

FIGURES | PITTSBURGH INDUSTRIAL | Q1 2024

Pittsburgh Sees Another Quarter of Positive Absorption Due to Steady Leasing Activity

▲ 4.7%

Vacancy Rate

▼ 104K

SF Net Absorption

▼ 504K

SF Construction

▲ \$9.53

Avg. Asking Rate

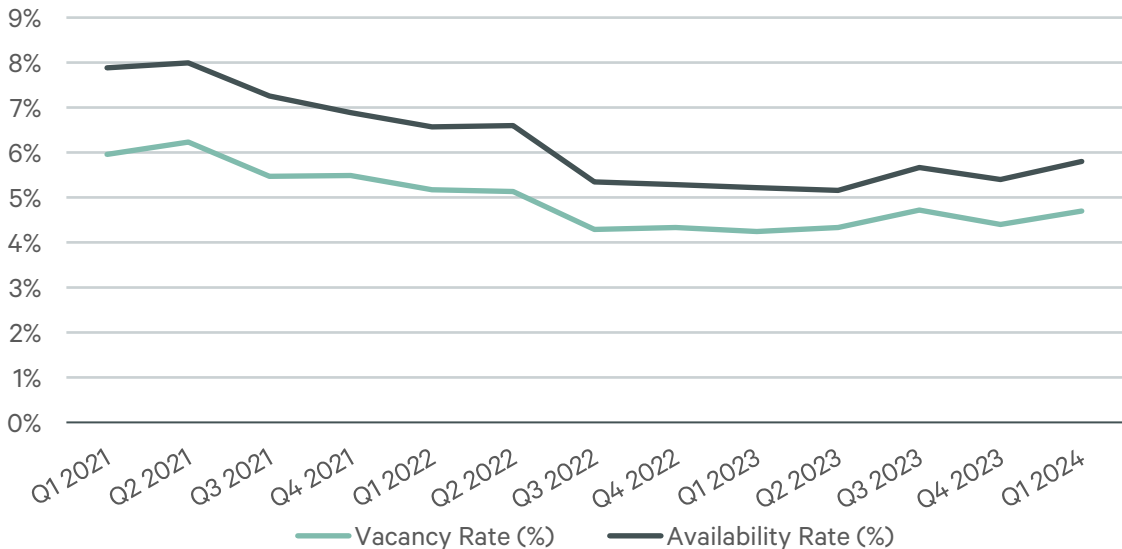
Note: Arrows indicate change from previous quarter.

MARKET SUMMARY

- The Pittsburgh industrial market posted 103,716 sq. ft of positive absorption market wide due to various tenants occupying prime spaces around the region.
- Vacancy recorded a slight increase of 30 basis points quarter-over-quarter to 4.7 percent as new construction was completed.
- 530,220 sq. ft. of construction delivered in the first quarter of 2024 with 503,815 sq. ft. still underway. 343,815 sq. ft. of the current construction is on a speculative basis.
- Average asking rental rates increased to \$9.53, a 17 percent year-over-year increase. R&D/Flex asking rates climbed to \$16.50, down from \$16.95 in the fourth quarter.

The Pittsburgh industrial market remained active through the first quarter of 2024. A large pipeline of construction continued as a few significant projects delivered this quarter. New tenants absorbed the space as other large blocks of new construction remained vacant and available.

FIGURE 1: Historical Vacancy & Availability



Source: CBRE Research, Q1 2024

Market Activity

Leasing activity remained fairly steady, at 470,631 sq. ft. in the fourth quarter of 2023 to 459,860 sq. ft. in the first quarter of 2024. Over 75 percent of deals completed this quarter were new leases. Overall demand is expected to remain steady in coming quarters as larger occupiers are in the market for new space.

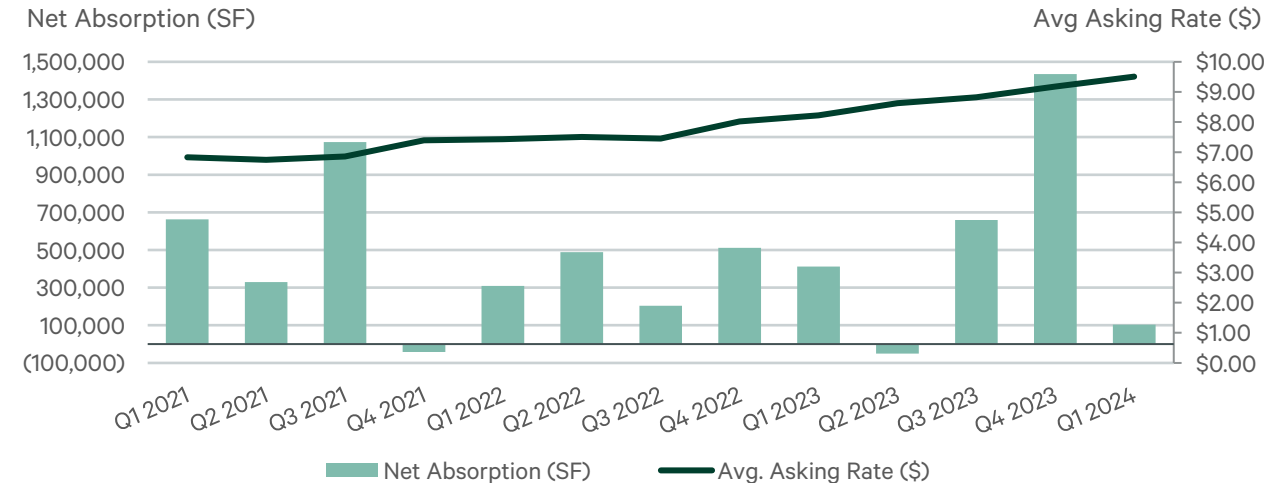
Market wide vacancy increased 50 basis points year-over-year to 4.7 percent, mainly due to new construction being added to the market. Availability also inclined to 5.8 percent, up 40 basis points quarter-over-quarter. Asking rates continued to rise as new Class A inventory was added to the market. Market wide asking rates increased this quarter to \$9.53.

The City of Pittsburgh submarket was the most active submarket through the first quarter of the year. Absorption in the submarket netted positive 143,516 sq. ft. and asking rates reached \$10.32. The West submarket also posted positive absorption of 34,367 sq. ft. in Q1 2024 and is home to two construction projects that are projected to complete this year.

The largest lease of the quarter was MSA Safety Pittsburgh Manufacturing renewing for 61,796 sq. ft. of space at 621 Hunt Valley Cir in Westmoreland County. AirGround Express leased 59,450 sq. ft. space at 2400 Sweeney Dr in the West submarket.

The East and Washington County submarkets experienced negative activity this quarter, recording 59,803 sq. ft. and 56,894 sq. ft. of negative net absorption, respectively. This is mainly due to various tenants vacating or subleasing spaces throughout the submarkets.

FIGURE 2: Historical Absorption vs Asking Rates



Source: CBRE Research, Q1 2024

FIGURE 3: Key Transactions

Lease Type	Address	Tenant	Area Leased	Submarket
Renewal	621 Hunt Valley Cir	MSA Safety Pittsburgh Manufacturing	61,796	Westmoreland County
New Lease	2400 Sweeney Dr	AirGround Express	59,450	West
New Lease	131 Kline Ave	Confidential	53,267	Butler County
New Lease	400 420 Riverport Dr	Confidential	35,100	Northwest
Renewal	207 Overlook Dr	Southern Wine & Spirits	23,210	Northwest

Source: CBRE Research, Q1 2024

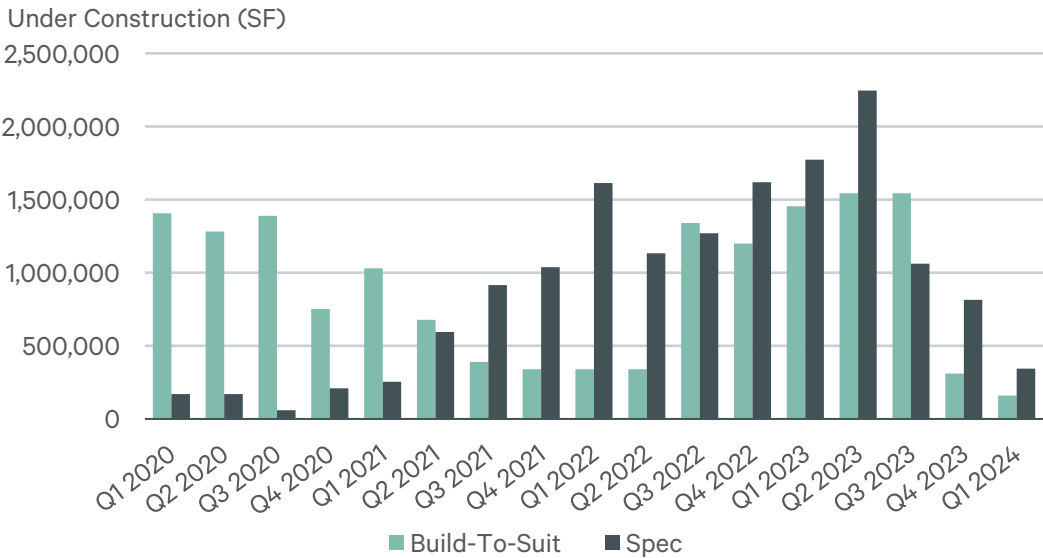
Development & Employment Update

Development

The industrial construction pipeline currently has 503,815 sq. ft. underway across four projects. 343,815 sq. ft. of construction consists of speculative projects, while the remaining 160,000 sq. ft. will be build-to-suit. Speculative developments await to see how new product performs before moving forward with construction plans.

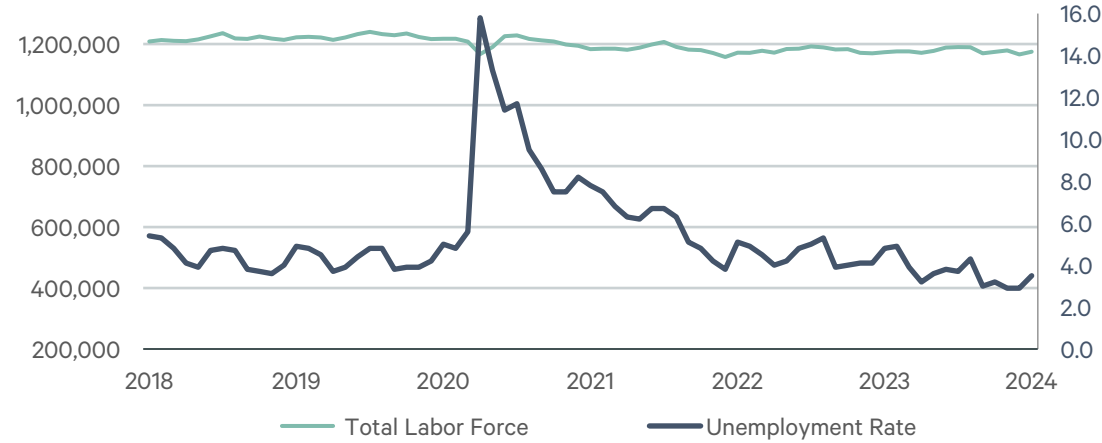
Two of the current projects fall in the West submarket while one falls in the Beaver County submarket, and one falls in the East submarket. The most notable property currently underway is RockPoint Industrial Building A, which will add 283,815 sq. ft. of spec product to the market.

FIGURE 4: Historical Construction by Type



Source: CBRE Research, Q1 2024

FIGURE 5: Historical Employment & Labor Force



Source: CBRE Research, Q1 2024

530,220 sq. ft. of industrial projects delivered in the first quarter of the year. The largest completion was Northfield Industrial Park – Building 3, which added 154,051 sq. ft. of space to the market. Citywide Center – Building 3 also reached completion for 150,000 sq. ft. and was occupied by Ferguson Enterprises. North Fayette Industrial Park – Building 1 finalized in Q1 2024 for 100,000 sq. ft. and was partially pre-leased by Nikkiso America. Four construction projects are expected to complete throughout the rest of the year, adding more Class A product to the Pittsburgh market.

Employment

The Pittsburgh workforce remains resilient as companies continue to encourage employees to return to the office in the new year. The Pittsburgh unemployment rate stands at 3.5 percent in January 2024, a 130 basis point decline year-over-year. Pittsburgh unemployment lands below the national average of 3.9 percent.

The total labor force in the Pittsburgh market settles just over 1.2 million, holding steady across 2024. Total industrial using jobs were up to 338.1 thousand in the month of January.

FIGURE 6: Submarket Statistics by Property Type

Submarket & Property Subtype	Inventory (SF)	Total Vacancy Rate (%)	Total Availability Rate (%)	Q1 2024 Net Absorption (SF)	Overall Avg. Asking Rate (\$)
Beaver County	11,563,278	3.9%	3.9%	27,200	\$6.76
R&D/Flex	201,810	0.0%	0.0%	-	NA
Warehouse/Distribution	11,361,468	3.9%	3.9%	27,200	\$6.76
Butler County	8,761,999	2.6%	3.1%	-	\$6.44
R&D/Flex	112,500	0.0%	0.0%	-	NA
Warehouse/Distribution	8,649,499	2.6%	3.2%	-	\$6.44
City of Pittsburgh	16,105,316	3.8%	6.5%	143,516	\$10.32
R&D/Flex	1,431,031	18.0%	19.2%	-	\$14.23
Warehouse/Distribution	14,532,670	1.4%	4.4%	143,516	\$7.47
Cranberry	9,053,571	3.5%	4.6%	4,730	\$18.62
R&D/Flex	1,779,344	10.3%	11.0%	6,113	\$18.98
Warehouse/Distribution	7,274,227	1.8%	3.0%	(1,383)	\$15.00
East	10,606,413	10.4%	10.6%	(59,803)	\$5.45
R&D/Flex	1,721,093	0.1%	0.7%	-	\$9.84
Warehouse/Distribution	8,885,320	12.3%	12.6%	(59,803)	\$5.33
Northeast	14,251,231	1.9%	4.2%	-	\$13.82
R&D/Flex	3,283,998	8.1%	10.8%	-	\$15.83
Warehouse/Distribution	10,967,233	0.1%	2.3%	-	\$6.50
Northwest	6,829,794	2.1%	3.8%	-	\$11.00
R&D/Flex	578,486	1.6%	1.6%	-	NA
Warehouse/Distribution	6,251,308	2.2%	4.0%	-	\$11.00
South	11,322,584	0.4%	2.2%	-	\$7.51
R&D/Flex	1,172,433	0.0%	0.4%	-	NA
Warehouse/Distribution	10,150,151	0.4%	2.5%	-	\$7.51
Washington County	13,127,260	5.3%	5.5%	(56,894)	\$10.51
R&D/Flex	1,023,226	5.2%	8.0%	-	\$17.50
Warehouse/Distribution	12,104,034	5.3%	5.3%	(56,894)	\$6.04
West	24,352,228	7.7%	8.4%	34,367	\$10.96
R&D/Flex	3,653,054	6.6%	8.7%	14,847	\$16.74
Warehouse/Distribution	20,699,174	7.9%	8.3%	19,520	\$8.68
Westmoreland County	26,331,661	5.7%	6.3%	10,600	\$6.26
R&D/Flex	591,529	0.0%	0.0%	-	NA
Warehouse/Distribution	25,585,132	5.9%	6.4%	10,600	\$6.26
Pittsburgh Total	152,305,335	4.7%	5.8%	103,716	\$9.53

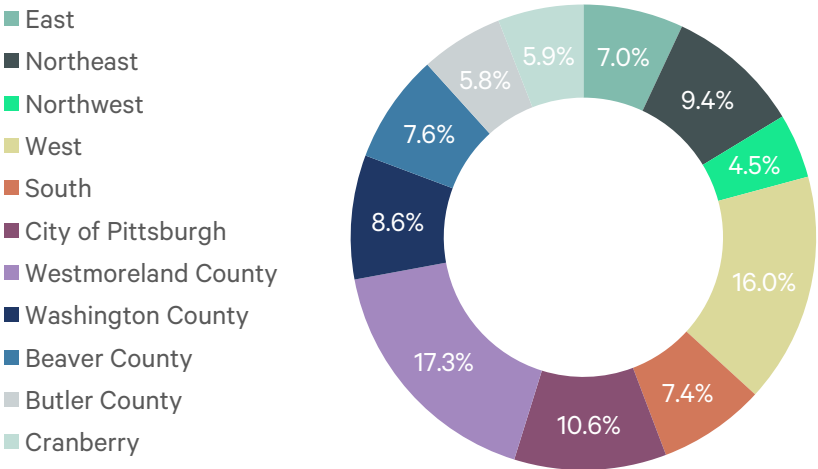
Source: CBRE Research, Q1 2024

FIGURE 7: Market Statistics by Property Size

Market Rentable Area (SF)	Inventory (SF)	Total Vacancy Rate (%)	Total Availability Rate (%)	Q1 2024 Net Absorption (SF)	Overall Avg Asking Rate (\$)
<20,000	7,827,804	0.2%	0.9%	0	\$15.00
20,000 - 49,999	66,235,081	5.4%	6.0%	125,504	\$8.19
50,000 - 99,999	20,684,589	2.3%	3.0%	11,504	\$11.70
100,000 - 499,999	25,974,256	4.2%	5.9%	(33,292)	\$10.53
500,000+	31,583,605	6.6%	8.4%	0	\$11.55
Pittsburgh Total	152,305,335	4.7%	5.8%	103,716	\$9.53

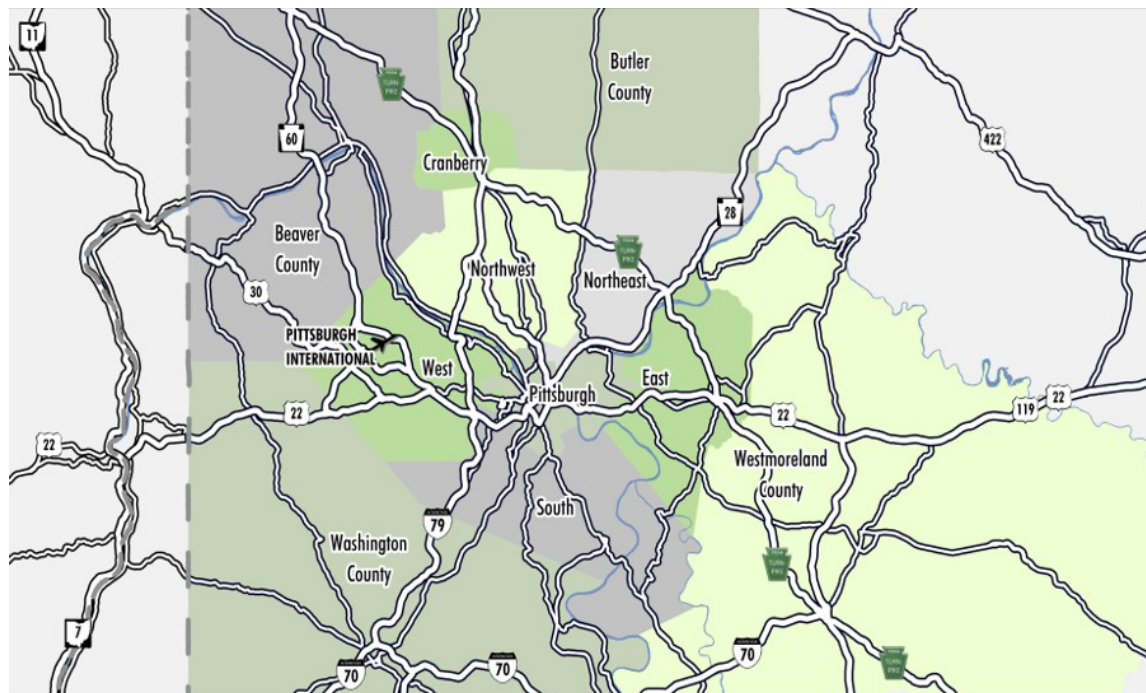
Source: CBRE Research, Q1 2024

FIGURE 8: Inventory by Submarket



Source: CBRE Research, Q1 2024

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.

Survey Criteria

Industrial buildings 10,000 sq. ft. or greater.

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