

4Q25

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 September 2025, unemployment stands at 4.4% nationally versus 3.9% in Pittsburgh MSA.
- Over the past 12 months, Pittsburgh’s job growth continued to be led by Education and Healthcare at 3.8%, as Financial activities saw a large growth of 2.3% over the same period.
- Pennsylvania extends Pittsburgh’s LERTA tax abatement from 10 to 20 years which is expected to boost investment in Pittsburgh and downtown development.

Transactions

- One Oxford Centre was able to retain its longtime tenant Clark Hill as they renewed the approximate 70,000 SF lease through 2040.
- PwC nearly tripled its space expanding to a total of 43,000 SF in the CBD at One Oxford Centre.
- 450 Melwood Ave had previously sold for \$8.2M with plans for conversion to apartments. Therefore, removing this building from our competitive inventory.
- Pittsburgh Water and Sewer Authority acquired 3011 Smallman Street for \$25M (\$229.64/SF) to serve as its headquarters, paying nearly three times the price per square foot of CSB Holdings’s purchase of 1001 Liberty Ave for \$42M (\$81.55/SF).
- WS Development, a Massachusetts-based firm and one of the largest mixed-use developers, has reportedly acquired the Station Square complex for \$52M.
- Pittsburgh market has seen an increase in property sales in 2025.

Leasing Market Fundamentals

- Market fundamentals show early signs of stabilization and improvement in 2025 after two negative quarters, net quarterly absorption turned positive in the third and fourth quarters of 2025 helping to improve the overall negative absorption for the year. As a result, overall vacancy declined to 24.4% by year-end.
- Throughout 2025, Class A average asking rents were relatively flat, starting first quarter of 2025 at \$29.54/SF and ending the fourth quarter of 2025 at \$29.59/SF. Class B edged up modestly from \$22.48/SF to \$22.57/SF over the same period. The spread between Class A and Class B held steady at roughly \$7.00/SF.
- For the first time in many years, there was no speculative office construction in Pittsburgh. Persistently high vacancy and muted tenant expansion reduced the need for additional supply, while rising construction and financing costs have undermined the feasibility of new projects.

Outlook

- The newly elected mayor, Corey O’Connor, is launching the “Main on Main” initiative set to revitalize commercial corridors, support new business formation and attract investment across the city of Pittsburgh.
- Although the office market recovery remains gradual, recent leasing trends suggest an inflection point that could set the stage for a stronger 2026.
- With the continued focus on energy and AI, Pennsylvania is poised to see the creation of thousands of new jobs, providing a boost to the local economy.
- PNC announced a five-day-a-week return to the office policy, effective in May, ending the pandemic-era hybrid work model.

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

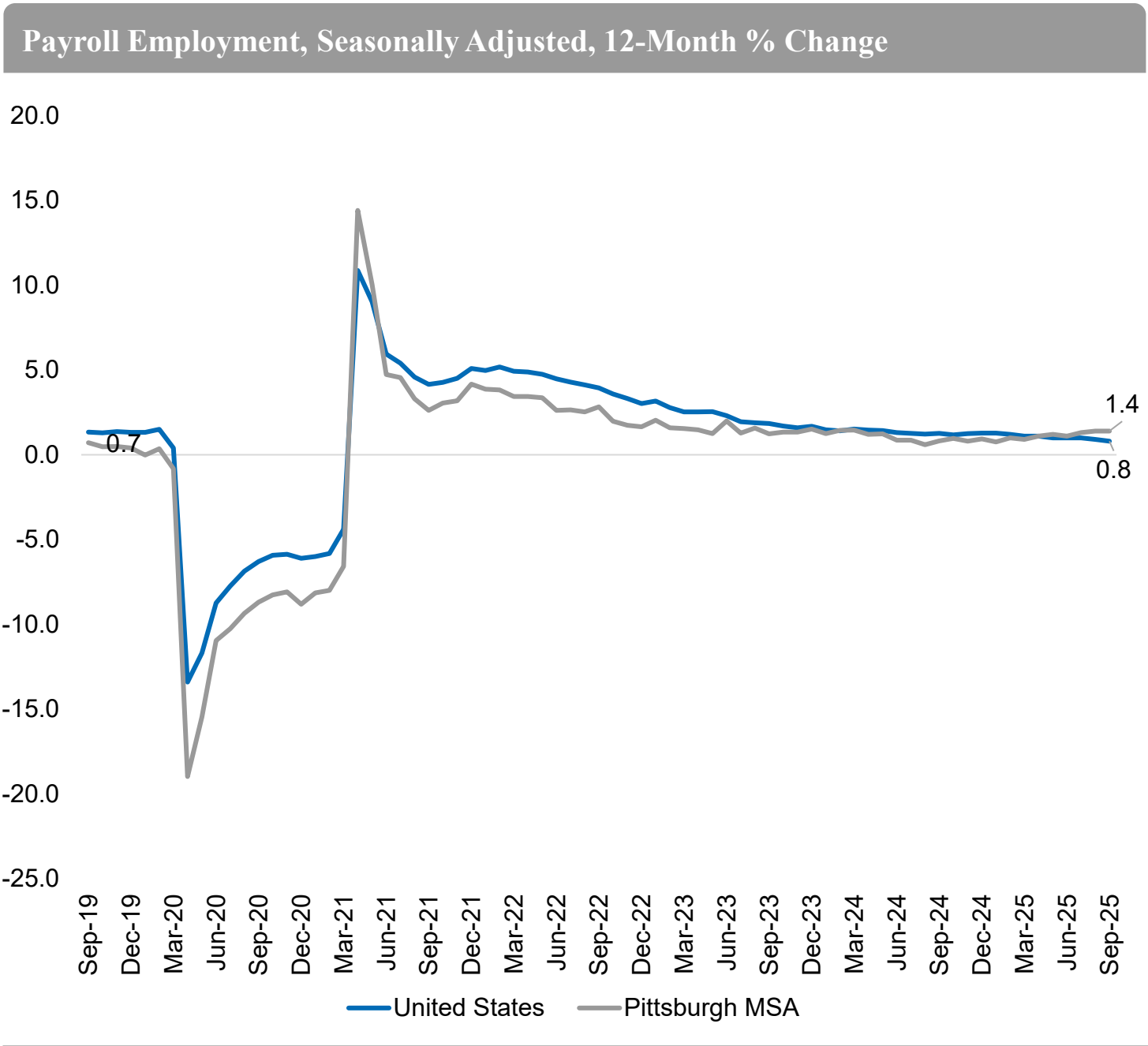
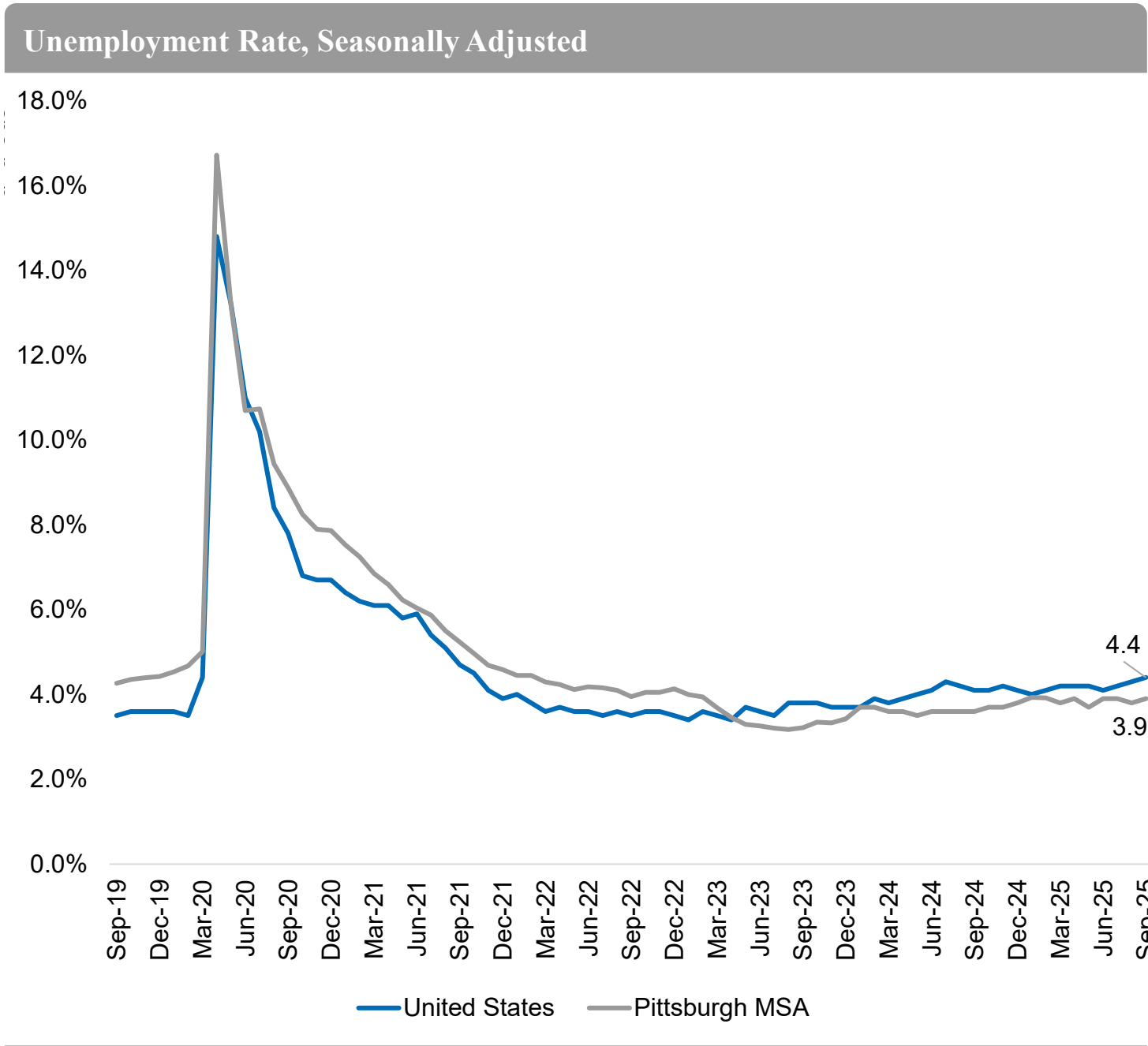
4Q25

Economy



Pittsburgh Remains Below U.S. Unemployment

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 September 2025, unemployment stands at 4.4% nationally versus 3.9% in Pittsburgh MSA. Payroll employment in both the United States and the Pittsburgh MSA plunged in 2020 followed by strong rebounds in 2021. 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. 0.8% in September 2025, signaling a relative strengthening of the region’s labor market.

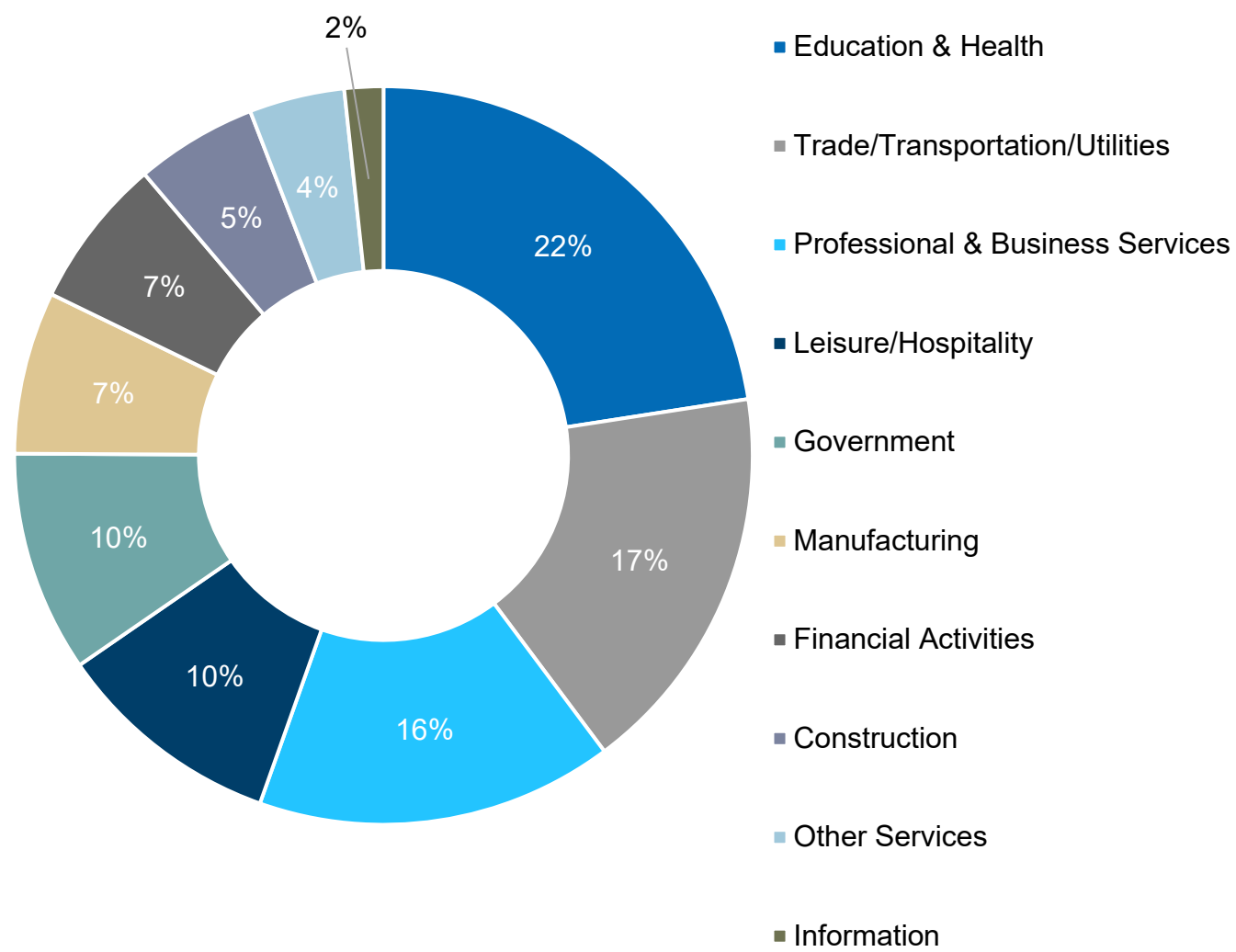


Source: Moody's Analytics, Pittsburgh MSA

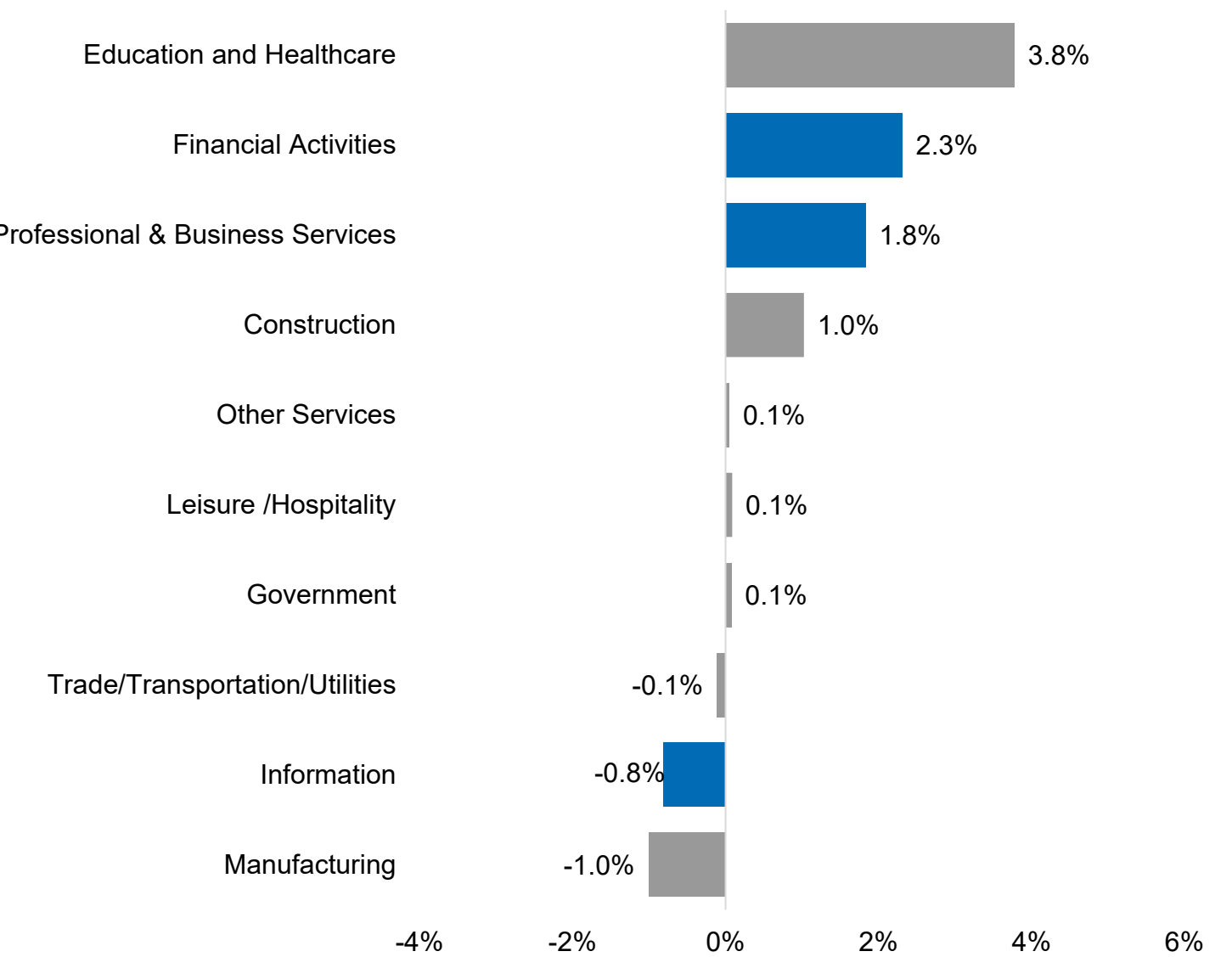
Pittsburgh Job Growth Led By Education & Healthcare and Financial Activities

Over the past 12 months, Pittsburgh’s job growth continued to be led by Education and Healthcare at 3.8%, as Financial activities saw a large growth of 2.3% over the same period. This momentum remains on an upward trend toward knowledge, healthcare, and service-driven employment, supporting the 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

4Q25

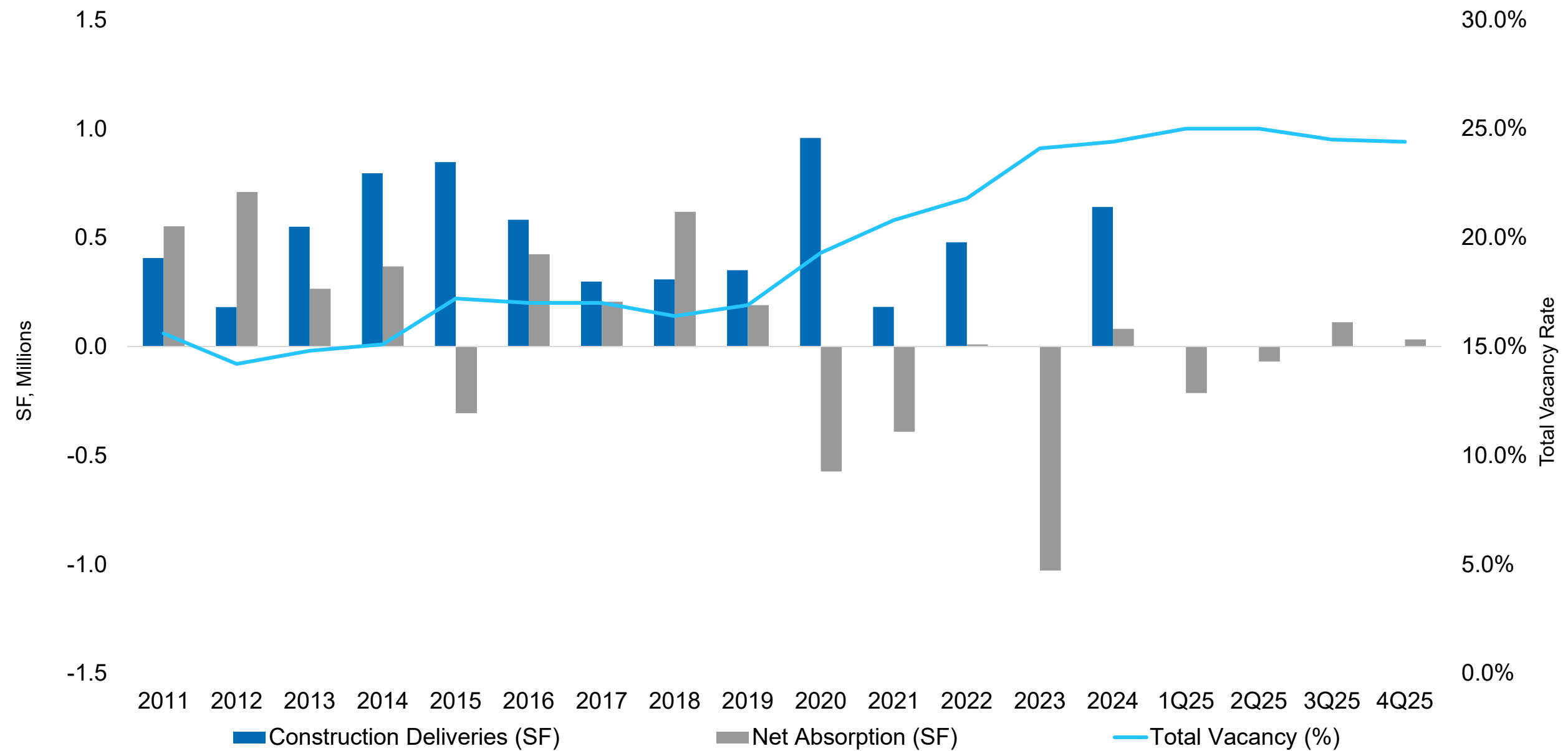
Leasing Market Fundamentals



Pittsburgh’s Office Market Has Modest Positive Absorption

There are clear signs that demand is stabilizing and beginning to improve. While the recovery remains gradual, this may mark a turning point heading into a stronger 2026. After two negative quarters, both third quarter of 2025 and fourth quarter of 2025 recorded positive net absorption 111,504 SF and 32,394 SF, respectively. Over the same period, total vacancy edged down to 24.4%, signaling early momentum toward rebalancing.

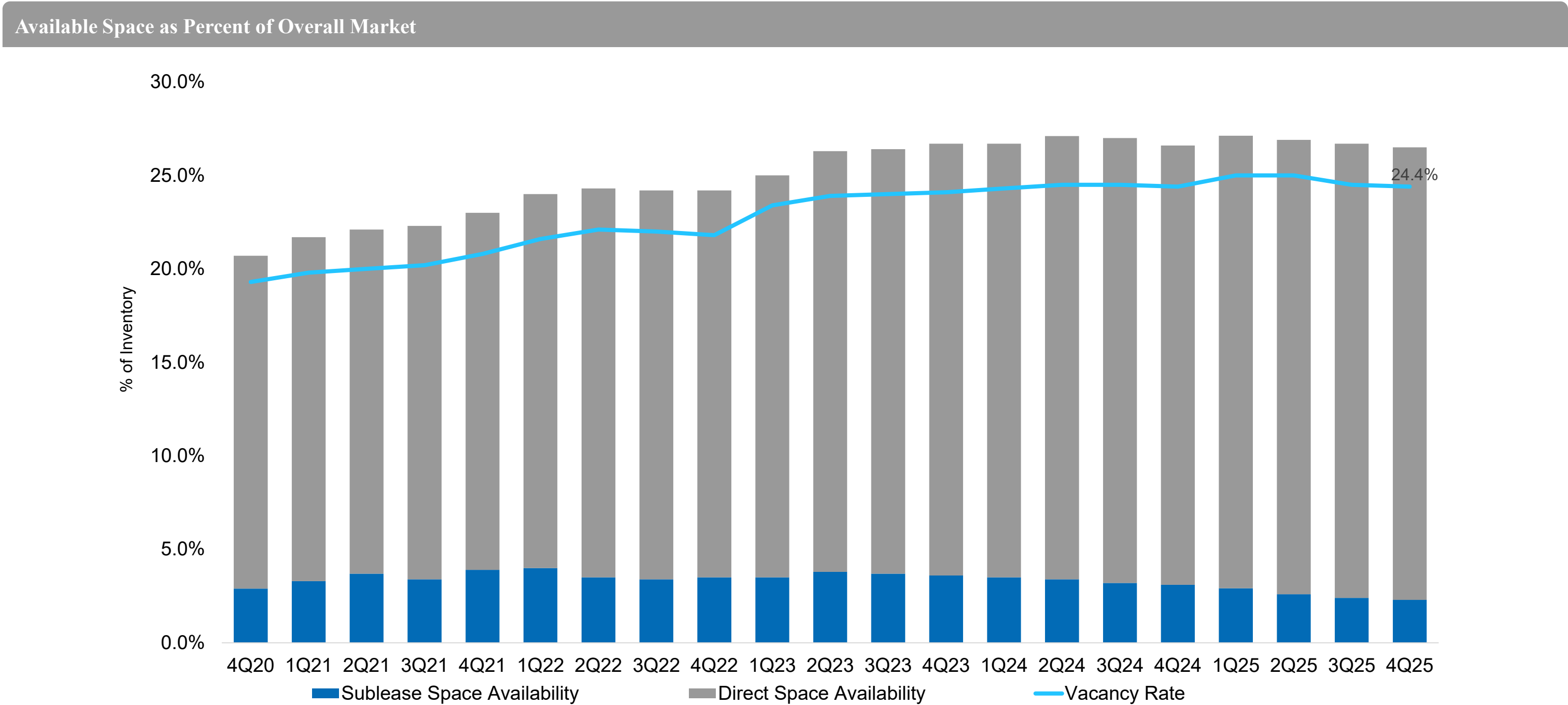
Historical Construction Deliveries, Net Absorption, and Vacancy



Source: Newmark Research

Sublease Availability Declines, Direct Availability and Vacancy Stabilize

Sublease availability has steadily declined to 2.3% in the fourth quarter of 2025 from the peak of 4.0% in the first quarter of 2022. Direct availability continues to be the driver of elevated vacancy ending 2025 at 24.2%. Overall vacancy eased to 24.4% in fourth quarter of 2025, signaling early stabilization consistent with recent positive absorption.

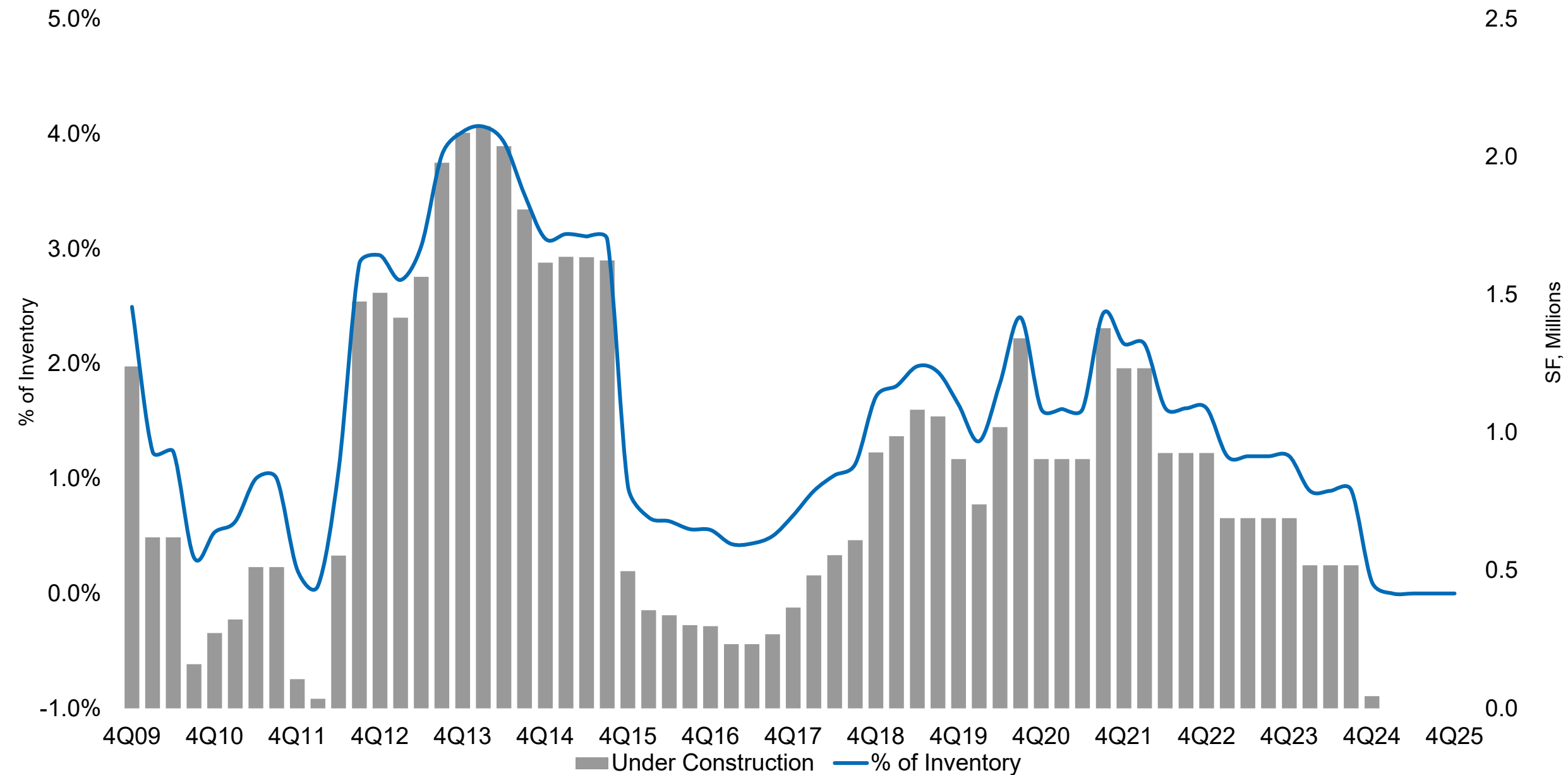


Source: Newmark Research

A Year Without Speculative Construction

For the first time in many years, there is no speculative office construction in Pittsburgh for 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

Steady Growth Of Overall Average Asking Rents

Despite shifting market conditions and fluctuating demand, landlords consistently achieved incremental year-over-year increases. Pittsburgh experienced steady growth in overall average asking rental rates in the past decade peaking at \$26.82/SF in the fourth quarter of 2025.

Office Average Asking Rent, \$/SF, FS

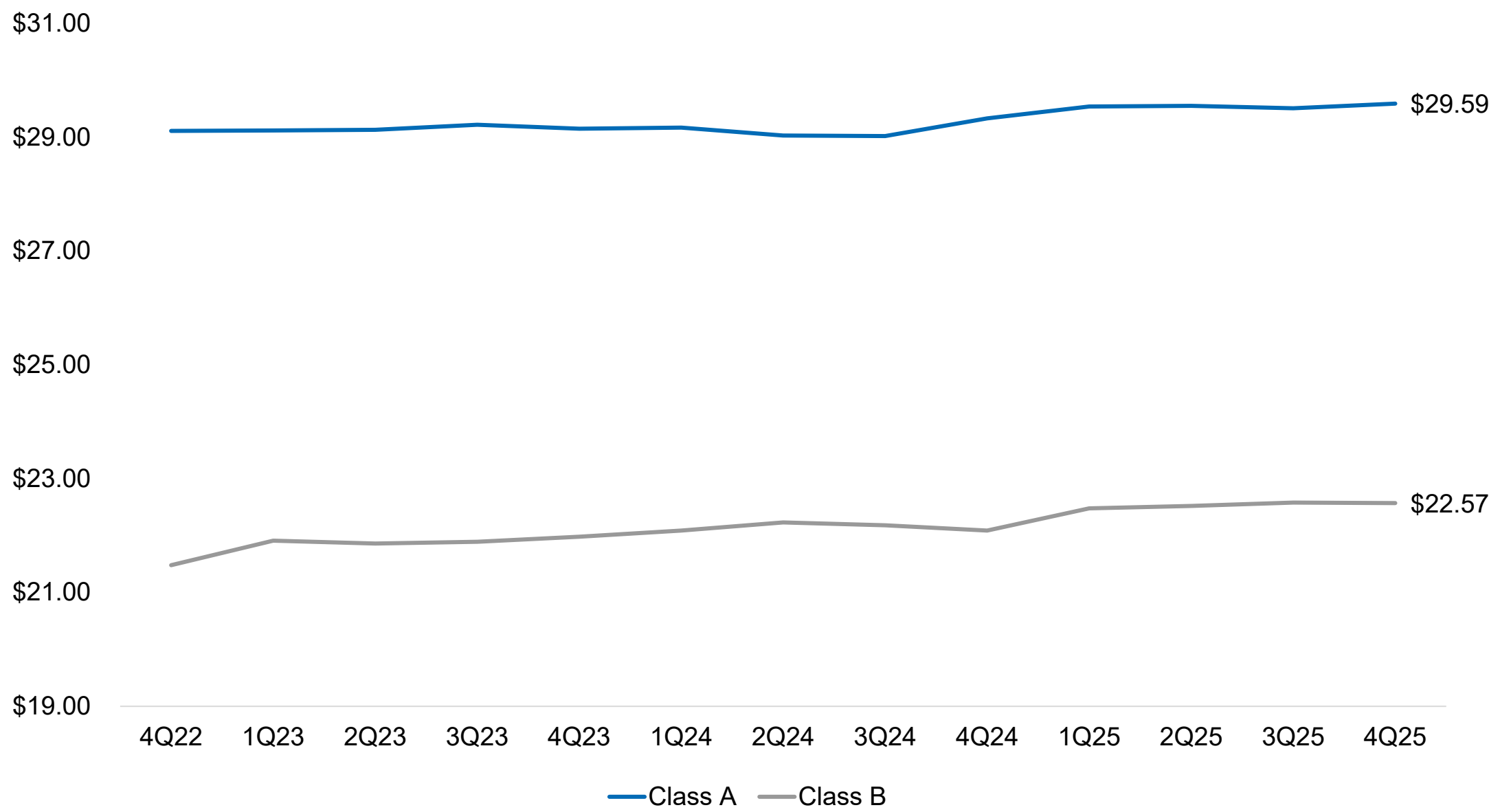


Source: Newmark Research

Class A Average Asking Rents Stable While Class B Experience Modest Increase

Throughout 2025, Class A average asking rents were relatively flat, starting first quarter of 2025 at \$29.54/SF and ending the fourth quarter of 2025 at \$29.59/SF. Class B edged up modestly from \$22.48/SF to \$22.57/SF over the same period. The spread between Class A and Class B held steady at roughly \$7.00/SF.

Class A and Class B Asking Rents



Source: Newmark Research

Notable Transactions

Select Lease Transactions 4Q25

Tenant	Building(s)	Submarket	Type	Square Feet
Clark Hill	One Oxford Centre	CBD	Renewal	70,000
AIRES	Penn Center West 6	Parkway West	Extension	45,000
Eos Energy Enterprises	Nova Place Two	Fringe	New Lease	41,268
Govini	Vision on Fifteenth	Fringe	New Lease	35,500

Select Sale Transactions 4Q25

Building Address	Buyer	Submarket	Sale Price
W Station Square Dr -Station Sq Complex	WS Development Co	Fringe	\$52 million
3011 Smallman St	Pittsburgh Water and Sewer Authority	Fringe	\$25 million
1700 Murray Ave	29 Katz Crew LP	Oakland/East End	\$5 million

Source: Newmark Research, CoStar

4Q25

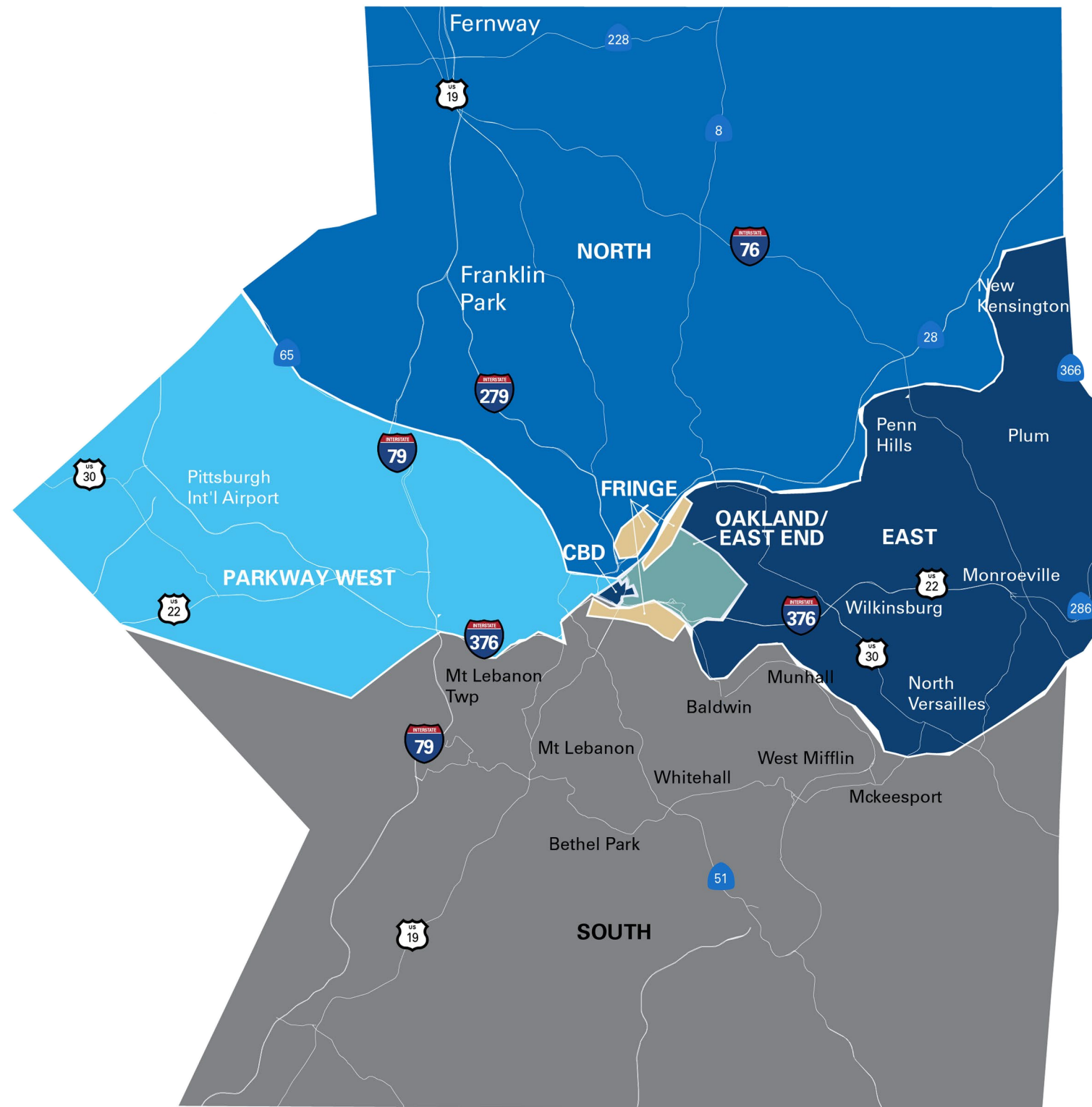
Submarket Overview





Please reach out to your
Newmark business contact for this information

Pittsburgh - Submarket Map



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