3Q25

Pittsburgh Office Market Overview

Market Observations

Economy

- Since mid-2023 the Pittsburgh unemployment rate has outperformed, remaining below the national rate by roughly 0.3–0.6 points. As of August 2025, unemployment stands at 4.3% nationally versus 3.8% in Pittsburgh MSA.
- Over the past 12 months, Pittsburgh's job growth has been led by service-oriented sectors, with Education and Healthcare surging 4.7%, This momentum underscores the robust shift toward knowledge, healthcare, and service-driven employment, supporting demand for medical, research, and high-quality office environments.
- Commercial lending is now experiencing slightly reduced interest rates but still has strict credit standards and trade policy uncertainty still causing instability in the market.

Transactions

- Federated Hermes has renewed 93,874 SF at Keystone Summit Corporate Park, reaffirming its commitment to the region.
- Google has executed a long-term lease renewal of 230,000 SF at Bakery Square reducing size by two floors of about 80,000 SF.
- Carnegie Mellon University leased approximately 40,000 SF at Bakery Square in space formerly occupied by Google.
- Shortly after Rugby Realty's purchase of One Oxford Centre various leases were signed totaling 90,000 SF of tenant renewals.
- One of the most desirable office assets in the North submarket, Cranberry Woods 500, 700 and 800 have been listed for sale and are reportedly facing foreclosure.
- MSA Safety purchased, 400 Bertha Lamme Drive, a building adjacent to the main campus in Cranberry Woods for $19.5M in the North submarket.
- CSB Holdings, New York developer, acquired Liberty Center at 1001 Liberty Avenue for $42M.

Leasing Market Fundamentals

- After peaking at 25.0% in the first half of 2025, total vacancy edged down to 24.5% in the third quarter of 2025, supported by modest positive net absorption following two negative quarters. Overall, indicating tentative stabilization at elevated levels.
- From third quarter of 2022 to third quarter of 2025, Class A asking rents were largely stable with modest growth, dipping slightly in mid-2024 before rising to a recent high around $29.55/SF in second quarter of 2025 and easing to $29.51/SF in third quarter of 2025. In contrast, Class B rents climbed steadily from $21.34/SF to $22.58/SF over the period, narrowing the Class A and Class B spread from about $7.75 to $6.93.
- Developers are still facing increased construction and financing costs, making new projects less viable in the current environment. Instead, there is a greater focus on repurposing and upgrading existing spaces to meet evolving market preferences, rather than introducing new office buildings into a saturated market.

Outlook

- The Pittsburgh office market is expected to remain challenged by elevated vacancy rates, modest tenant demand as companies continue to reassess their space needs.
- With the recent $90 billion in investment focused on energy and AI, Pennsylvania is poised to see the creation of thousands of new jobs, providing a boost to the local economy.
- With economic development initiatives and continued investment in downtown, revitalization suggests the potential for gradual market improvement and increased confidence among both occupiers and investors as the year progresses.

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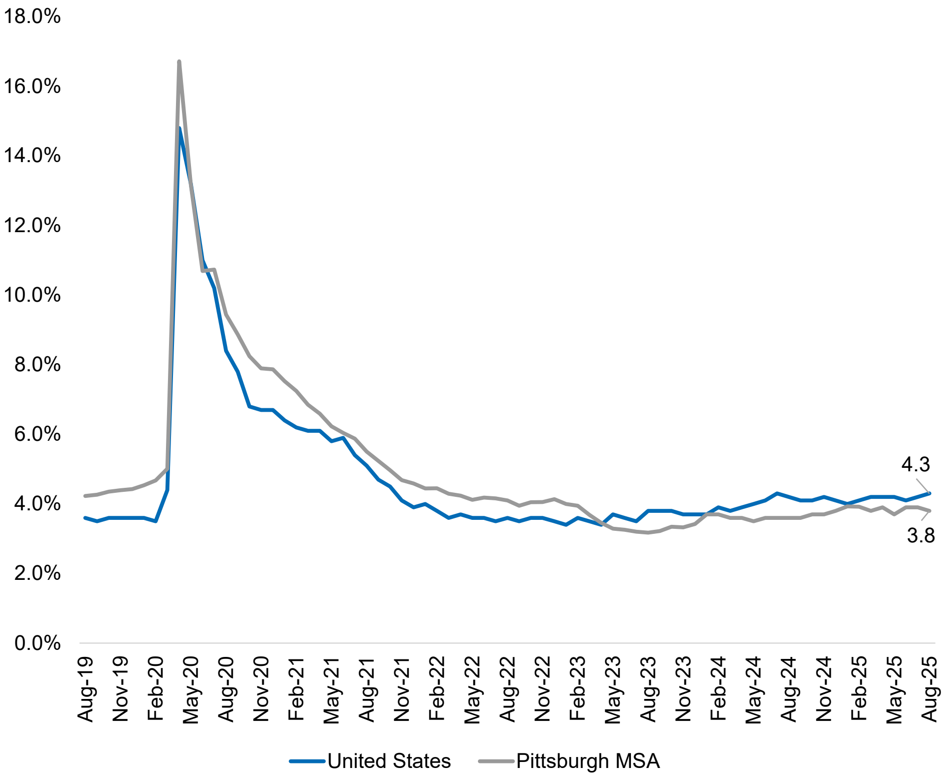
Economy

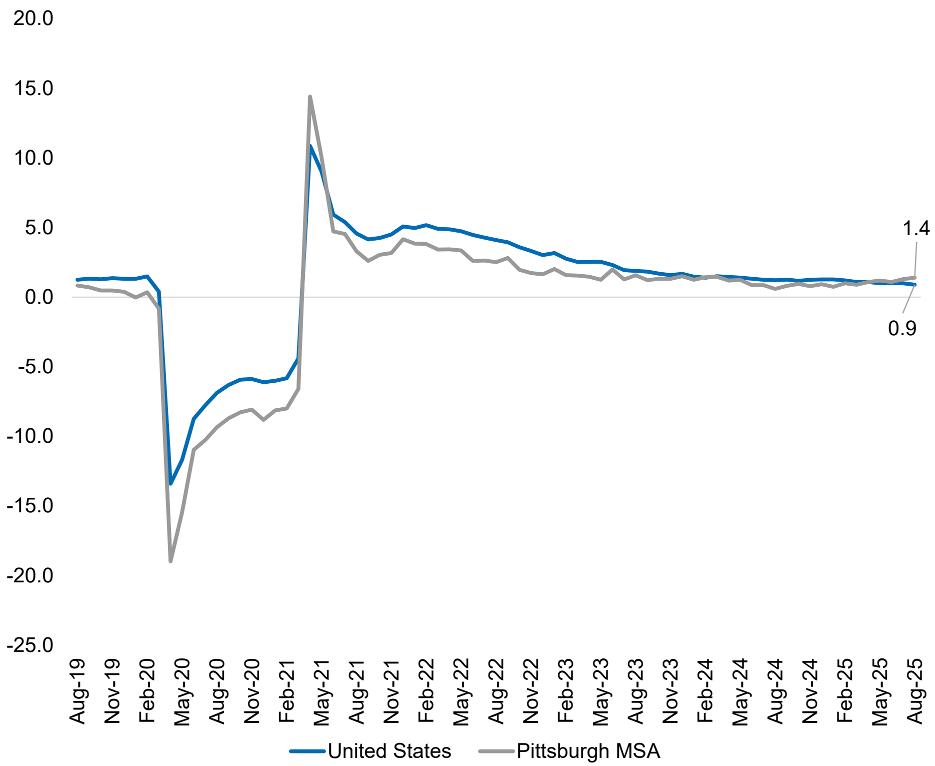
Pittsburgh Labor Strengthens: Unemployment Below U.S. and Payroll Growth Leading

Both the United States and Pittsburgh MSA saw a significant unemployment spike in April 2020 before steadily improving through 2021–2022 and since mid-2023 Pittsburgh has outperformed, remaining below the national rate by roughly 0.3–0.6 points. As of August 2025, unemployment stands at 4.3% nationally versus 3.8% in Pittsburgh MSA. Payroll employment in both the United States and the Pittsburgh MSA plunged in 2020, with Pittsburgh's decline deeper at -19.0% in April versus -13.4% nationally, followed by strong rebounds in 2021. Through 2021–2022, Pittsburgh generally trailed the nation, but the gap narrowed steadily in 2023–2024. By mid-2025, Pittsburgh's growth began to meet or exceed the U.S., reaching 1.4% vs. 0.9% in August 2025, signaling a relative strengthening of the region's labor market.

Unemployment Rate, Seasonally Adjusted



Payroll Employment, Seasonally Adjusted, 12-Month % Change

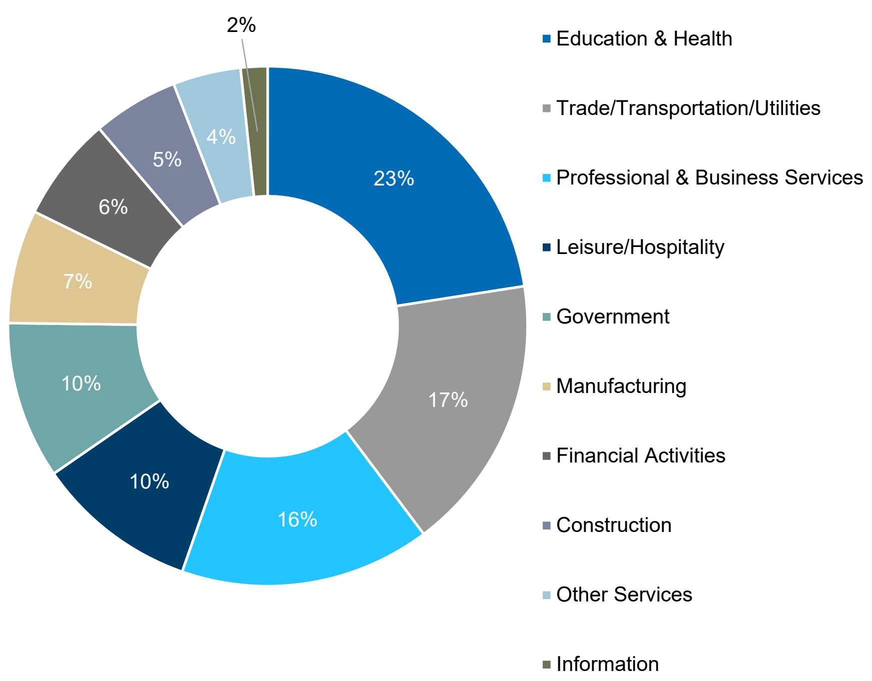


Source: Moody's Analytics, Pittsburgh MSA

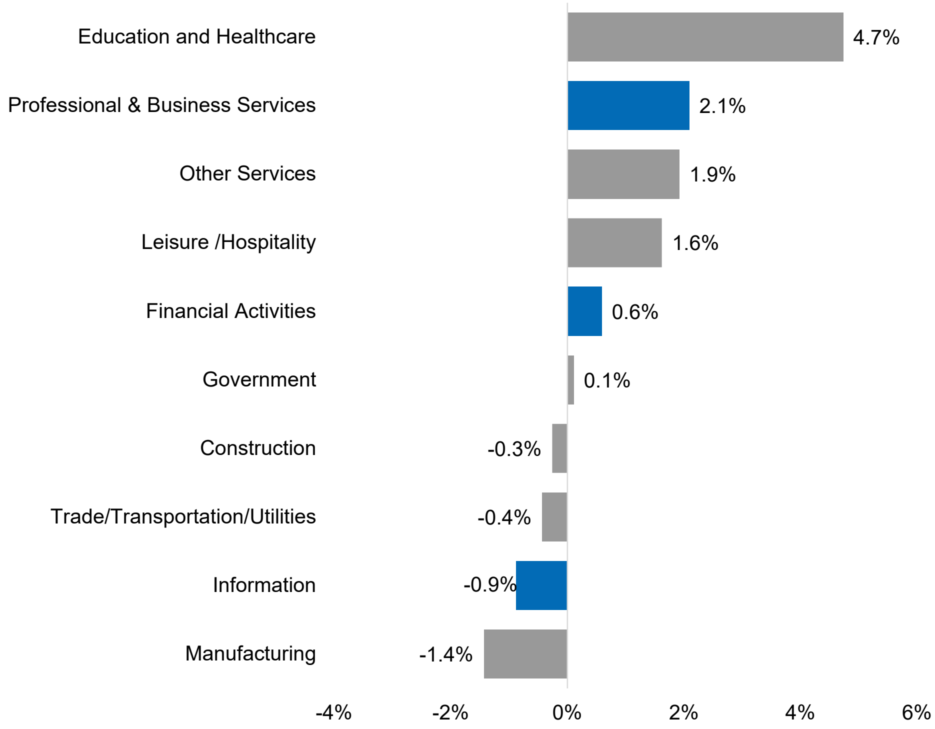
Pittsburgh Job Growth Led By Education & Healthcare and Professional Services

Over the past 12 months, Pittsburgh's job growth has been led by service-oriented sectors, with Education and Healthcare surging 4.7%, Professional and Business Services expanding strongly, Other Services growing, and Leisure and Hospitality advancing alongside gains in Financial Activities and Government. This momentum underscores a robust shift toward knowledge, healthcare, and service-driven employment, supporting demand for medical, research, and high-quality office environments. While sectors like Manufacturing and Information have seen an improvement in industry performance are still experiencing negative job growth.

Employment by Industry



Employment Growth by Industry, 12-Month % Change



Source: Moody's Analytics, Pittsburgh MSA

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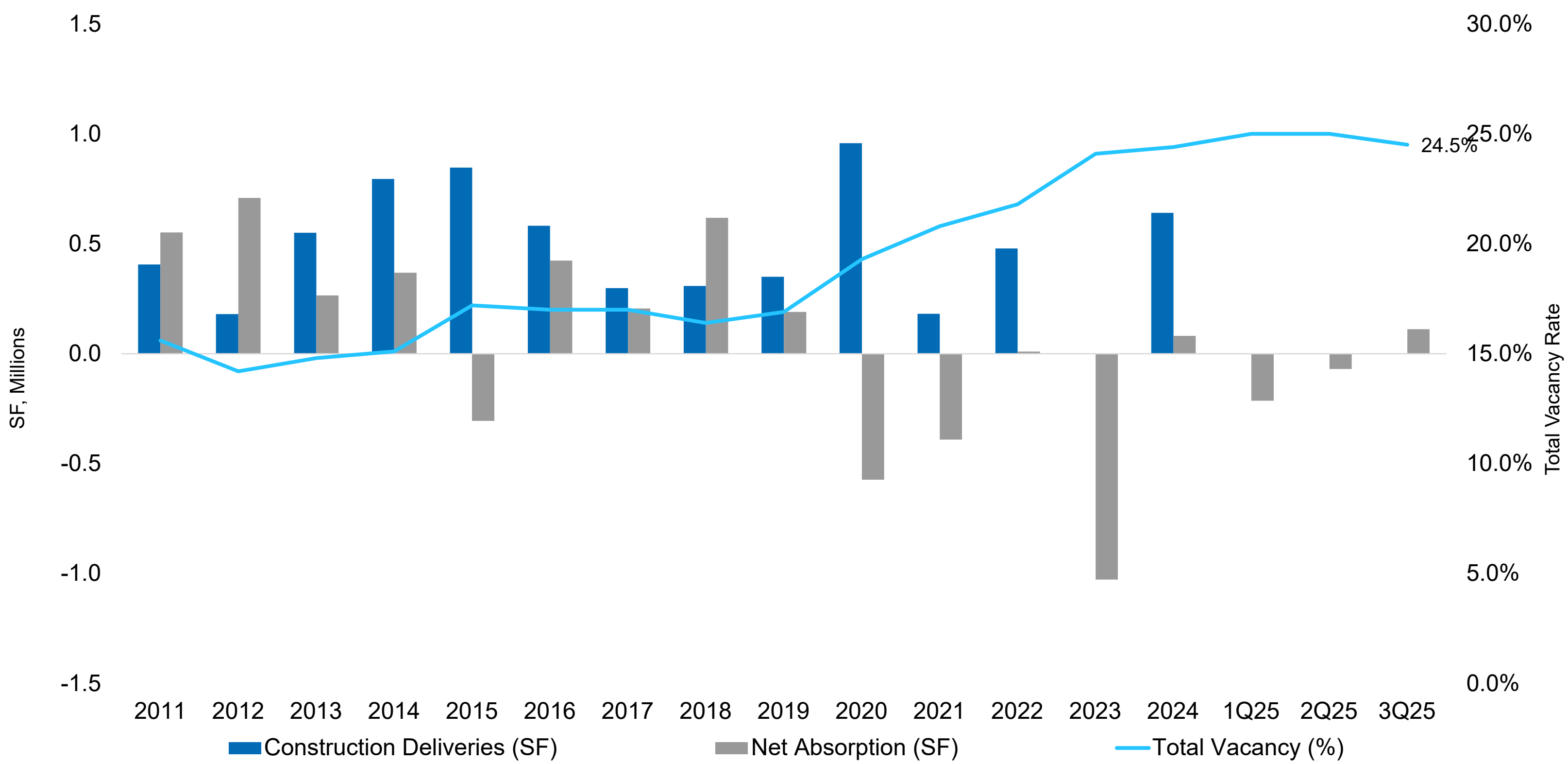
Leasing Market Fundamentals

Pittsburgh's Office Market Has Modest Positive Absorption

After peaking at 25.0% in the first half of 2025, total vacancy edged down to 24.5% in the third quarter of 2025, supported by modest positive net absorption of 111,504 SF following two negative quarters. This slight improvement comes after vacancy climbed from 16.9% pre-2020 to 25.0% first quarter of 2025 amid significant negative absorption, despite intermittent new supply delivered in 2022 and 2024.

Historical Construction Deliveries, Net Absorption, and Vacancy

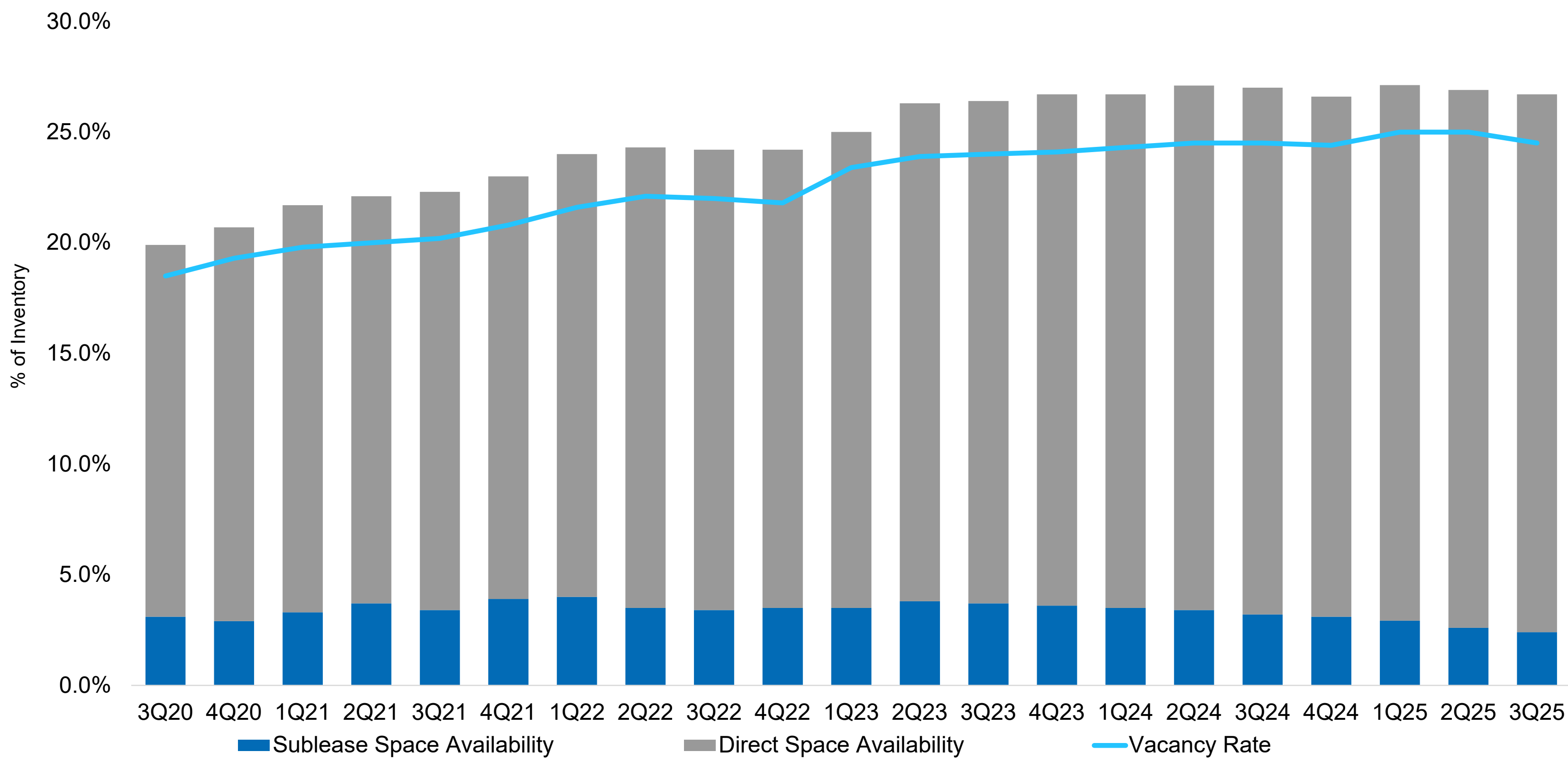


Source: Newmark Research

Sublease Availability Continues to Declines As Vacancy Remains High

Sublease availability peaked at 4.0% in the first quarter of 2022 and then steadily declined to 2.4% by the third quarter of 2025, while direct availability rose from 20.0% to 24.3% over the same period. Overall vacancy increased from 22.0% in third quarter of 2022 to 24.5% in third quarter of 2025, indicating tentative stabilization at elevated levels.

Available Space as Percent of Overall Market

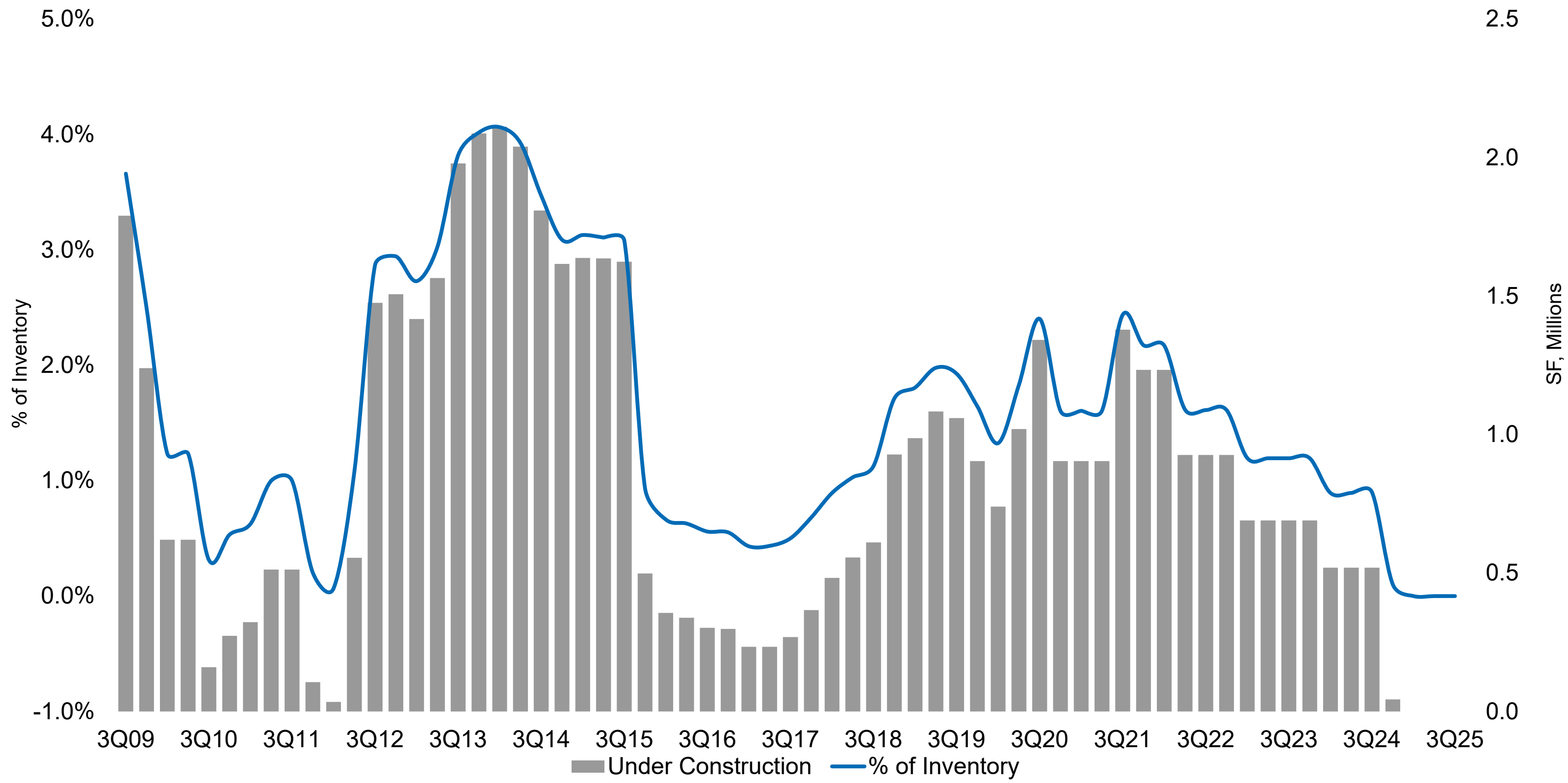


Source: Newmark Research

Pause in New Office Development in Pittsburgh

Pittsburgh currently lacks new office building construction due to multiple factors such as persistently high vacancy rates, weakened tenant expansion demand, and hybrid and remote work, which have reduced the immediate need for additional office inventory. Developers are also facing increased construction and financing costs, making new projects less financially viable in the current economic environment. Instead, there is a greater focus on repurposing and upgrading existing spaces to meet evolving market preferences, rather than introducing new office buildings into a saturated market.

Office Under Construction and % of Inventory

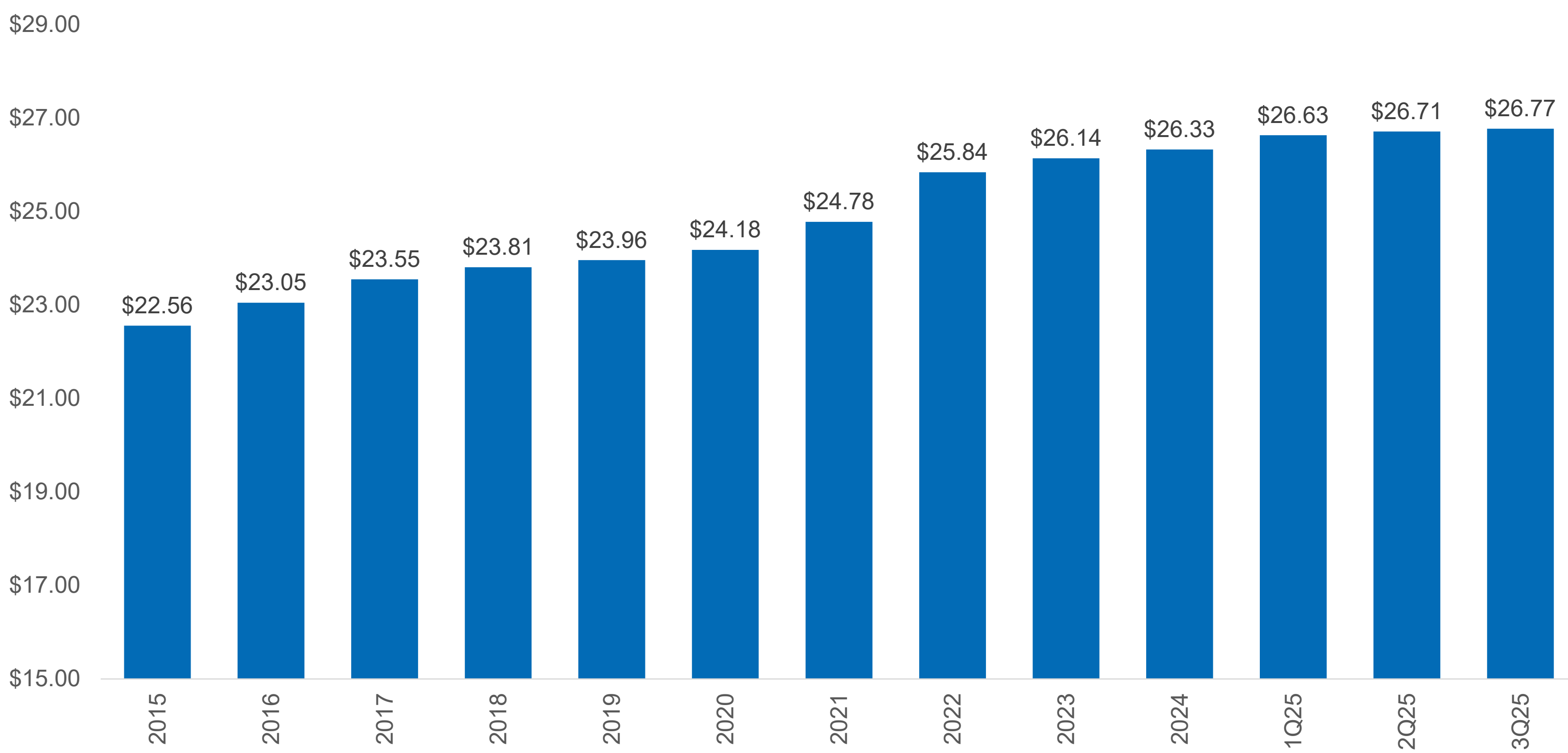


Source: Newmark Research

Rents Rise Steadily Despite Market Fluctuations

From 2020 to the third quarter of 2025, rental rates rose steadily from $24.18 to $26.77 per square foot. Despite shifting market conditions and fluctuating demand, landlords consistently achieved incremental year-over-year increases.

Office Average Asking Rent, $/SF, FS

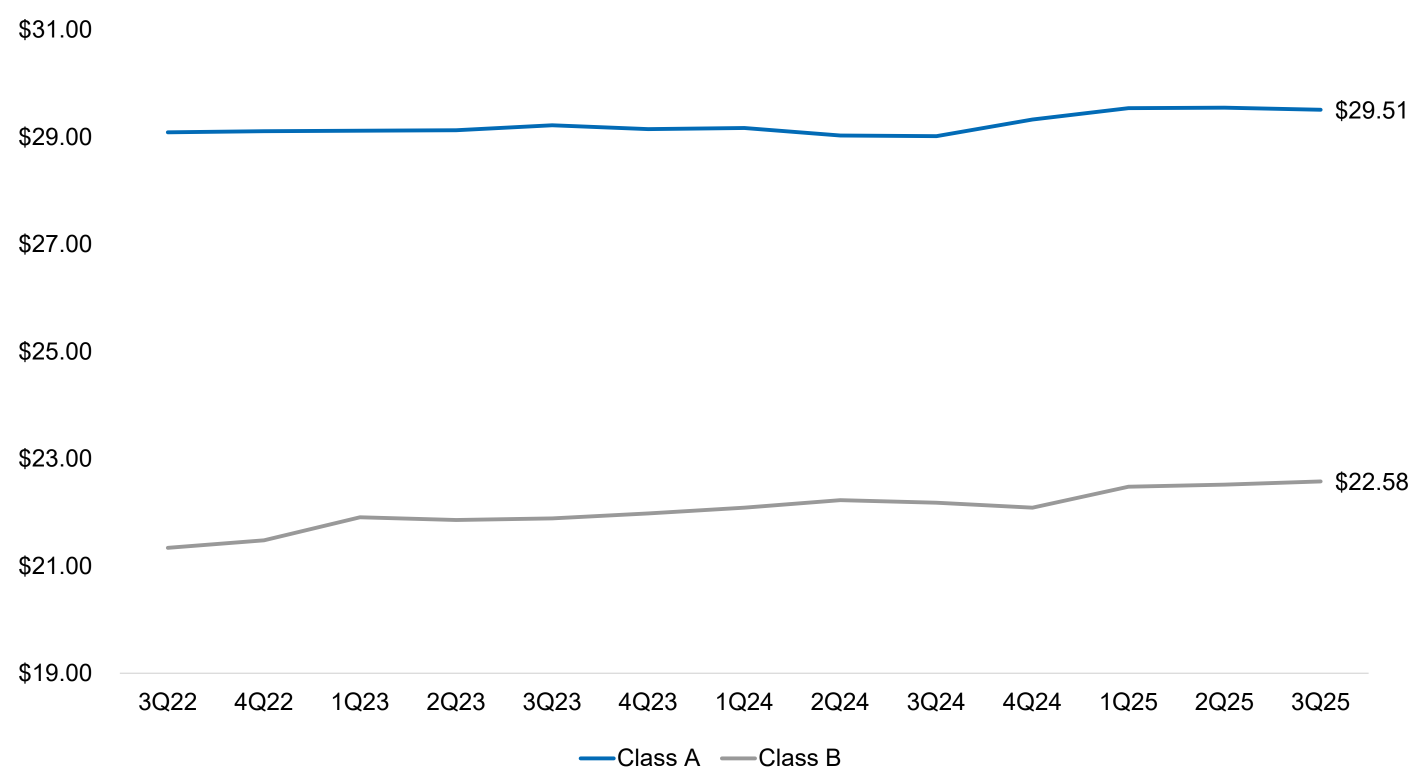


Source: Newmark Research

Class A and B Direct Asking Rent Gap Narrows

From third quarter of 2022 to third quarter of 2025, Class A asking rents were largely stable with modest growth, dipping slightly in mid-2024 before rising to a recent high around $29.55/SF in second quarter of 2025 and easing to $29.51/SF in third quarter of 2025. In contrast, Class B rents climbed steadily from $21.34/SF to $22.58/SF over the period, narrowing the Class A and Class B spread from about $7.75 to $6.93.

Class A and Class B Asking Rents



Source: Newmark Research

Notable Lease Transactions

The third quarter of 2025 was highlighted by large renewals from major tenants, Google and Federated Investors, reaffirming their commitment to Pittsburgh, while Carnegie Mellon University backfilled a portion of Google's space at Bakery Square.

Select Lease Transactions 3Q25

Tenant	Building(s)	Submarket	Type	Square Feet
Google	Bakery Square	Oakland/East End	Renewal	230,000
Federated Investors	Keystone Summit Corporate Park	North	Renewal	93,874
CMU	Bakery Square	Oakland/East End	New Lease	40,000
M J Brunner	30 Isabella St	Fringe	New Lease	27,150
Proofpoint	Crane Building	Fringe	Renewal	33,927
Triple	Liberty East	Oakland/East End	New Lease	26,245
ST Engineering	Burns White Center	Fringe	Sublease	20,000
Saxton & Stump	Union Trust	CBD	New Lease	12,000

Source: Newmark Research, CoStar

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Submarket Overview

Please reach out to your
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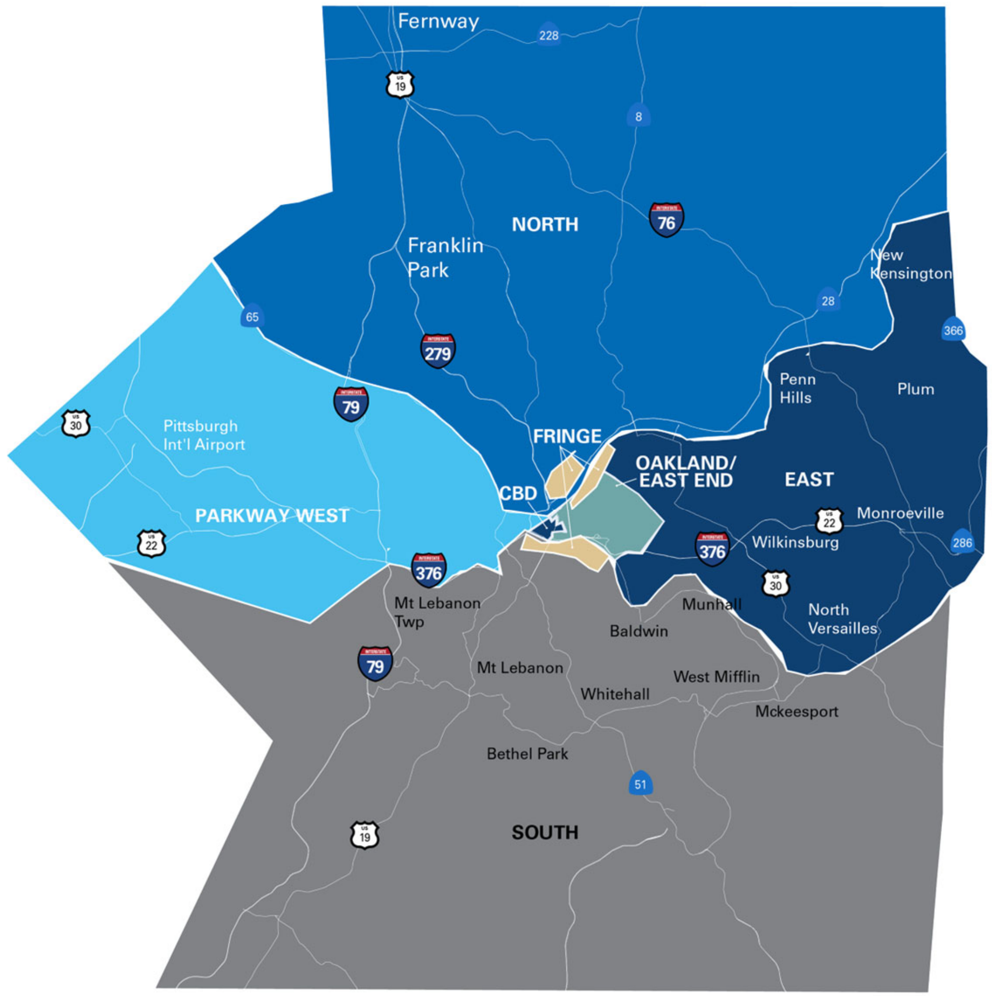
Pittsburgh - Submarket Map



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