UNIVERSITY OF PITTSBURGH STUDIES

IN BUSINESS ADMINISTRATION

RESIDENCE CONSTRUCTION

AND

OTHER FACTORS WHICH HAVE DETERMINED RENT LEVELS

IN

PITTSBURGH, PENNSYLVANIA

BY

THE BUREAU OF BUSINESS RESEARCH

Joseph M. Gillman, *Director*

Publication No. 3

of the School of Business Administration

University of Pittsburgh

PITTSBURGH, PENNSYLVANIA

1926

INTRODUCTION

A part of the data contained in this Bulletin was used in a talk before the Pennsylvania Real Estate Association, last fall. The interest of the members showed the need for statistical studies of this nature. The Bulletin should prove of value to the men engaged in the real estate business in Pittsburgh as well as to the more numerous group of persons renting houses.

LOUIS K. MANLEY,

Dean of the School of Business Administration.

PREFACE

This bulletin is intended to serve as a companion to the one on *Housing Rents in Pittsburgh, Pa.*, which was recently published by the Bureau of Business Research of the University of Pittsburgh.

The two principal conclusions which were derived from that study and which are pertinent to the present inquiry were there summarized as follows:[1]

> Since 1920, rising rents in Pittsburgh have at times reached points nearly 250 per cent above their 1913 level. In the spring of 1925 they still stood at nearly 202 per cent above. By the autumn of 1925 they had come down somewhat, but they were still nearly 179 per cent above the 1913 level.
>
> During this period of advancing rents, rent increases started earlier in the poorer than in the richer sections of the city, rose relatively higher in the former than in the latter, and maintained that high level longer.

No attempt was made in the first study to assign either causes or motives for the rent situation which it disclosed. It is the purpose of the present study to evaluate certain assignable causes for the rent situation in Pittsburgh and to recommend methods of control.

The present study is limited to the analysis of the influences on rents in Pittsburgh of five such causes, namely: 1. The housing supply, (Chapter I); 2. The cost of building construction, (Chapter II); 3. Real estate speculation; 4. Inflation; and 5. The rent contract, (Chapter III). Other factors, such as the lack of rapid transit facilities and high interest charges on second mortgage money, have, no doubt, aggravated the situation. But, within the limits of the time and means at our disposal, our investigation concerned itself only with what were believed to be the most vital factors.

---

[1]University of Pittsburgh Studies in Business Administration, Bulletin 2, by Joseph M. Gillman, p. 37.

A balancing of the influences of these factors on rents in Pittsburgh led to the conclusion that the inordinately high rent levels of Pittsburgh can be accounted for on the basis of the wave of real estate speculation which had its origin in the temporary housing shortage resulting from the war-time expansion of industry.

In the preparation of this bulletin, the writer benefited by the valuable suggestions of his colleague, Professor Howard C. Kidd, who read both the manuscript and the page proof. Thanks are due to the City Building Inspector, to the Chief Assessors of the City and County, and to the Register of Deeds for placing at the disposal of the Bureau's staff their office files from which most of the data for this study were compiled. Thanks are also due to the Bureau's staff, particularly to Miss Lillian C. Stein, for the painstaking way in which the collection, computation, tabulation, and charting of the tremendous amount of data involved were accomplished. The writer is especially grateful to a number of Pittsburgh real estate men who very kindly placed at his disposal information of a confidential nature without which an intelligent analysis of certain phases of this study would have been impossible.

J. M. GILLMAN.

Pittsburgh, Pennsylvania, April 30, 1926.

CONTENTS