

Pittsburgh Industrial Market Overview



NEWMARK

Market Observations

Economy

- The national unemployment rate rose from 3.8% in August 2023 to 4.2% in August 2024. While the Pittsburgh MSA unemployment rate remained relatively flat over the same period hovering at 3.3%.
- The US Bureau of Labor Statistics reported a Consumer Price Index increase of 0.2% in September with a 2.4% total increase over the last twelve months.
- As Allegheny County continues to grant property assessment reduction appeals, it raises concerns about the negative impact on local government and school districts reliant on property tax revenue.

Major Transactions

- Holtec International signed a lease extension at RIDC Keystone Commons for over 420,000 SF.
- DHL Supply Chain renewed their 130,000 SF lease at 1003 Corporate Lane in the Westmoreland submarket.
- 171 Thorn Hill Road lands a new tenant, Vista Print, for the 91,000 SF building recently vacated by the closure of Cardinal Health earlier in 2024.

Leasing Market Fundamentals

- Class A vacancy recorded a significant decline over the quarter, reaching 5.6% in the third quarter of 2024. Comparatively, overall vacancy remained stable over the same period.
- The West submarket continues to outperform Pittsburgh's other submarkets ending the third quarter of 2024 at over 300,000 SF of positive absorption.
- In the third quarter of 2024, long-anticipated construction starts occurred as Imperial Business Park began construction at 700 International Drive, featuring an approximately 90,000 SF building.

Outlook

- Several lease transactions in process will have a positive impact on market conditions in the fourth quarter of 2024.
- The consensus that interest rates have peaked in third quarter of 2024 should lead to increased capital markets activity in 2025.
- If absorption continues in fourth quarter 2024 and first quarter 2025, speculative construction may commence in second and third quarter of 2025.

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

3Q24

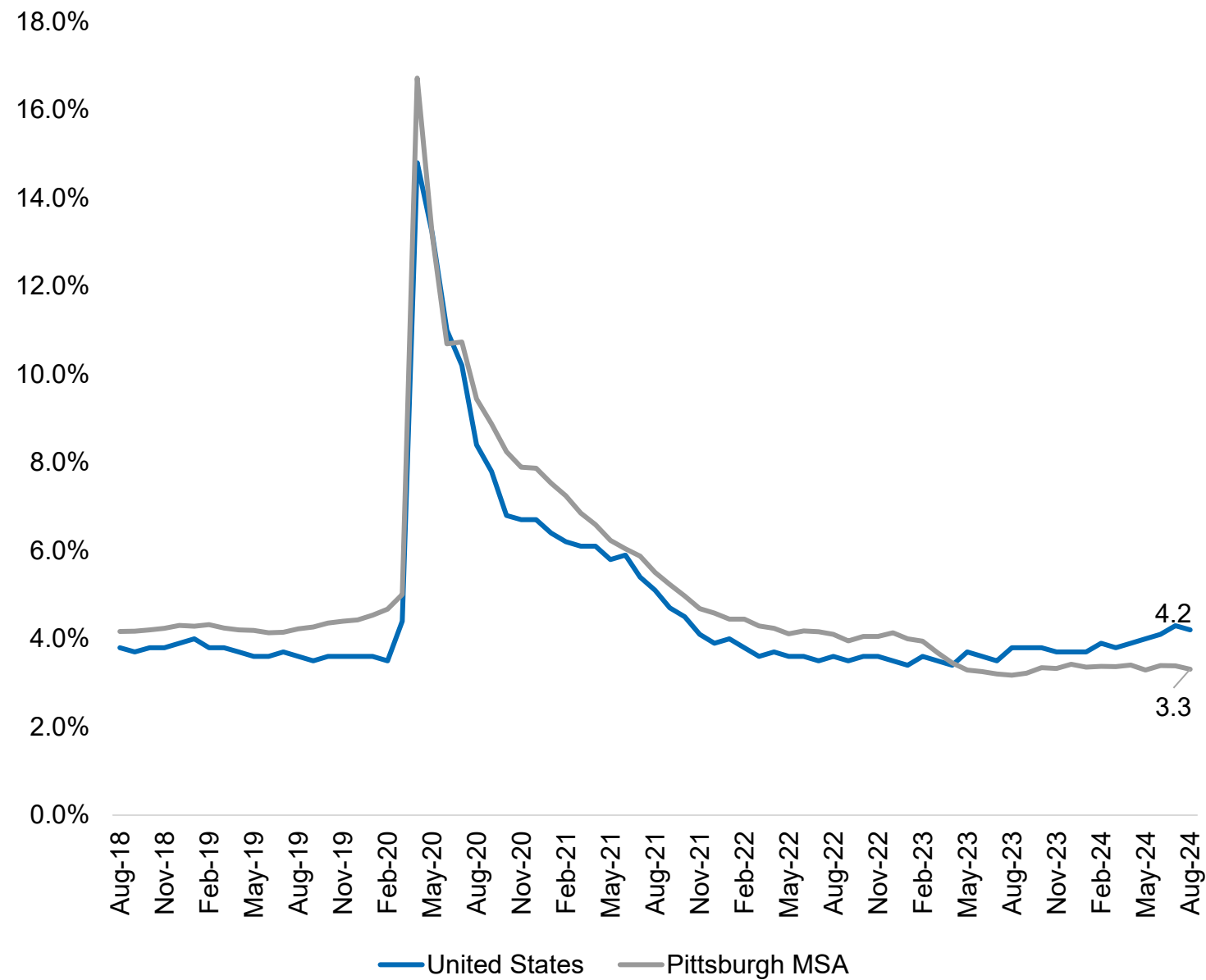
Economy



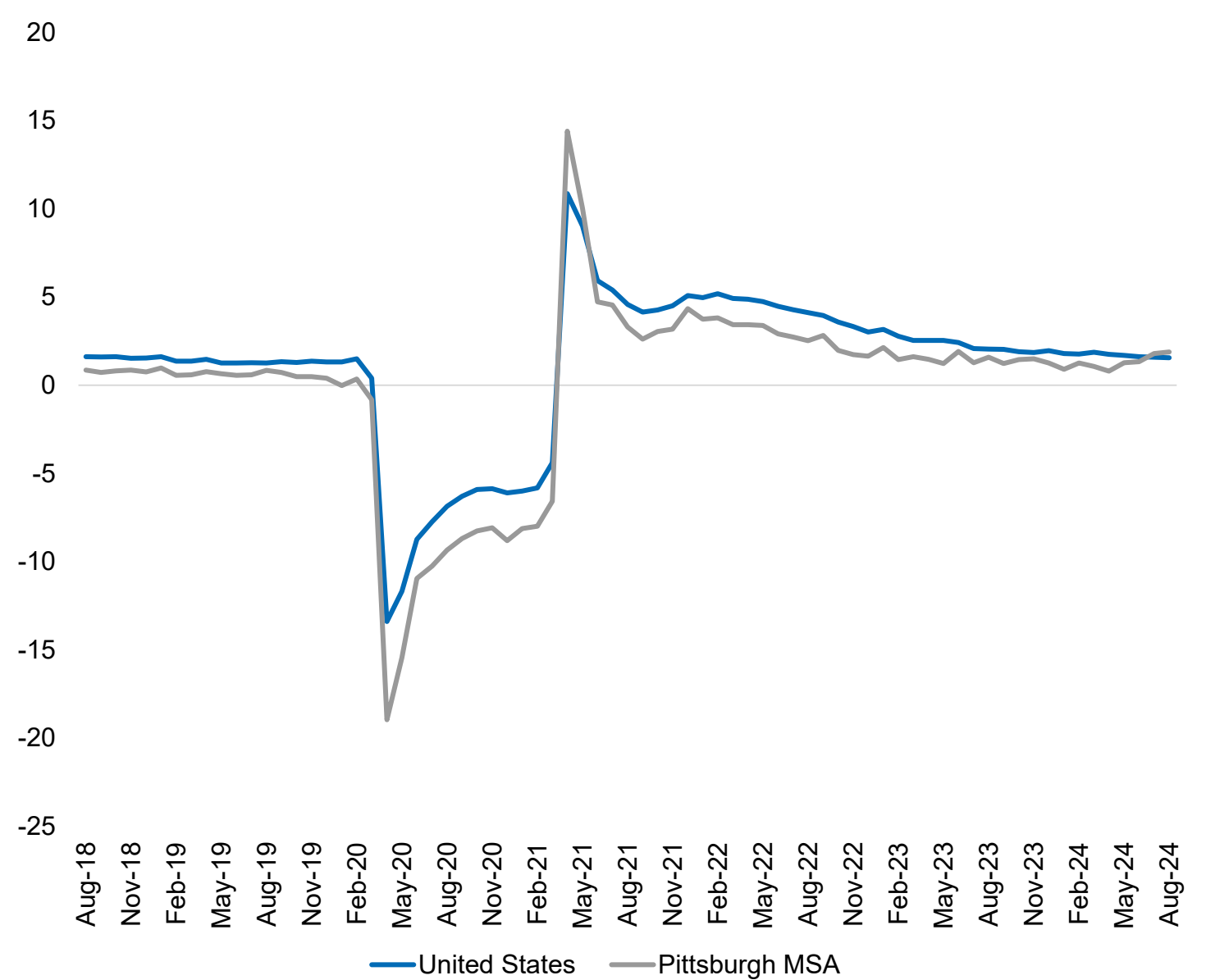
Pittsburgh Unemployment Remains Below National Rate

The national unemployment rate rose from 3.8% in August 2023 to 4.2% in August 2024. While the Pittsburgh MSA unemployment rate remained relatively flat over the same period hovering at 3.3%

Unemployment Rate, Seasonally Adjusted



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



Source: Moody's Analytics, Pittsburgh MSA

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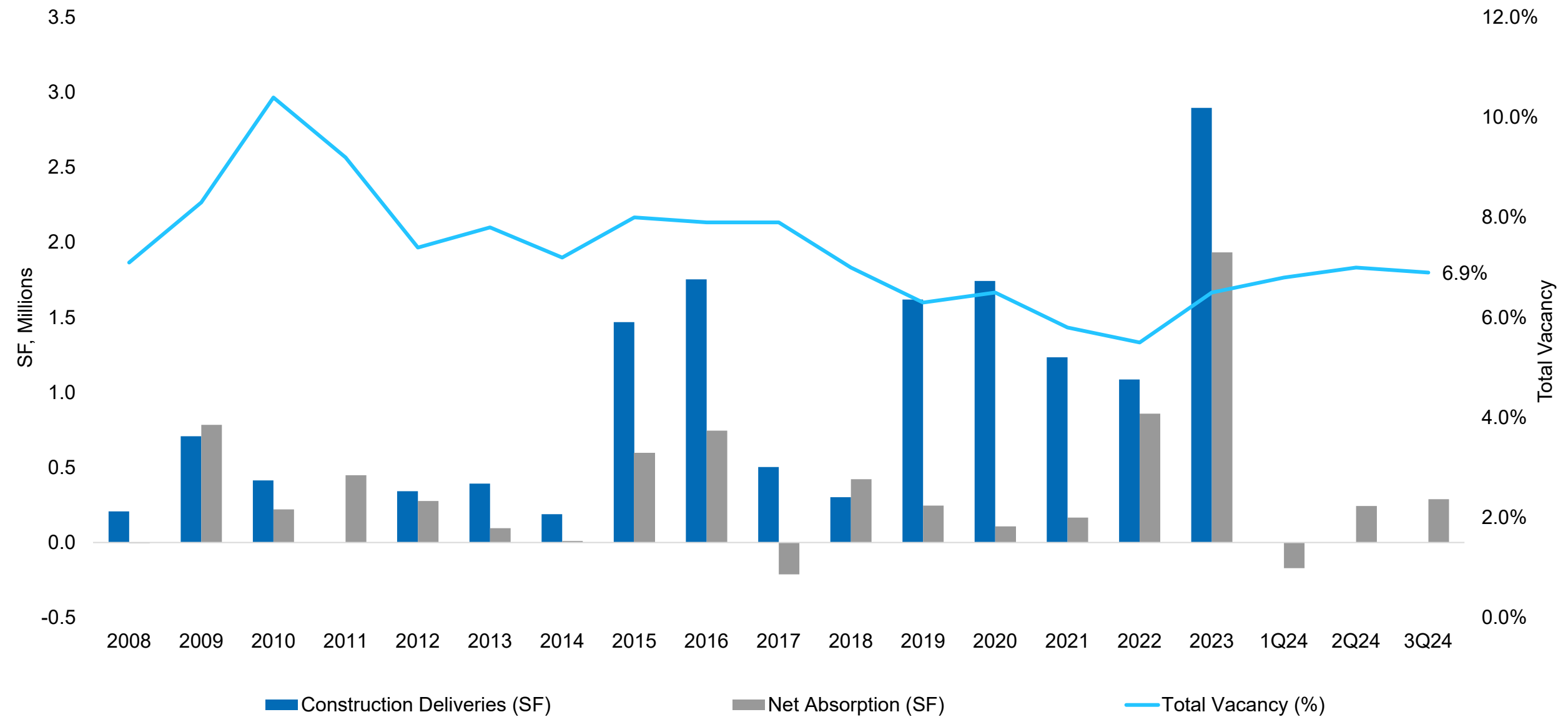
Leasing Market Fundamentals



Industrial Market Maintains Momentum

As anticipated, the industrial market maintained its momentum with positive absorption of 289,156 SF in the third quarter of 2024 and had overall vacancy at 6.9%

Historical Construction Deliveries, Net Absorption, and Vacancy

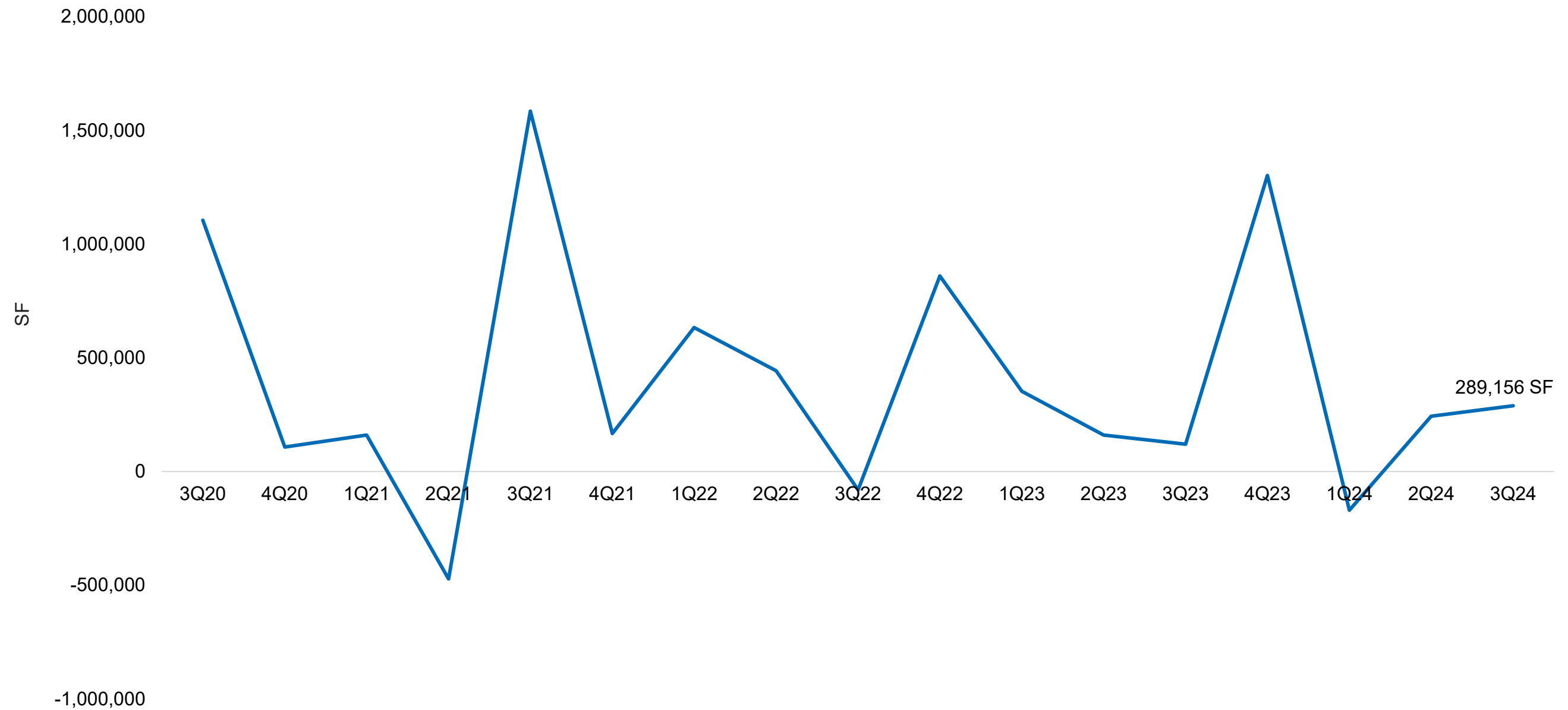


Source: Newmark Research

Pittsburgh Industrial Market Remains Positive

The Pittsburgh overall industrial market had another positive quarter of net absorption. The West submarket continues to outperform Pittsburgh's other submarkets ending the third quarter of 2024 with over 300,000 SF of positive absorption.

Total Absorption (SF)

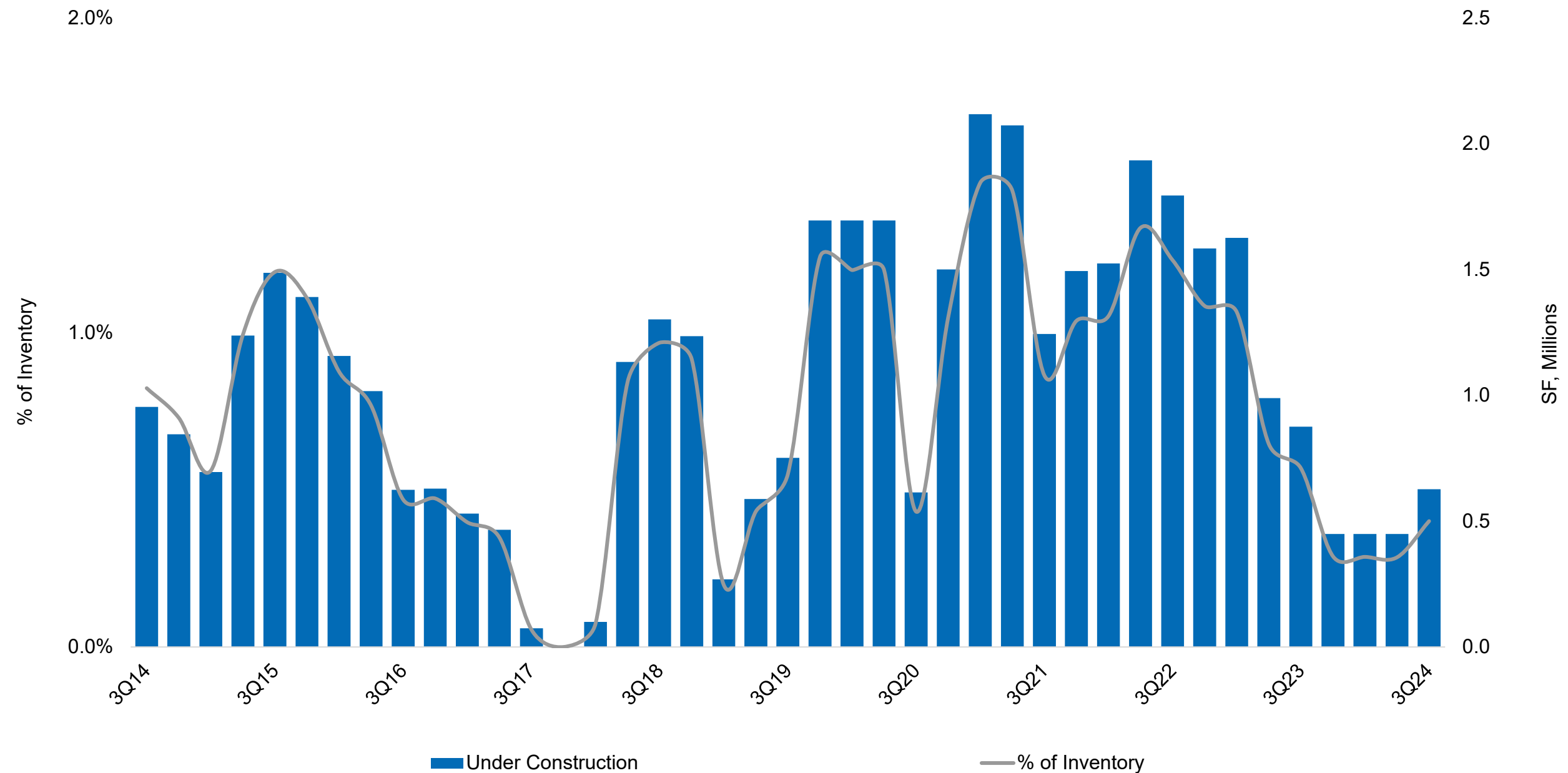


Source: Newmark Research

Breakthrough in Construction

In the third quarter of 2024, long-anticipated construction starts occurred as Imperial Business Park began construction at 700 International Drive, featuring an approximately 90,000 SF building.

Industrial Under Construction and % of Inventory

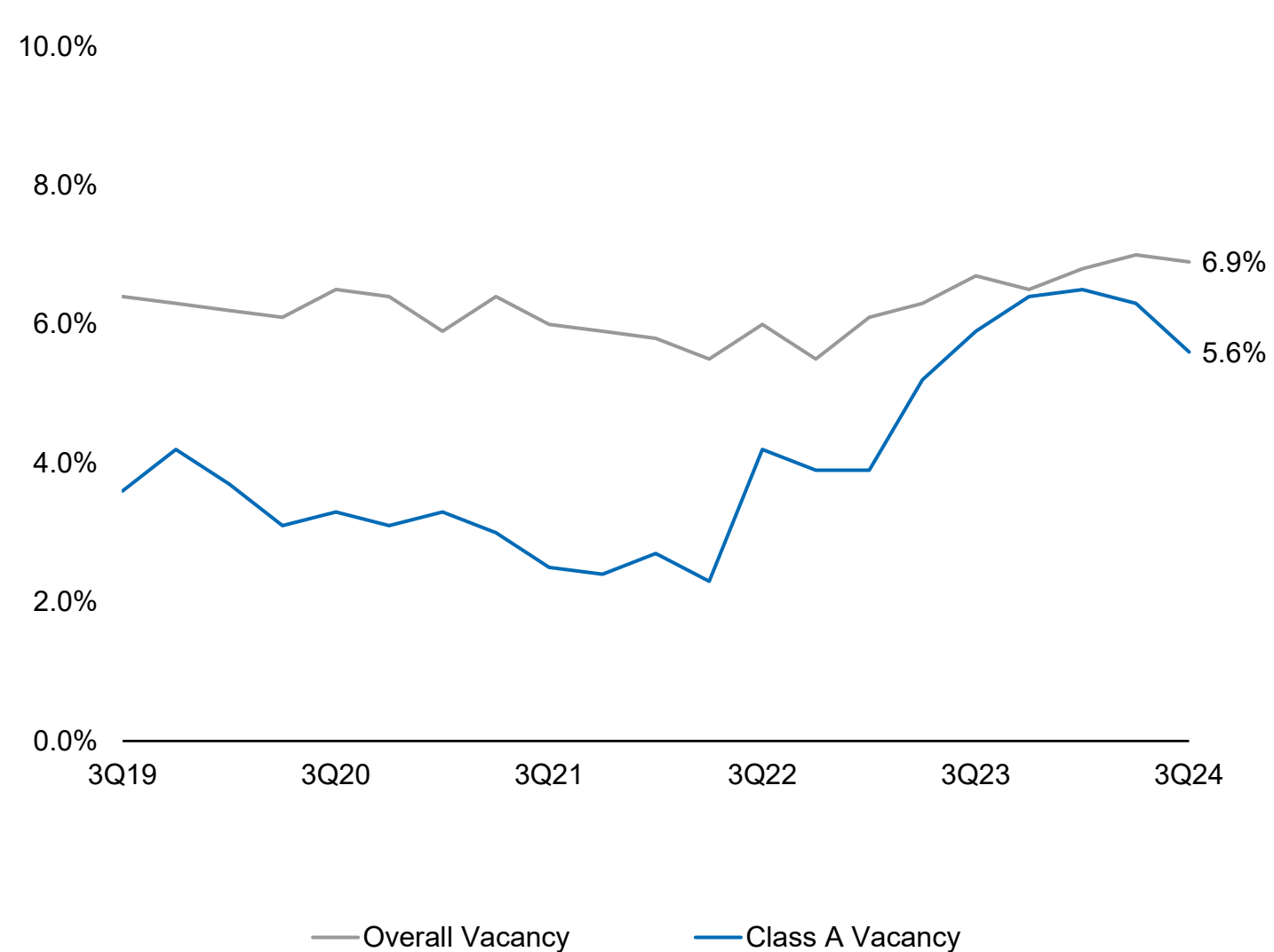


Source: Newmark Research

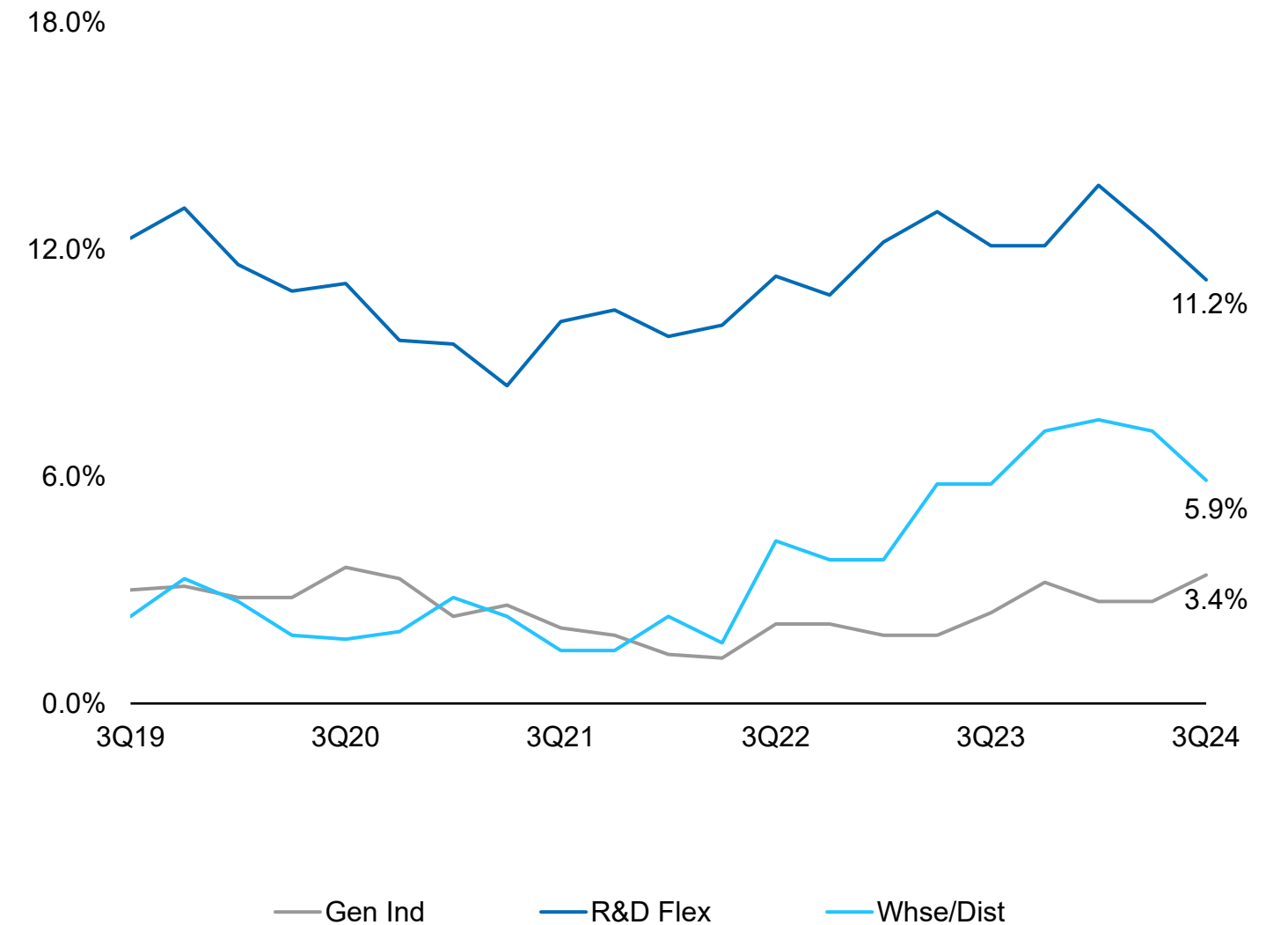
High Quality Industrial Space Shows Consistent Demand

Class A inventory recorded a significant decline in vacancy from 6.3% in the second quarter 2024 to 5.6% in the third quarter 2024 while overall vacancy remained stable during the same period hovering at 6.9%. The Class A warehouse/distribution subtype continued to show strong reduction in vacancy during the third quarter 2024 to 5.9% down from 7.2% in second quarter 2024

Vacancy Overall vs Class A



Class A Vacancy By Subtype



3Q24 Notable Lease Transactions

Select Lease Transactions

Tenant	Building	Submarket	Type	Square Feet
Holtec International	Keystone Commons	East	Lease Extension	420,000
DHL Supply Chain	1003 Corporate Lane	Westmoreland	Renewal	130,000
Vista Print	171 Thorn Hill Road	Northwest	New Lease	91,000
Wholesale Millwork	Clinton Commerce – 2400 Sweeney Dr	West	New Lease	48,550
JMS Foodservices	946 Manifold Road	Washington	Lease Renewal	38,500
Priority Express Courier	West Pgh Bus Park – 633 Napor Blvd	West	New Lease	34,230
Brand Safeway Industries LLC	78 Industrial Way	West	Sublease	31,500

Source: Newmark Research, CoStar

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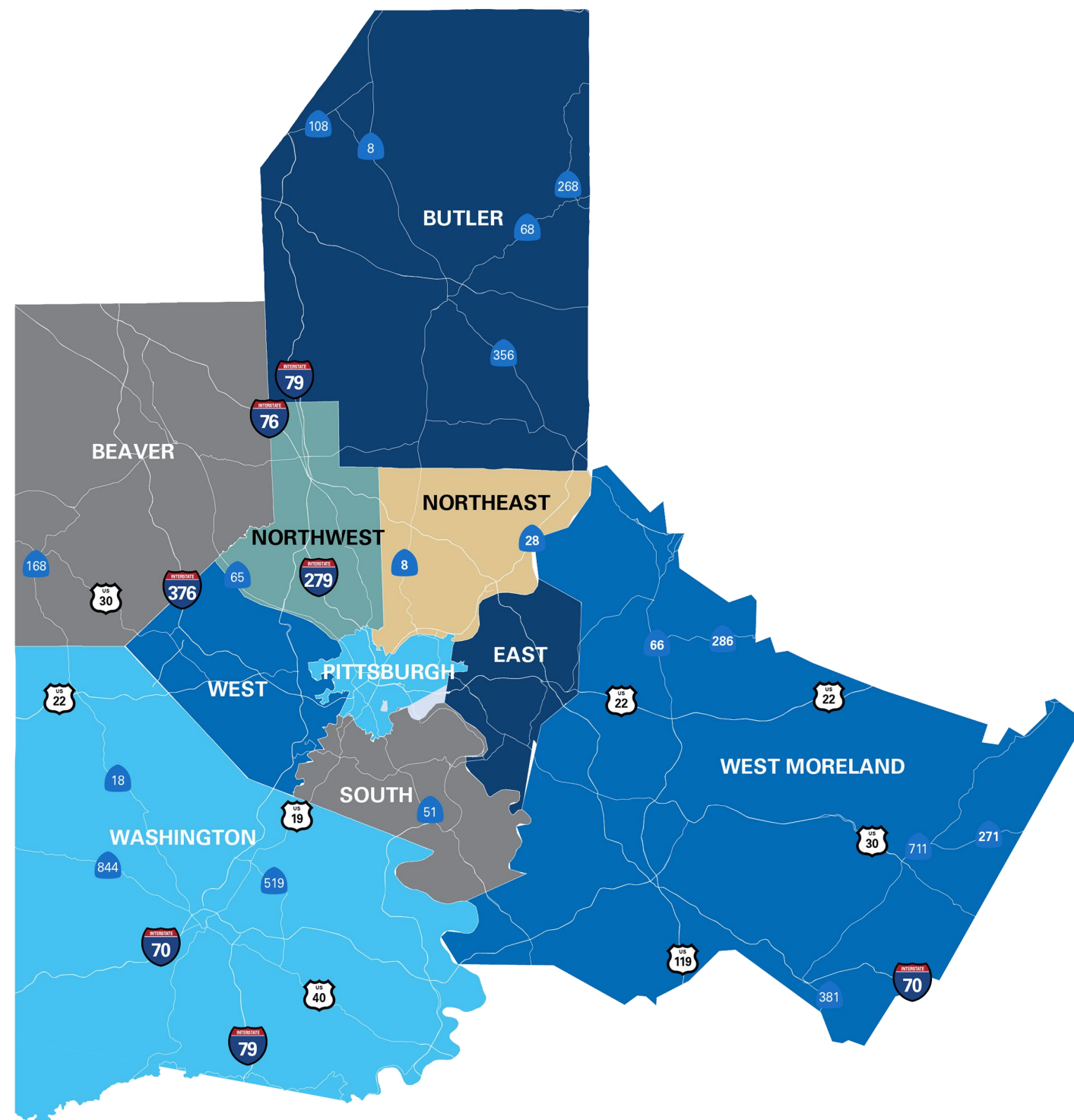
Submarket Overview





Please reach out to your
Newmark business contact for this information

Submarket Map



Source: Newmark Research

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