

2Q25

# Pittsburgh Industrial Market Overview



**NEWMARK**



# Market Observations

## Economy

- Since May 2023, Pittsburgh's unemployment rate has consistently remained below the U.S. average, reaching 3.8% in May 2025 compared to the national rate of 4.2%, indicating sustained improvement in the region's labor market.
- Over the past 12 months, industry sectors such as Trade/Transportation/Utilities, Construction, and Manufacturing experienced a decline in job growth indicating notable job losses across these key industrial related industries.
- The recent passage of the “Big Beautiful Bill” provides clarity with some incentives to commercial real estate.

## Major Transactions

- American Beverage Corporation has renewed its lease for 323,000 SF maintaining a significant presence at 100 Papercraft Blvd.
- 615 Alpha Drive sold to 615 Alpha Drive Owner LLC for \$24,795,000.
- River Commerce Park, formerly H.J. Heinz site, has secured a long-term lease for 127,000 SF with Pittsburgh Water.

## Leasing Market Fundamentals

- Total absorption has remained positive over the past several quarters, ending the second quarter of 2025 with positive absorption of 145,290 SF, indicating steady demand for space overall.
- Only 90,277 SF remains under construction with scheduled completion by third quarter of 2025. However, based on recent activity, several speculative projects may commence in late third quarter or early fourth quarter of 2025.
- In 2024 and into 2025, new construction deliveries declined sharply, while positive net absorption continued, resulting in vacancy rates remaining relatively stable, between 6.8% and 7.0%.

## 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 third quarter of 2025 or early fourth quarter of 2025 based on recent market activity.
- Landowners and developers are positioning for potential data center users subject to availability of electrical infrastructure to support such projects.

1. Economy
2. Leasing Market Fundamentals
3. Submarket Overview



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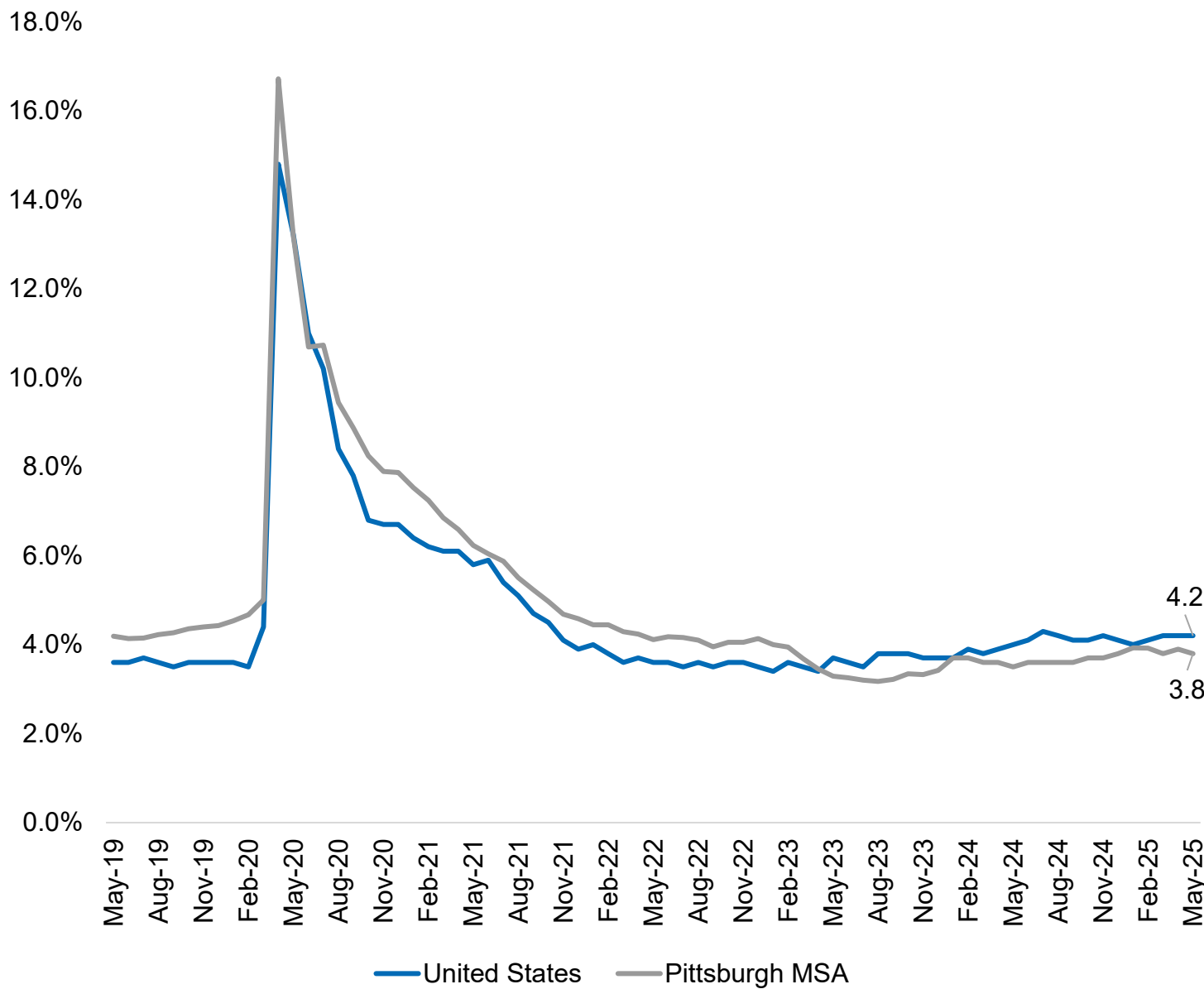
# Economy



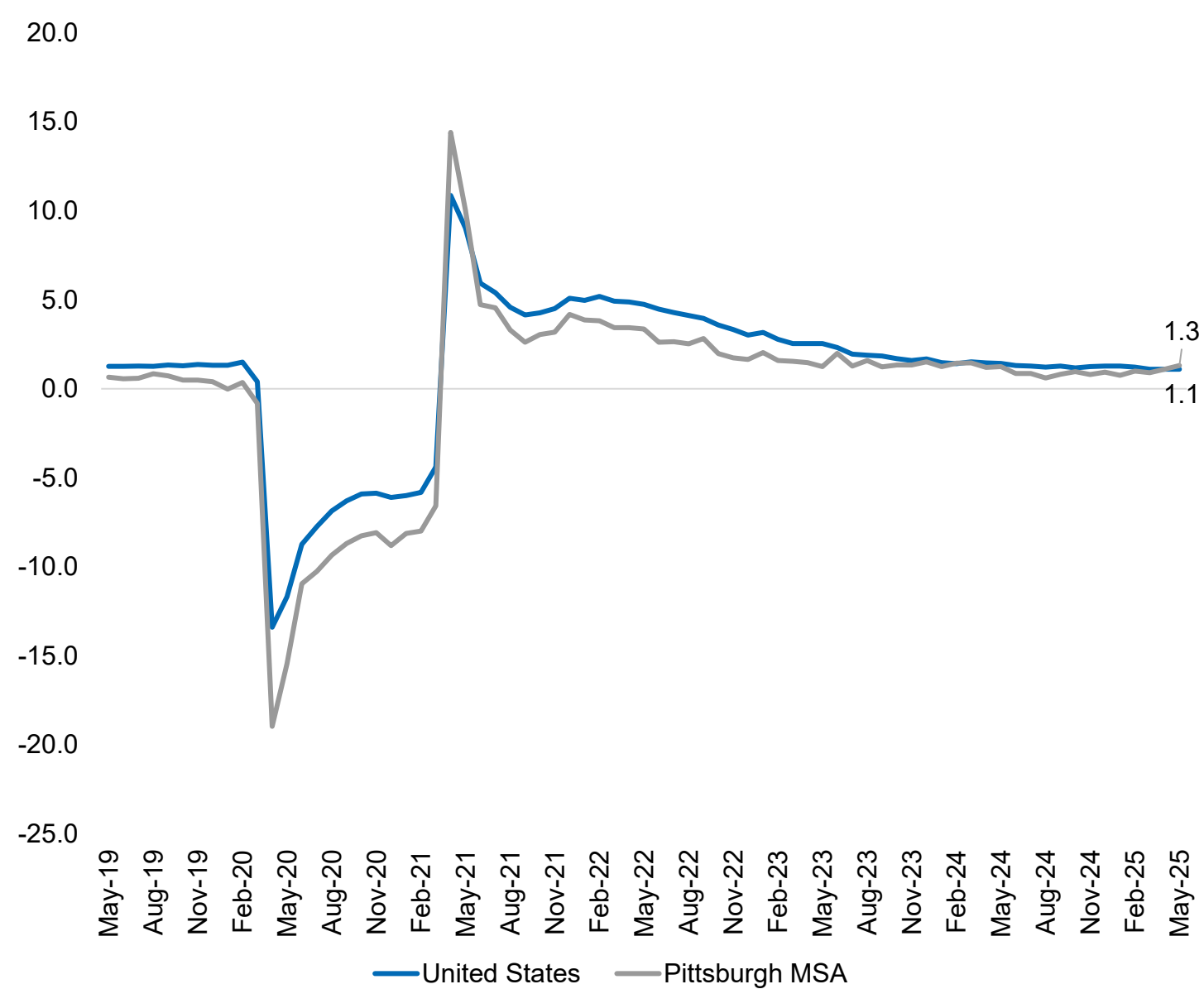
# Pittsburgh Outpaces the United States in Recovery

Since May 2023, Pittsburgh's unemployment rate has consistently remained below the U.S. average, reaching 3.8% in May 2025 compared to the national rate of 4.2%, indicating sustained improvement in the region's labor market. Although Pittsburgh's payroll employment growth initially lagged behind the national average during the pandemic recovery, the gap steadily narrowed in May 2025 while Pittsburgh's growth rate of 1.3% was nearly a match with the national rate of 1.1%, signaling a balance in the labor market.

Unemployment Rate, Seasonally Adjusted



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



Source: Moody's Analytics, Pittsburgh MSA

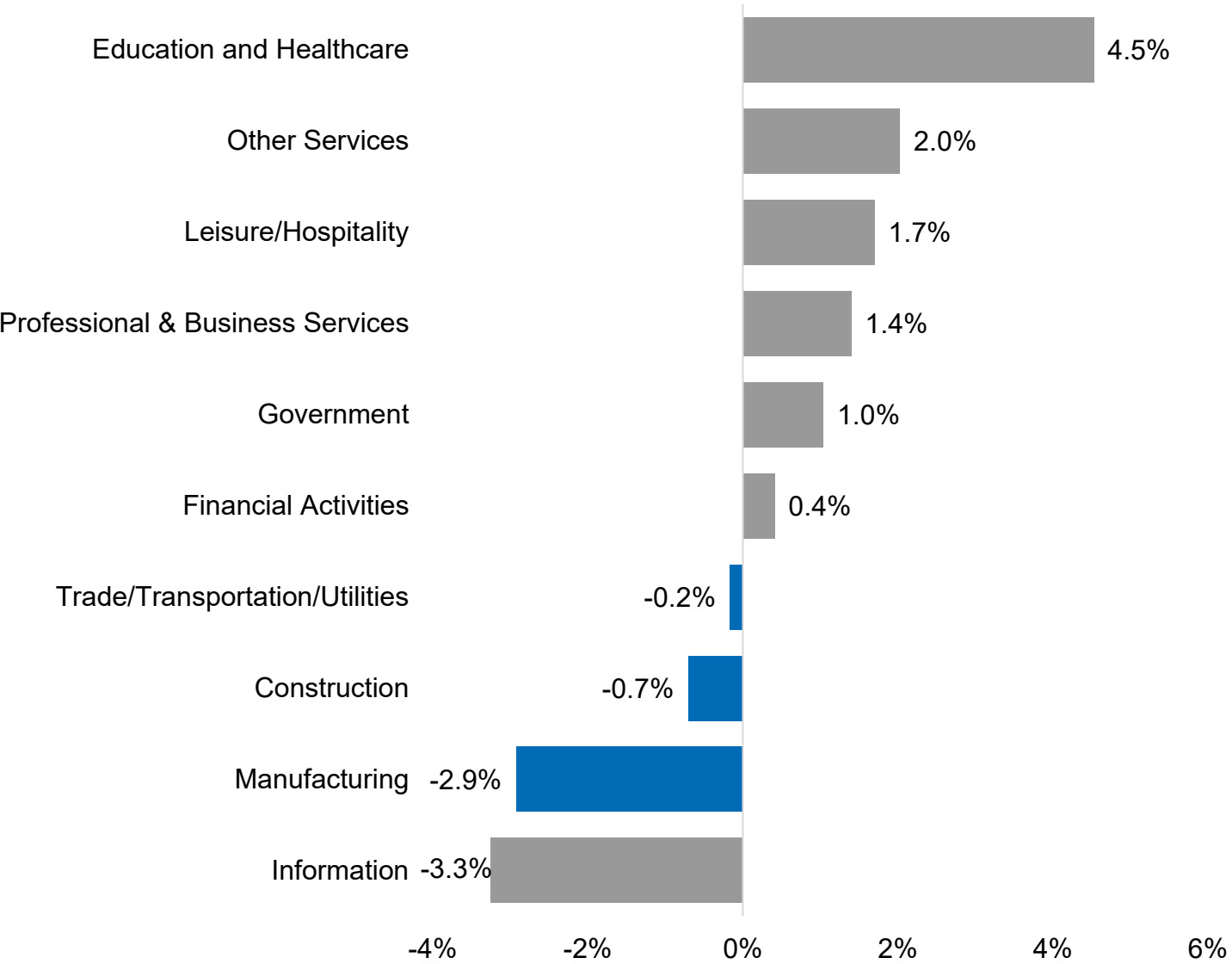
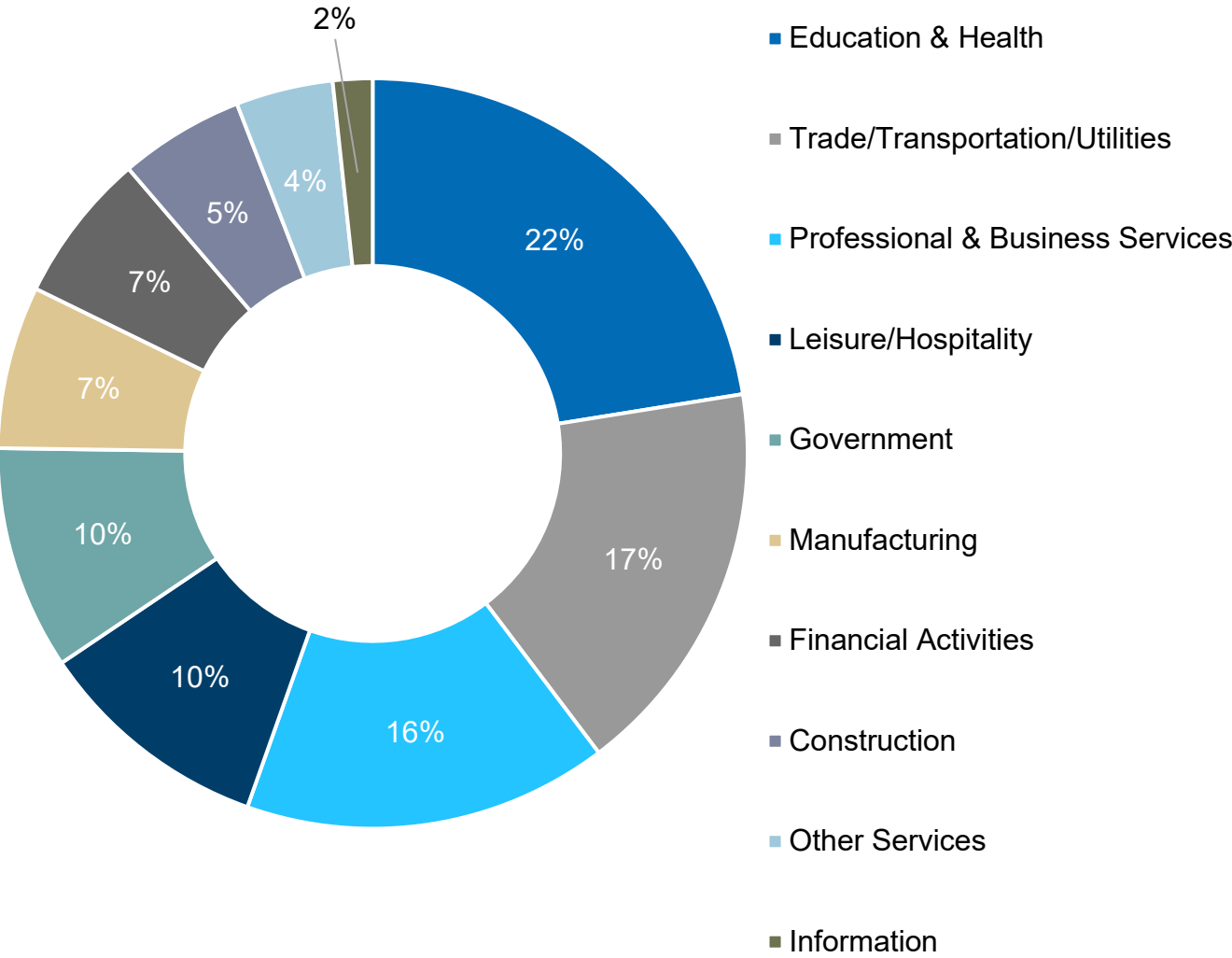


# Significant Employment Decline in Industrial Related Industries

Over the past 12 months, industry sectors such as Trade/Transportation/Utilities showed a minimal drop of - 0.2%, Construction fell -0.7%, and Manufacturing experienced a significant decline of -2.9%, indicating notable job losses across these key industrial related industries. In contrast, Education and Healthcare, Leisure/Hospitality and Professional & Business Services have experienced dramatic employment growth, with increases of 4.5%, 1.7%, and 1.4%, respectively..

Employment by Industry

Employment Growth by Industry, 12-Month % Change



Source: Moody's Analytics, Pittsburgh MSA



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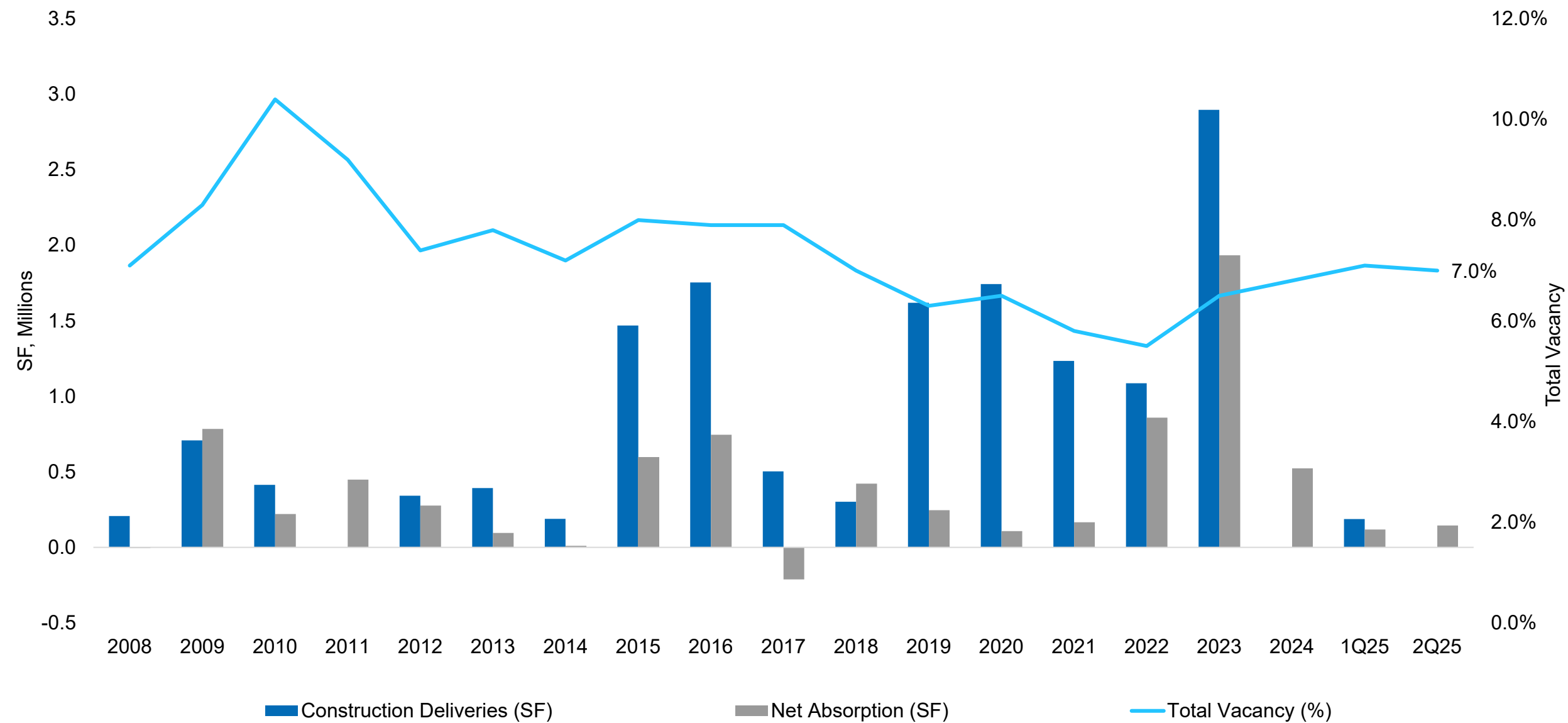
# Leasing Market Fundamentals



# Construction Slows as Vacancy Rates Stabilize and Absorption Remains Strong

From 2022 to the second quarter of 2025, the market saw a substantial increase in construction deliveries in 2023, reaching nearly 2.9 million SF, accompanied by strong net absorption and a moderate rise in vacancy from 5.5% to 6.5%. In 2024 and into 2025, new construction deliveries declined sharply, while positive net absorption continued, resulting in vacancy rates remaining relatively stable, between 6.8% and 7.0%. The market has shifted toward balance, with new supply slowing and tenants absorbing existing space at a steady pace.

Historical Construction Deliveries, Net Absorption, and Vacancy

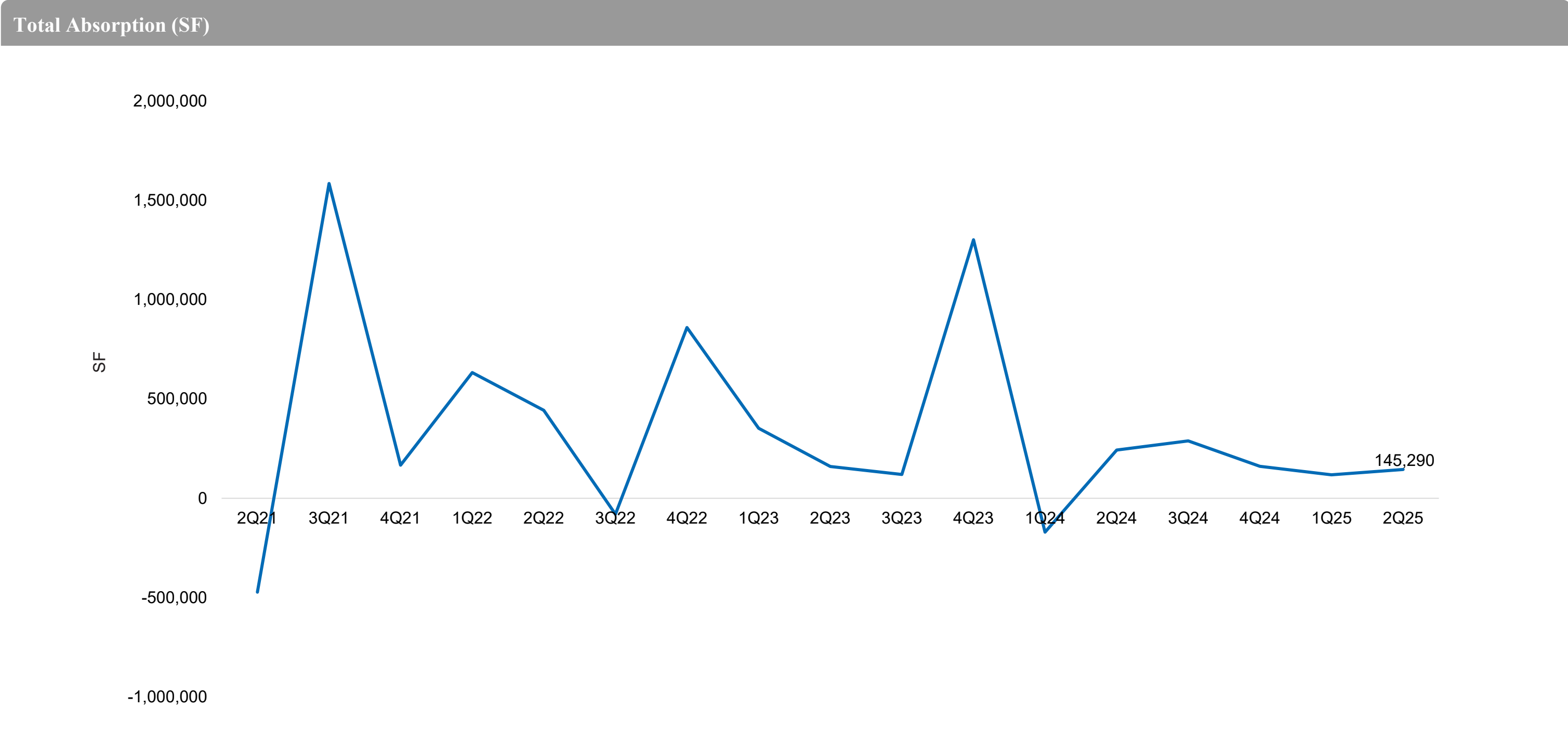


Source: Newmark Research



# Steady Demand Reflected in Consistently Positive Absorption

Total absorption has generally remained positive over the past several quarters, with a significant spike in the fourth quarter of 2023 at 1,301,280 SF. Although the first quarter of 2024 saw negative absorption, the market quickly rebounded, returning to consistent positive absorption of 145,290 SF ending the second quarter of 2025, indicating steady demand for space overall.

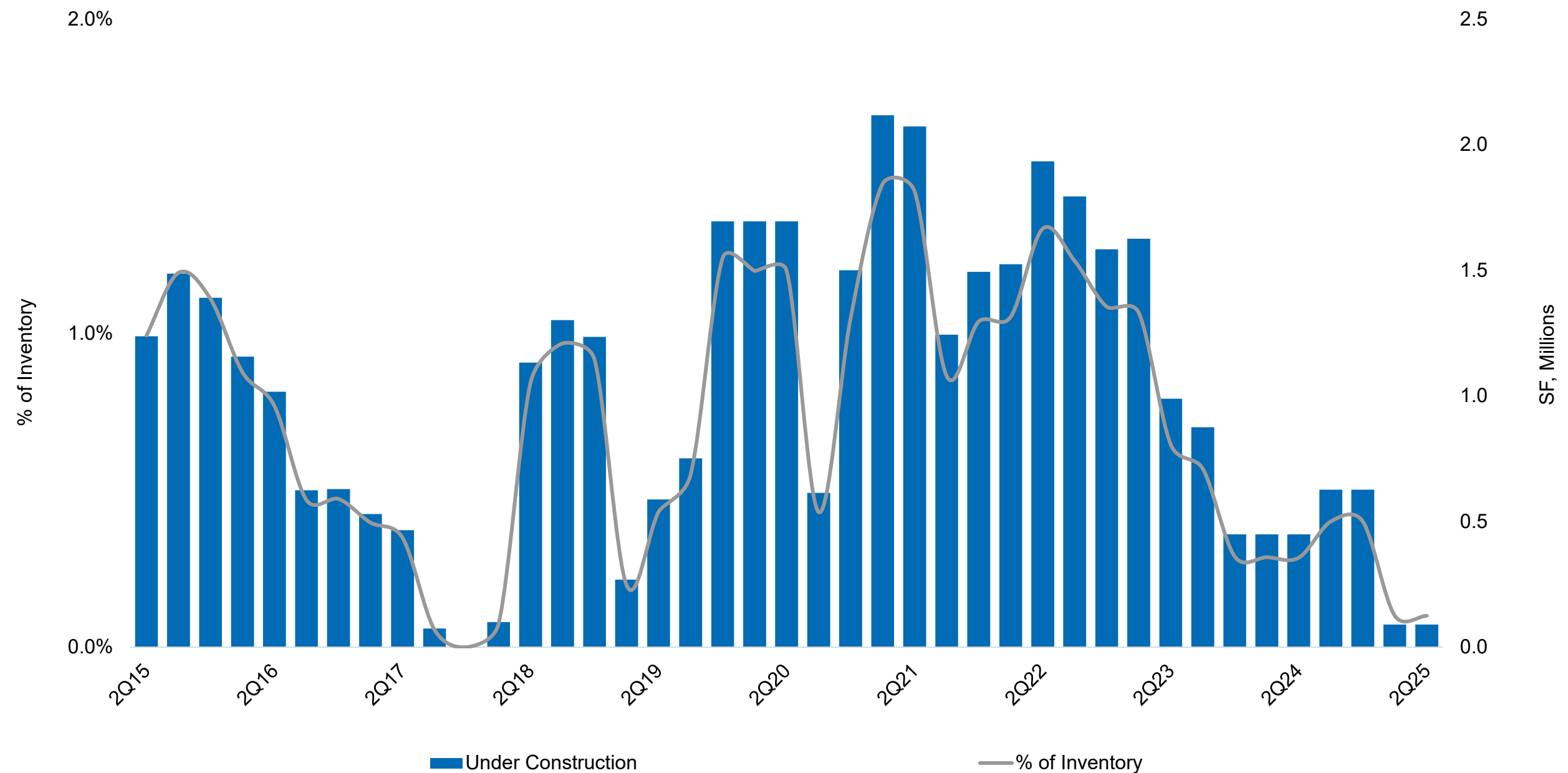


Source: Newmark Research

# Speculative Projects Anticipated

Only 90,277 SF remains under construction with scheduled completion by third quarter of 2025. However, based on recent activity, several speculative projects may commence in late third quarter or early fourth quarter of 2025.

Industrial Under Construction and % of Inventory

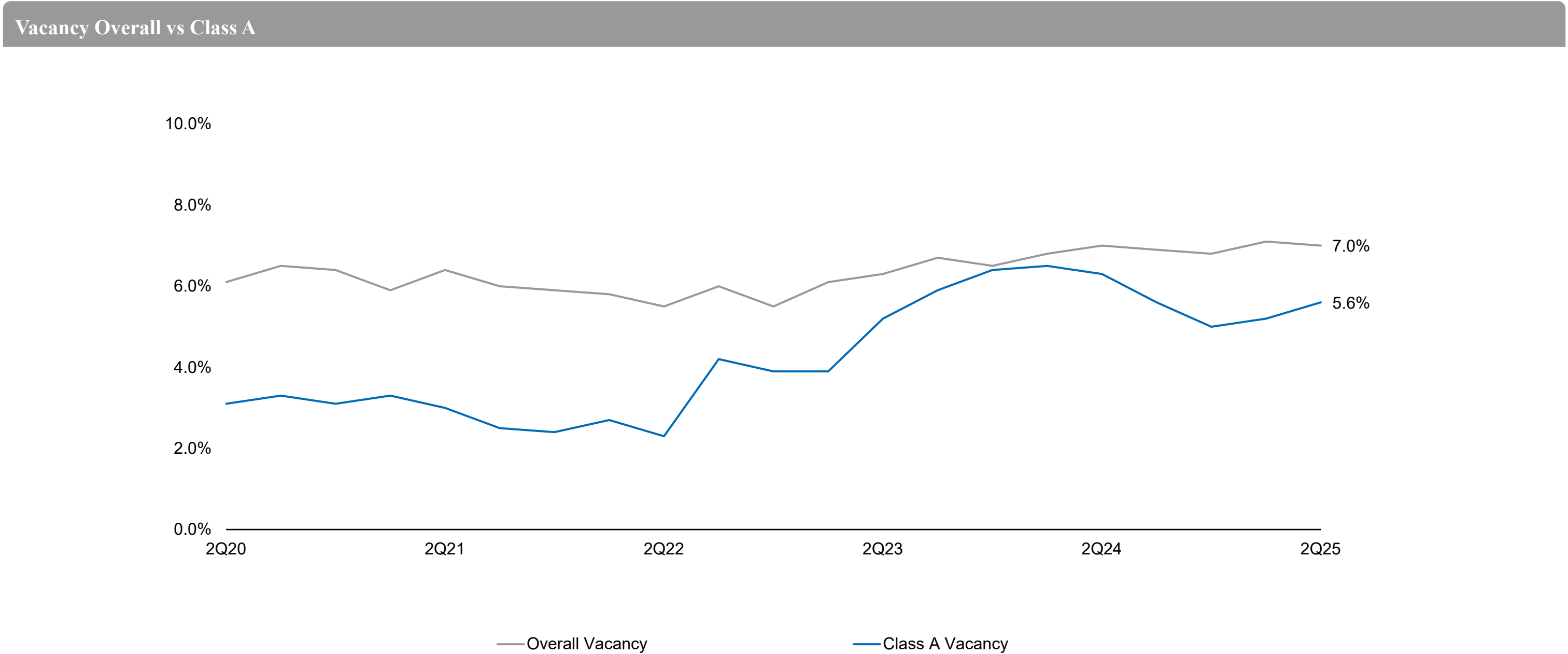


Source: Newmark Research



# Class A Vacancy Rises and Narrows Gap with Overall Market

From the second quarter of 2020 through the second quarter of 2025, overall vacancy rates increased from 6.1% to 7.0%, while Class A vacancy started lower at 3.1% and rose more sharply to 5.6% in the same period. Although Class A vacancy remained consistently below the overall vacancy rate throughout the period, it experienced a more pronounced escalation after late 2022, narrowing the gap between the two measures and reflecting growing pressures in the higher-end segment of the market.

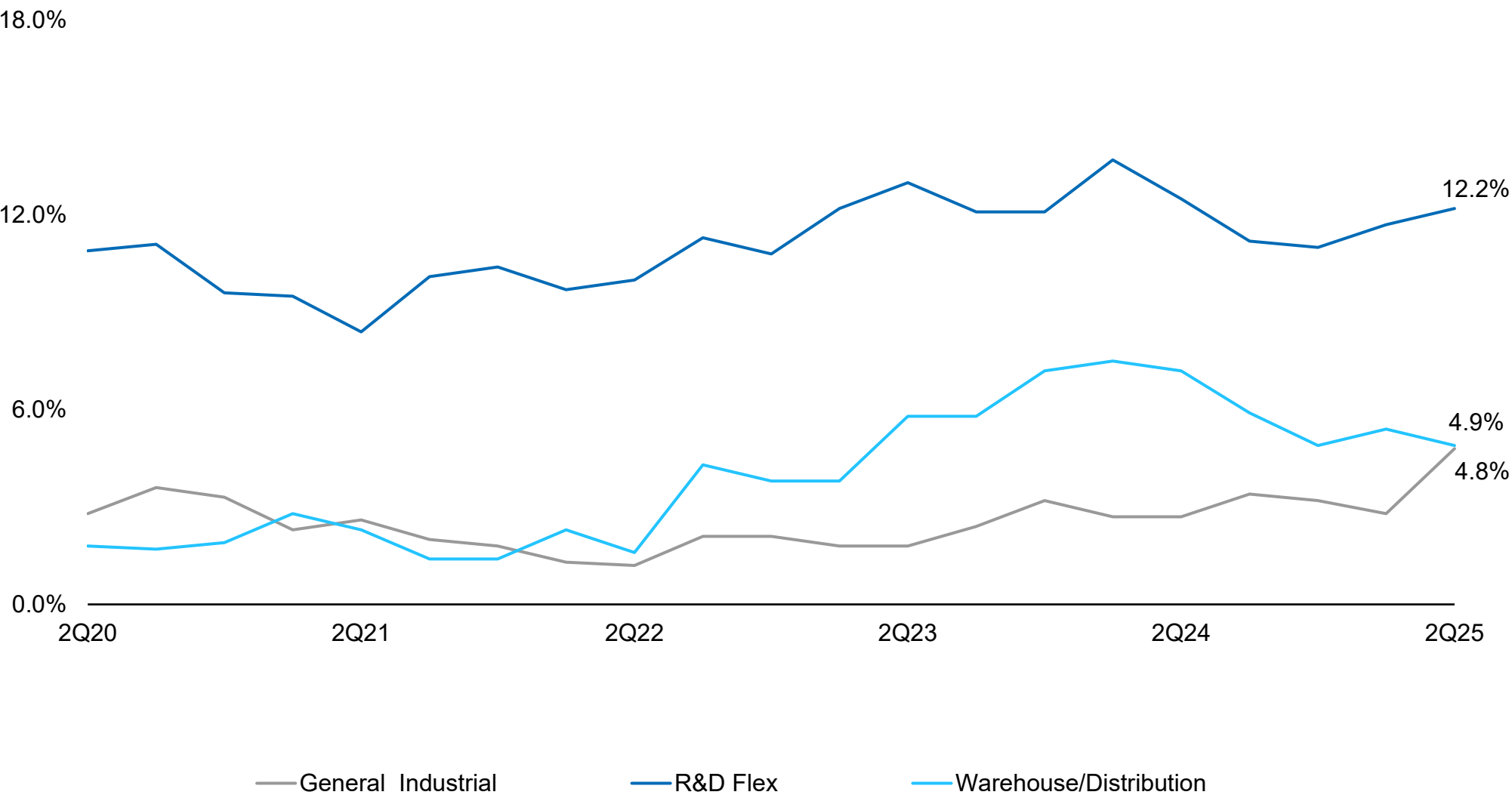


Source: Newmark Research

# Industrial Vacancy Trends Reveal Shifting Demands on Property Types

From the second quarter of 2020 to the second quarter of 2025, vacancy trends among industrial subtypes in the Pittsburgh market have varied. General industrial vacancy has fluctuated, starting at 2.8%, dipping as low as 1.2% in 2Q22, and then spiking to 4.8%. R&D Flex space consistently recorded the highest vacancy rates among the three, generally hovering between 9.5% and 13.7%, while Warehouse/Distribution vacancies saw a pronounced increase from just 1.8% to a peak of 7.5% in 1Q24, before easing back to 4.9%.

Class A Vacancy By Subtype



Source: Newmark Research



# Notable Lease Transactions

Select Lease Transactions				
Tenant	Building	Submarket	Type	Square Feet
American Beverage Corporation	100 Papercraft Blvd	Northeast	Renewal	323,418
L & M Enterprises	252-260 S College St	Washington	New Lease	176,453
Pittsburgh Water	River Ave – River Commerce Park	Pittsburgh	New Lease	127,000
Undisclosed	1967 Eastern Ave – Hulton Bus Center	East	New Lease	59,000
Comtech Industries	251 W Wylie Ave	Washington	New Lease	50,000
Macomb Group	304 Deer Run Rd – 79N Ind Park	Northwest	New Lease	41,600

Source: Newmark Research, CoStar

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# Submarket Overview



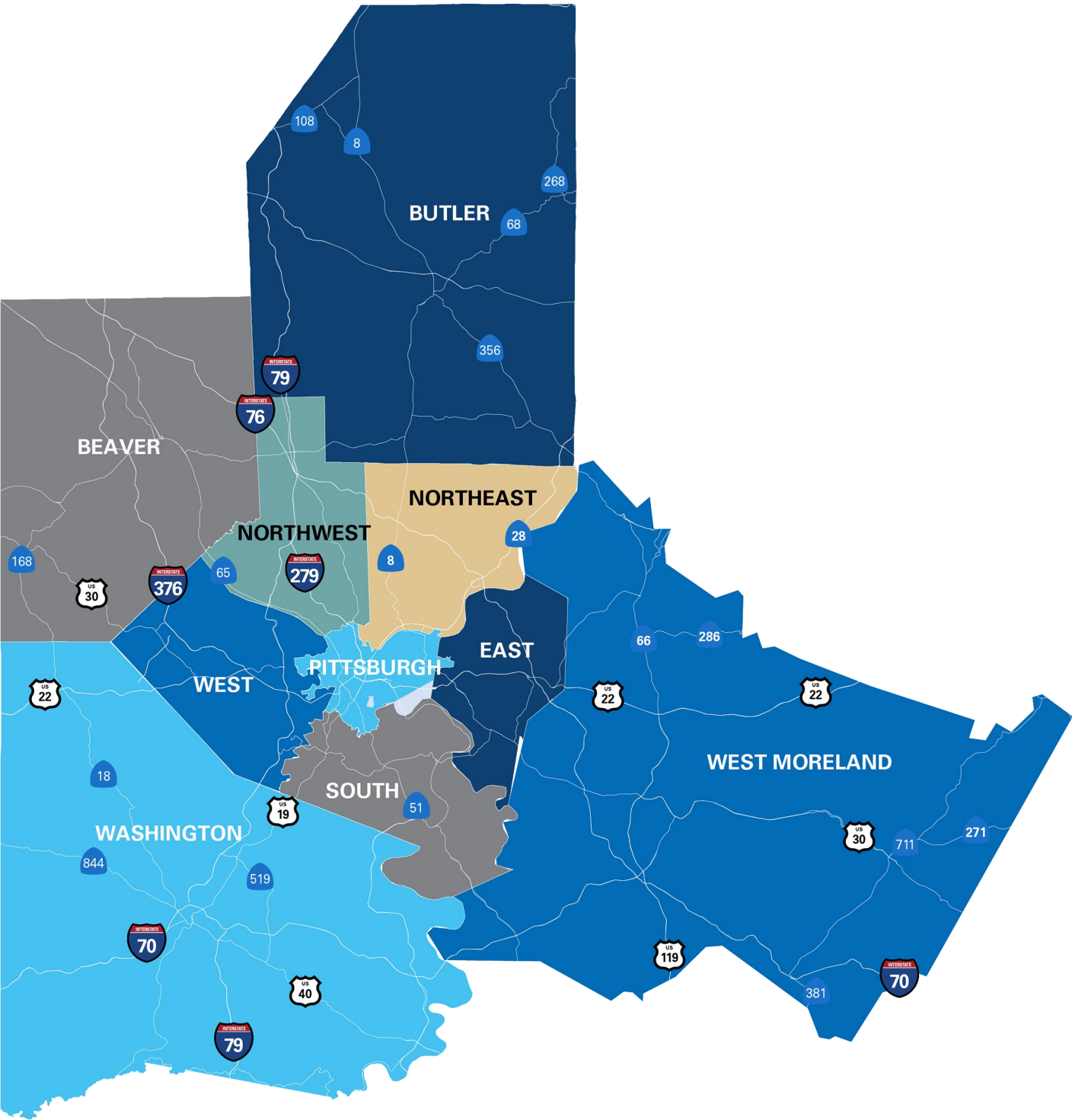


A low-angle, upward-looking shot of a modern building's interior or exterior structure. The image features a complex network of steel beams and girders forming a grid-like pattern. Large glass panels are visible, reflecting the sky and other parts of the structure. The perspective creates a sense of height and architectural scale. A solid blue horizontal band is superimposed over the middle of the image, containing white text.

Please reach out to your  
Newmark business contact for this information



# Submarket Map



Source: Newmark Research

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