

Stability persists despite tepid demand



Note: Arrows indicate change from previous quarter.

SUMMARY

Vacancy remained stable in Q2 at 5.3%, reflecting continued tight conditions despite softer demand.

Total availability held steady at 6.0% suggesting a balance supply-demand environment.

Net absorption totaled 139,859 sq. ft., marking another quarter of positive demand, though at a slower pace compared to earlier periods.

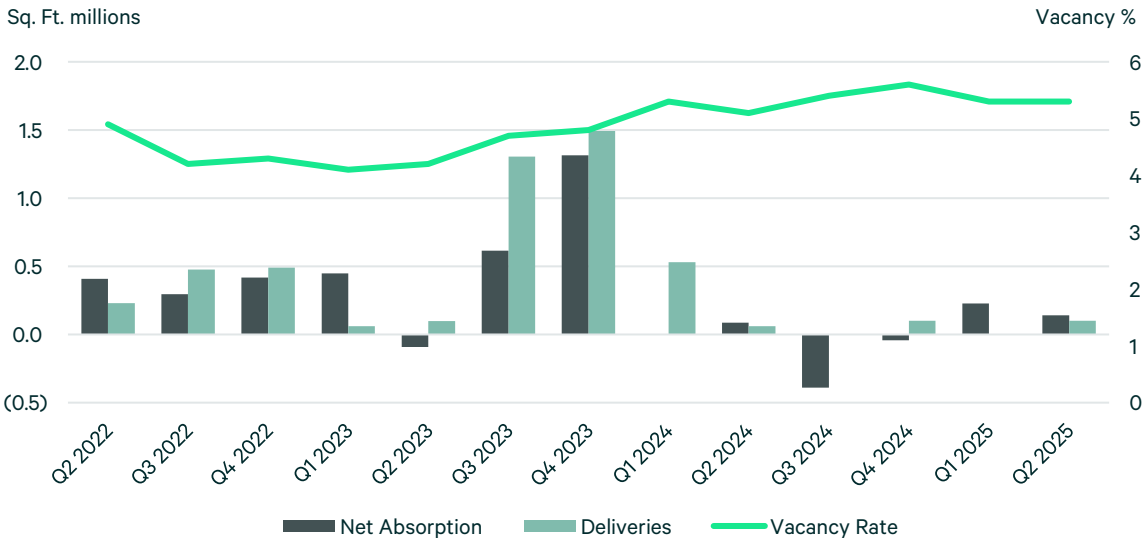
100,000 sq. ft. was delivered this quarter adding modest new inventory to the market.

Construction activity continues to be show disciplined growth with 190,277 sq. ft. underway as developers continue to be cautious.

Average asking rent fell to \$8.67 sq. ft., a 2.4% quarterly decline but remains up 12.5% over the past three years, reflecting strong-long-term rent growth.

The market is showing signs of normalization, with fundamentals still solid and no indication of oversupply pressures.

FIGURE 1: Historical Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q2 2025

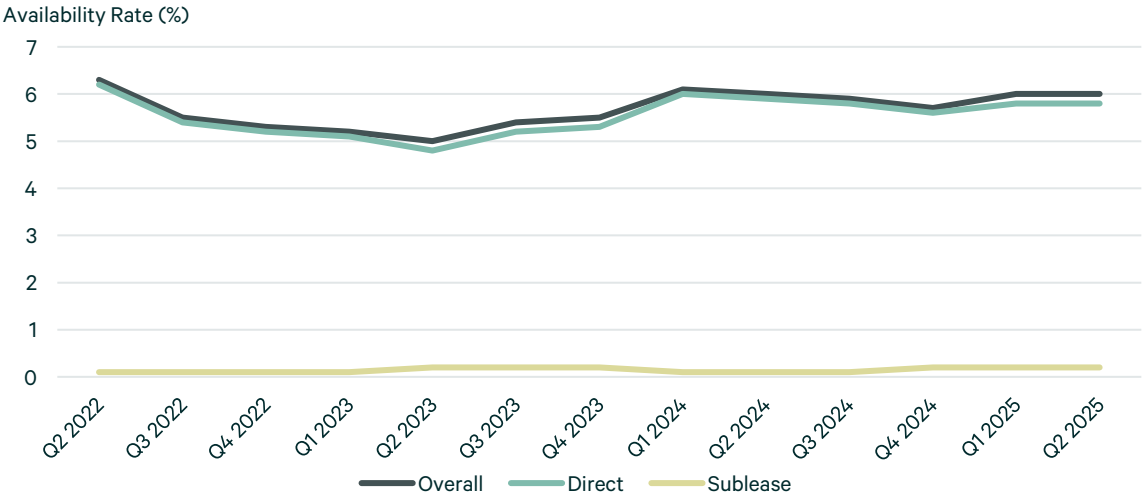
Availability Rate

The total availability rate held steady at 6.0% in Q2, reflecting a well-balanced industrial market. Over the past 3 years, availability has decreased over 30 bps, indicating gradual tightening despite recent fluctuations in demand. Direct availability was 5.8%, remaining unchanged quarter-over-quarter and down 10 bps year-over-year, pointing to a stable leasing environment. Sublease availability remains minimal at 0.2%, with little movement over the past three years, highlighting the market’s low churn and limited speculative turnover. Overall, availability trends suggest that tenants continue to hold onto space and that landlords face limited pressure from excess supply.

Asking Rent

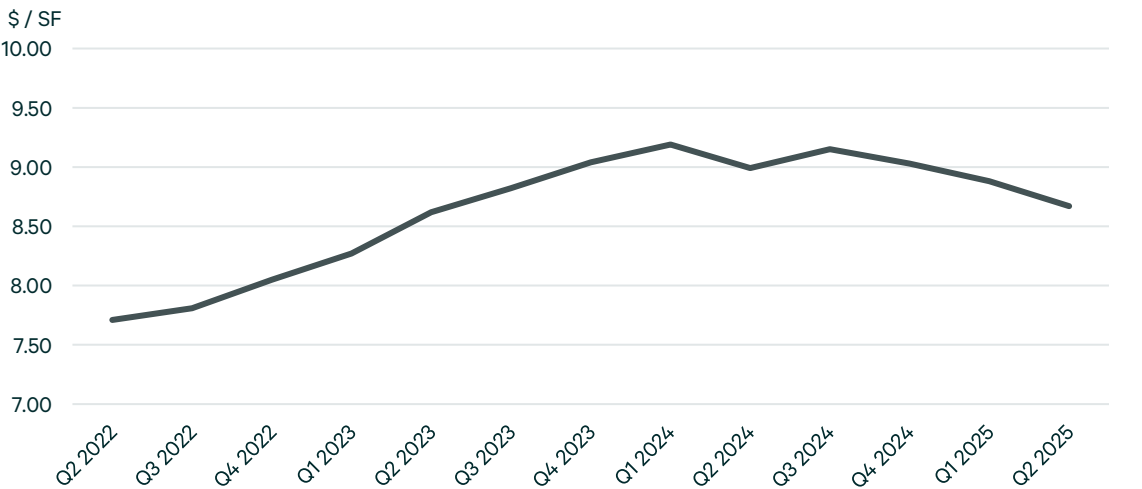
The average asking rent declined to \$8.67 sq. ft. in Q2, a 2.4% drop quarter-over-quarter and 3.6% lower year-over-year. While short-term pricing has softened slightly, rents remain up 12.5% over the past three years, reflecting the market’s overall strength. Rates continue to vary significantly by building size and product type: 750,000 sq. ft. facilities command \$12.77/sq. ft. while 100,000 sq. ft. buildings average \$9.21/sq. ft. and sub-100,000 sq. ft. buildings average \$8.76/sq. ft. On the product side, R&D/flex space leads the market at \$15.65/sq. ft., supported by strong demand in innovation and tech-adjacent industries. Distribution space averages \$8.16/sq. ft. Despite recent fluctuations, the overall rent profile remains healthy, particularly in specialized and large-format buildings.

FIGURE 2: Availability Rates



Source: CBRE Research, Q2 2025

FIGURE 3: Avg. Direct Asking Rate (NNN/YR)



Source: CBRE Research, Q2 2025

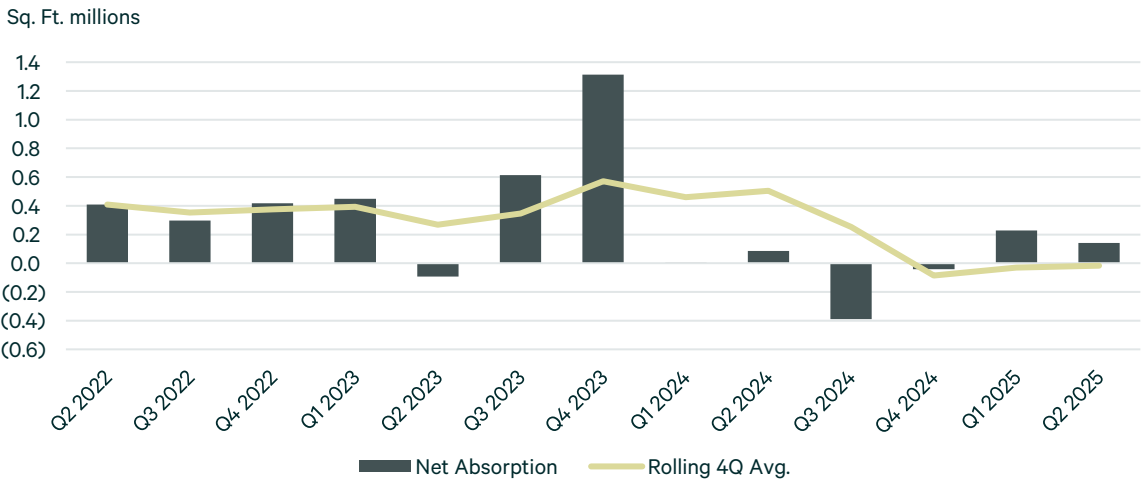
Net Absorption

Net absorption totaled 139,859 sq. ft. in Q2, a decrease from 226,892 sq. ft. last quarter, but still a positive showing in a market adjusting to slower leasing momentum. Over the past four quarters, net absorption totaled (64,789) sq. ft., reflecting some recent softness in demand. However, the three-year total remains strongly positive at 3.4 million sq. ft., underscoring a longer-term trend of steady growth. Tenant demand continues to support occupancy, particularly in modern, logistics-driven assets where supply remains limited.

Construction Activity

Only two projects remain under construction in the Pittsburgh industrial market, totaling to 190,277 sq. ft., reflecting a significant pullback in speculative development. 151 Arthur Court was completed this quarter, with BGS taking occupancy upon delivery. Over the past year, just 200,000 sq. ft. has been delivered, a stark contrast to the 4.9 million sq. ft. delivered over the past three years. This slowdown reflects a combination of Pittsburgh’s complex topography, which limits large-scale site availability, and inflation-driven cost pressures that make speculative construction projects less viable. As a result, build-to-suit development has emerged as the preferred path forward, allowing tenants to secure the tailored space while mitigating financial risk for developers. With limited new supply in the pipeline, the market is likely to remain tight in the near term, especially for modern, large-format facilities.

FIGURE 4: Net Absorption Trend



Source: CBRE Research, Q2 2025

FIGURE 5: Construction Activity

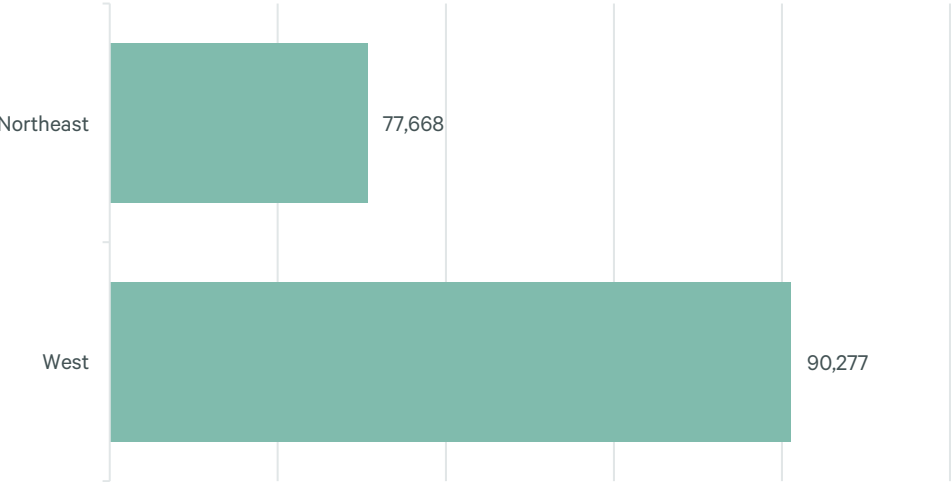


Source: CBRE Research, Q2 2025

Leasing Activity

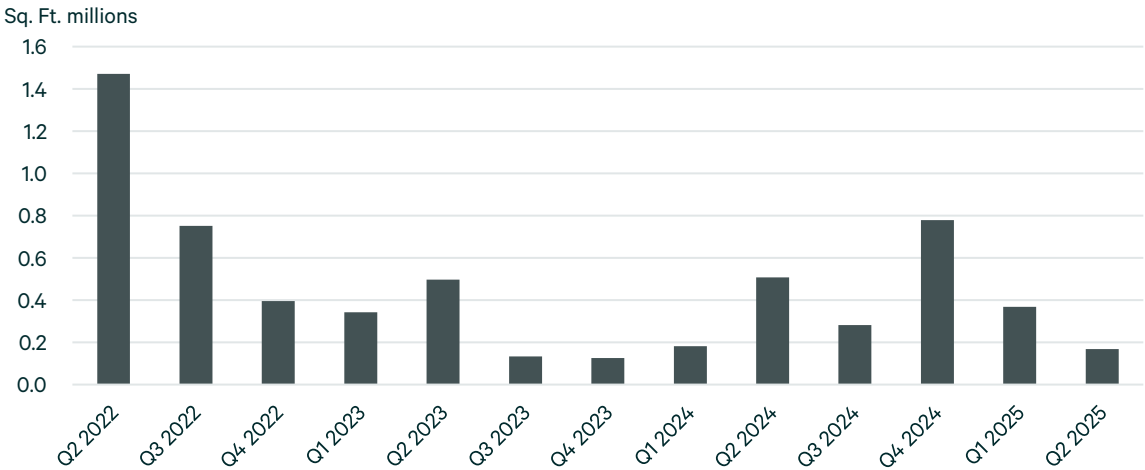
Leasing activity totaled 167,945 sq. ft. in Q2, driven by two large-block deals over 50,000 sq. ft. Cumi America signed 90,277 sq. ft. lease at 700 International Drive, a project currently under construction in the West submarket. While notable deals are still occurring, overall leasing volume declined 199,484 sq. ft. quarter-over-quarter and was down 339,944 sq. ft. year-over-year. Activity also fell below the three-year average of 461,569 sq. ft. reflecting a cooler demand environment. Still, key pockets of the market, particularly the West, remain competitive, and demand in new, high-quality space continues to drive selective leasing momentum.

FIGURE 6: Leasing Activity by Submarket – Leases 50,000 sq. ft. and up



Source: CBRE Research, Q2 2025

FIGURE 6: Leasing Activity Trend – Leases 50,000 sq. ft. and up



Source: CBRE Research, Q2 2025

FIGURE 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Cumi America	90,277	New Lease	700 International Dr	West
Undisclosed Tenant	77,668	New Lease	900-906 Old Freeport Rd	Northeast
Richmond Engineering Works	25,381	New Lease	103 Technology Dr	West
WorldPac	25,000	New Lease	1020-1022 Saw Mill Run Blvd	City of Pittsburgh
Formosa Operations	13,926	New Lease	203-205 Overlook Dr	Northwest
Confidential Tenant	10,645	Renewal	1200 Lebanon Rd	South

Source: CBRE Research, Q2 2025

Market Statistics by Size

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Under 100,000 sq. ft.	39,737,325	3.9	4.5	4.2	0.3	8.76	(42,947)	(125,383)	0	90,277
100,000-199,999 sq. ft.	30,101,193	6.1	7.5	7.4	0.1	9.21	130,450	544,575	100,000	100,000
200,000-299,999 sq. ft.	18,187,679	5.6	7.2	7.0	0.2	6.83	57,844	235,365	0	0
300,000-499,999 sq. ft.	17,116,511	1.7	2.1	1.7	0.5	-	0	(275,722)	0	0
500,000-749,999 sq. ft.	12,897,518	9.6	9.2	9.2	0.0	3.25	(5,488)	(19,584)	0	0
750,000 sq. ft.	18,686,087	6.9	7.2	7.2	0.0	12.77	0	7,500	0	0
Total	136,726,313	5.3	6.0	5.8	0.2	8.67	139,859	366,751	100,000	190,277

Market Statistics by Product Type

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Distribution / Logistics	41,699,115	5.2	5.7	5.3	0.5	8.16	188,876	369,751	100,000	190,277
Manufacturing	739,596	0.0	19.5	19.5	0.0	0.00	30,450	30,450	0	0
R&D / Flex	12,052,280	8.8	8.7	8.7	0.0	15.65	1,524	(43,676)	0	0
Other Industrial	82,235,322	4.8	5.7	5.6	0.1	6.55	(80,991)	10,226	0	0
Total	136,726,313	5.3	6.0	5.8	0.2	8.67	139,859	366,751	100,000	190,277

Market Statistics by Submarket

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Beaver County	10,577,499	2.3	3.9	3.7	0.3	6.52	120,572	212,292	100,000	0
Butler County	8,531,640	1.3	2.5	2.5	0.0	5.18	0	40,500	0	0
City of Pittsburgh	13,796,043	6.5	7.0	7.0	0.0	9.36	0	(4,251)	0	0
Cranberry	8,334,075	5.8	6.0	5.4	0.6	20.15	0	(275,722)	0	0
East	9,484,534	13.3	14.0	13.9	0.1	5.87	0	2,500	0	0
Northeast	13,166,915	3.5	3.2	3.2	0.0	13.54	(10,000)	(10,000)	0	0
Northwest	5,989,205	2.0	4.0	4.0	0.0	6.95	59,303	52,103	0	0
South	9,687,493	0.3	2.2	2.2	0.0	16.0	29,812	22,916	0	0
Washington County	10,948,564	4.4	5.0	5.0	0.0	6.39	0	(26,356)	0	100,000
West	21,426,614	5.9	6.9	6.1	0.8	9.87	(20,098)	372,499	0	90,277
Westmoreland County	24,783,731	7.6	7.7	7.7	0.1	6.01	(39,730)	(19,730)	0	0
Total	136,726,313	5.3	6.0	5.8	0.2	8.67	139,859	366,751	100,000	190,277

Economic Overview

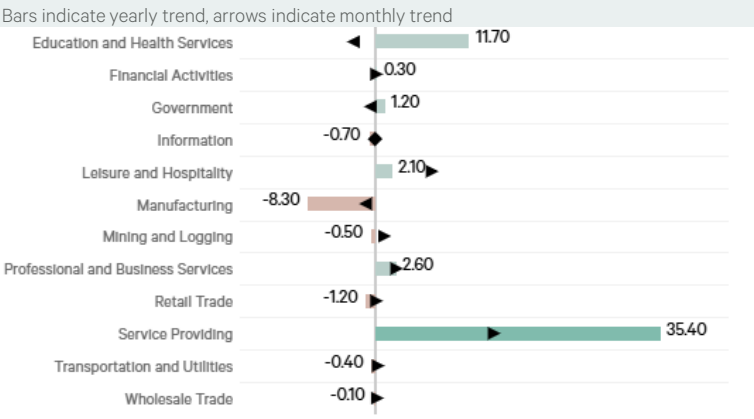
Policy announcements and the news cycle—not economic fundamentals— are driving sentiment today. Q2 2025 began with the Liberation Day tariffs and subsequent escalation that caused growth expectations to plummet. But by the top of Q3 2025, both the trade war rhetoric and effective tariff rate have softened. While consumer and business sentiment surveys remain weak, the hard economic data (e.g., jobless claims, CPI, orders) points to a steadier economy. To be sure, it could take time for the costs associated with higher tariffs and global uncertainty to filter through, but in the meantime CBRE has increased its 2025 GDP growth outlook to 1.3% for 2025. Barring further disruptions this provides upside risk for hiring in coming quarters

Commercial real estate markets are taking these changes in stride. On the occupier side, continued growth translates into positive absorption for many sectors and markets, including offices. Regarding capital markets, investment volume is on track to exceed 2023 and 2024 levels. This is supported by credit issuance making a turnaround and credit spreads falling back to pre-April 2 levels.

Employment Update

- ▼ 1.2M Labor Force
- ▲ 3.6% Unemployment Rate
- ▲ 290.8k Office Using Jobs
- ▲ 353.7k Industrial Using Jobs
- ▲ 158.2k Retail Using Jobs

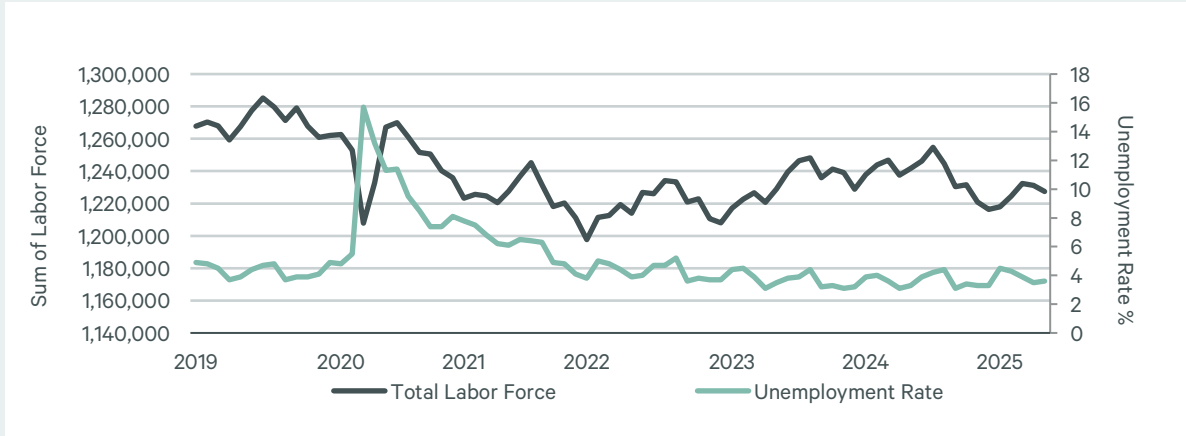
Employment Change by Sector – Yearly + Monthly



Source: US BLS, May 2025

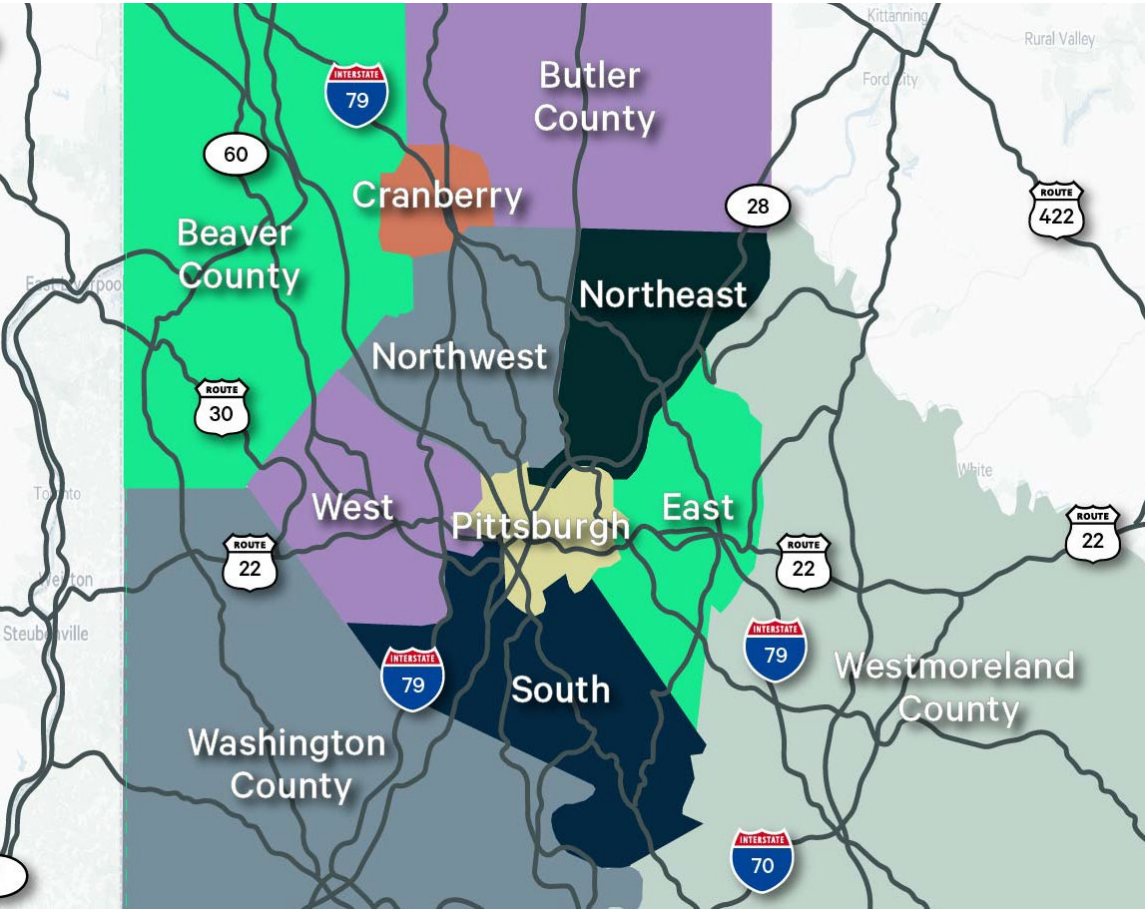
Note: Arrows indicate month-over-month change.

Unemployment Rate and Labor Force Trends



Source: US BLS, May 2025

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days. Class A industrial are buildings built after 2000, with 32’ or greater clear height and ESFR sprinklers.

Survey Criteria

Industrial buildings with a net rentable area (NRA) of 30,000 square feet or higher.

Contacts

Jerry Lieb

Field Research Analyst
+1 412 394 9808
jerry.lieb@cbre.com

Mamadou Baldé

Managing Director | Market Leader
+1 412 918 5728
mamadou.balde@cbre.com