Pittsburgh Office Market Overview

2Q26

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Pittsburgh Market Observations

Economy

- Pittsburgh's unemployment rate has remained stable since its post-pandemic recovery. It continues to report below the national rate, standing at 4.0% versus 4.3% nationally, a sign of a persistently tight local labor market.
- Education and Healthcare led all sectors in growth at 2.2%, reinforcing their position as Pittsburgh's largest industry and a key driver of the region's employment base.
- Pennsylvania extends Pittsburgh's LERTA tax abatement from 10 to 20 years which is expected to boost investment in Pittsburgh and downtown development.

Market Fundamentals

- Early 2026 shows tentative improvement, as back-to-back quarters experienced positive net absorption nudging vacancy down from 24.4% at year-end 2025 to 24.1% by second quarter 2026. The absence of new speculative construction has given landlords the advantage to lease existing quality space.
- Pittsburgh continues to experienced steady growth in overall average asking rental rates to $26.98/SF in the second quarter of 2026 from $26.82/SF in the fourth quarter of 2025. Despite volatile market conditions and uneven demand, landlords consistently secure modest year-over-year gains.
- Sublease availability has remained at 2.3% in the first and second quarter of 2026 down from 3.4% in the second quarter of 2024. Direct availability began 2026 on a steady downswing, easing from 24.4% at year-end 2025 to 23.8% in first quarter 2026 and 23.4% in second quarter 2026.

Transactions

- Duolingo announced moving its headquarters from 5900 Penn Avenue to Liberty East.
- Bechtel announced the signing of a 350,000 SF lease at 4350 Northern Pike which will bring the The Next Tier Connect complex to full occupancy once they move into the facility.
- Pittsburgh Water and Sewer Authority is now marketing space on the first floor of their headquarters building that they recently acquired located at 3011 Smallman Street.
- Chatham Eastside located at 6585 Penn Avenue was purchased by Carnegie Mellon University and is leasing back a portion of the building back to Chatham.
- In Southpointe, Viatris located at 1000 Mylan Blvd, is now marketing for lease over 100,000 SF of its owner-occupied building adding inventory to an already saturated market.
- Buchanan Ingersoll & Rooney extended their lease in the Union Trust Building for 115,335 SF

Outlook

- No speculative office space under construction supply and the active office-to-residential conversions should support stronger absorption through the remainder of 2026
- Continued growth in AI, robotics and energy is strengthening long-term demand and supporting recovery through 2026 and beyond.
- The recent initiatives to secure funding through nonprofit partnerships with UPMC, Highmark, Pitt and CMU will have a significant impact on the future of the city of Pittsburgh.

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Economy

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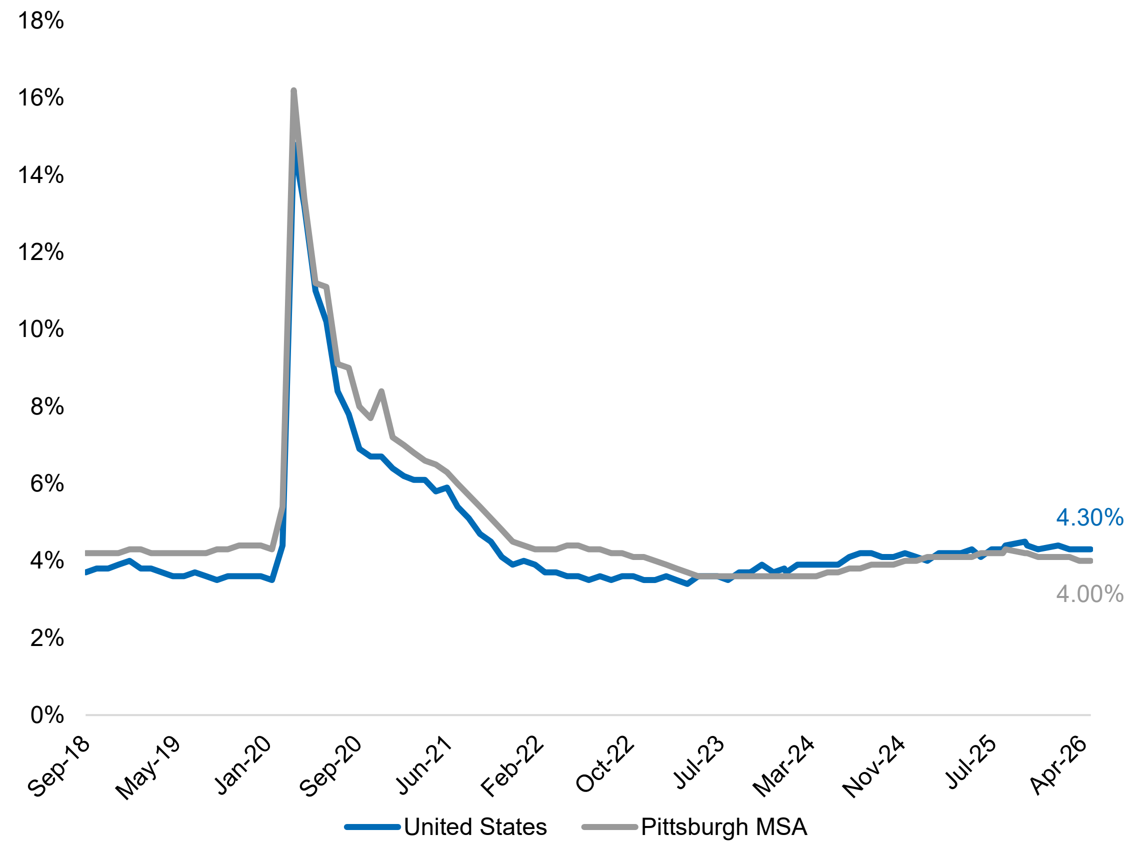
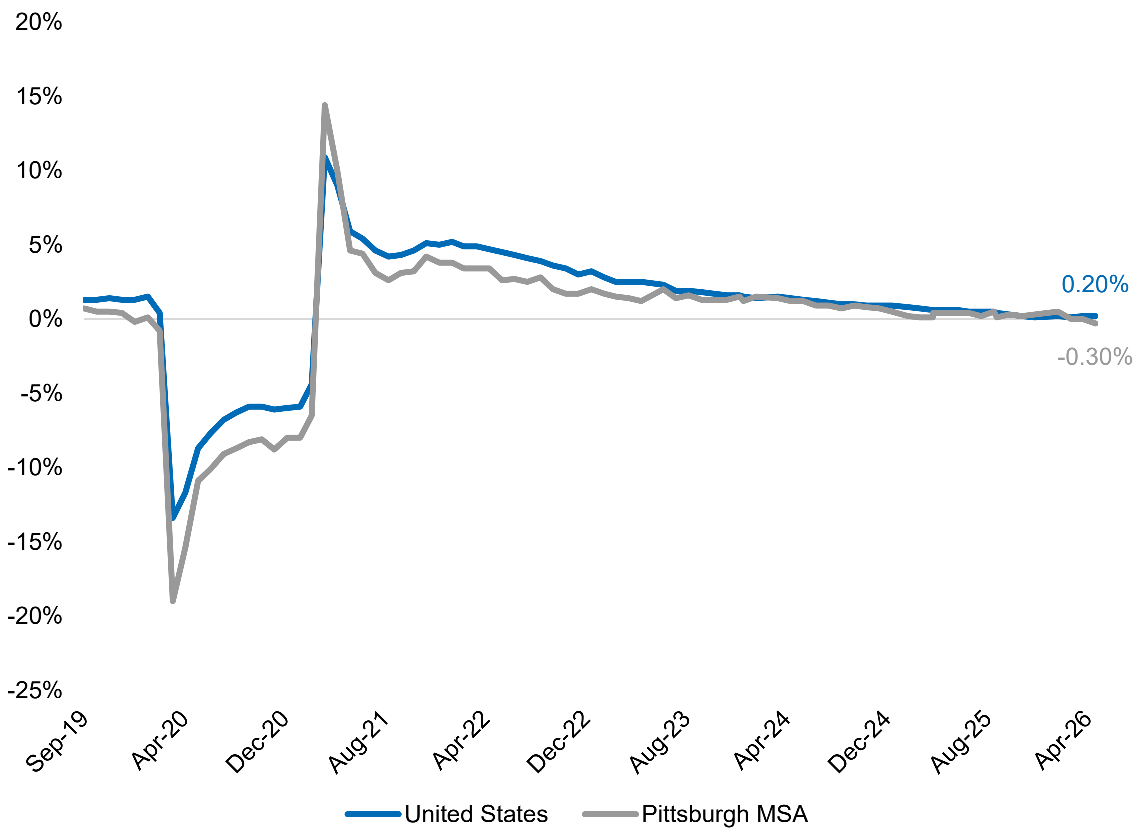
Pittsburgh Unemployment Holds Steady Below National Rate

Pittsburgh's unemployment rate has remained stable since its post-pandemic recovery. It continues to report below the national rate, standing at 4.0% versus 4.3% nationally, a sign of a persistently tight local labor market. However, payroll employment tells a more nuanced story: over the past 12 months, Pittsburgh employment declined by 0.3% while the U.S. posted a slight 0.2% gain. Together, these trends suggest Pittsburgh's low unemployment is driven by a steady, constrained workforce, reflecting a labor market that is tight and stable.

Unemployment Rate, Seasonally Adjusted



Payroll Employment, Seasonally Adjusted, 12-Month % Change

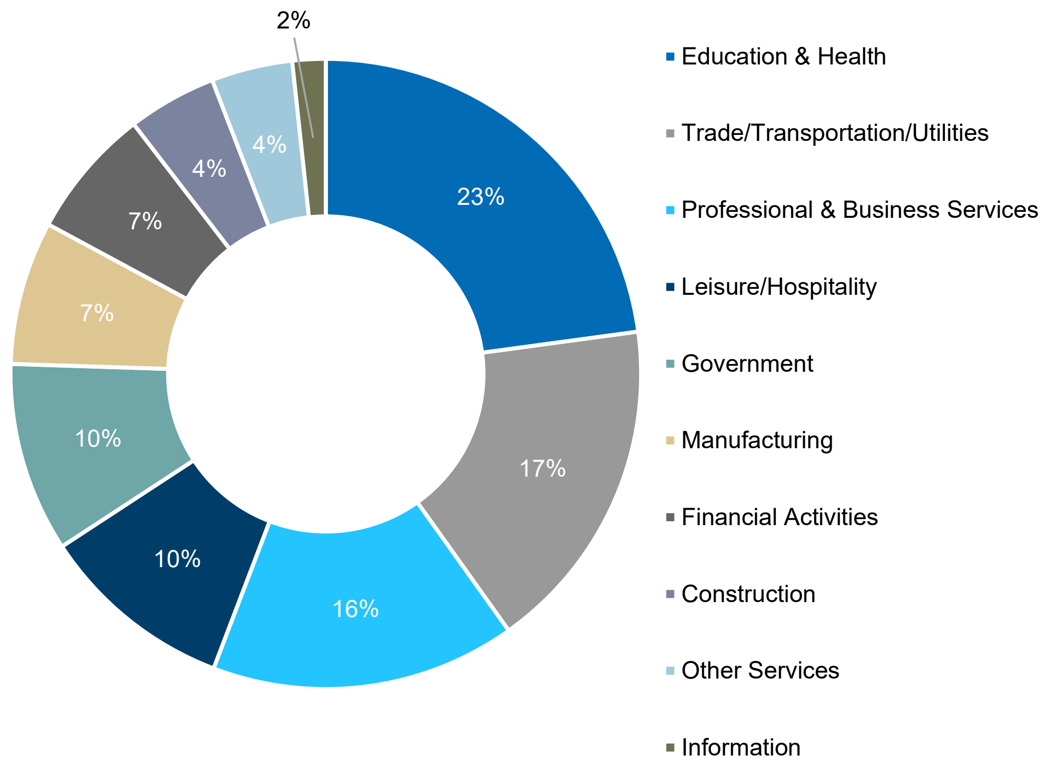


Source: BLS CES, Pittsburgh MSA

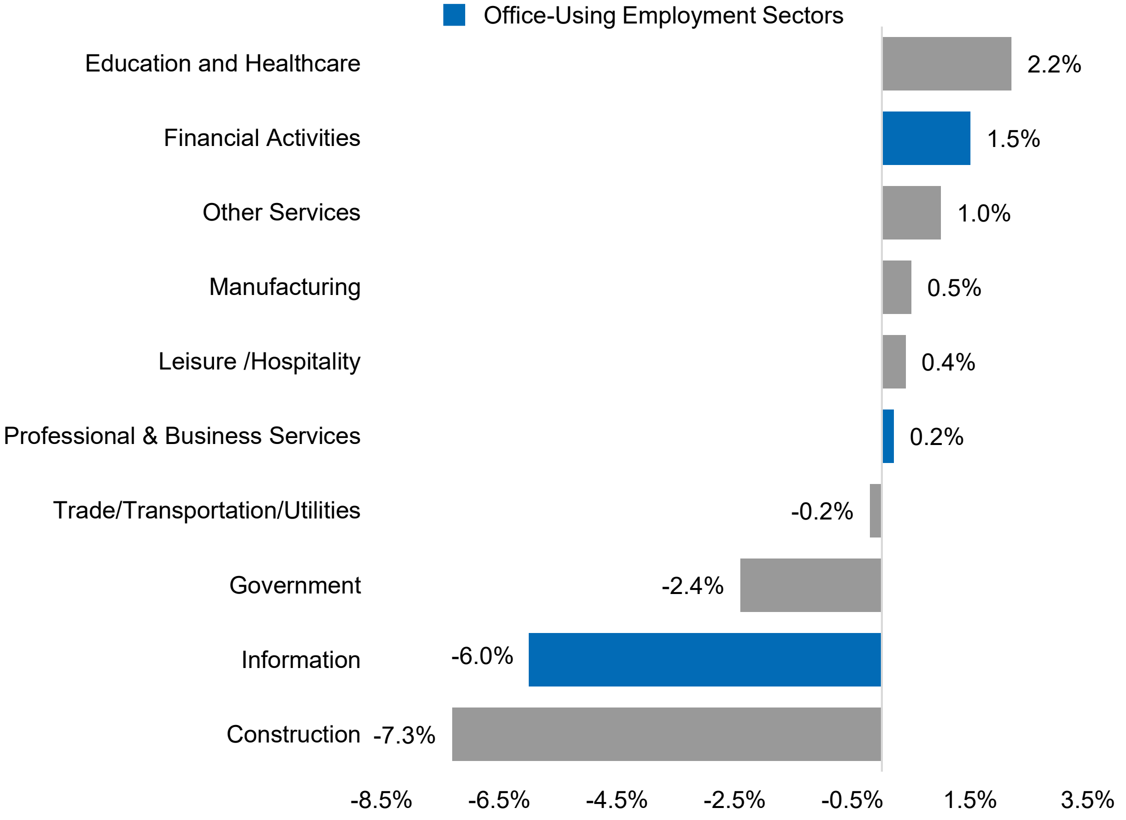
Pittsburgh Job Growth Led By Education & Healthcare and Financial Activities

Employment growth by industry showed mixed results this quarter. Office-using sectors such as Financial Activities and Professional & Business Services both posted gains, while Information continues to lag, declining 6.0% over the past 12 months. Although the majority of industries saw employment increases, Government, Information, and Construction all experienced significant declines, falling 2.4%, 6.0%, and 7.3%, respectively. Education and Healthcare led all sectors in growth at 2.2%, reinforcing their position as Pittsburgh's largest industry and a key driver of the region's employment base.

Employment By Industry



Employment Growth By Industry, 12-Month % Change



Source: Moody’s Analytics, Pittsburgh MSA

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Market Fundamentals

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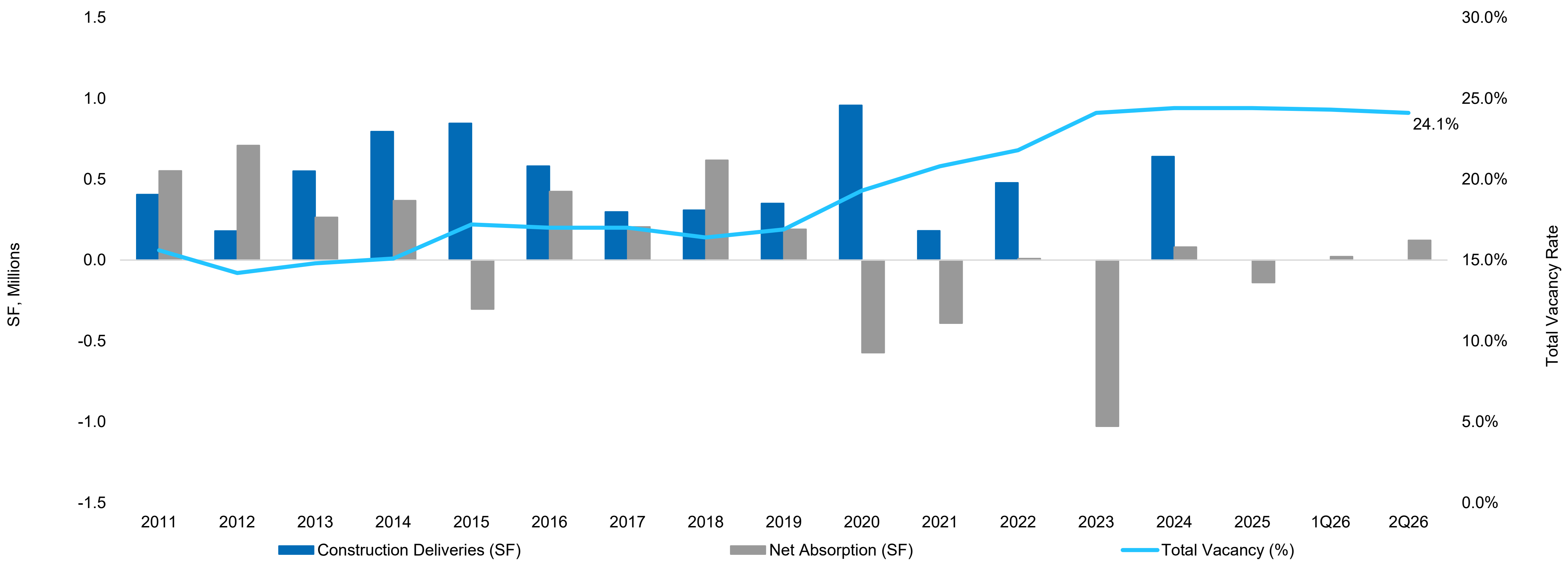
Pittsburgh's Office Market Experiencing Modest Positive Absorption

Early 2026 shows tentative improvement, as back-to-back quarters experienced positive net absorption with year-to-date totaling 124,442 SF nudging vacancy down from 24.4% at year-end 2025 to 24.1% by second quarter 2026. The absence of new speculative construction has given landlords the advantage to lease existing quality space.

Historical Construction Deliveries, Net Absorption, and Vacancy

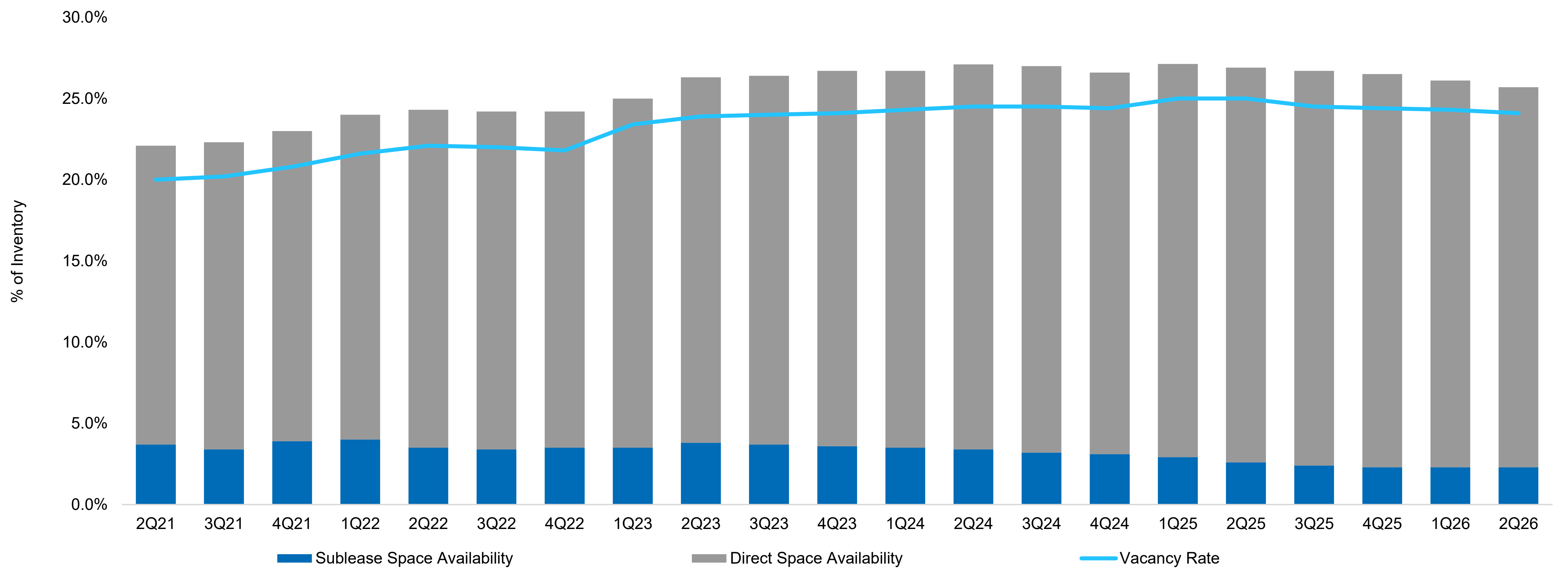


Source: Newmark Research

Sublease Availability, Direct Availability and Vacancy On A Steady Decline

Sublease availability has remained at 2.3% in the first and second quarter of 2026 down from 3.4% in the second quarter of 2024. Direct availability began 2026 on a steady downswing, easing from 24.4% at year-end 2025 to 23.8% in first quarter 2026 and 23.4% in second quarter 2026. Overall vacancy ticked down to 24.1% in the second quarter of 2026, indicating a slight strengthening of leasing activity

Available Space as Percent of Overall Market

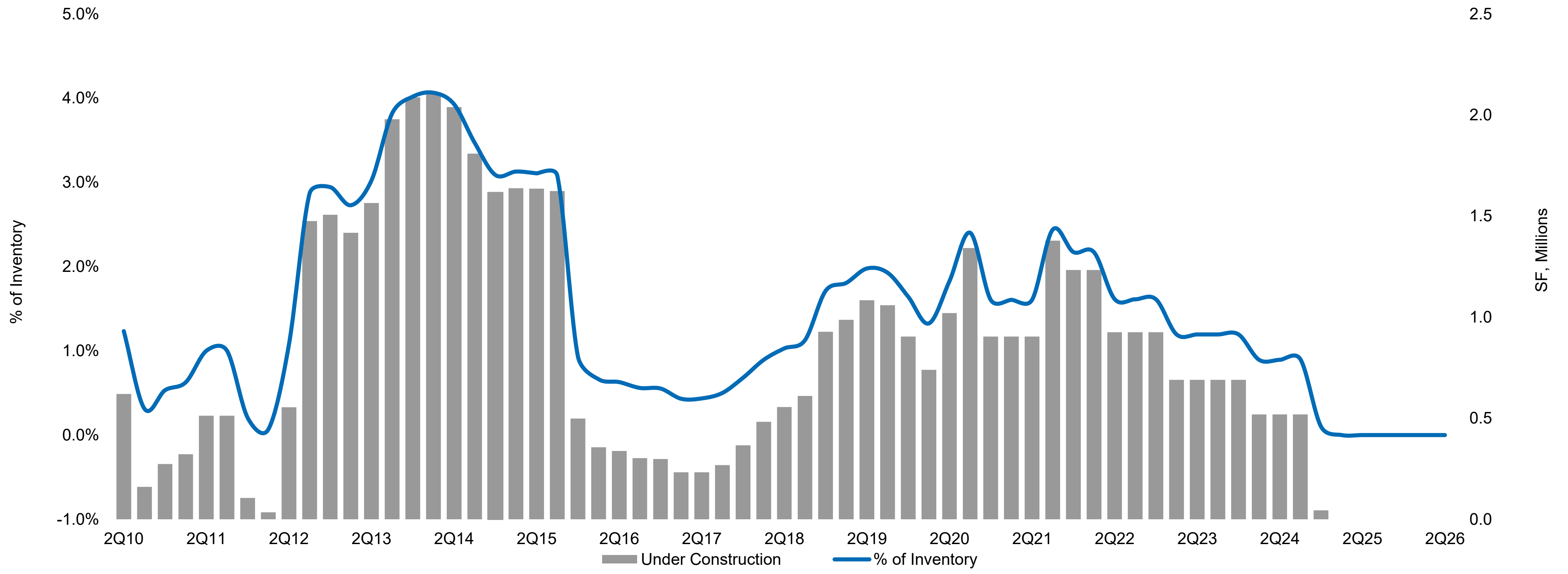


Source: Newmark Research

Another Quarter Without Speculative Construction

There has been no new speculative office construction in Pittsburgh since beginning of 2025. Persistently high vacancy and muted tenant expansion have reduced the need for additional supply, while rising construction and financing costs have undermined the feasibility of new projects. As a result, developers are prioritizing the repurposing and upgrading of existing buildings to meet evolving tenant preferences, rather than adding new office inventory to an already saturated market.

Office Under Construction and % of Inventory

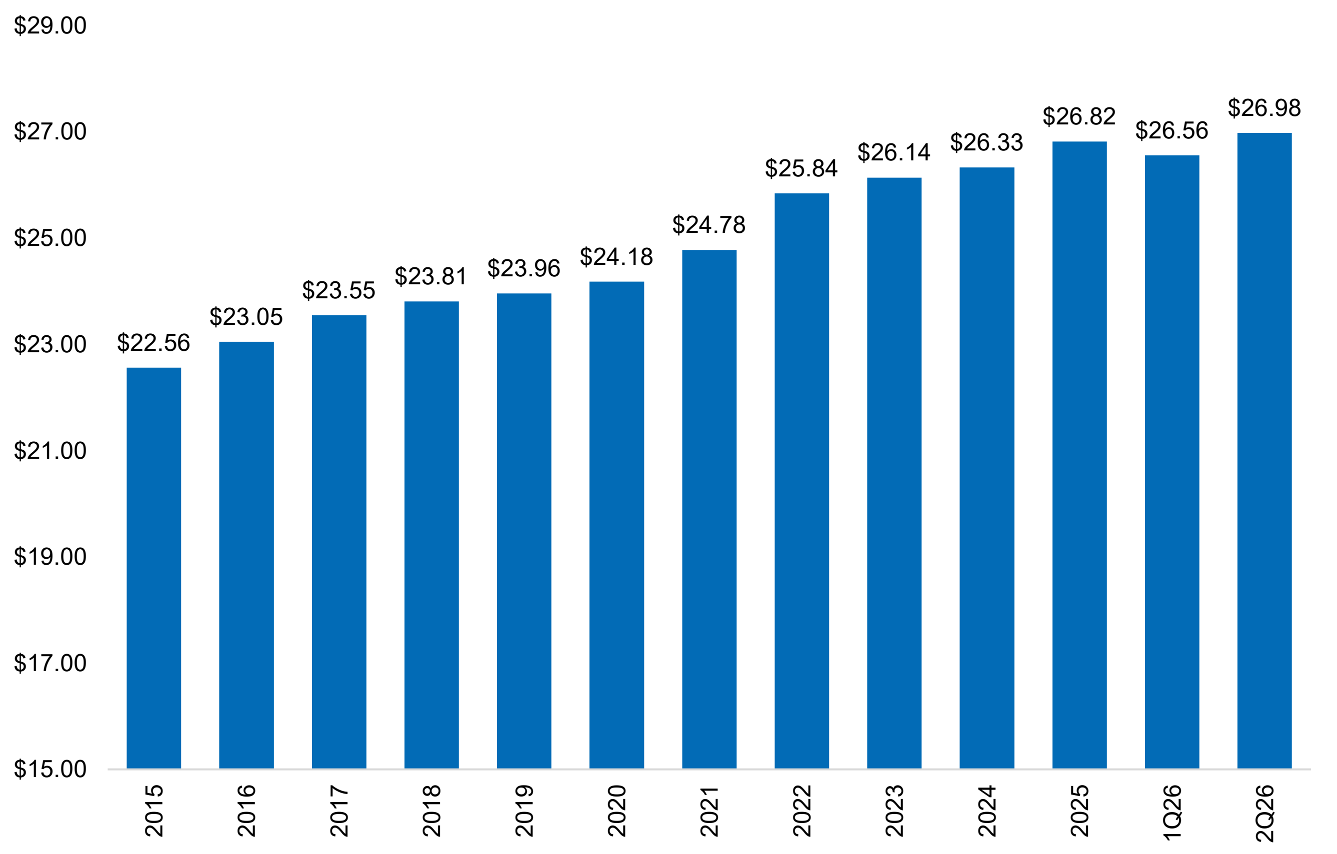


Source: Newmark Research

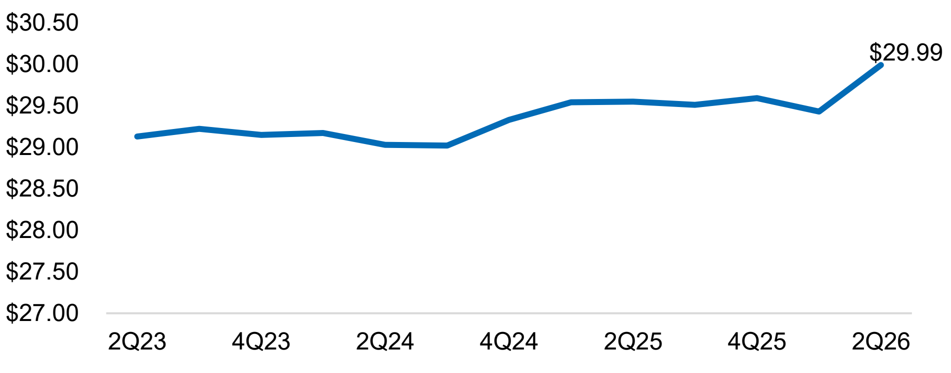
Average Asking Rents Continue to Steadily Grow

Pittsburgh continues to experienced steady growth in overall average asking rental rates to $26.98/SF in the second quarter of 2026 from $26.82/SF in the fourth quarter of 2025. Despite volatile market conditions and uneven demand, landlords consistently secure modest year-over-year gains.

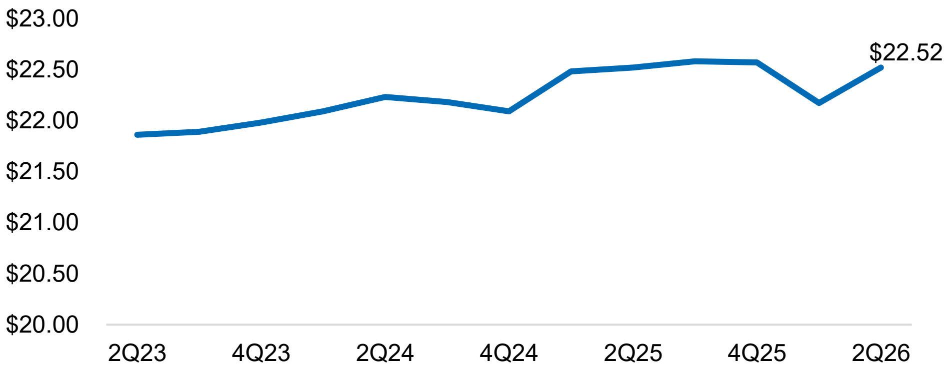
Office Overall Average Asking Rent, $/SF, FS



Class A Average Asking Rents



Class B Average Asking Rents



Source: Newmark Research

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Market Overview

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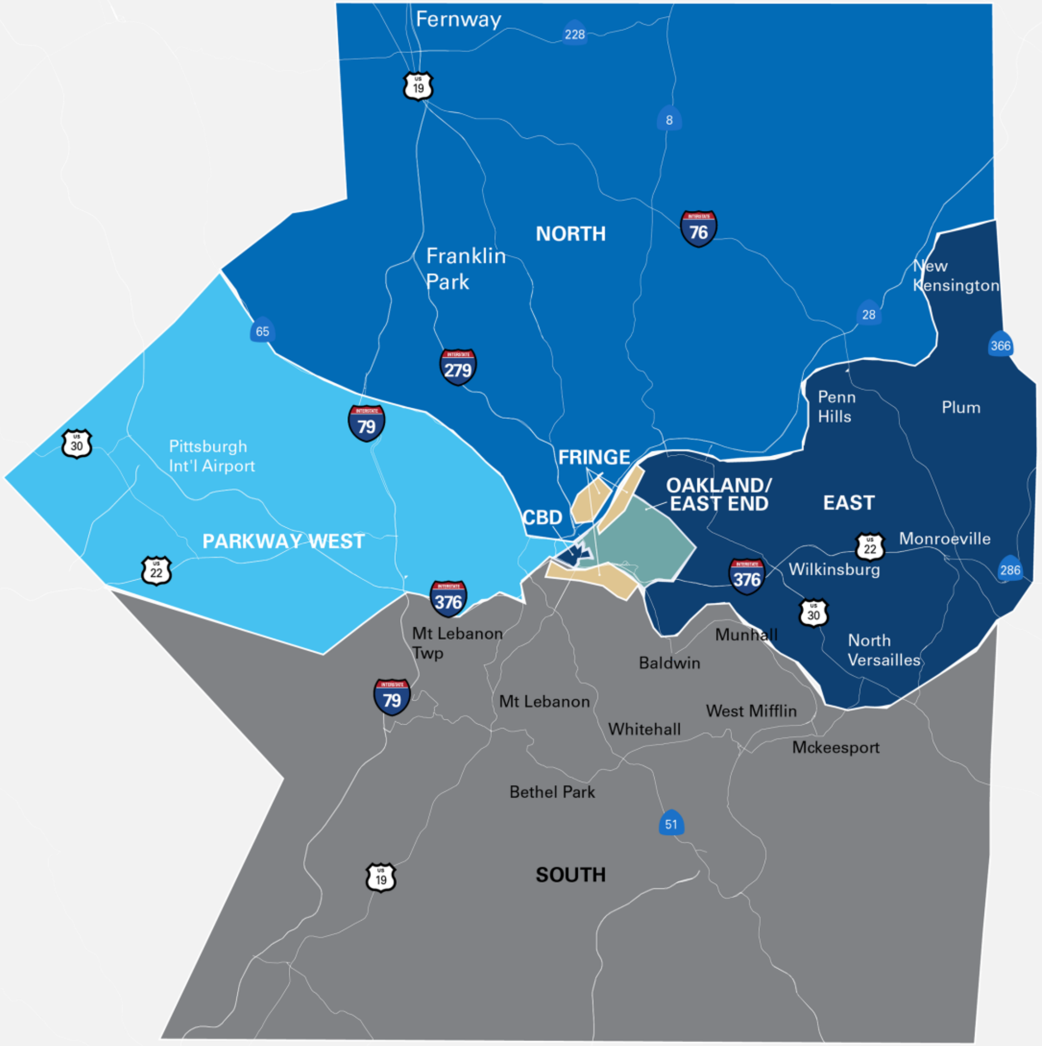
Pittsburgh Office Submarket Map



Source: Newmark Research

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