

4Q24

Pittsburgh Industrial Market Overview



NEWMARK

Market Observations

Economy

- The unemployment rate in the Pittsburgh MSA is significantly lower than the national average, standing at 3.5% compared to the national rate of 4.2%
- Consumer price inflation surged in December, increasing by 0.4%, primarily due to a spike in food and energy costs. However, when food and energy are excluded, the inflation outlook appears more favorable.
- Capital markets deals have been stagnant due to instability of interest rates.

Major Transactions

- Sale of 301 Laurel View Dr to MCRE-Smithfield LLC for \$2.75M
- Westport Ridge had a very active quarter securing a lease of 57,884 SF at 251 Solar with JMS Foodservices LLC as well as leased the remaining 133,000 SF at 260 Solar Dr with SDC Nutrition.
- Wayfair extended their lease for 49,270 SF at Imperial Business Park, 150 Crown Court

Leasing Market Fundamentals

- Class A inventory has been on a steady decline in vacancy from 6.5% in the first quarter 2024 to 5.0% in the fourth quarter 2024 while overall vacancy remained stable during the same period
- The West submarket remains the strongest performer among Pittsburgh's submarkets, concluding the fourth quarter of 2024 with more than 172,405 square feet of positive absorption and achieved nearly 500,000 square feet of positive absorption for 2024.
- All three subtypes, Gen Industrial, R&D/Flex and Warehouse/Distribution, experienced a decrease in vacancy rates. Class A warehouse/distribution subtype having the strongest reduction in vacancy, dropping from 7.5% in first quarter of 2024 down to 4.9% in fourth quarter of 2024.

Outlook

- Several lease transactions in process will have a positive impact on market conditions in the first quarter of 2025.
- Until interest rates stabilize, capital markets activity will remain slower in 2025.
- Speculative construction may commence in second and third quarter of 2025 if positive absorption continues into the first quarter 2025

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

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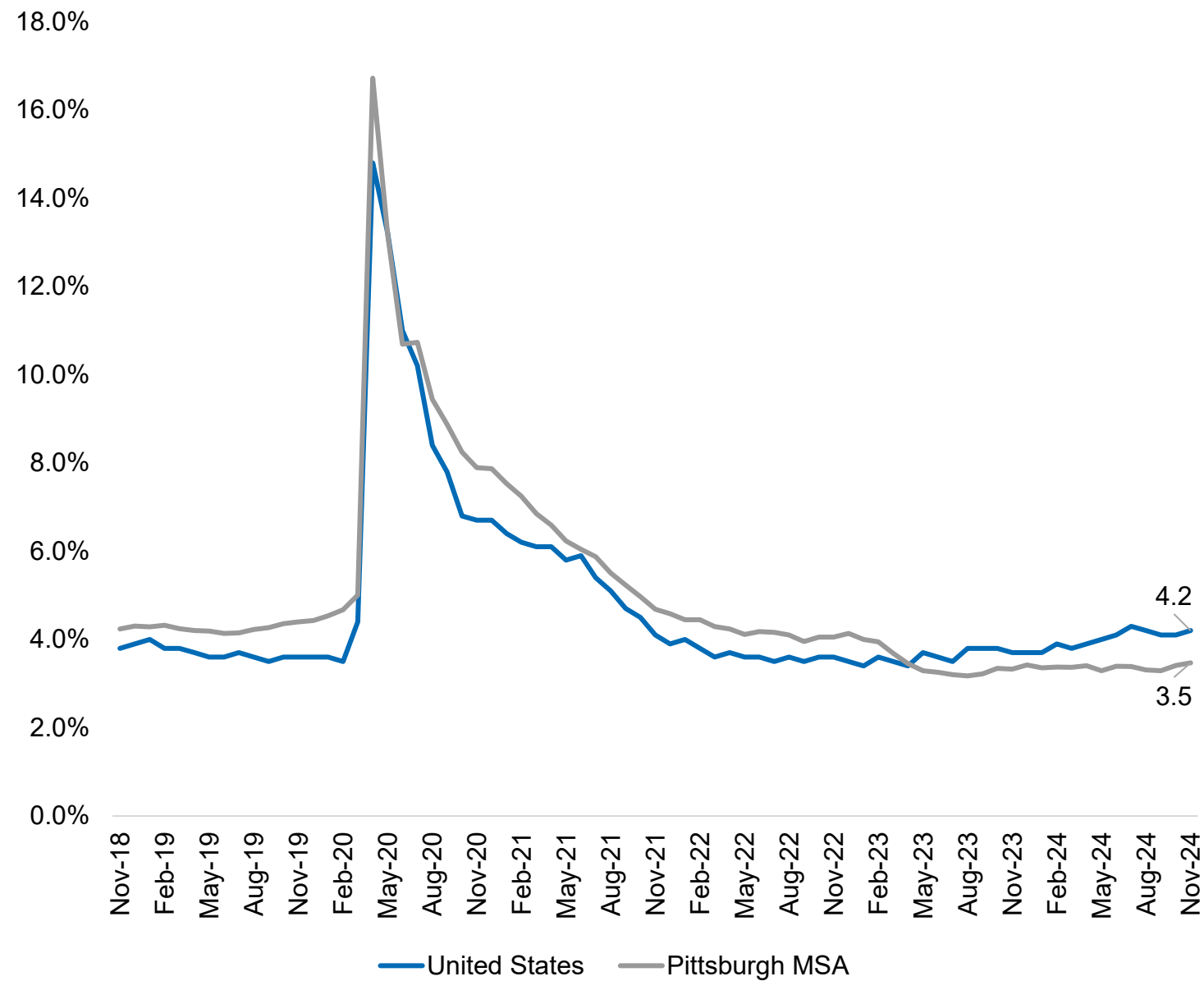
Economy



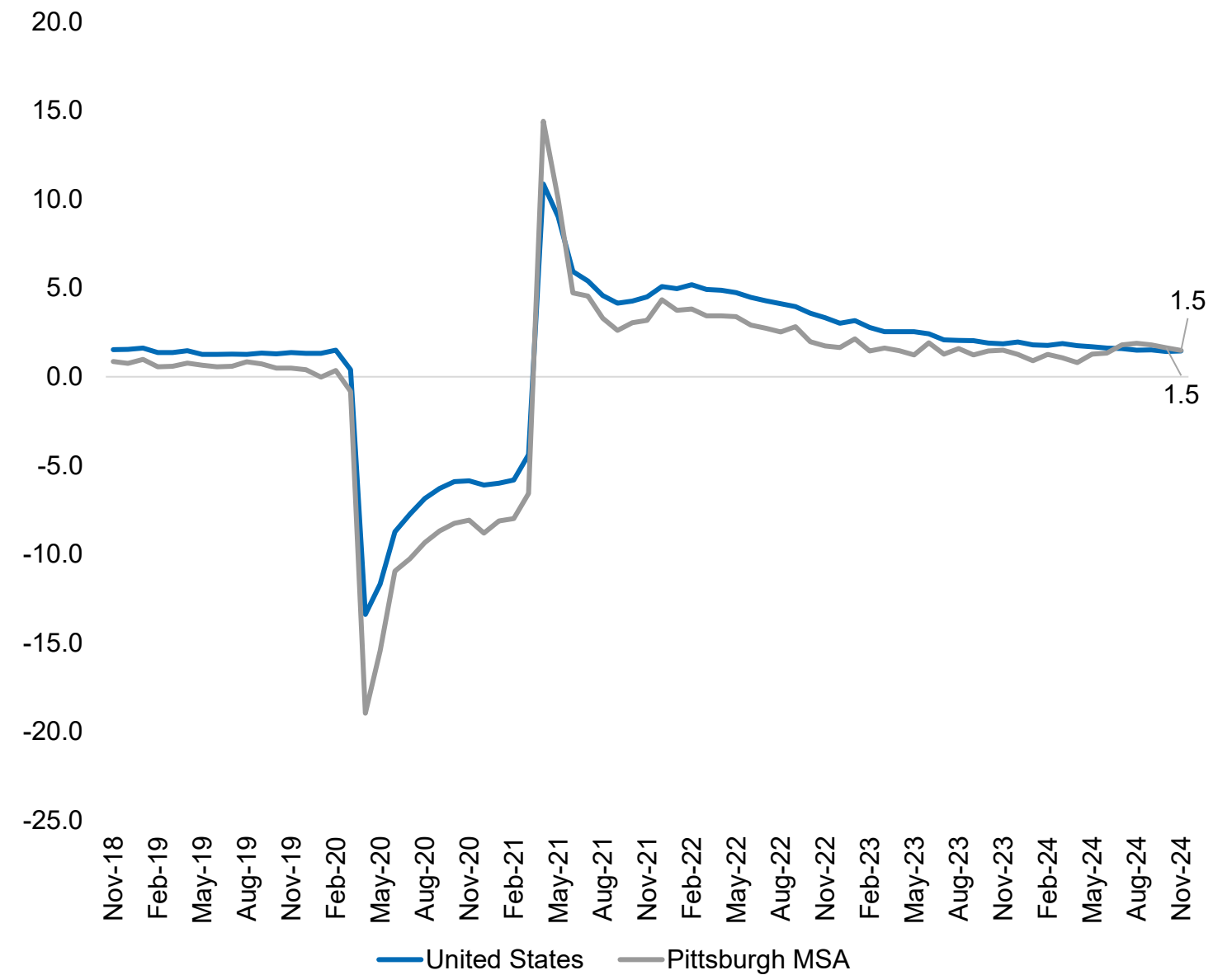
Pittsburgh Unemployment Continues to Remains Below National Rate

The unemployment rate in the Pittsburgh MSA is significantly lower than the national average, standing at 3.5% compared to the national rate of 4.2%. Both Pittsburgh MSA and the United States encountered periods of growth and contraction, with notable fluctuations in early 2020, followed by a recovery over time that has led the 12-month payroll employment percentage change in Pittsburgh MSA to align with that of the United States.

Unemployment Rate, Seasonally Adjusted



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



Source: Moody's Analytics, Pittsburgh MSA

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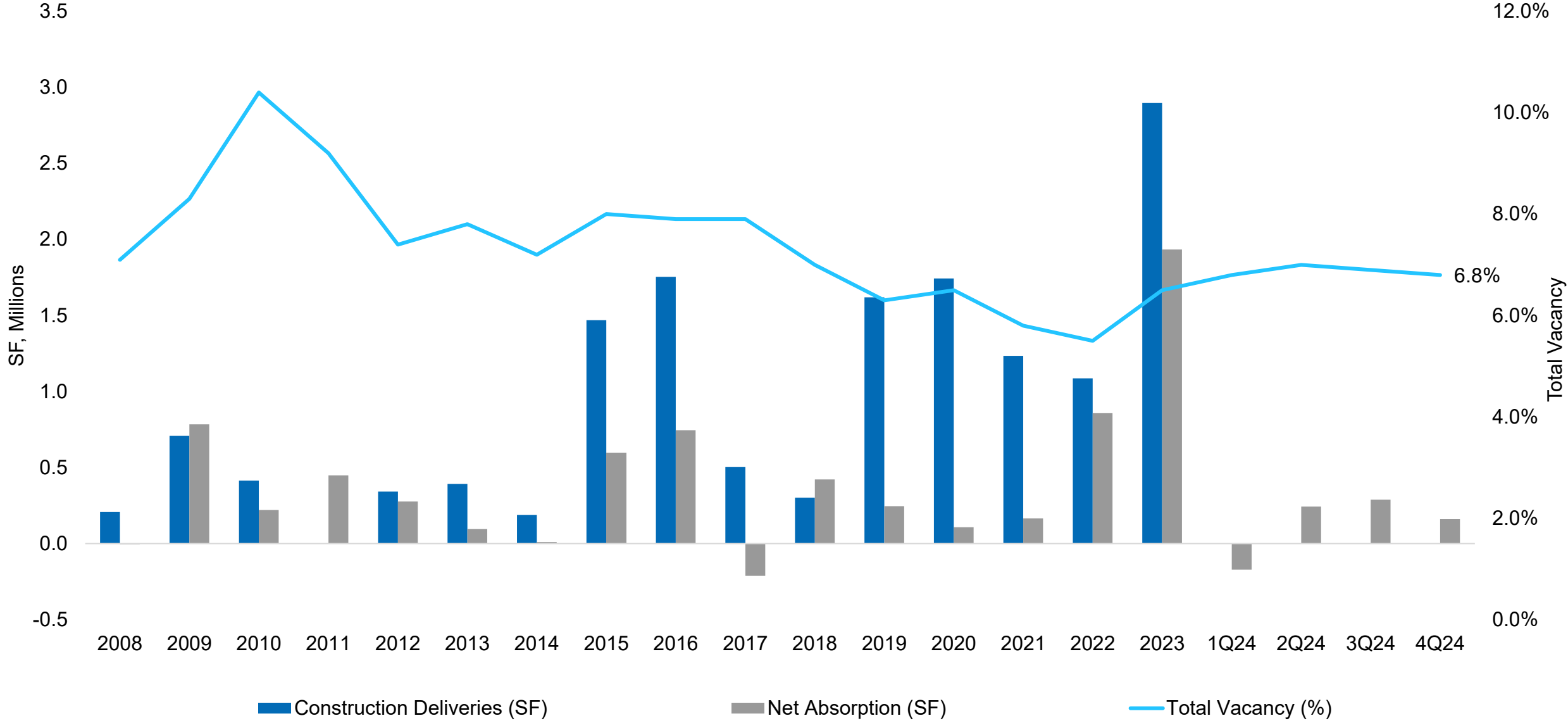
Leasing Market Fundamentals



Overall Industrial Market Maintains Stability

The industrial market continues to show stability, recording a positive absorption of 161,330 square feet in the fourth quarter of 2024, accompanied by a minor decrease in overall vacancy to 6.8%.

Historical Construction Deliveries, Net Absorption, and Vacancy

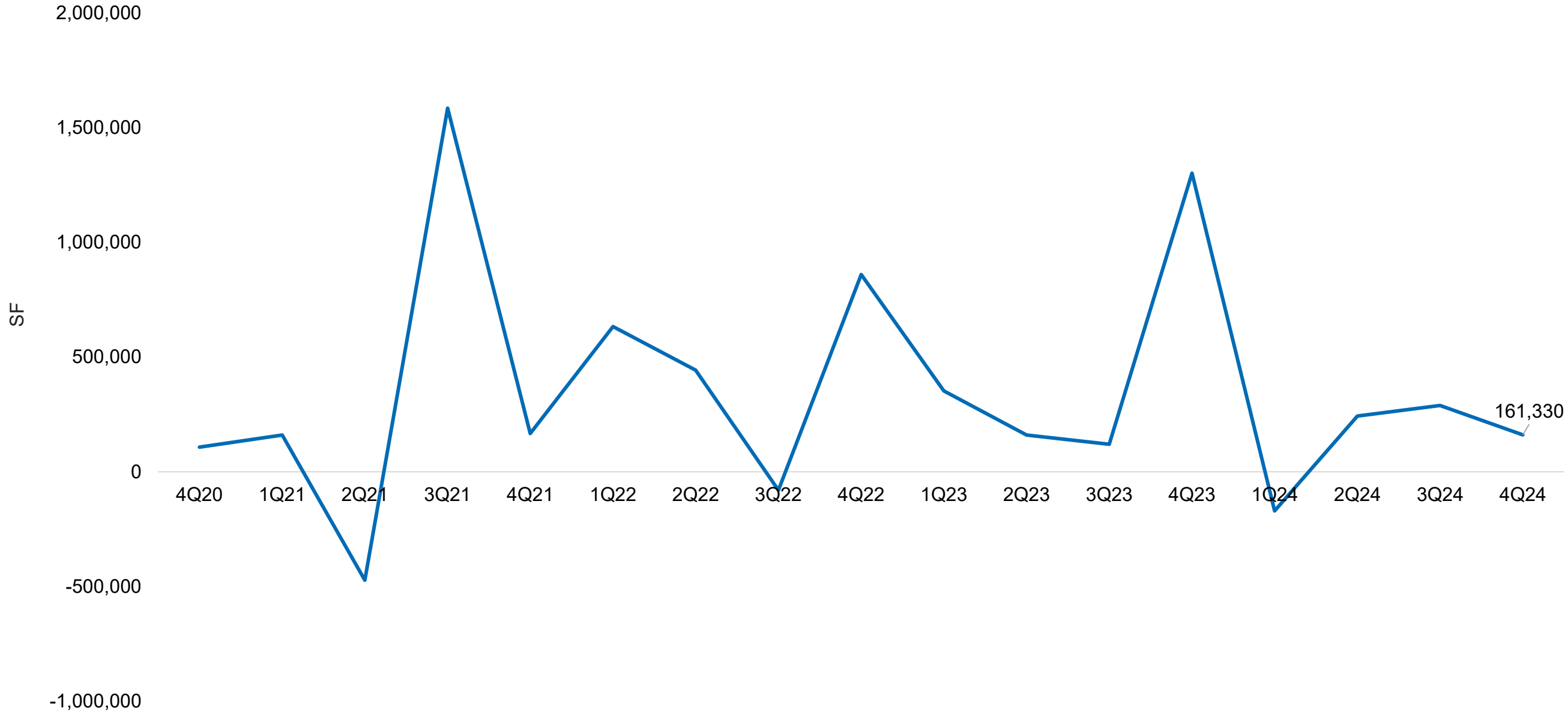


Source: Newmark Research

Industrial Market Remains Positive

The Pittsburgh industrial market experienced yet another quarter of positive net absorption. The West submarket remains the strongest performer among Pittsburgh's submarkets, concluding the fourth quarter of 2024 with more than 172,405 square feet of positive net absorption and achieved nearly 500,000 square feet of positive absorption for 2024.

Total Absorption (SF)

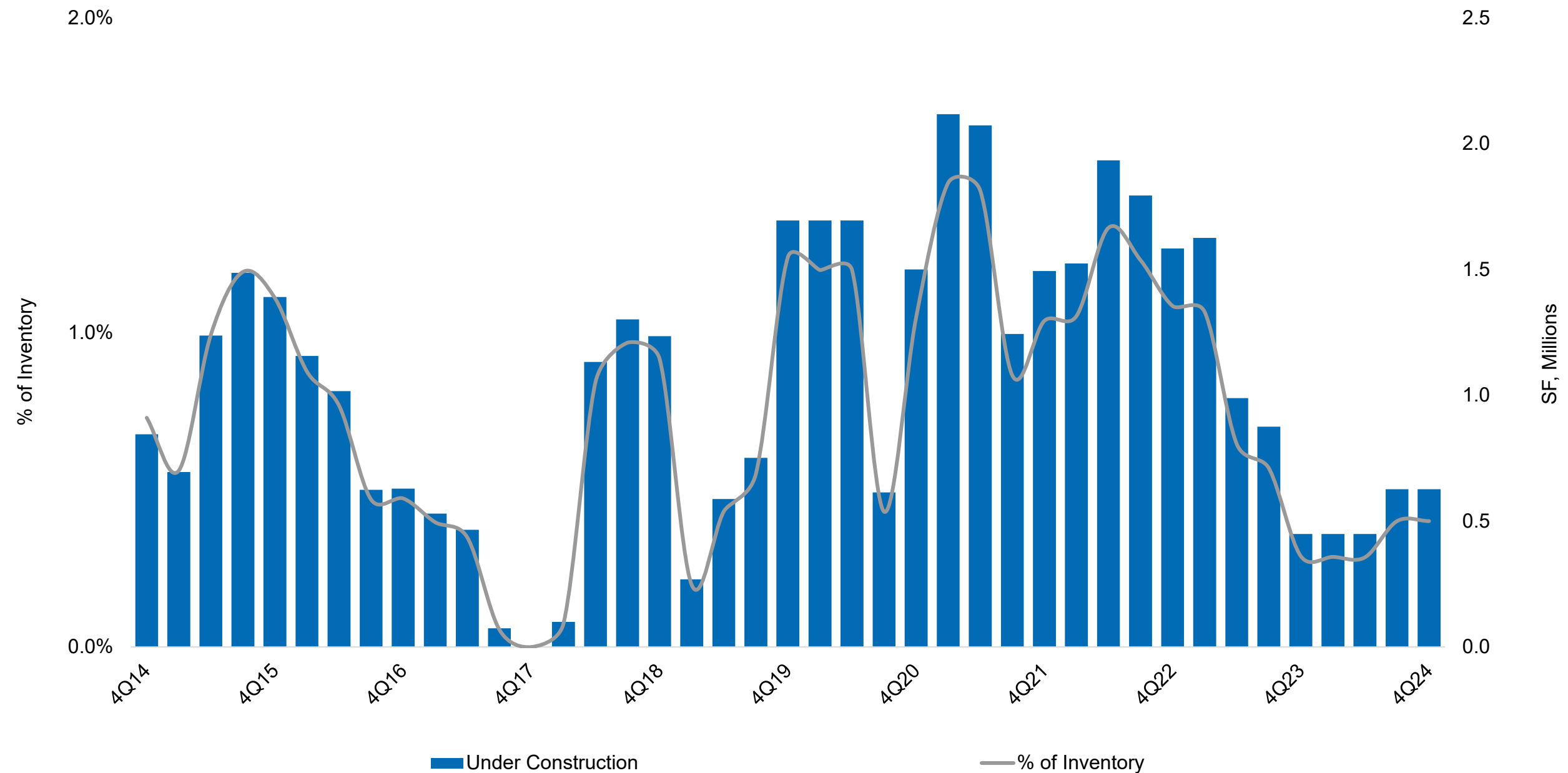


Source: Newmark Research

Construction Pipeline Remains Stagnant

In the fourth quarter of 2024, no new construction was added to the pipeline. The current 627,092 SF of projects under construction are expected to be completed in the first half of 2025, which will result in an empty pipeline at that time.

Industrial Under Construction and % of Inventory

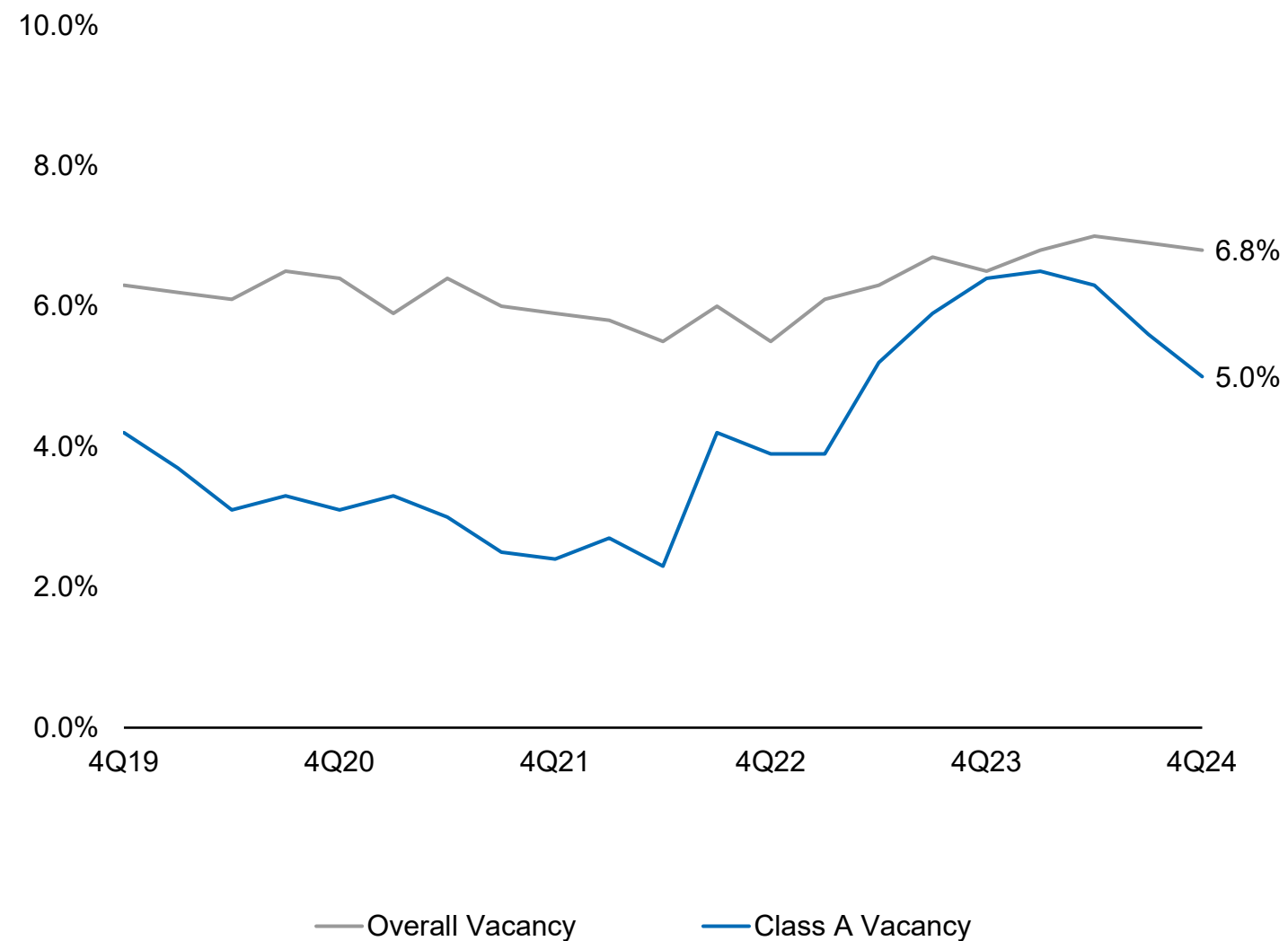


Source: Newmark Research

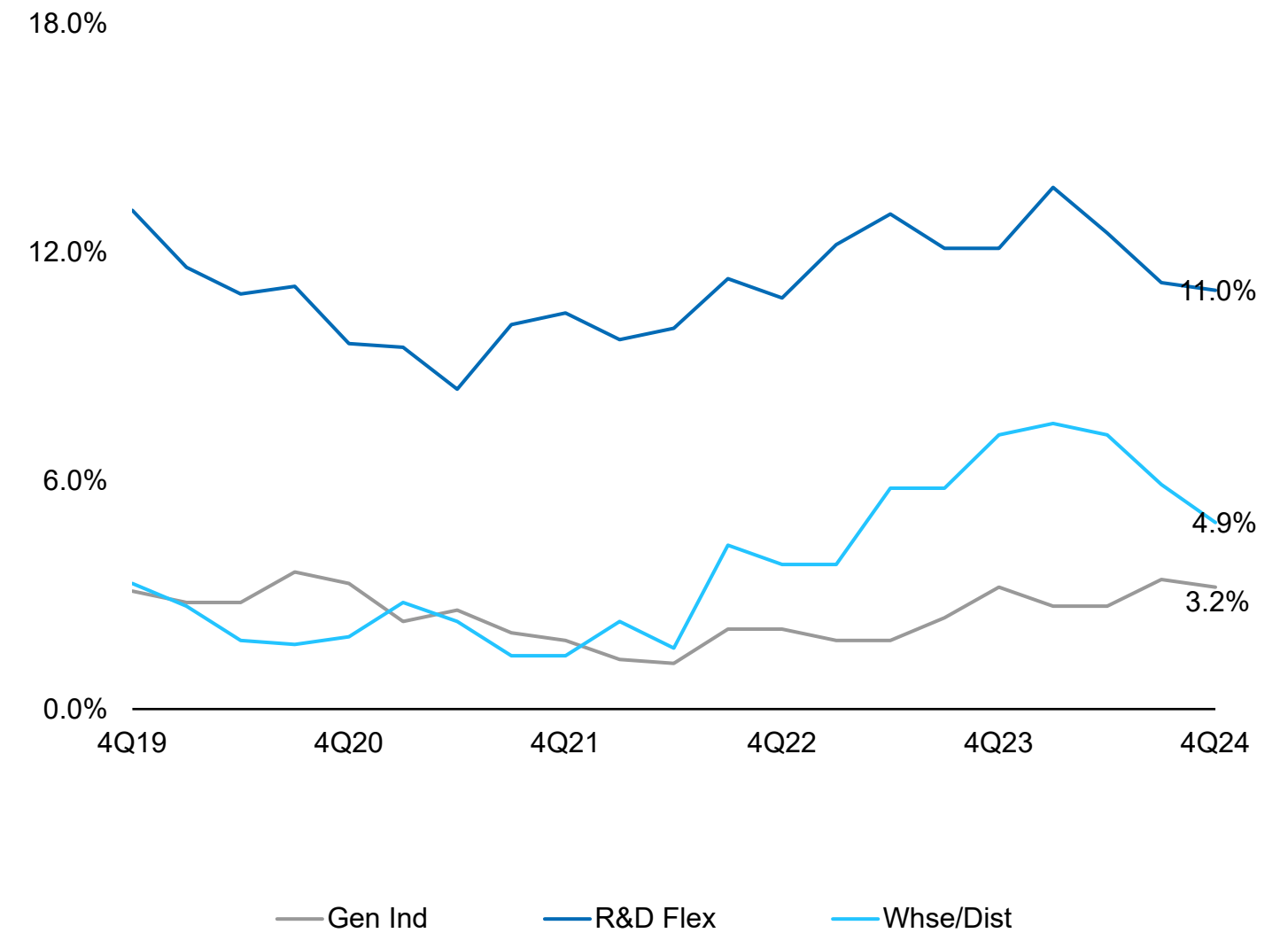
Demand For High Quality Industrial Space Remains Consistent

Class A inventory has been on a decline in vacancy from 6.5% in the first quarter 2024 to 5.0% in the fourth quarter 2024 while overall vacancy remained stable during the same period hovering at 6.8%. All three subtypes experienced a decrease in vacancy rates, with the Class A warehouse/distribution subtype having the strongest reduction in vacancy, dropping from 7.5% in first quarter of 2024 down to 4.9% in fourth quarter 2024.

Vacancy Overall vs Class A



Class A Vacancy By Subtype



Source: Newmark Research

4Q24 Notable Lease Transactions

Select Lease Transactions

Tenant	Building	Submarket	Type	Square Feet
BFG Supply Company	460 Nixon Road	Northeast	Renewal	196,000
SDC Nutrition	260 Solar Dr	West	New Lease	133,554
JMS Food Service LLC	251 Solar Dr	West	New Lease	57,884
Calgon Carbon	Ambridge Regional – Bldg #30	Beaver	New Lease	50,600
Wayfair LLC	Imperial Business Park – 150 Crown Court	West	Renewal	49,270
Plantscape	M Berger Ind Park	Pittsburgh	New Lease	45,000

Source: Newmark Research, CoStar

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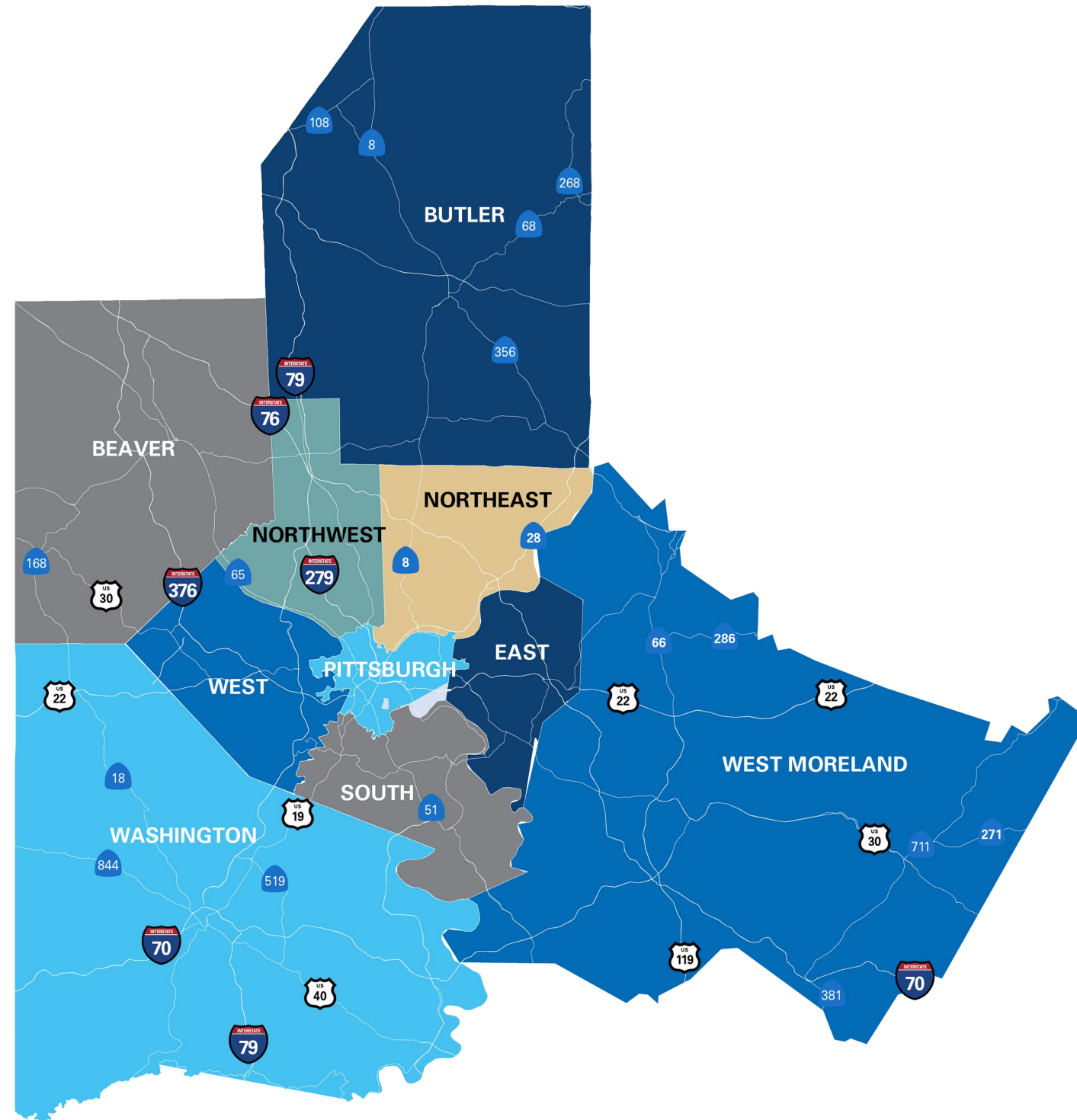
Submarket Overview





Please reach out to your
Newmark business contact for this information

Submarket Map



Source: Newmark Research

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