

Resilient Pittsburgh industrial market remains strong with low vacancy and steady activity heading into the new year

▲ 4.9%

Vacancy Rate

▲ 22,513

SF Net Absorption

▼ 343,815

SF Construction

▼ \$9.17

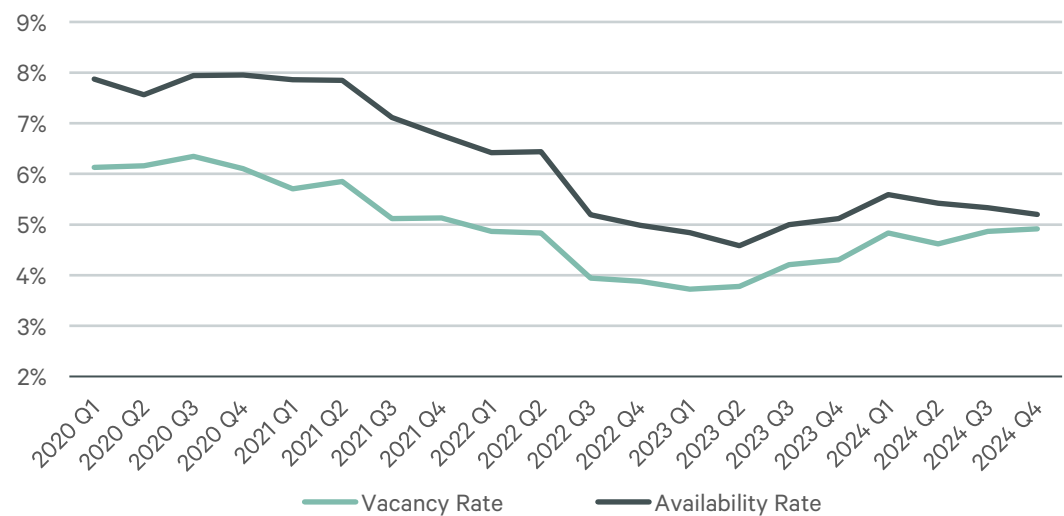
Avg. Asking Rate

Note: Arrows indicate change from previous quarter.

MARKET SUMMARY

- Q4 leasing activity saw over a million sq. ft. of activity and with renewals accounting for 56% of activity this quarter.
- Construction of 4000 Halverson completed bringing 100,000 sq. ft. of space to the West submarket. This brings total under construction to 300,000 sq. ft. signaling a tightening market.
- Absorption this quarter was impacted from the bankruptcy of NEMF resulting in 117,300 sq. ft. of negative absorption as they vacated the property at 12731 Route 30.
- Capital markets activity saw the sale of two properties: 500 Woodlawn Rd a 237,100 sq. ft. property for \$4.1 M and 491 Chantler Dr a 100,000 sq. ft. property for \$10.53 M.

FIGURE 1: Historical Vacancy & Availability

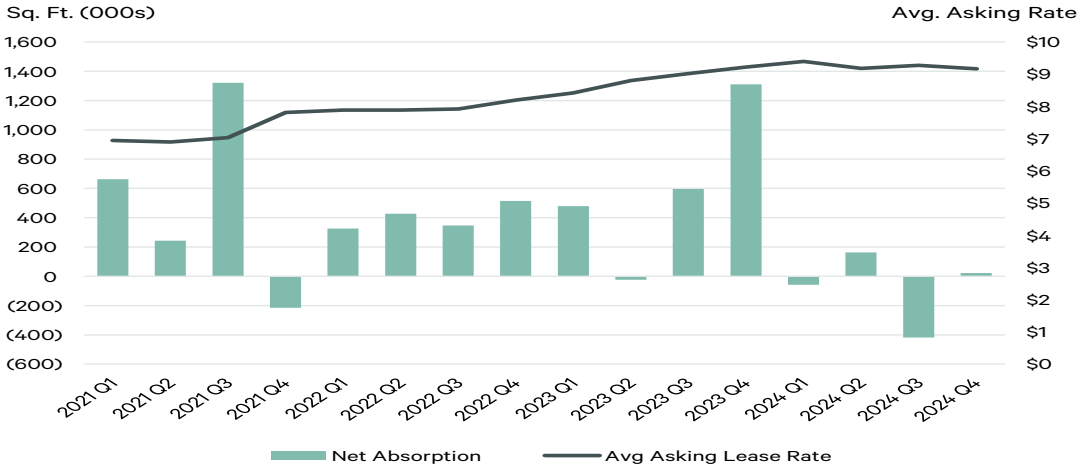


Source: CBRE Research, Q4 2024

Market Activity

The Pittsburgh industrial market closed out 2024 with relatively steady performance maintaining a vacancy rate from Q3 of 4.9%. Leasing activity saw a significant boost due to major lease in the West submarket with SDC signing a 133,554 lease. Development in the region now focused on speculative projects with 300,000 sq. ft. under construction. Notably, 4000 Halverson Dr delivered 100,000 sq. ft. of new space in the West submarket, which is limited to airport freight users. While leasing activity increased this quarter, it was driven by a few large transactions, and overall demand remains subdued. Two major industrial sales marked the quarter including 500 Woodlawn (237,000 sq. ft. for \$4.1 m) and 491 Chatler (100,000 sq. ft. for \$10.53 M) Cap rates and investor sentiment remained stable and while vacancy rates are low, there's no significant imbalance in supply. Looking forward, demand is expected to remain steady with no major shifts in tenant requirements or construction activity.

FIGURE 3: Historical Absorption vs Asking Rates



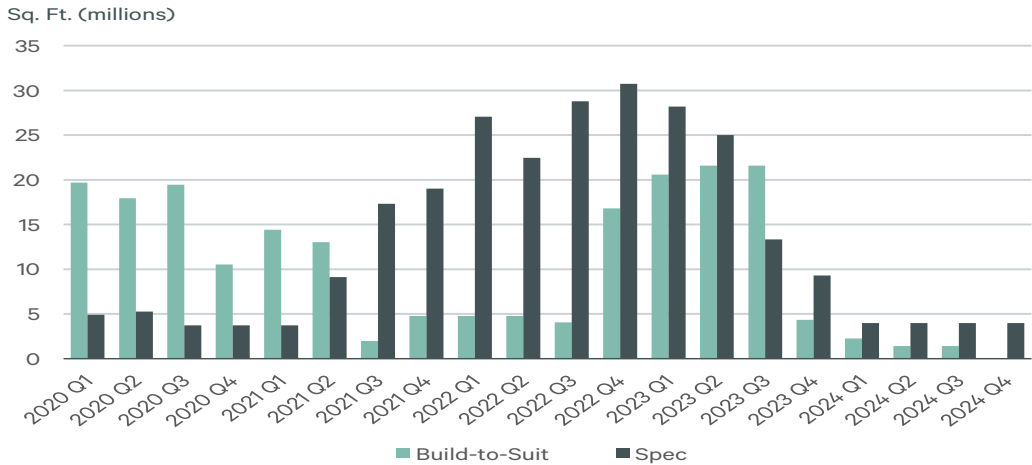
Source: CBRE Research Q4 2024

FIGURE 4: Statistics, Building Size

	Net Rentable Area	Total Vacancy Rate	Total Availability Rate	Net Absorption	Avg Asking Lease Rate
< 20,000	7,783,204	0.8%	1.7%	(14,727)	\$12.99
20,000 - 49,999	20,719,589	1.6%	1.9%	(27,460)	\$9.18
50,000 - 99,999	26,030,170	4.9%	5.6%	138,647	\$9.05
100,000 - 499,999	65,505,383	5.0%	5.1%	(88,500)	\$8.68
500,000+	31,583,605	8.0%	8.2%	14,553	\$11.14
Grand Total	151,621,951	4.9%	5.2%	22,513	\$9.17

Source: CBRE Research, Q4 2024

FIGURE 2: Construction Activity



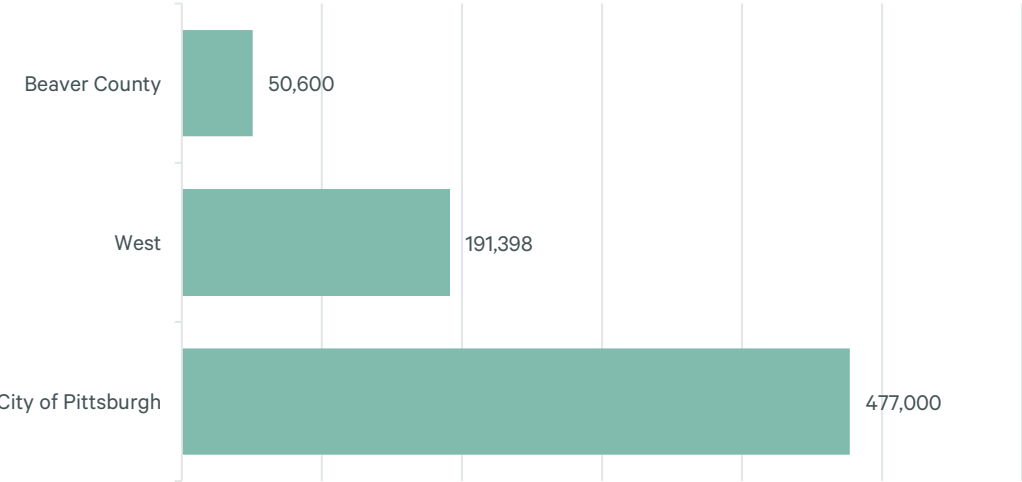
Source: CBRE Research Q4 2024

Leasing Activity

Leasing activity in Pittsburgh Industrial for Q4 2024 reached 1.0 million sq. ft., a significant increase from the 675,095 sq. ft. leased in Q3 2024, reflecting a robust quarter-over-quarter growth. Year-over-year, leasing activity also demonstrated a positive trend, up from 330,735 sq. ft. in Q4 2023. Over the last five years, leasing activity has fluctuated, with notable highs such as 1.7 million sq. ft. in Q2 2022.

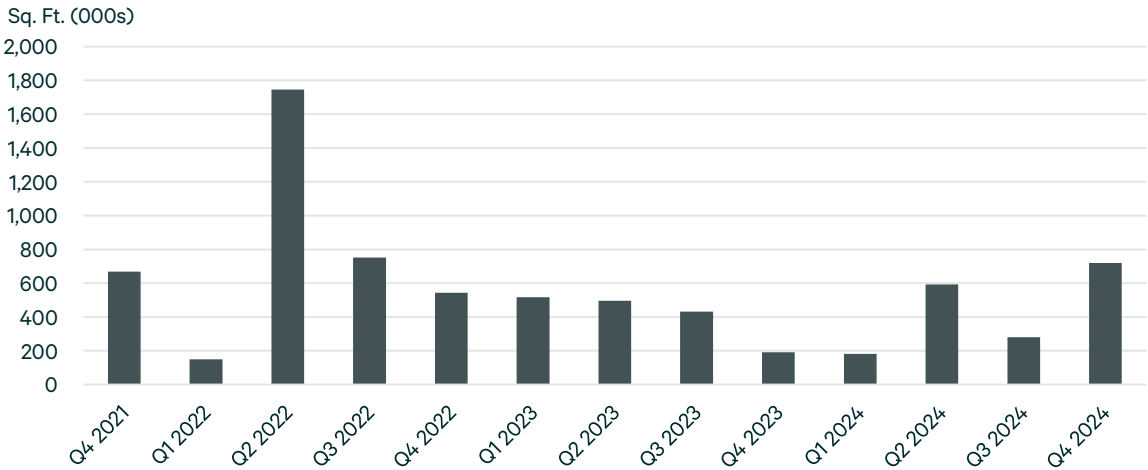
The West submarket dominated the leasing activity in the current quarter, with an impressive 359,804 sq. ft. leased, driven by high demand and ongoing construction completions, making it the highest leasing submarket. Conversely, several submarkets including Butler County, East, Westmoreland County, Northwest, and Washington County showed no leasing activity in Q4 2024, marking them as the lowest in leasing activity for the current quarter.

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



Source: CBRE Research Q4 2024

FIGURE 5: Leasing Activity Trend – Leases 50,000 sq. ft. and up



Source: CBRE Research, Q4 2024

FIGURE 7: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
SDC Nutrition	133,554	New Lease	260 Solar Dr	West
JMS Food Service	57,844	New Lease	251 Solar Dr	West
Calgon Carbon	50,600	New Lease	2301 Duss Ave	Beaver County
Wayfair	49,270	Renewal	157-159 Crown Ct	West
Plantscape	45,000	New Lease	423 Bingham St	City of Pittsburgh
Unknown Tenant	39,600	New Lease	181 Spring Run Rdext	West
Unknown Tenant	28,800	New Lease	2301 Duss Ave	Beaver County
Mitsubishi Power	23,281	New Lease	140-144 Commerce Dr	Cranberry
Equipment & Controls	21,782	New Lease	1005 Park Dr	Washington County

Source: CBRE Research Q4 2024

FIGURE 8: Submarket Statistics by Property Type

Submarket & Property Subtype	Net Rentable Area	Total Vacancy Rate	Total Availability Rate	Net Absorption	Avg Asking Lease Rate
Beaver County	11,560,671	2.2%	2.3%	112,440	\$7.87
Butler County	8,857,479	1.8%	2.5%	4,500	\$6.73
City of Pittsburgh	16,092,316	5.7%	6.4%	0	\$10.23
Cranberry	9,053,571	2.9%	2.3%	23,623	\$20.15
East	10,684,613	12.3%	13.0%	0	\$5.43
Northeast	14,251,231	2.7%	3.6%	10,000	\$15.49
Northwest	6,722,794	1.8%	3.5%	(27,481)	\$9.25
South	11,322,584	0.5%	2.4%	4,553	\$4.75
Washington County	12,642,026	4.0%	4.2%	(35,000)	\$6.63
West	24,117,805	7.2%	6.1%	94,577	\$9.77
Westmoreland County	26,316,861	6.5%	6.7%	(164,699)	\$6.06
Grand Total	151,621,951	4.9%	5.2%	22,513	\$9.17

Source: CBRE Research, Q4 2024

National Economic Outlook

The U.S. economy continues to exceed expectations. Much of this is due to a sturdy consumer who is enjoying increased household wealth, real income growth, and a resilient labor market. Consequently, CBRE is revising its outlook upward for 2025 annual average GDP growth by 60 basis points to 2.3%.

Typically, sturdy economic growth alongside Fed rate cuts would be rocket fuel for commercial real estate (CRE) performance. The catch is capital markets have grown skeptical of just how low rates will go in 2025. The mix of sticky core inflation and future policy concerns are putting upward pressure on long-term rates. Nevertheless, real estate capital markets have made good progress in recent quarters. Lending spreads are tightening, and credit issuance is up. Lending conditions are easing a bit as multifamily LTVs are trending slightly upward. Stronger debt markets and balanced and/or recovering space market fundamentals should translate into a noticeable uptick in investment during the next several quarters.

Source: CBRE Research

Pittsburgh Employment Update



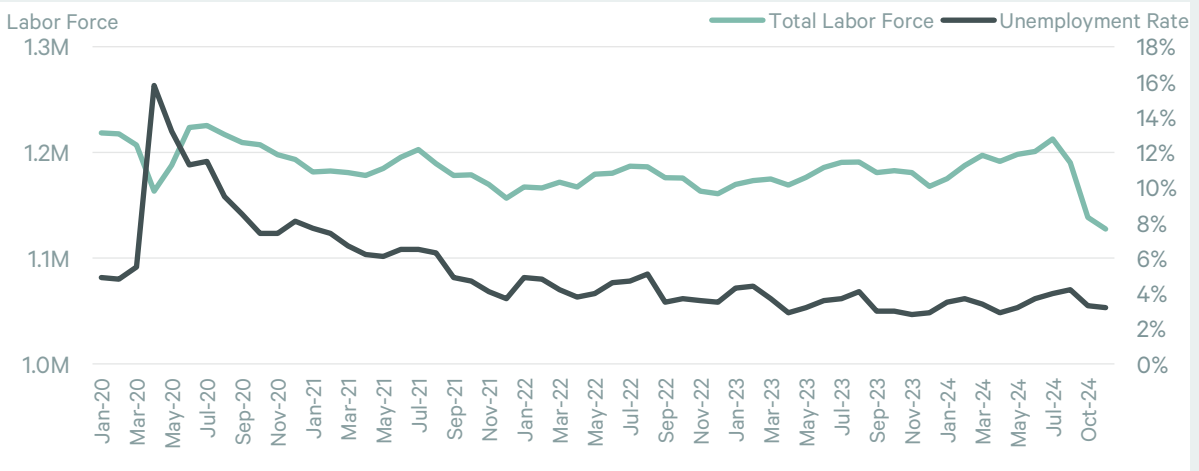
Employment Change by Sector – Yearly + Monthly
Bars indicate yearly trend, arrows indicate monthly trend



Note: Arrows indicate month-over-month change.

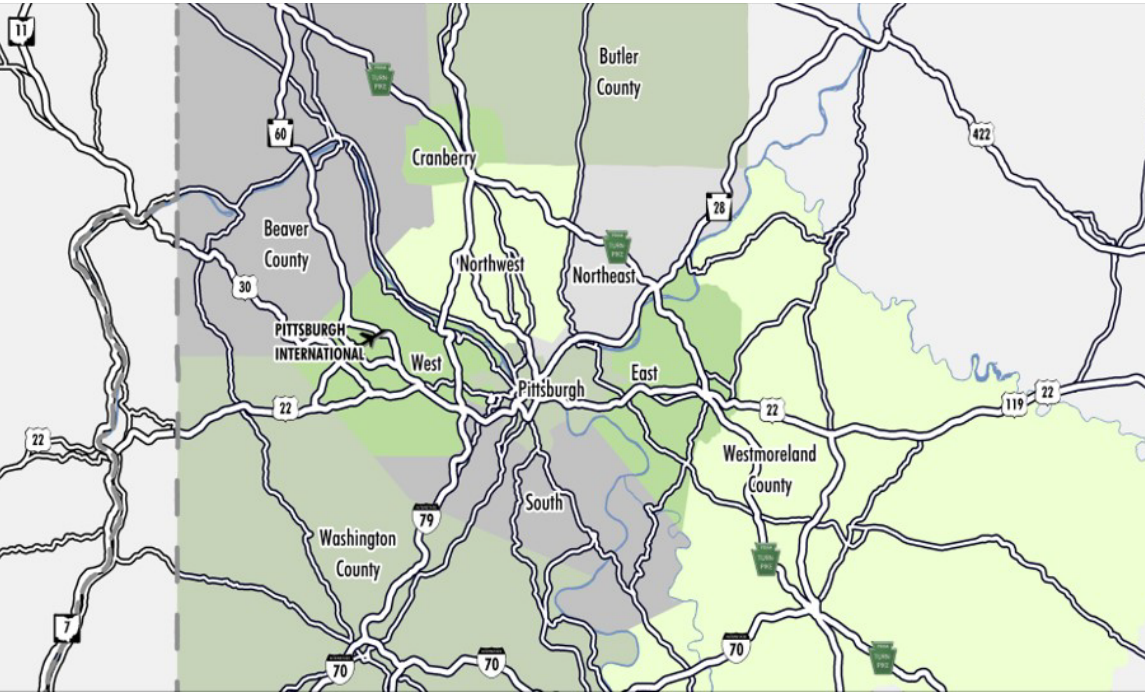
Source: US BLS, November 2024

Pittsburgh, PA Unemployment Rate and Labor Force Trends



Source: US BLS, November 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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