

PITTSBURGH



OVERVIEW

Pittsburgh's overall market has been relatively stable during 2019. Vacancy experienced a small upswing due to the increase in new construction projects, newly finished and unleased space, and several large tenants moving to the fringe markets from the CBD. Fringe markets continue to be a driving force, as popular locations like the Strip District and East End attract new large tenants in the Technology and Medical sectors. Construction rates across the city are the highest they've been in over two decades. As the No. 1 most livable city in the U.S., Pittsburgh is attracting attention from large companies across the country who want to attract and retain talent. In order to compensate for the high number of newly constructed properties, landlords are competing for tenants by offering more concessions. This may cause average asking rates to decrease slightly in time.

FUNDAMENTALS

Forecast

YTD net absorption	210,000 SF ▲
Under construction	1.7 M SF ▲
Average asking rent (gross)	\$24/SF ▲
Concessions	Rising ▲

 Market Size 92 M	 Largest Office Deal 106,000 SF	 Total Vacancy 11%
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TOTAL VACANCY



AVERAGE ASKING RENTS



OUTLOOK

- Companies will continue to focus on using their building amenities and location to attract talent, increasing pressure on landlords to deliver further concessions or lower asking rates to compete in the market
- Vacancy is likely to keep a steady course if high construction rates persist.
- The fringe markets will flourish even more as large tenants like Facebook and Google move into their newly built spaces and attract residential and start-up attention.
- In order to avoid decreasing their asking rates, landlords may instead choose to improve upon the amenities they offer and modernize the interior finishes of some of their buildings.
- Ground broke on the I-579 Cap, a development project that will use a land bridge and new buildings to reconnect downtown with the upper hill district. This new "Centre District" will provide opportunities for major growth in the CBD with up to 1M SF of office space, and nearly 300,000 SF of retail space.

For more information, please contact:



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