

# Pittsburgh Industrial Market Overview



**NEWMARK**



# Market Observations

## Economy

- Even though the unemployment rate in Pittsburgh has been rising gradually, it remains below the national average, standing at 3.9% compared to the national rate of 4.1% as of February 2025.
- Economic uncertainty and rising construction costs have made developers more reluctant to take risks creating a dry pipeline for new construction.
- The uncertainty over tariffs, potential trade wars and economic policies has slowed the market economy.

## Major Transactions

- 5350 Campbells Run Rd sold to 5350 CRMB LLC for \$6,050,000
- 55 Brockway Commerce Center completed construction and preleased the entire 100,000 SF to Lighthouse Electric.
- Cumi America preleased the entire 90,277 SF building at 700 International Drive currently under construction and will move from 60,000 SF at 400 Crown Court once completed in third quarter of 2025.
- JR Holdings LLC acquired 640 Alpha Drive for \$3,475,000.



## Leasing Market Fundamentals

- Demand for quality space remains strong, as two speculative buildings were leased during construction prior to shell completion.
- The largest available Class A building is 250,000 SF while the largest available Class A building in the West submarket measures 133,000 SF.
- In all three, Gen Industrial, R&D/Flex and Warehouse/Distribution, Class A vacancy rose slightly amid market volatility reflecting increased pressures and changing demand dynamics in the market.



## Outlook

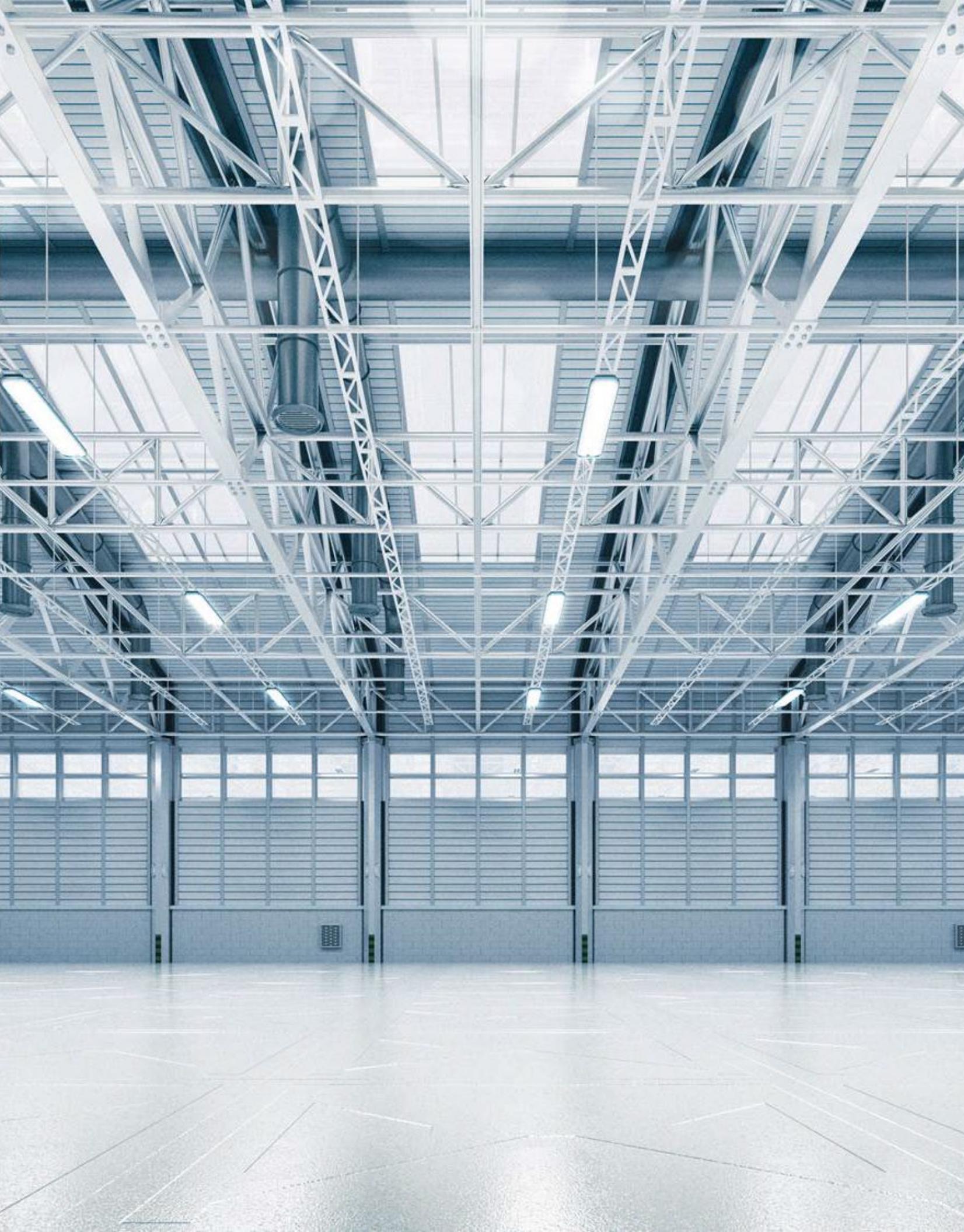
- Pittsburgh's Class A inventory will remain in high demand from occupiers and will continue to be absorbed throughout the rest of 2025.
- Several speculative projects may commence late in the second quarter of 2025 or early third quarter of 2025 based on recent market activity.
- Landowners and developers are positioning for potential data center users.

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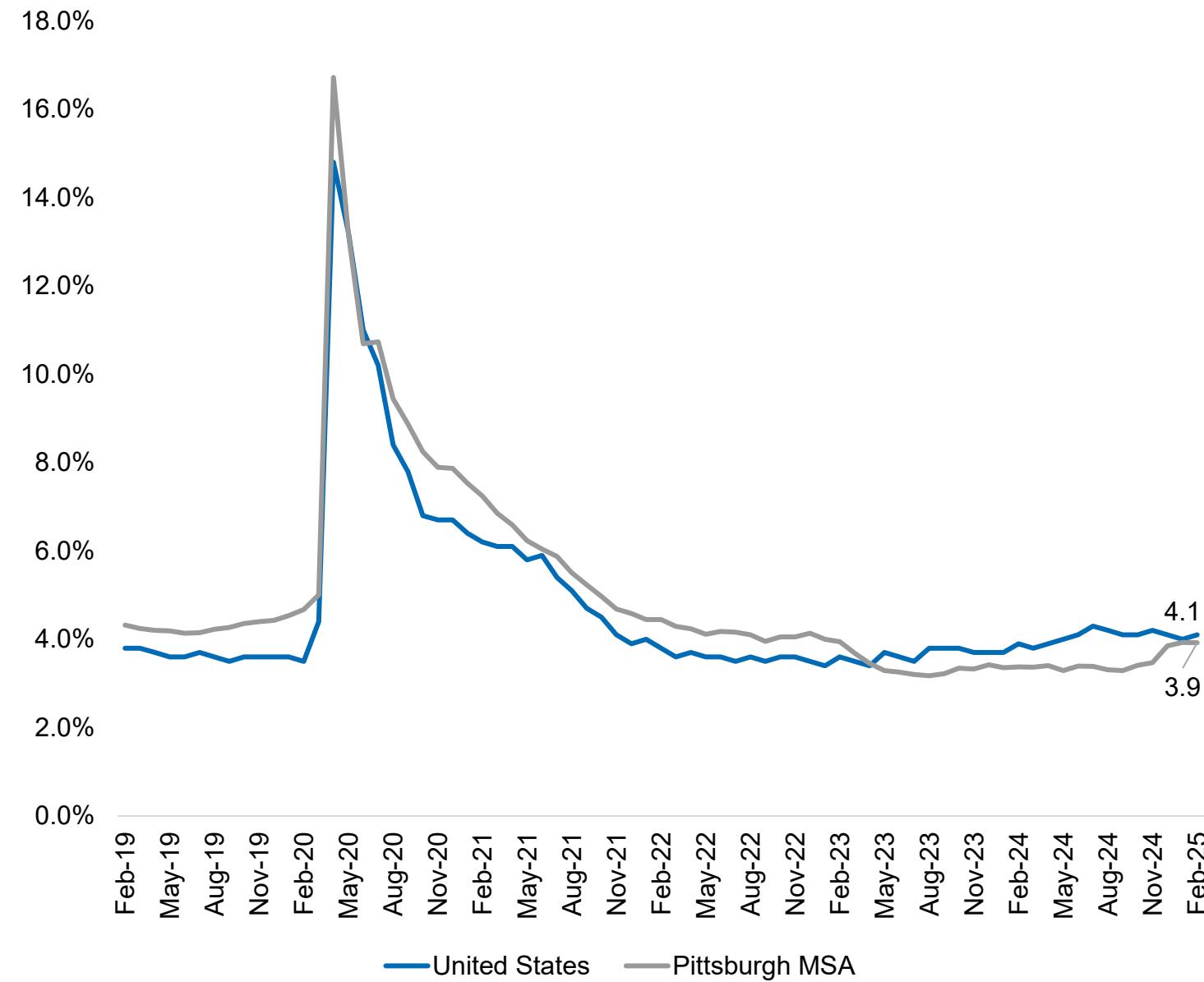
# Economy



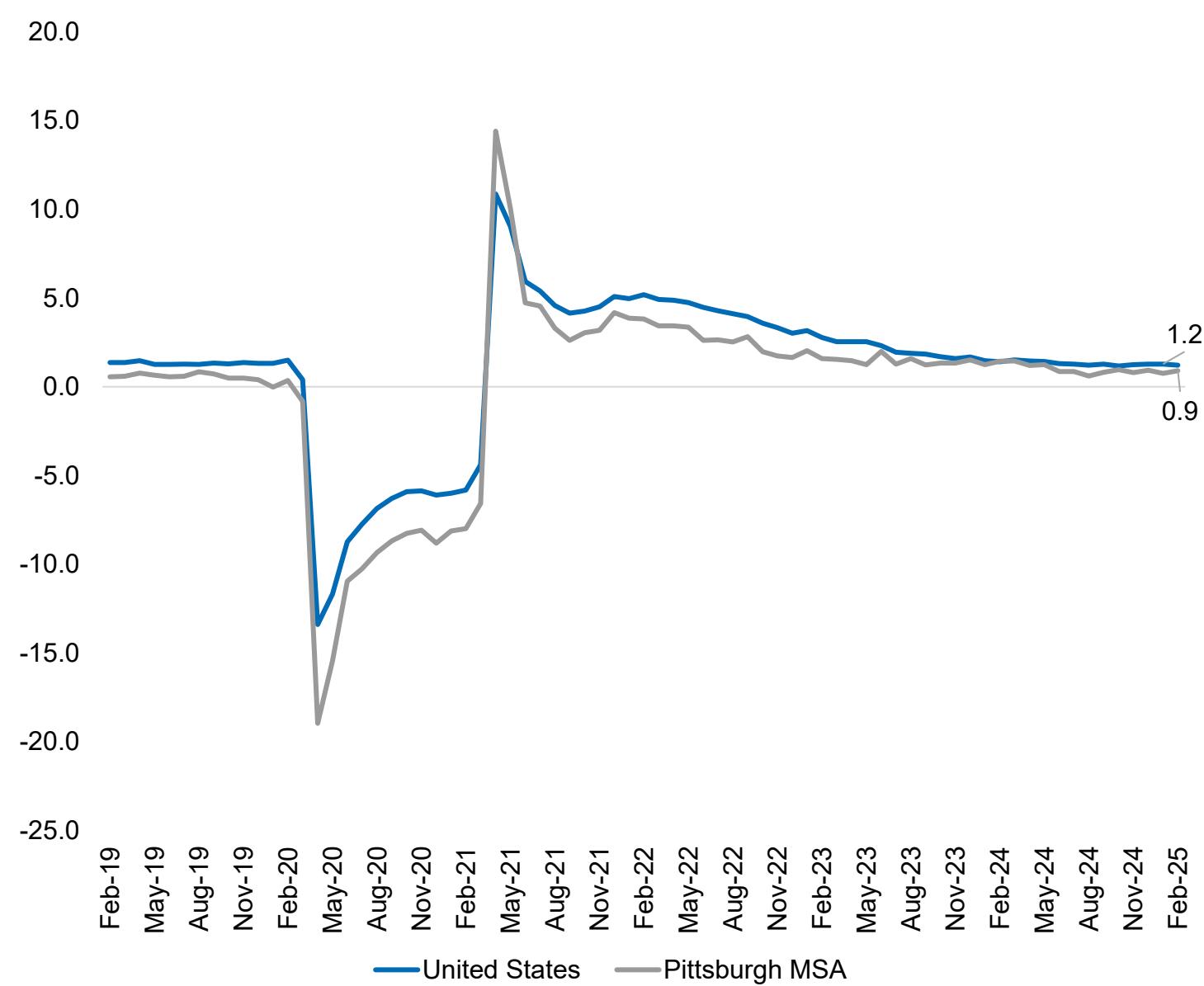
# Pittsburgh Unemployment Continues to Remains Below National Rate

Even though the unemployment rate in Pittsburgh has been rising gradually, it continues to remain lower than the national average, standing at 3.9% compared to the national rate of 4.1%. From February 2019 to February 2025, the employment change rates in both the United States and Pittsburgh MSA showed significant fluctuation, with Pittsburgh generally experiencing lower growth rates than the national average, nearing the same level as 2019.

Unemployment Rate, Seasonally Adjusted



Nonfarm Payroll Employment, Seasonally Adjusted, 12-Month % Change

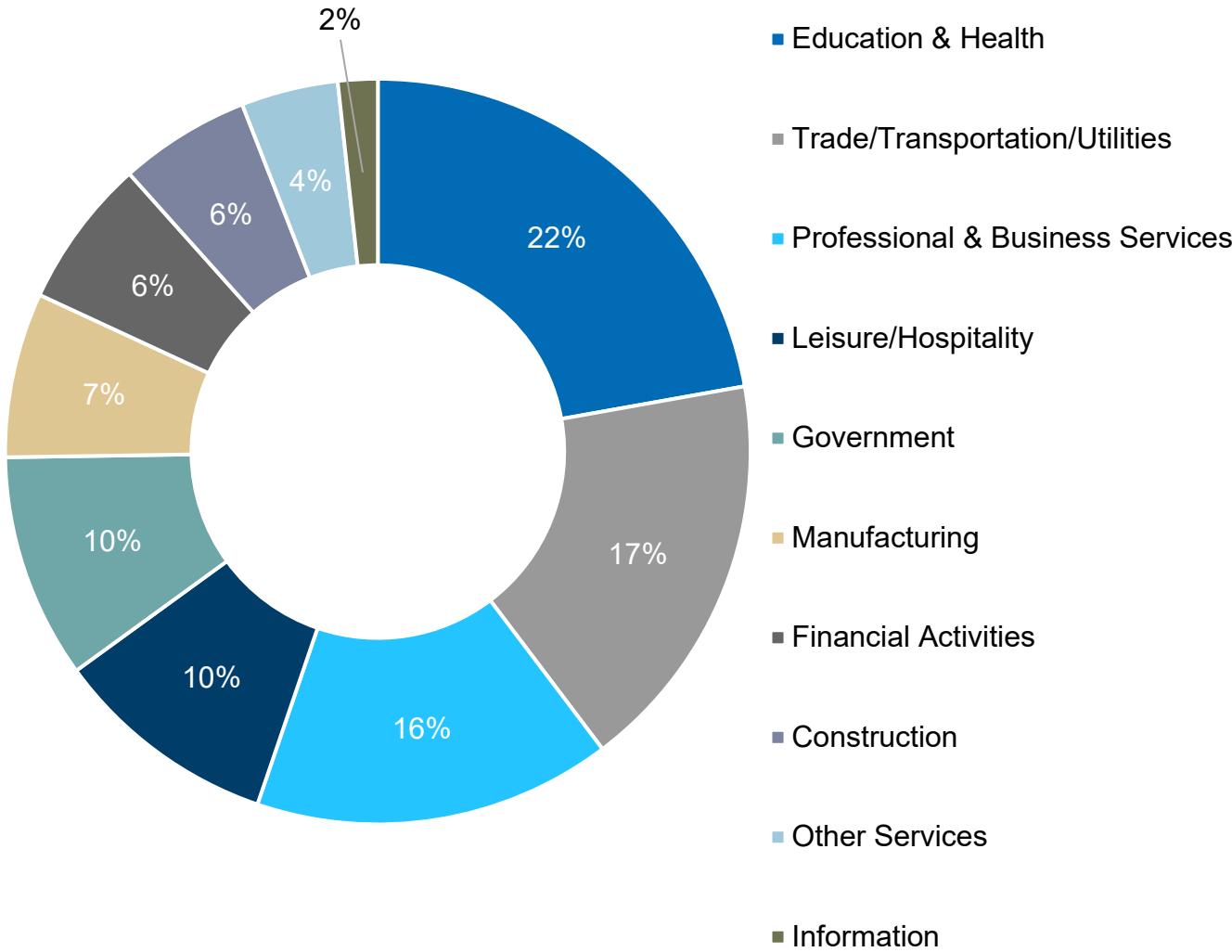


Source: Moody's Analytics, Pittsburgh MSA

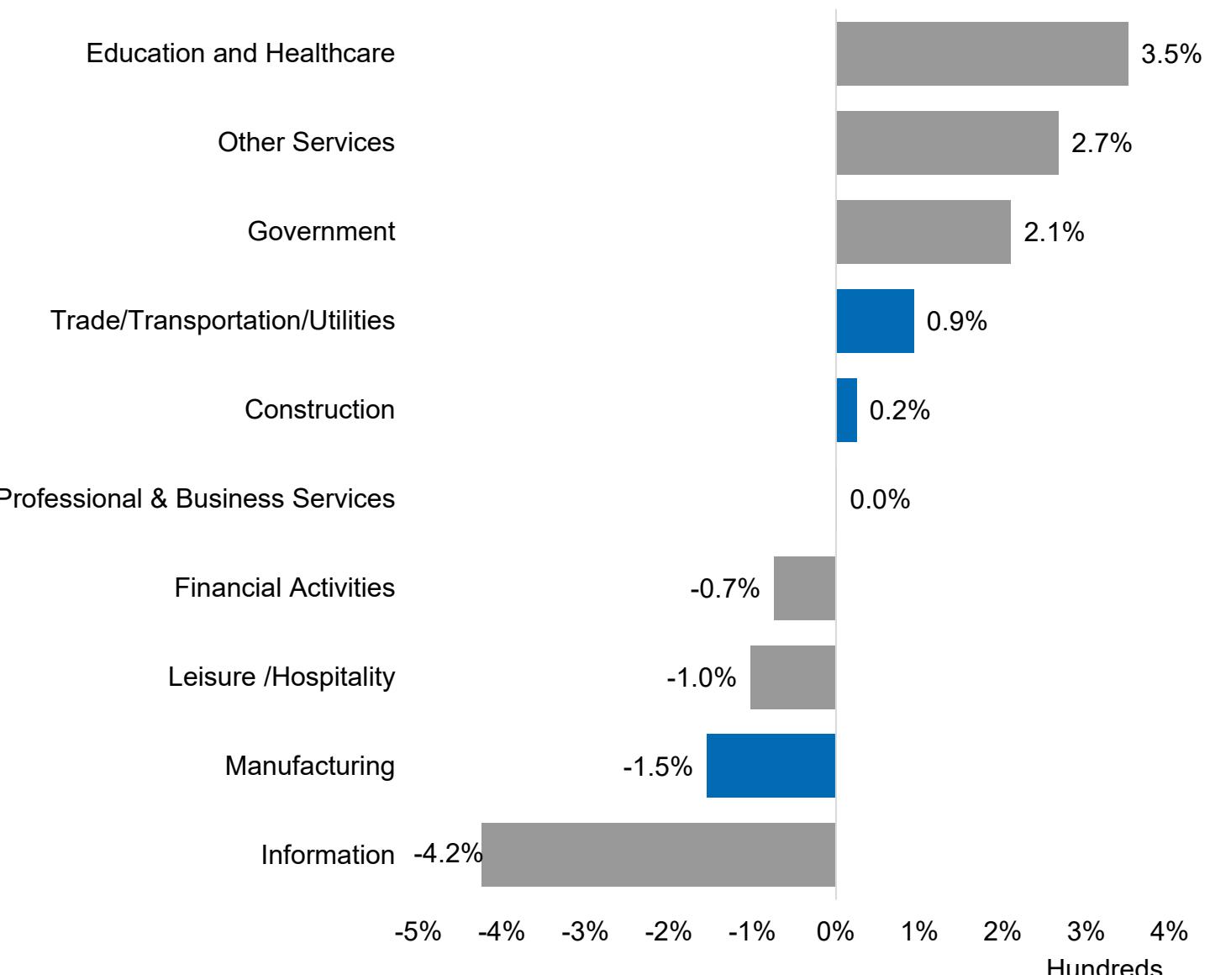
# Trade Growth and Manufacturing Decline

Over the past 12 months, the Trade/Transportation/Utilities sector has seen employment growth indicating strong demand and expansion within these industries. In contrast, the Construction sector experienced minimal growth at 0.2% while Manufacturing suffered a significant decline of -1.5%, highlighting stark differences in industry performance due to economic uncertainty over tariffs, potential trade wars and economic policies.

Employment by Industry

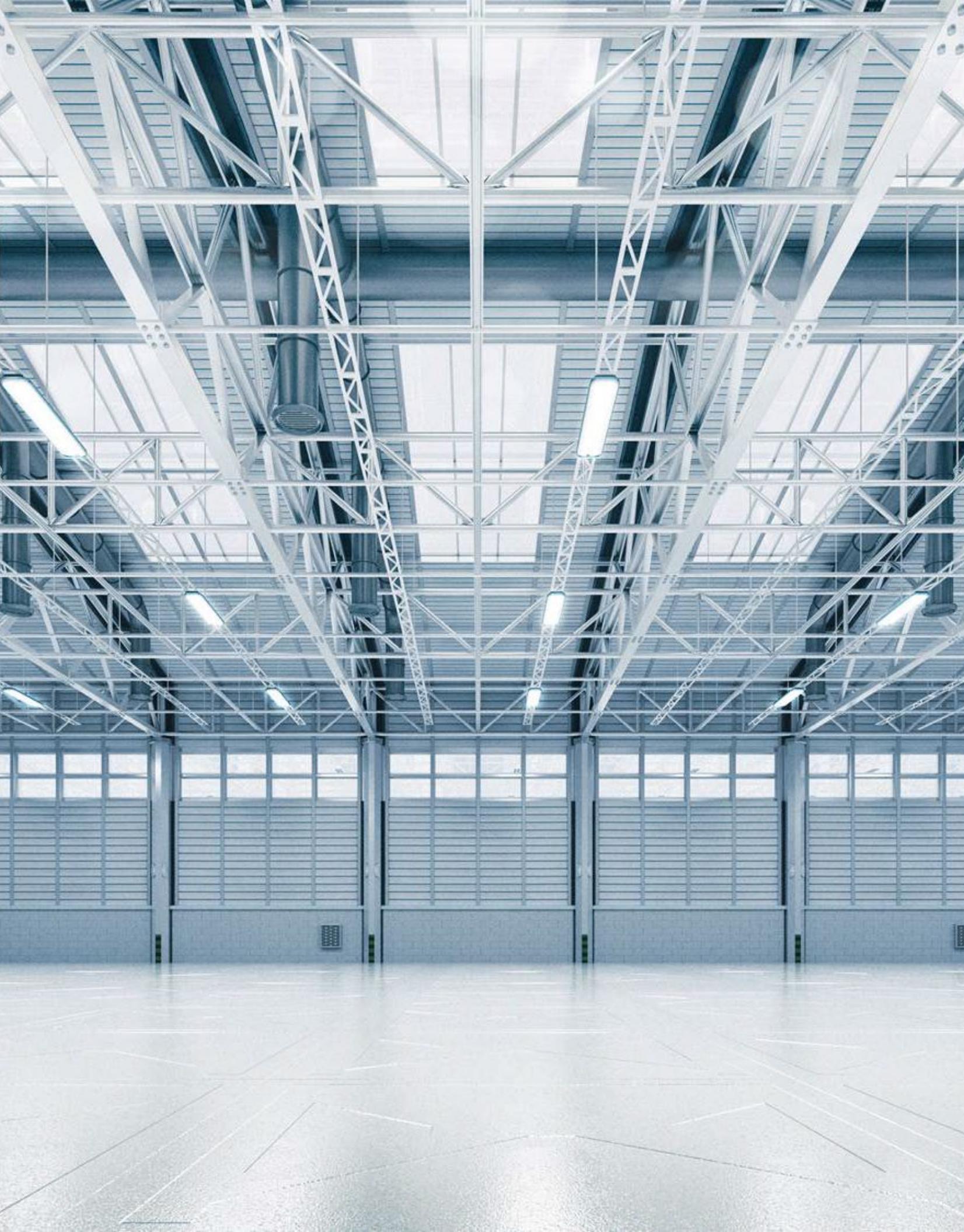


Employment Growth by Industry, 12-Month % Change



Source: Moody's Analytics, Pittsburgh MSA

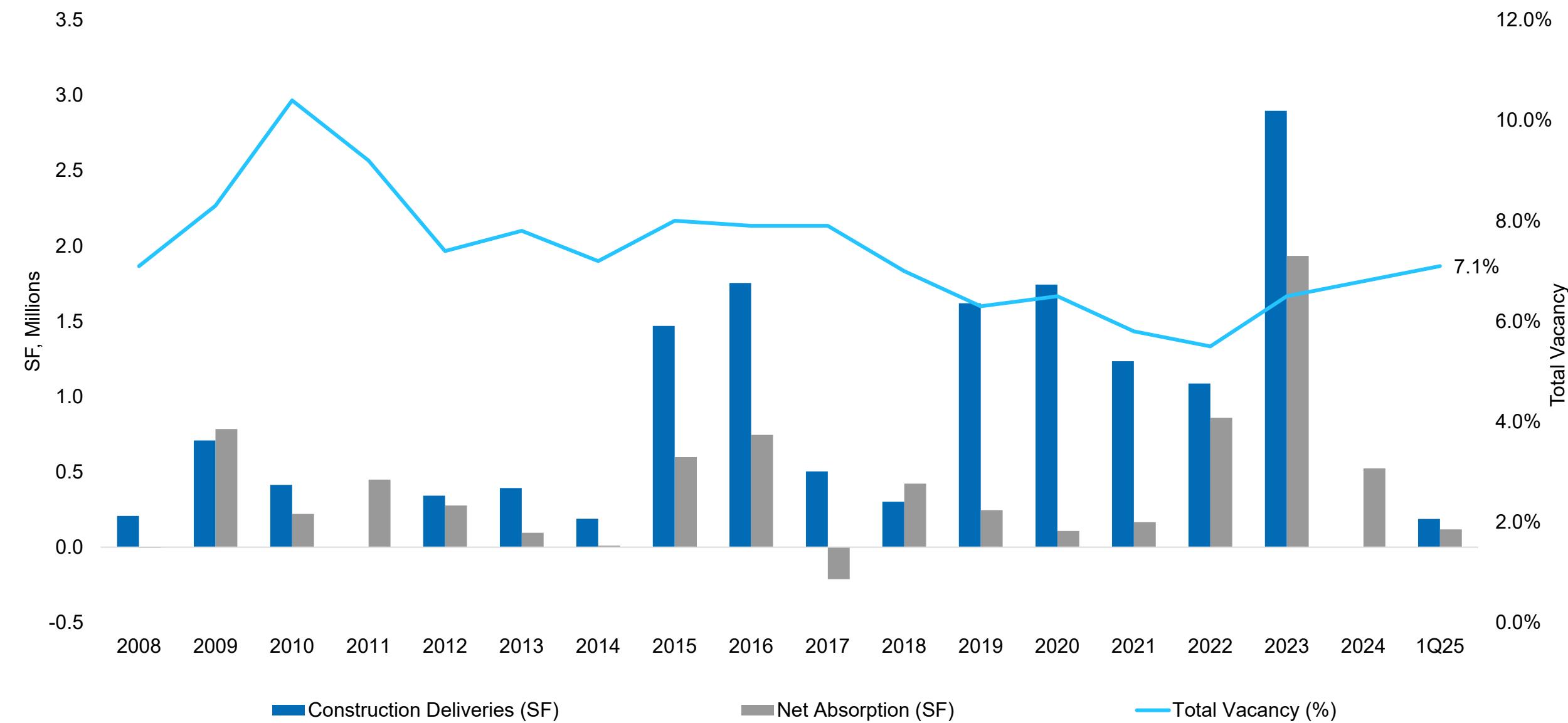
# Leasing Market Fundamentals



# Overall Industrial Market Experiencing Rise in Vacancy

From 2019 to the first quarter of 2025, the market experienced both robust construction deliveries and dynamic net absorption, particularly in 2022 and 2023, contributing to fluctuating vacancy rates that dropped to as low as 5.5% in 2022 before edging back up to 7.1% in the first quarter of 2025. Despite these fluctuations, significant construction activities continued peaking in 2023, while the first quarter of 2025 saw a slight increase in vacancy and modest positive net absorption.

## Historical Construction Deliveries, Net Absorption, and Vacancy

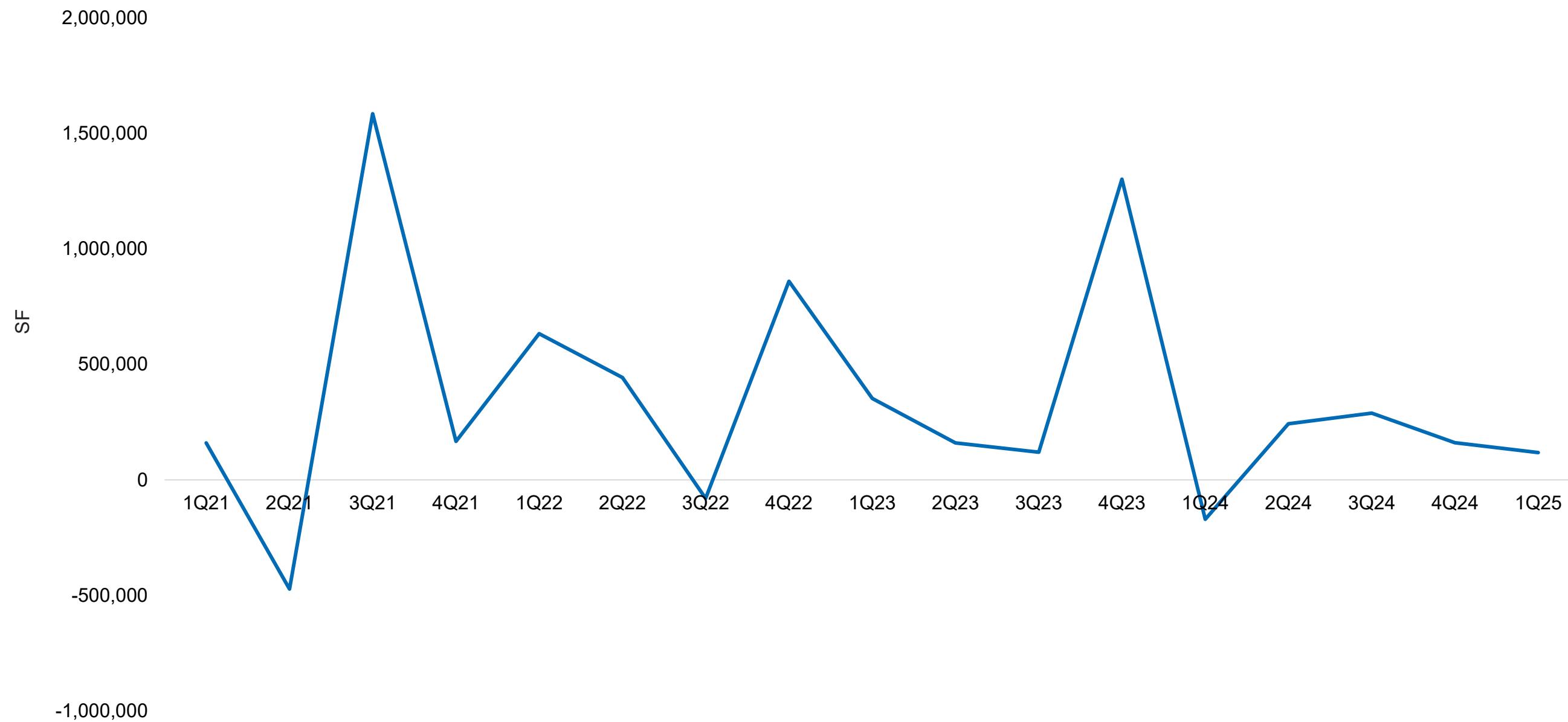


Source: Newmark Research

# Modest Positive Absorption Momentum Continues

Over the past four years, Pittsburgh's industrial market has largely experienced positive net absorption, reflecting strong demand. The first quarter of 2024 marked the last significant instance of negative absorption, with -170,409 SF, standing in contrast to the overall trend. Recent quarters, however, indicate a return to consistent, albeit modest, net absorption gains, as demonstrated by the 118,103 SF of positive absorption in the first quarter of 2025.

Total Absorption (SF)

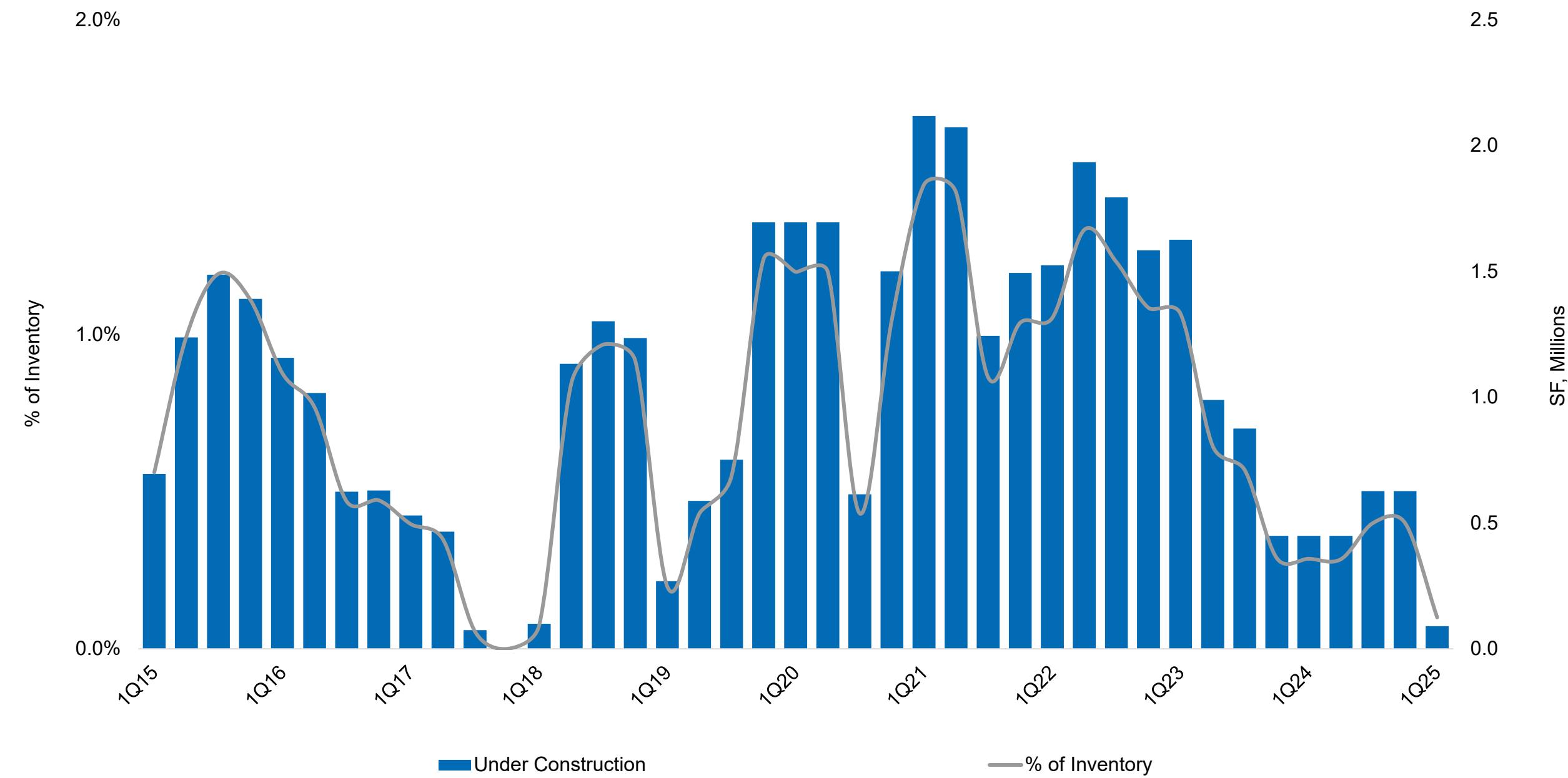


Source: Newmark Research

# New Construction Pipeline Has Abated

As of the first quarter of 2025, construction has slowed significantly, with only 90,277 square feet remaining under construction and scheduled for completion by third quarter of 2025. However, based on recent activity, several speculative projects may commence in late second quarter or early third quarter of 2025.

## Industrial Under Construction and % of Inventory

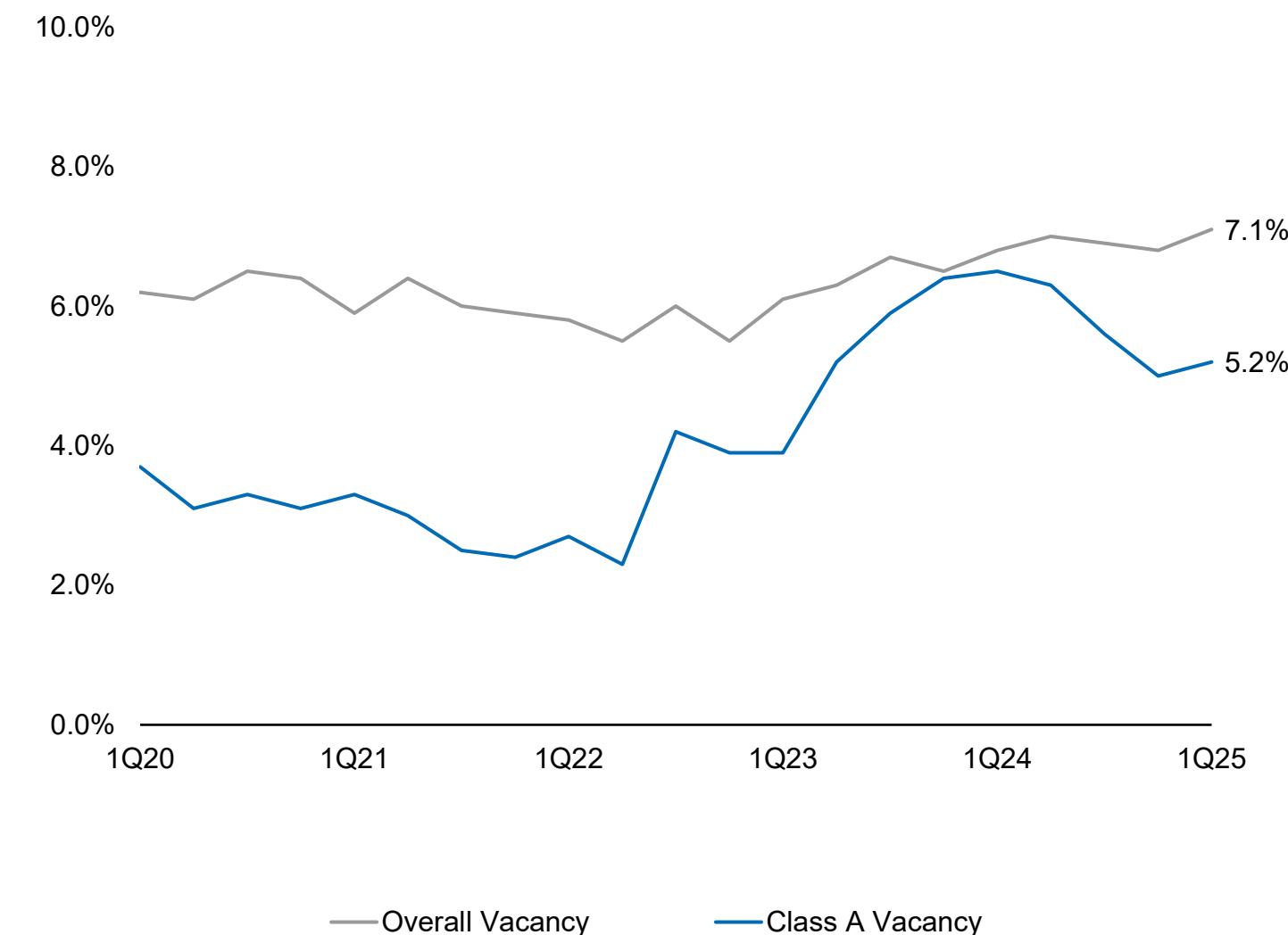


Source: Newmark Research

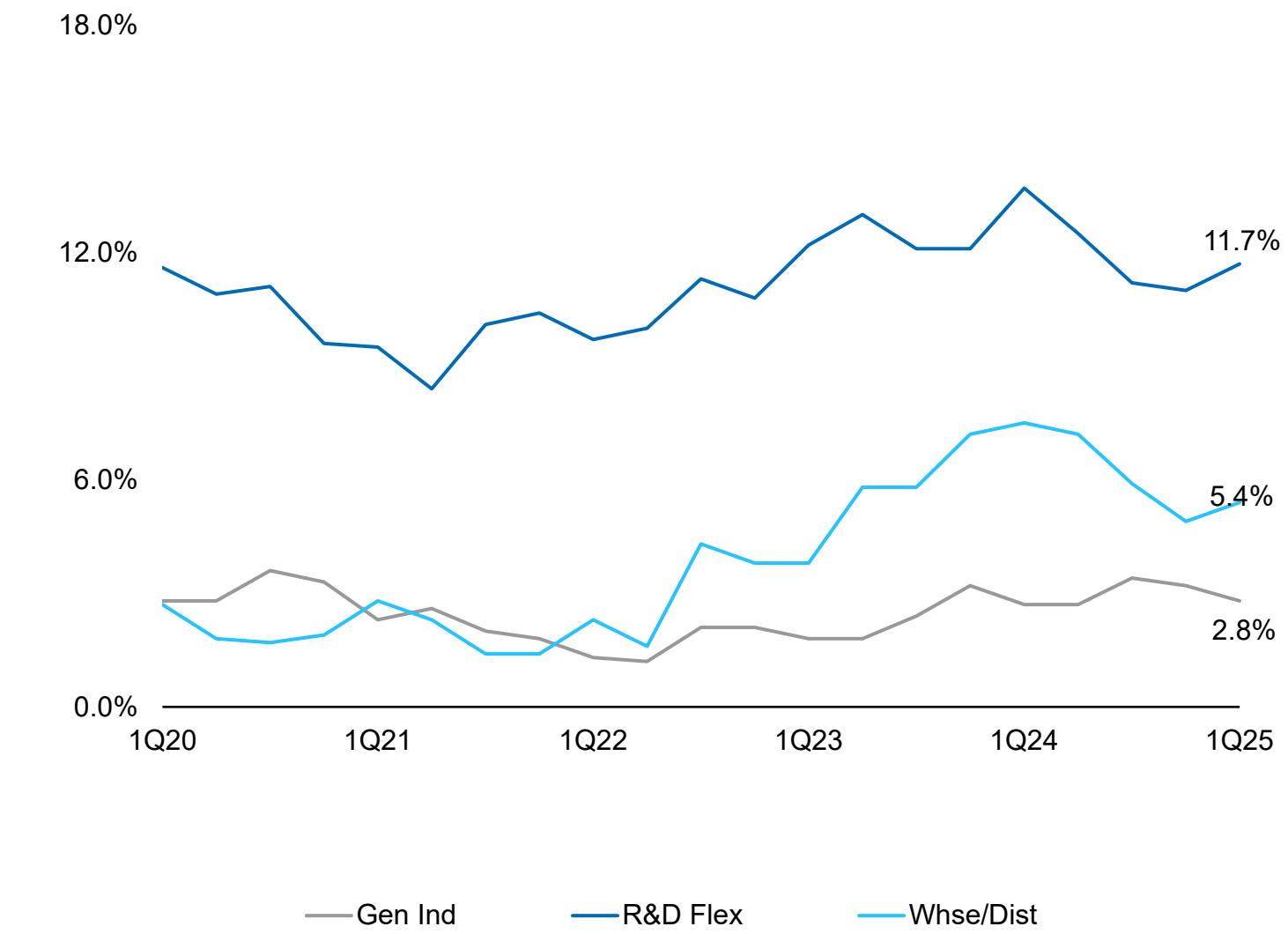
# Class A Vacancy Rise Slightly Amid Market Volatility

Class A inventory has seen a slight increase in vacancy from 5.0% in the fourth quarter 2024 to 5.2% in the first quarter 2025 while still remaining lower than last year during the same period. Since the first quarter of 2020, there has been notable volatility across the different sectors, with vacancy rates fluctuations reflecting increased pressures and changing demand dynamics in the market.

Vacancy Overall vs Class A



Class A Vacancy By Subtype



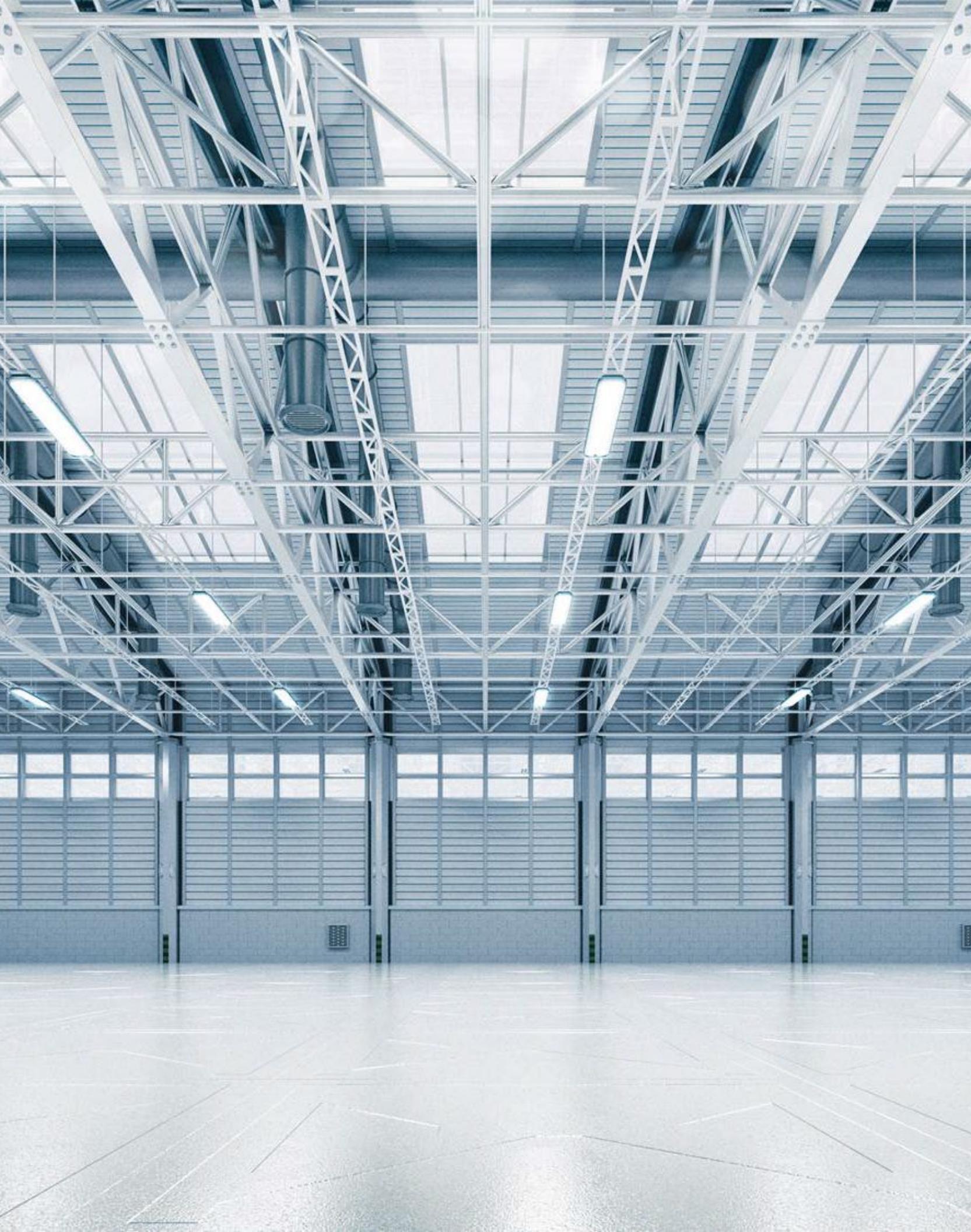
# Notable Lease Transactions

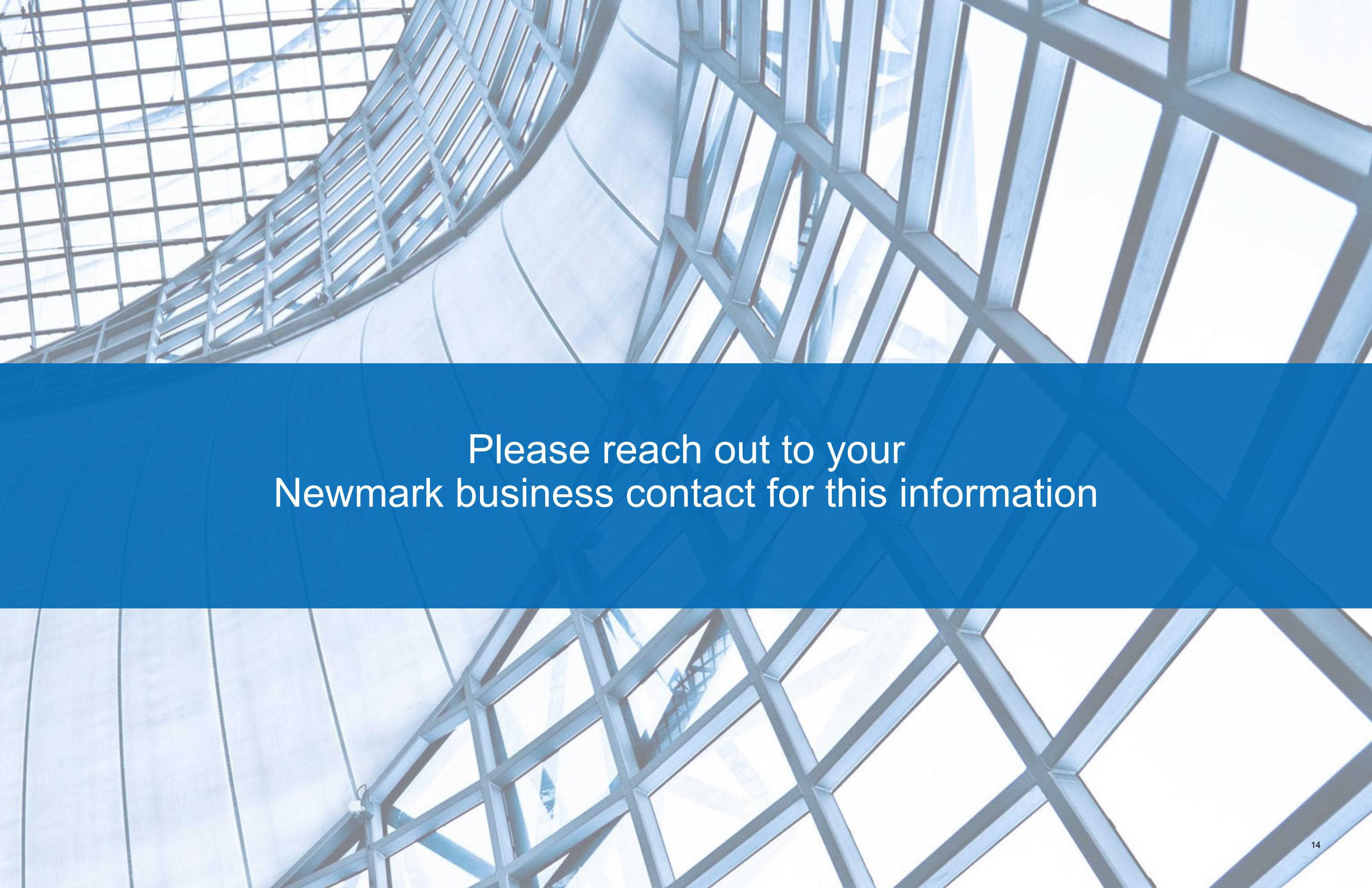
## Select Lease Transactions 1Q25

| Tenant              | Building                                 | Submarket    | Type      | Square Feet |
|---------------------|--|--------------|-----------|-------------|
| Legrand             | Northfield Ind Park – 7040 Intl Dr       | West         | New Lease | 154,051     |
| Atrium Innovations  | 141 Tri-County Dr                        | Beaver       | Extension | 102,279     |
| Lighthouse Electric | 55 Hickory St – Brockway Commerce Center | Washington   | New Lease | 100,000     |
| Cumi America        | 700 International Dr – IBP               | West         | New Lease | 90,277      |
| Highmark            | 3051 Gulf Rd                             | West         | New Lease | 82,500      |
| Wabtec              | Excel Dr                                 | Westmoreland | New Lease | 80,269      |
| Alcoa               | 1967 Eastern Avenue                      | East         | New Lease | 40,235      |

Source: Newmark Research, CoStar

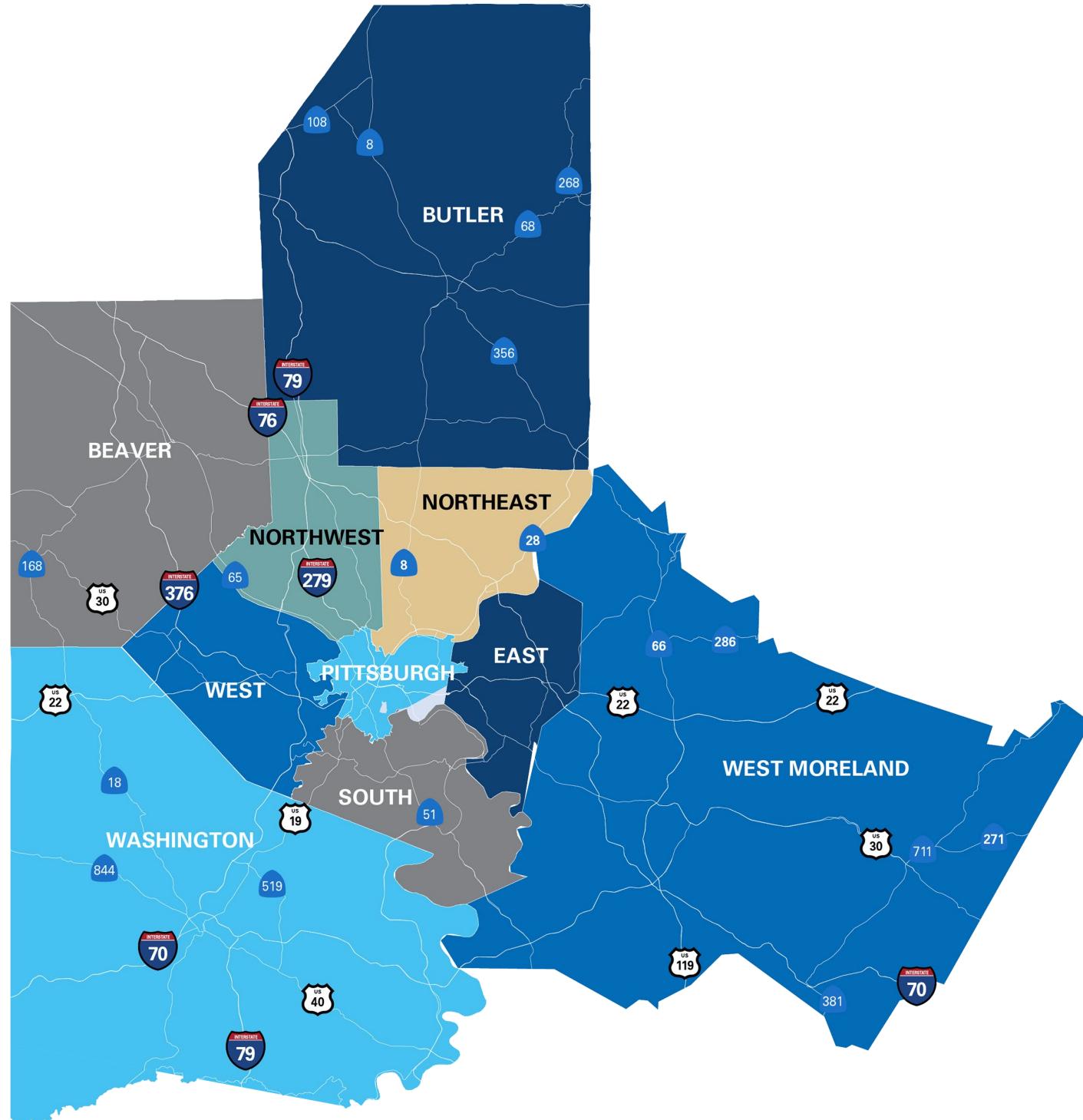
# Submarket Overview





Please reach out to your  
Newmark business contact for this information

# Submarket Map



Source: Newmark Research

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