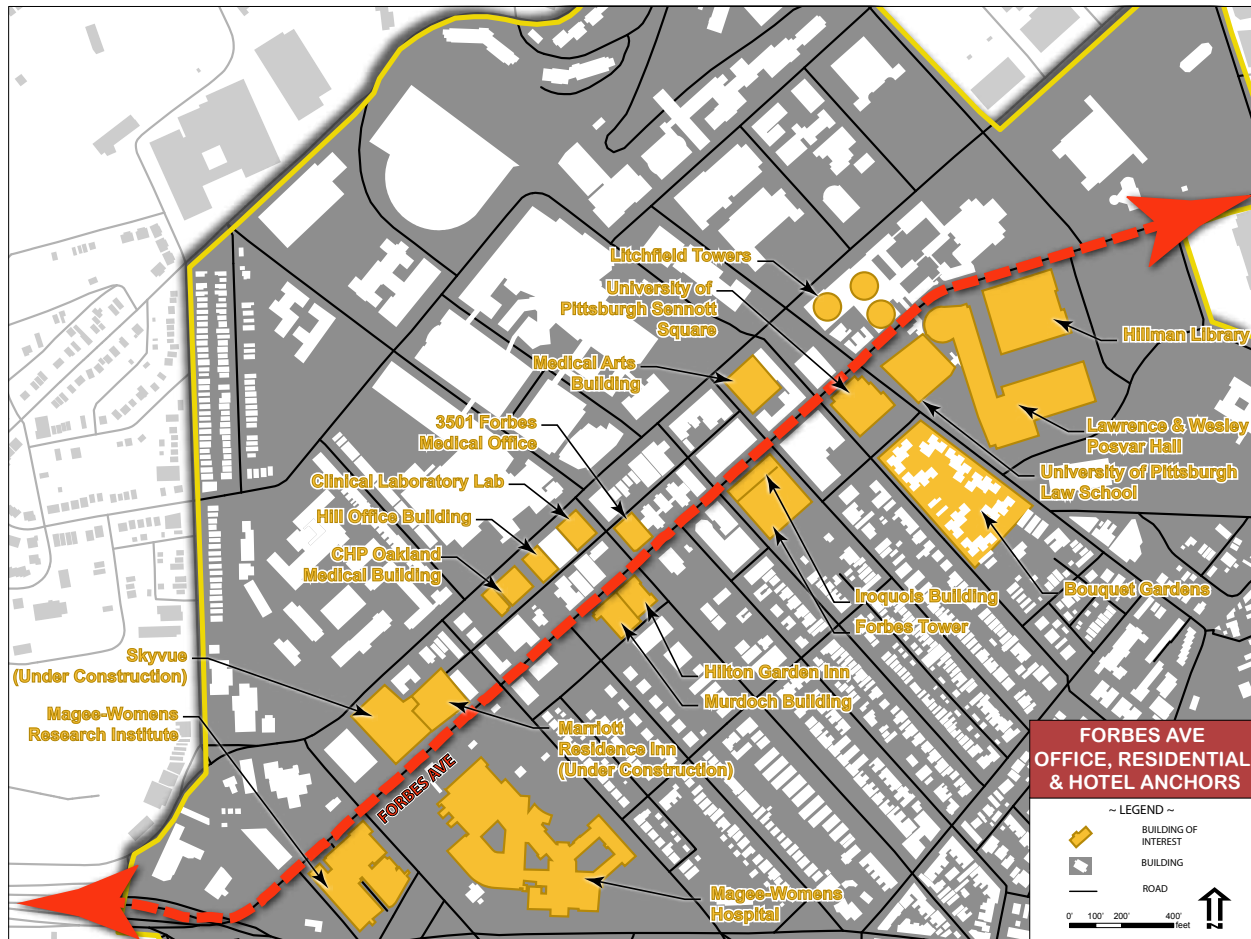
Source: ESRI, GAI Consultants, Inc.

Compared to the other retail districts located in the area, the Oakland study area includes a relatively high population density within walking distance of the corridor (13,933 residents within one mile of the corridor) and skews young, with 88% of the residents living within one half mile of the site aged 19 through 54. The Forbes Avenue corridor is proximate to several unique neighborhoods and relatively high densities. As reflected in the adjacent table, the close in (1 mile market) is significantly more dense than the two major malls (Mall at Robinson and Ross Park Mall) and one lifestyle retail center (Southside Works) located in the area.

The Forbes Avenue Corridor

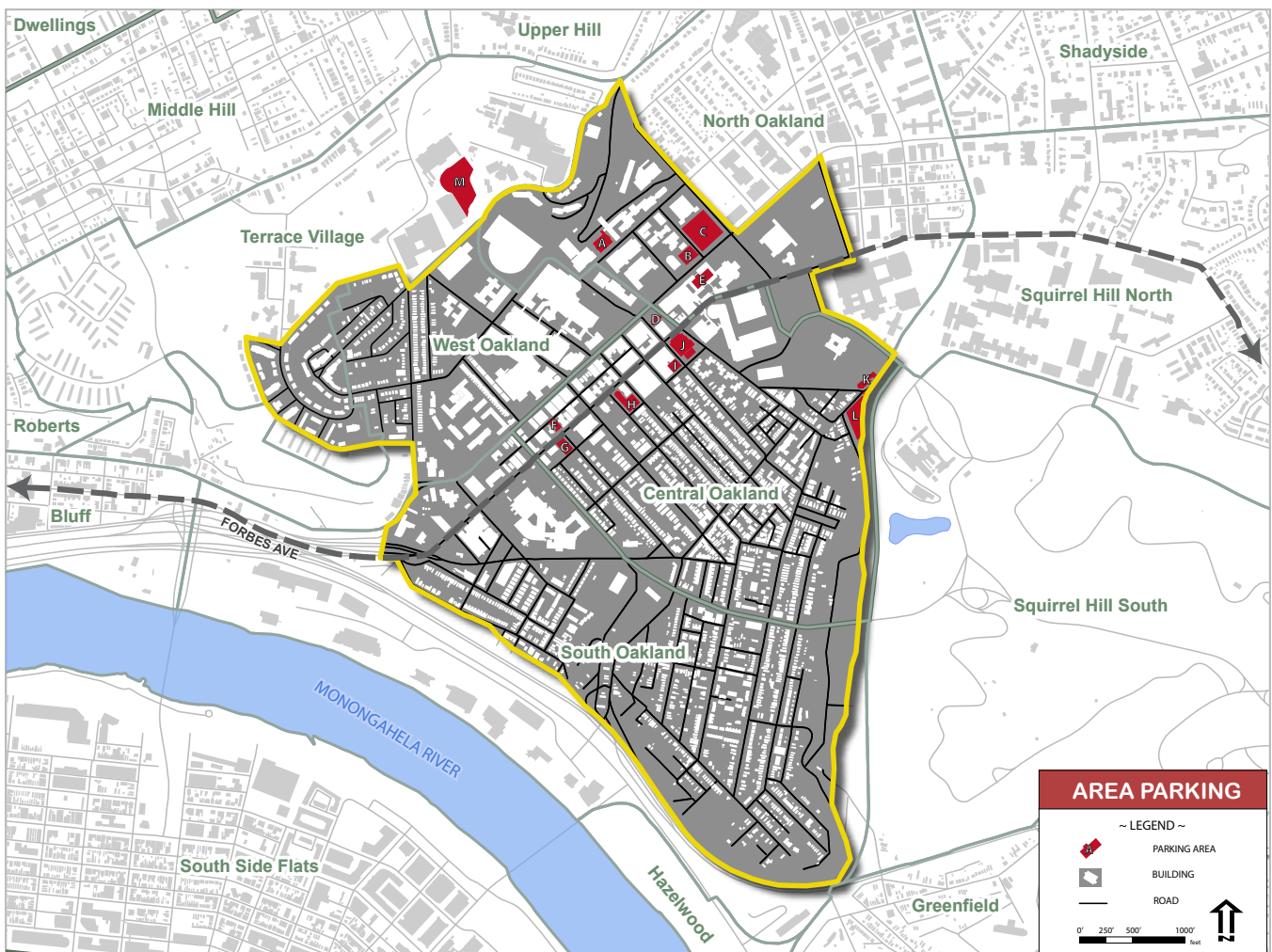
The Forbes Avenue corridor is already home to several successful regional and national tenants including Starbucks, New Balance, Rue 21, Panera, Chipotle, Noodles and Company, Primanti Brothers, and Jimmy Johns.

The corridor is anchored at one end by the Litchfield Towers, and adjacent resident halls - housing almost 3,200 undergraduate students. Other nearby anchors at the eastern end of the corridor include the William Pitt Union, Hillman Library, and residential buildings at Bouquet Gardens. Forbes Tower is located mid-corridor and houses UPMC's School of Health and Rehabilitation services.



Parking Lots/Garages	# Spaces	Leased	Transient
University of Pittsburgh			
A. O'Hara Street Garage	455	407	48
C. Soldiers & Sailors Garage	870	645	225
B. University Place Lot	20	--	--
D. Metered Lots	19	--	--
K. Jonclair & Boundary Lot	102	N/A	N/A
L. Panther Hollow Lot	128	16	112
J./I. Sennott Square Garage and Lot	74	10	64
K. OC Lot	682	411	271
H. Forbes Semple Garage	411	110	301
F. Reft Leasing Company Lot	60	50	10*
G. Reft Leasing Company Lot	52	50	2*
Total	2,873	1,699	1,021
* Reft Leasing will never turn away a customer of a local business. They will ask that the customer leave their keys so that the lot attendant can move the car around if necessary.			
Source: GAI Consultants, Inc.			
Oakland Metered Parking Spaces	738	--	--

Parking is always an important factor in an urban setting such as Oakland. There are currently close to 3000 spaces within a few blocks of the Forbes Avenue corridor. Of these, about 1/3 are transient spaces. In addition, there are a total of 738 metered parking spaces located in Oakland. As mentioned, the corridor is also well-served by public transit.

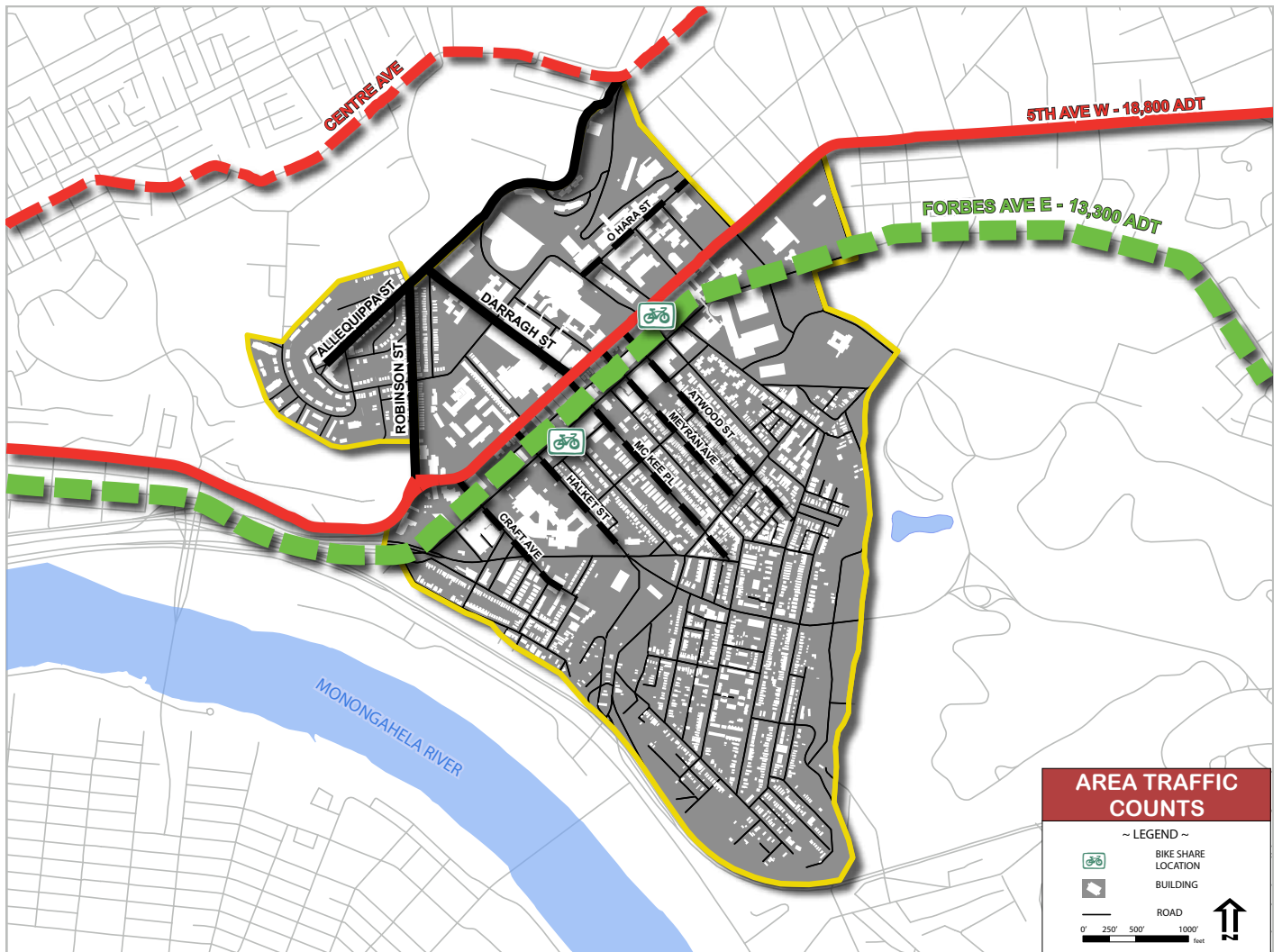


Access

The Forbes Avenue corridor provides easy access to I-376 and the greater Pittsburgh region, as well as direct access to downtown via Fifth Avenue and other surface streets. Bigelow and Craig Streets also provide access from the north.

Oakland is also well served by public transportation, with many employees and students commuting to the area via bus. There are a reported 23,000 people commuting to Oakland daily by bus during the school year. Most of the connections are located on Forbes and Fifth Avenues.

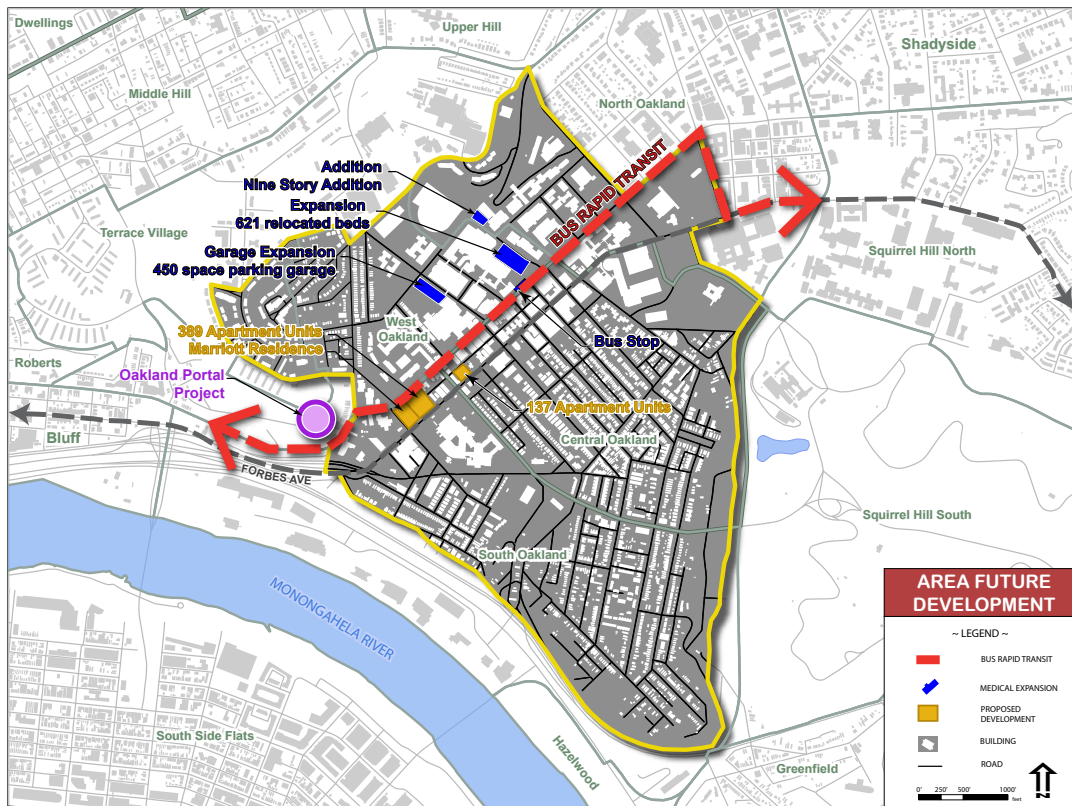
Pittsburgh also recently launched a bike share program. There are two station locations located in the area - one at Fifth Avenue and South Bouquet Street and one at Coltart Avenue and Forbes Avenue. Moreover, shared and dedicated bike lanes throughout Oakland provide bike access to the greater region.



4.0 THE FUTURE

The area in and around the Forbes Avenue corridor continues to grow:

- A total of 526 new rental units will be completed within the next several months and the new Marriott Residence Inn is slated to open in 2016.
- The ten year development plan for UPMC Oakland includes an expansion of the facility to include 621 relocated inpatient beds and a 450 space parking garage. The plan also includes a proposed nine story addition at the Western Psychiatric Institute.
- There is ongoing discussion about a Bus Rapid Transit Route to connect Oakland with the downtown business district and other East End destinations.
- The Oakland 2025 Master Plan calls for a Fifth and Forbes Multimodal Corridor, with the two corridors being transformed into multimodal streets, incorporating the Bus Rapid Transit and new separated bike lanes, with the thinking that improved mobility will leverage new redevelopment/development.
- Emerging high tech companies continue to locate along the corridor, including No Wait and Shoeiftr.
- To the west of the trade area, the Uptown market is going through a resurgence, with redevelopment occurring along Fifth Avenue and the surrounding region:
 - ▶ Three relatively new residential projects are reportedly full – Fifth Avenue School Lofts (65 apartments), Mackey Lofts (43 units), and Lofts on Fifth (10 units)
 - ▶ Castlebrook Development announced a new seven-story building with 74 apartments on Fifth Street near Van Braam.
 - ▶ The City is overseeing a planning study for the Uptown Innovation District, a plan to transform the area, with sustainability as a key component of the plan.
- The Oakland Portal Project is partially constructed (47 apartment units) and is slated to also include new office and hotel development.
- Carnegie Mellon University is planning for development of an Innovation Corridor along Forbes Avenue which will include up to 425,000 square feet of space dedicated to research space as well as labs and studios for shared industry and academic use.



APPENDIX

The following tables provide background data for the Oakland Retail Market Study.

Figure 1: University of Pittsburgh Enrollment

University of Pittsburgh - Pittsburgh Campus				
Fall Term 2014 Enrollment				
	Undergraduate	Graduate	Doctorate	Total
Full-Time	17,694	5594	1995	25283
Part-Time	1063	2145	126	3334
Total	18757	7739	2121	28617

Source: University of Pittsburgh, GAI Consultants, Inc.

Figure 2: Carlow Campus Enrollment

Carlow Campus			
Fall Term 2014 Enrollment			
	Full-Time	Part-Time	Total
Undergraduate - Traditional	797	39	836
Undergraduate - Adult	215	306	521
			1357
Graduate			856

Source: Carlow University, GAI Consultants, Inc.

Figure 3: University of Pittsburgh Employment

University of Pittsburgh - Pittsburgh Campus				
Fall Term 2014 Employees				
	Faculty	Research/ Postdoctoral	Staff	Total
Full-Time	4,131	769	6,199	11,099
Part-Time	749	25	313	1,087
Total	4,880	794	6,512	12,186

Source: University of Pittsburgh; GAI Consultants, Inc.

Figure 4: Carnegie Museum of Art and Carnegie Museum of Natural History Admissions

Carnegie Museum of Art and Carnegie Museum of Natural History	
Total Admissions (2012)	319,973
Paid Admissions	180,824
Free Admissions	36,015
Member Admissions	103,134
Individuals Attending Educational Programs	49,800

Source: Carnegie Museums, GAI Consultants, Inc.

Nationality Rooms at University of Pittsburgh	
Total Admissions	27,000
Paid Admissions	22,000
Free Admissions	*5,000

*Un-paid visitors are not tracked, this figure is an estimate only

Source: Nationality Rooms at University of Pittsburgh; GAI Consultants, Inc.

Figure 5: Total Spending Potential, Forbes Avenue Corridor, Oakland PA

Total Students	26,295
Discretionary Spending Per Month	\$167
Estimated Student Spending Potential	\$39,521,385
Total Employees	
UPMC	10,898
Faculty	11,353
Other Area Office Workers	5,369
Total	27,620
Average Weekly Spending on Goods and Services	\$102.47
Average Weekly Spending on Restaurants and Fast Food	\$26.71
Estimated Employee Spending Potential	\$178,397,089
Total Annual Visitors	
Overnight Visitors	142,400
Average Overnight Retail Visitor spending	\$75,000
Estimated Overnight Retail Visitor Spending	\$10,680,000
Day Visitors to Area Museums	1,784,255
Day Visitors to Hospital	34,943
Total Day Visitors	1,819,198
Average Day Visitor Spending	\$25
Estimated Day Visitor Retail Spending Potential	\$45,479,938
Other Area Residents	
Owner Occupied Households	800
Average Household Income	\$31,837
Estimated Area Resident Spending Potential	\$3,819,240

Note: Students - full-time at University of Pittsburgh and Carlow

Faculty - full-time at University of Pittsburgh and Carlow

Phipps annual visitation estimated at 350,000

Day visitors to hospital assume .5 visitors per patient

Other employees based on office space located in the trade area, excluding medical space, 250 SF per employee



photo courtesy OBID, Rick Armstrong Photographer

Figure 6: Occupied Space in Study Area and surrounding areas

	# Properties		Total SQ FT		SF Retail as %	% Vacant SQ FT		% Occupied SQ FT	
	Office	Retail	Office	Retail	SF Office	Office	Retail	Office	Retail
Walnut Street	5	52	70,508	279,904	397%	0.0%	3.2%	100.0%	96.8%
Oakland (Study Area)	67	90	2,181,840	582,325	27%	0.08%	1.7%	99.2%	98.3%
Strip District	47	99	1,027,747	612,605	60%	21.3%	6.5%	78.7%	93.5%
Station Square	4	4	513,908	341,221	66%	9.8%	7.7%	90.2%	92.3%
Southside Works	5	5	643,236	301,965	47%	2.1%	7.9%	97.9%	92.1%
Lawrenceville	17	114	95,006	501,365	528%	N/A	N/A	100.0%	100.0%
Bakery Square	6	42	329,561	838,411	254%	0.0%	5.0%	100.0%	95.0%
Squirrel Hill	8	36	79,888	233,018	292%	0.0%	4.1%	100.0%	95.9%

Source: CoStar; GAI Consultants, Inc.

Figure 7: Population of Study Area and Surrounding Areas and Percentage of 18-54

2015	Population		% of Population 18-54	
	1/2 mile radius	1 mile radius	1/2 mile radius	1 mile radius
Lawrenceville	6,953	17,532	55%	56%
Walnut Street	11,216	38,323	73%	68%
Oakland (Study Area)	13,933	31,624	88%	77%
Strip District	2,587	15,077	54%	54%
Station Square	3,786	22,221	70%	71%
SouthSide Works	3,682	21,604	71%	72%
Bakery Square	2,879	14,529	59%	35%
Squirrel Hill	8,993	25,499	32%	56%

Source: Nielson Marketplace; GAI Consultants, Inc.

Competitive Supply - Area Maps



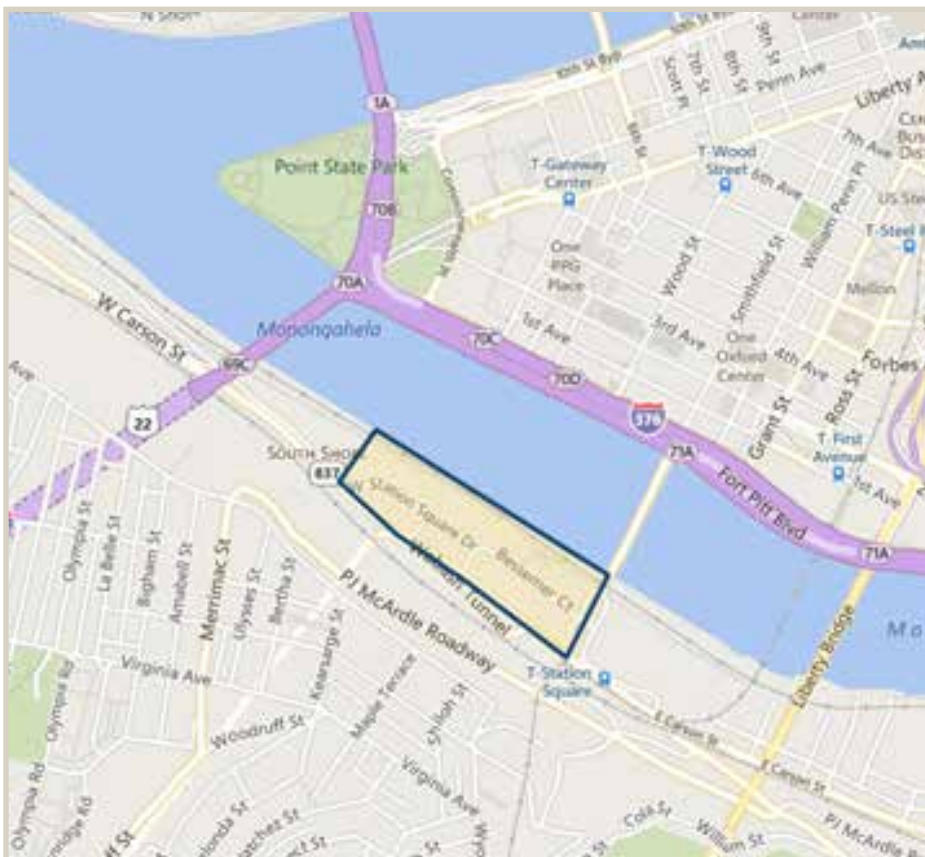
Bakery Square/East Liberty



Strip District



Walnut Street



Station Square



Southside Works



Lawrenceville



Squirrel Hill

**COMMUNITY
SOLUTIONS
GROUP**

385 E. Waterfront Drive
Homestead, Pennsylvania 15120
T 412.476.2000
F 412.476.2020