

# New leases keep industrial market stable

CBRE has updated the criteria for industrial tracked building sets to reflect buildings with a Net Rentable Area (NRA) of 30,000 square feet or higher. In addition to creating regional consistency, this change will enhance the reporting and depth of data on each market's most competitive buildings. Historical stats have been revised to reflect current industrial thresholds. Building inventories will be evaluated quarterly to ensure they remain the most comprehensive and accurate representation of each market.



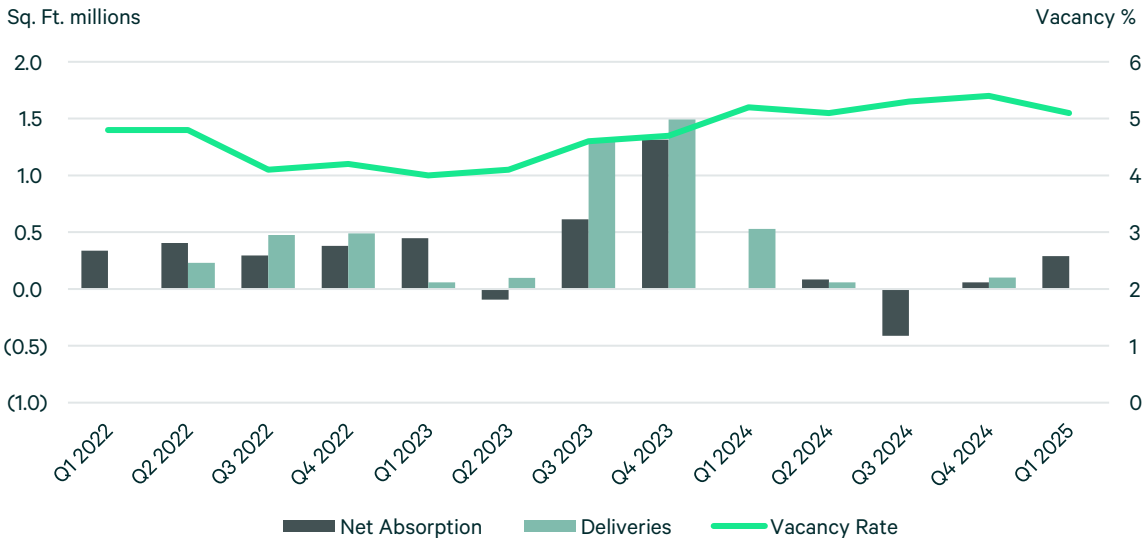
Note: Arrows indicate change from previous quarter.

## SUMMARY

- Vacancy improved in key submarkets, including a sharp drop in the West from 8.0% to 5.3%, an impressive 270 basis point decline.
- Starline Holdings signed the quarter’s largest lease 154,051 sq. ft. at International Dr.
- 316,820 sq. ft. of new leasing activity drove positive absorption across the region.
- No new deliveries this quarter, but two projects 700 International Dr and Brockway are on track for completion in Q2 2025.
- Asking rents remain healthy at \$8.88 per sq. ft.
- Overall market fundamentals remain stable, with tenant demand focused on modern, well-located product.



FIGURE 1: Historical Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q1 2025

## Availability Rate

The overall availability rate held relatively steady at 5.8%, matching Q3 2024 after a slight uptick from last quarter’s 5.6%. The West submarket continued to tighten, with availability dropping 110 bps to 5.5%, reflecting recent leasing momentum. Sublease space remains minimal accounting for just 0.2% of total inventory, another sign of market stability.

Across the region, modern bulk availability totals 6.4%, or 6,190,133 sq. ft, with the East submarket accounting for just under 1,229,690 sq. ft. This limited large-block supply may present challenges for tenants seeking Class A space in core locations.

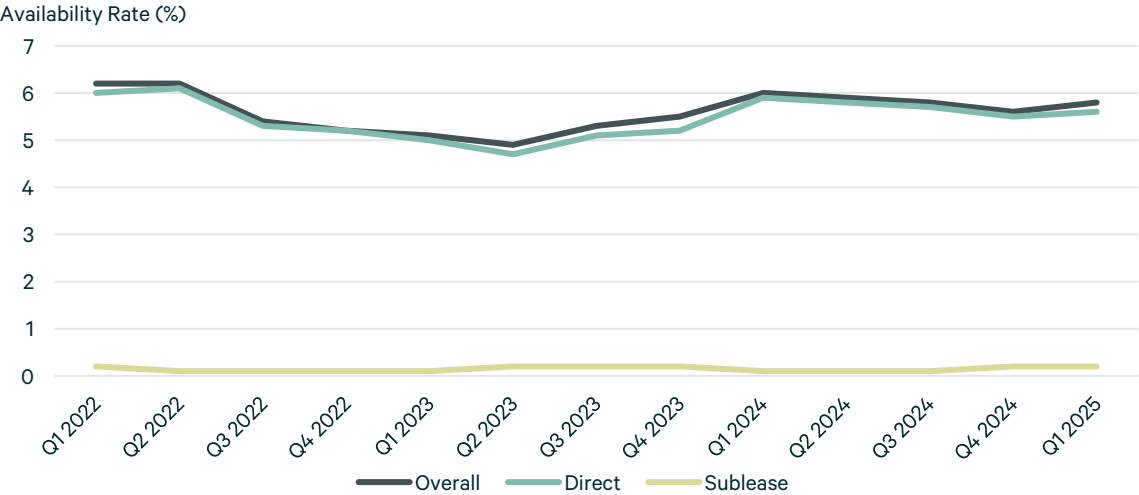
## Asking Rent

The region’s average asking rates landed at \$8.88 per sq. ft., a modest dip from quarter four’s asking rate of \$9.03. Despite a slight decline, pricing remains elevated compared to historical norms, underscoring landlords’ confidence in long-term demand.

The West submarket led rent growth, climbing from \$9.75 per sq. ft. to \$10.04 per sq. ft., driven by tightening availability and recent leasing activity. The City of Pittsburgh saw slight pullback to \$9.16 per sq. ft., down from \$9.45 per sq. ft., though rates remain strong for well-located product.

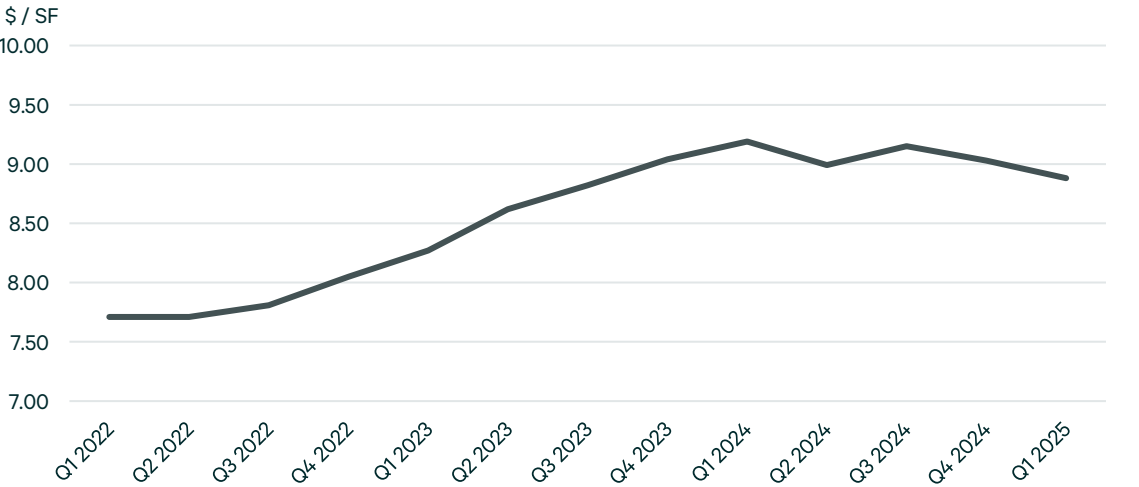
Modern, high-clearance space continues to demand a premium, and concessions remain limited, especially in submarkets with minimal vacancy.

FIGURE 2: Availability Rates



Source: CBRE Research, Q1 2025

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



Source: CBRE Research, Q1 2025

## Net Absorption

The Pittsburgh industrial market posted 288,714 sq. ft. of positive net absorption in Q1, supported by 316,820 sq. ft. of leasing activity and several key move-ins. The most notable was Starline Holdings occupying 154,051 sq. ft. at International Dr. in the West submarket.

Despite the overall positive trend, the Cranberry submarket saw a significant setback with the vacancy of American Eagle’s former space at 150 Thorn Hill Rd, contributing to 274,722 sq. ft. of negative absorption in the submarket.

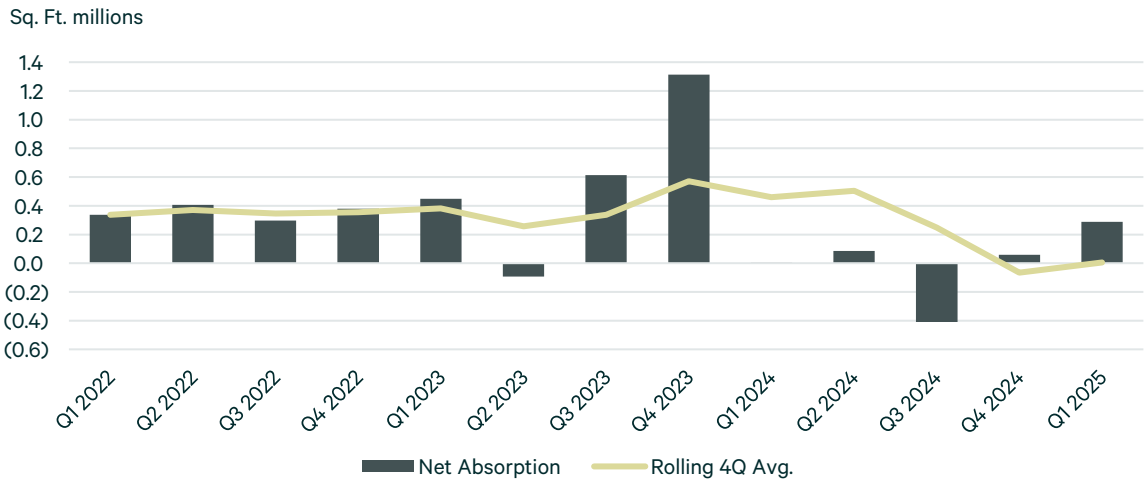
Offsetting these loses, two notable tenants occupied in the Airport corridor: a confidential tenant at 270 Solar Dr and SDC Nutrition at 260 Solar Dr., boosting net absorption in the submarket and reinforcing ongoing demand for quality distribution space.

## Construction Activity

Just 160,000 sq. ft. remains under construction across the region highlighting the ongoing pullback in speculative development. The largest project is 100,000 sq. ft. at 55 Hickory St which is being built on a speculative basis. The remaining 60,000 sq. ft. is a build-to-suit project for BGS at Solar Dr., underscoring that current activity is largely tenant-driven.

No new deliveries occurred this quarter, and elevated construction costs, alongside more selective lending, continue to weigh on developer appetite. Without a meaningful uptick in starts, the market could face a shortage of modern industrial space later in 2025.

FIGURE 4: Net Absorption Trend



Source: CBRE Research, Q1 2025

FIGURE 5: Construction Activity



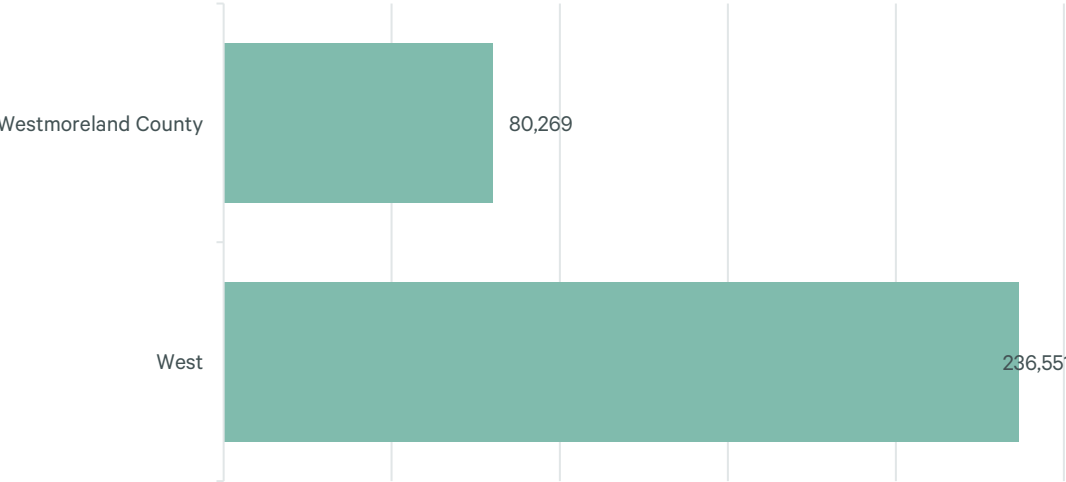
Source: CBRE Research, Q1 2025

## Leasing Activity

Leasing activity totaled 316,820 sq. ft. in Q1, down from the prior quarter’s strong finish of 779,011 sq. ft., but ahead of Q1 2024 and well above the five-year Q1 average. The West submarket remained the most active, driven by two major deals: Starling Holdings 154,051 sq. ft at International Dr. and Allegheny Health Network 82,500 sq. ft. at 3051 Gulf Rd.

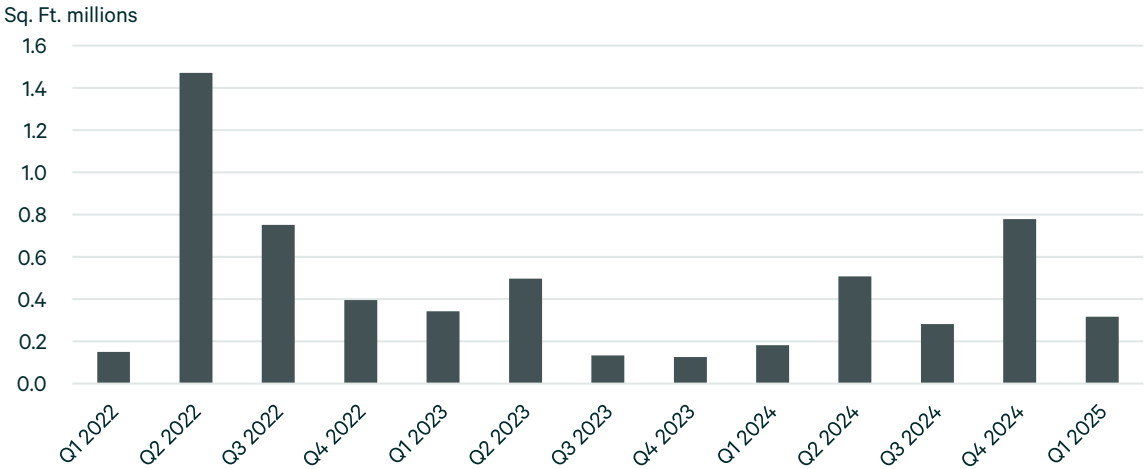
While activity eased from Q4’s spike, demand this quarter outpaced early-year performance in 2024 of 181,589 sq. ft. signaling a stable start to the year and sustained interested in well-located space.

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



Source: CBRE Research, Q1 2025

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



Source: CBRE Research, Q1 2025

FIGURE 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Starline Holdings	154,051	New Lease	International Drive	West
Highmark, Inc	82,500	New Lease	3051 Gulf Rd	West
WABTEC	80,269	New Lease	Excel Dr	Westmoreland County
Undisclosed	36,000	New Lease	620 Alpha Dr	Northeast
Matt's Pickle and Padel	30,450	New Lease	301 Deer Run Rd	Northwest
Undisclosed	24,375	New Lease	510-550 Seco Rd	East
Swank Construction	2,000	New Lease	107 Bonnie Dr	Butler County

Source: CBRE Research, Q1 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.	39,683,806	3.6	4.4	3.9	0.4	8.89	(20,614)	(20,614)	0	60,000
100,000-199,999 sq. ft.	30,001,193	5.5	6.9	6.9	0.0	9.77	414,125	414,125	0	100,000
200,000-299,999 sq. ft.	18,387,679	5.8	7.1	6.9	0.2	6.83	177,521	177,521	0	0
300,000-499,999 sq. ft.	17,116,511	1.7	1.7	1.7	0.0	-	(275,722)	(275,722)	0	0
500,000-749,999 sq. ft.	12,897,518	9.5	9.2	9.2	0.0	3.25	(14,096)	(14,096)	0	0
750,000 sq. ft.	18,686,087	6.9	7.2	7.2	0.0	12.77	7,500	7,500	0	0
<b>Total</b>	<b>136,772,794</b>	<b>5.1</b>	<b>5.8</b>	<b>5.6</b>	<b>0.2</b>	<b>8.88</b>	<b>288,714</b>	<b>288,714</b>	<b>0</b>	<b>160,000</b>

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	41,745,596	5.3	5.4	5.0	0.4	8.36	180,875	180,875	0	160,000
Manufacturing	739,596	4.1	19.5	19.5	0.0	0.00	0	0	0	0
R&D / Flex	11,996,106	8.8	8.7	8.6	0.1	15.39	(27,378)	(27,378)	0	0
Other Industrial	82,291,496	4.4	5.5	5.4	0.0	6.67	135,217	135,217	0	0
<b>Total</b>	<b>136,772,794</b>	<b>5.1</b>	<b>5.8</b>	<b>5.6</b>	<b>0.2</b>	<b>8.88</b>	<b>288,714</b>	<b>288,714</b>	<b>0</b>	<b>160,000</b>

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	10,677,499	1.5	4.1	3.8	0.2	6.92	91,720	91,720	0	60,000
Butler County	8,531,640	1.3	2.5	2.5	0.0	6.59	40,500	40,500	0	0
City of Pittsburgh	13,796,043	6.5	7.2	7.2	0.0	9.16	(4,251)	(4,251)	0	0
Cranberry	8,334,075	5.8	5.8	5.4	0.4	20.15	(275,722)	(275,722)	0	0
East	9,484,534	13.3	14.0	13.9	0.1	5.87	2,500	2,500	0	0
Northeast	13,166,915	3.6	3.6	3.6	0.0	14.77	0	0	0	0
Northwest	5,989,205	3.0	5.3	5.1	0.2	8.06	(7,200)	(7,200)	0	0
South	9,687,493	0.6	2.6	2.6	0.0	5.09	(6,896)	(6,896)	0	0
Washington County	10,948,564	4.4	4.7	4.7	0.0	6.5	(26,356)	(26,356)	0	100,000
West	21,373,095	5.3	5.5	4.9	0.5	10.04	454,419	454,419	0	0
Westmoreland County	24,783,731	6.9	7.1	7.0	0.1	6.04	20,000	20,000	0	0
Total	136,772,794	5.1	5.8	5.6	0.2	8.88	288,714	288,714	0	160,000

## Economic Overview

Policy speculation and announcements are now the key drivers of macro expectations and financial markets. The reality of material trade conflicts this year is now paired with realized softer economic data. Some of this could be due to firms taking a ‘wait-and-see’ approach as they digest changing trade policy. Consumer sentiment has declined noticeably, albeit much more than actual spending. Consequently, CBRE has revised its GDP growth outlook for this year down to just below 2%.

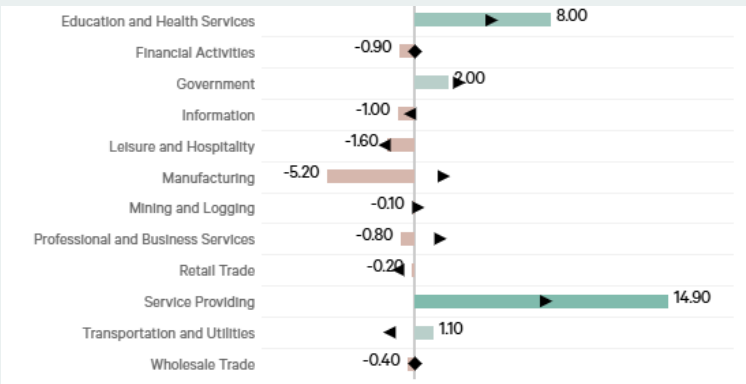
Despite policy uncertainty, credit markets are more accommodative, with tighter spreads and more issuance compared to a few quarters ago. More fluid credit markets have yet to translate into stronger sales volume, as many institutional owners and reams of dry powder capital remain on the sidelines. The continuation of accretive credit trends and eventual deployment of dry powder will depend on the impact of new policies. Should they prove more inflationary, this would erode recent capital markets progress. If not, and macro impacts are limited, this could give the Fed a green light for further cuts and help unlock monies waiting on the sidelines.

## Employment Update

- ▲ 1.2M Labor Force
- ▼ 4.3% Unemployment Rate
- ▲ 283.5k Office Using Jobs
- ▼ 348.2k Industrial Using Jobs
- ▼ 156.8k Retail Using Jobs

Employment Change by Sector – Yearly + Monthly

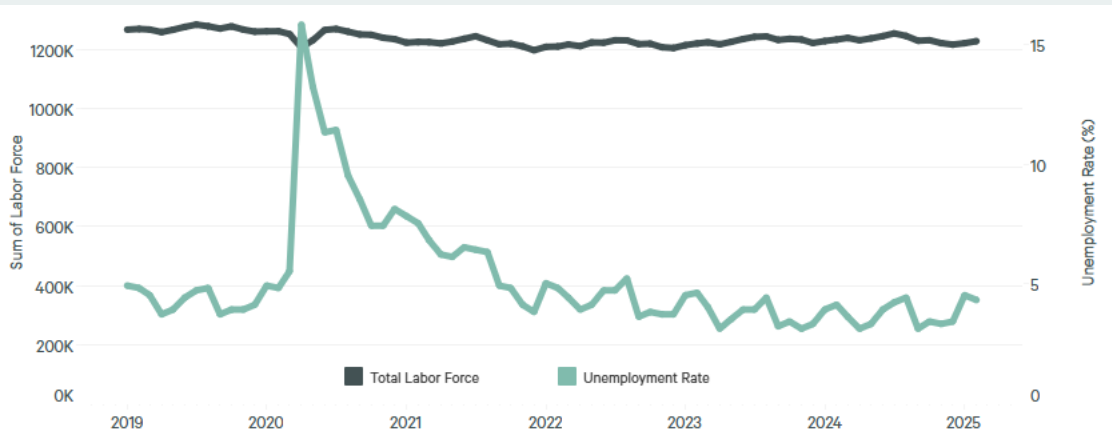
Bars indicate yearly trend, arrows indicate monthly trend



Source: US BLS, February 2025

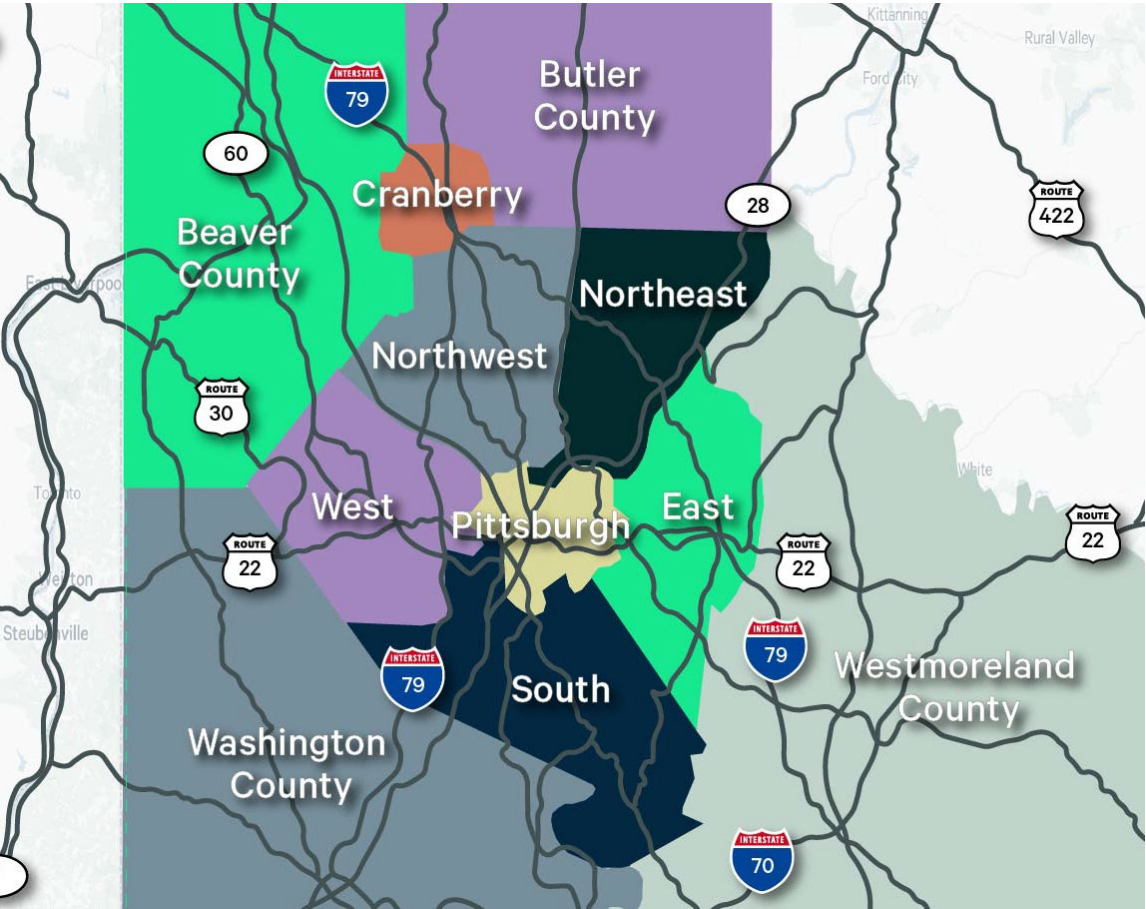
Note: Arrows indicate month-over-month change.

Unemployment Rate and Labor Force Trends



Source: US BLS, February 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** CBRE has updated the criteria for industrial tracked building sets to reflect buildings with a Net Rentable Area (NRA) of 30,000 square feet or higher. In addition to creating regional consistency, this change will enhance the reporting and depth of data on each market’s most competitive buildings. Historical stats have been revised to reflect current industrial thresholds. Building inventories will be evaluated quarterly to ensure they remain the most comprehensive and accurate representation of each market.

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