

PITTSBURGH



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OVERVIEW

The beginning of 2020 was trending in line with previous quarters, which was low vacancy and higher rents. However, the COVID-19 pandemic altered the course, after Governor Tom Wolf issued stay-at-home orders. The CBD has continued to see an uptick in vacancy, with a sizable 293,000 SF sublease hitting the market at the EQT Tower. Fringe markets continue to stay hot, demonstrating the appetite for newer product and a live-work-play environment. The current state of the market indicates a shift towards a tenant's market, with increased concessions to retain and attract occupiers. However, all of this is contingent on the final effects of the pandemic on our local market. We are in uncharted territory and the future is uncertain. What we do know is that, historically, Pittsburgh has been a steady market, well able to withstand occasional market volatility.

FUNDAMENTALS

Forecast

YTD net absorption	9,800 SF	▲
Under construction	1.3 M SF	▼
Average asking rent (gross)	\$23/SF	▲
Concessions	Rising	▲

Market Size	Largest Office Deal	Total Vacancy
79 M	53,000 SF	13%

TOTAL VACANCY



AVERAGE ASKING RENTS



OUTLOOK

- Long-term leases could be put on the back burner for the foreseeable future. Companies are likely to request shorter term extensions in exchange for rent abatement during the current period of uncertainty.
- Somera Road is set to begin a revitalization of the South Side Works, highlighted by the conversion of the South Side Works Cinema into a 77,000 SF office.
- The Strip District continues to add to its roster of high-tech companies. Aurora Innovations inked a deal at McCaffery's 1600 Smallman Street redevelopment.
- Companies will approach bringing employees back to the office with caution. With much of their current workforce working remotely during the pandemic, they will analyze their space needs differently moving forward.
- Construction will slowly begin to pick up speed, with Governor Wolf giving the OK to resume work on May 1st. Guidelines and procedures implemented for safety will prolong the restart.

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