

MARKET FUNDAMENTALS

	YOY Chg	Outlook
17.4% Vacancy Rate	▲	▲
-48.5K YTD Net Absorption, SF	▲	▲
\$25.58 Asking Rent, PSF <small>(Overall, All Property Classes)</small>	▲	▼

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.2 M Pittsburgh Employment	▲	▼
3.8% Pittsburgh Unemployment Rate	▲	▲
4.2% U.S. Unemployment Rate <small>Source:BLS</small>	▲	▲

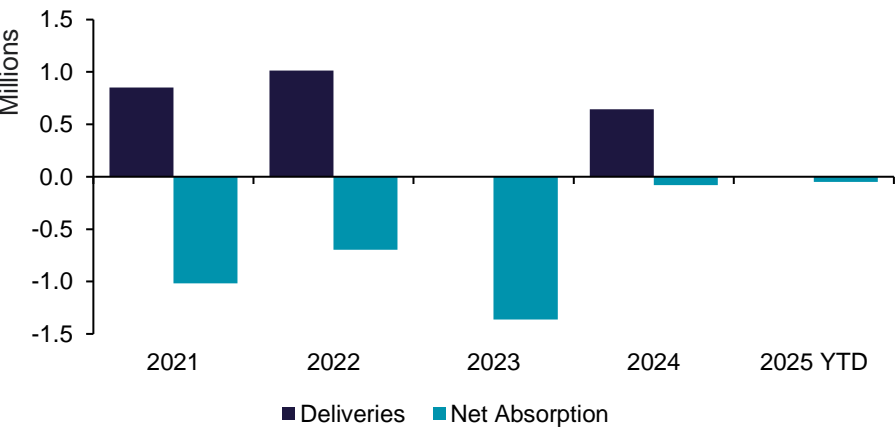
SUPPLY

Similar to the national picture, the Pittsburgh office construction pipeline has stalled, with no notable office projects planned or under construction. The pause in new developments will give the market a reprieve, allowing some of the current record vacancy to be absorbed. In addition to the absence of new projects, several office towers in the Central Business District (CBD) are slated for residential conversion. These conversions, if realized, would withdraw over 1.0 million square feet (msf) of space from the inventory, thereby putting downward pressure on the vacancy rate. The vacancy rate, though at all time highs, remained mostly stable quarter-over-quarter (QOQ), dropping 10 basis points (bps) to 17.4%. Despite vacancy marginally retreating in the overall market, CBD vacancy continued to expand to a record high 22.0%. Helping to counteract the rising vacancy in the CBD, the vacancy rate in the Parkway West dramatically dropped 390 bps year-over-year (YOY).

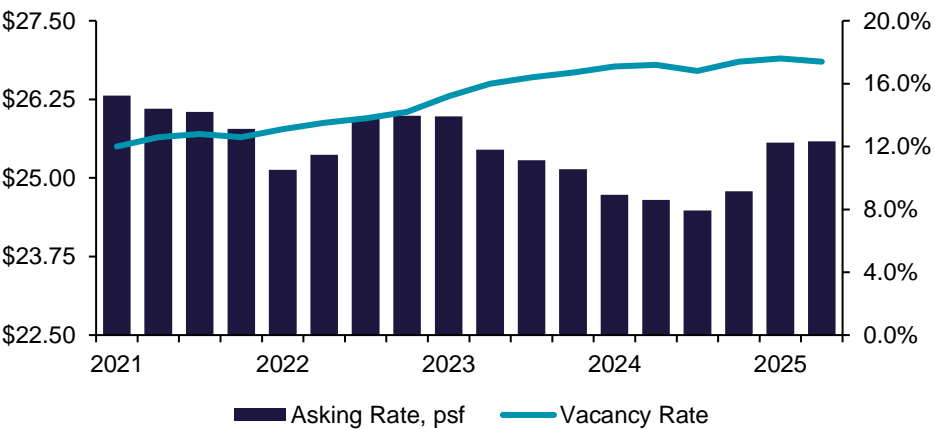
DEMAND

Net absorption was positive for the quarter at 154,344 sf but remained slightly negative year-to-date (YTD). The Parkway West and Washington County recorded net occupancy gains of 65,822 sf and 102,038 sf on the year, respectively. Going forward, a rosier absorption picture, similar to Q2, is not entirely unrealistic. The wave of tenants who signed new leases in 2024 is approaching occupancy, poised to push absorption into positive territory—barring major move-outs. The flight to quality trend has been striking in 2025: through the first of the year, Class A absorption was 140,189 sf, Class B was -190,259 sf, and Class C was -12,016 sf. That is, tenants are shedding lesser quality space in favor of premier, Class A product. Despite signs of momentum in the absorption figures, overall new leasing activity year-to-date (YTD) lagged 2024 levels. Just over 900,000 sf of new leases have executed YTD, down 28.6% from the pace of deal volume at the midpoint of 2024. The Parkway West, Greater Downtown, and CBD submarkets have carried leasing activity for the year, all with north of 160,000 sf signed. In all, the office market is beginning to stabilize. The supply pipeline is paused, absorption creeps ever more positive, and (though muted compared to 2024) noteworthy deals continue to transact.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



PITTSBURGH STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CONSTRUCTION (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)	OVERALL AVG ASKING RENT(CLASS A)
CBD	26,585,220	5,638,336	197,285	22.0%	-91,059	-217,502	161,271	0	\$28.54	\$30.80
Greater CBD	13,185,164	1,857,529	361,993	16.8%	75,208	-24,051	165,495	0	\$25.89	\$31.57
CBD TOTALS	39,770,384	7,495,865	559,278	20.3%	-15,851	-241,553	326,766	0	\$27.96	\$30.86
Armstrong County	150,472	1,500	0	1.0%	0	0	0	0	\$14.00	N/A
Beaver County	1,177,610	70,262	0	6.0%	500	-4,337	1,412	0	\$15.09	\$15.13
Butler County	3,914,424	438,000	4,767	11.3%	10,213	10,251	39,673	0	\$22.75	\$24.27
East End	3,600,645	554,960	195,855	20.9%	33,054	25,000	53,433	0	\$32.79	\$34.68
Fayette County	661,826	3,000	0	0.5%	0	0	0	0	\$14.00	N/A
Monroeville	2,449,713	516,651	0	21.1%	29,417	32,473	42,842	0	\$19.64	\$19.95
North Pittsburgh	6,399,069	900,759	67,435	15.1%	-22,443	2,325	61,558	0	\$22.44	\$24.96
Northeast Pittsburgh	2,156,411	304,263	0	14.1%	-8,722	-9,335	1,505	0	\$16.99	\$24.48
Oakland	3,513,690	329,959	0	9.4%	-34,368	-35,489	31,658	0	\$31.25	\$37.70
Parkway East Corridor	4,964,593	868,578	0	17.5%	-16,543	-31,594	17,373	0	\$19.65	\$29.69
Parkway West Corridor	8,643,850	1,722,275	96,722	21.0%	113,615	79,425	181,329	0	\$23.69	\$25.33
South Pittsburgh	5,008,063	319,495	12,231	6.6%	-12,715	-21,714	31,883	0	\$20.55	\$24.73
Washington County	5,784,088	700,930	51,021	13.0%	80,731	102,038	52,374	0	\$20.02	\$22.69
West Pittsburgh	3,026,750	1,018,322	37,000	34.9%	-68,918	-25,534	79,951	0	\$24.73	\$29.57
Westmoreland County	3,218,138	171,713	1,163	5.4%	66,374	69,561	6,822	0	\$14.61	N/A
SUBURBAN TOTALS	54,669,342	7,920,667	466,194	15.3%	170,195	193,070	601,813	0	\$23.03	\$26.70
PITTSBURGH OFFICE TOTALS	94,439,726	15,416,532	1,025,472	17.4%	154,344	-48,483	928,579	0	\$25.58	\$29.07

\*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
301 Grant St	CBD	Pietragallo Gordon Alfano Bosick & Raspanti	42,000	Direct / Renewal**
600 Grant St	CBD	Meyer Unkovich	32,600	Direct / New Lease
4 W Station Square Dr	Greater Downtown	Fiserv Solutions	28,337	Direct / New Lease
210 6 <sup>th</sup> Ave	CBD	Systems One	28,000	Direct / Expansion
275 Technology Dr	Washington County	CORE Natural Resources	27,742	Direct / Renewal**
141 South St Clair St	East End	Triple	26,245	Direct / New Lease
48 26 <sup>th</sup> St	Greater Downtown	ST Engineering Aethon	19,810	Sublease / New Lease

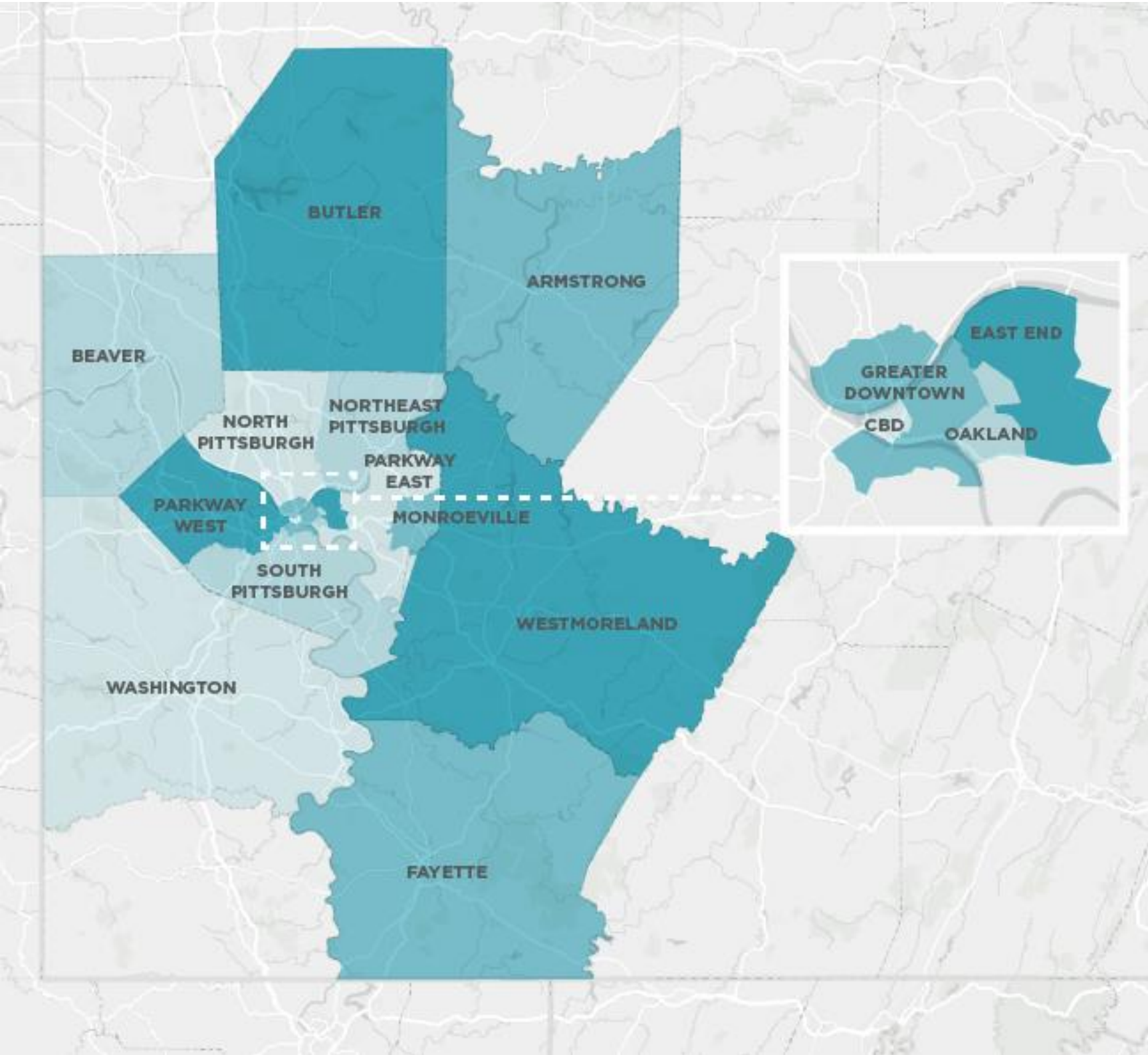
\*\*Renewals are not included in leasing statistics

KEY SALE TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
1600 Smallman St	Greater Downtown	Tempus Realty / McCaffery Interests	125,985	\$43,750,000 / \$347.26
105 Brandt Dr	Butler County	Seaman Corporation / Montecito Medical	20,650	\$7,500,000 / \$363.20



OFFICE SUBMARKETS



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