

# MARKETBEAT PITTSBURGH

## Industrial Q1 2021

YoY Chg 12-Mo. Forecast

**6.9%**  
Vacancy Rate



**92K**  
Net Absorption, SF



**\$6.58**  
Asking Rent, PSF



(Overall, All Property Classes)

### ECONOMIC INDICATORS Q1 2021

YoY Chg 12-Mo. Forecast

**1.1M**  
Pittsburgh  
Employment



**7.4%**  
Pittsburgh  
Unemployment Rate



**6.0%**  
U.S.  
Unemployment Rate



Source: BLS

### ECONOMIC OVERVIEW: Vaccine Distribution Improving Outlook

On the local front, Pittsburgh's unemployment rate ticked up 30 basis points (bps) in the first quarter of 2021 to 7.4%, 140 bps higher than the national average and unfortunately trending in the opposite direction. With widespread vaccine distribution well underway, sentiment has improved dramatically from a year ago. Federal stimulus packages, as well as a recovery in financial services, health care, social services, and government jobs is a welcomed sign for the region, however manufacturing, construction and transportation jobs still lag considerably. Consumer confidence should return this summer, but overall, Pittsburgh's economy will likely lag the national pace of recovery, and negative effects could linger here a bit longer than some larger cities with more diverse economies. If the region can buck the trend of a shrinking labor force, Pittsburgh will be better positioned to exit this downcycle quicker.

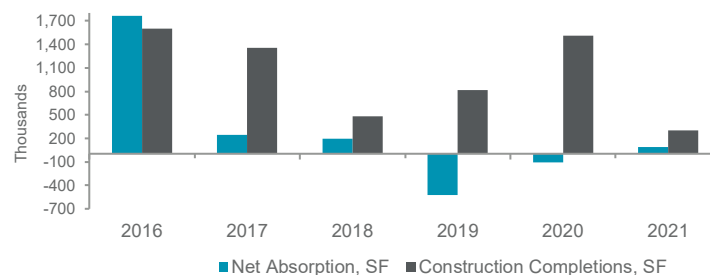
### SUPPLY AND DEMAND: Absorption Positive, Developers Continue to Build

At the close of the first quarter of 2021, absorption remained positive for the third quarter in a row, from 391,041 square feet (sf) last quarter to 92,349 sf this quarter. The industrial market remains a bright spot for Pittsburgh, and the unrelenting need for warehouse and distribution spaces amidst the e-commerce boom continues to benefit the region. Leasing activity has risen sharply, totaling more than 1.6 million square feet (msf), concentrated mostly around the Airport Corridor (Parkway West). Although Amazon continues to be a driver, companies like Lowes and Personalized Skin Solutions have also bolstered leasing metrics. On the construction front, several tech-flex developments are under construction and garnering interest: 304 Jumonville St which is located east of the CBD, 3649 Mintwood St in Lawrenceville, and Factory 26 in the Strip District. Developers have made large bets on this product type and for good reason, as the pool of potential tenants is large here. Also, NorthPoint, an extremely active national player, is making its first foray in Pittsburgh. They have purchased a 26-acre parcel in Findlay Township close to the new Amazon site, where they will be building a 276,000-sf facility. Although built-to-suit projects like the recently completed Krystal Biotech building in West Pittsburgh had previously been the norm, enthusiasm in the region and infrastructure improvements have led to more speculative projects, which is a great sign moving forward.

### PRICING: Warehouse and Distribution Rents Tick up

Asking rents for most product types ticked up in the first quarter of 2021, ending the quarter at \$6.58 per square foot (psf), compared to \$6.25 psf last quarter. There was a material increase in asking rents for warehouse and distribution buildings, from \$6.16 psf last quarter to \$6.46 this quarter, and demand for newer projects in the airport corridor as well as Beaver County should sustain these rents. It is safe to say that rents have not been adversely affected by the pandemic, and the continued delivery of Tech Flex product coupled with demand for Class A distribution space will keep the market healthy for the foreseeable future.

### SPACE DEMAND / DELIVERIES



### OVERALL VACANCY & ASKING RENT



## Industrial Q1 2021

## MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (FLEX)	OVERALL WEIGHTED AVG NET RENT (W/D)	OVERALL WEIGHTED AVG NET RENT (HT)
Armstrong County	1,980,193	80,526	4.1%	2,100	2,100	-	-	-	\$7.00	\$4.00	\$7.00
Beaver County	11,272,806	1,131,011	10.0%	(49,660)	(49,660)	-	-	\$4.30	-	\$6.92	\$8.83
Butler County	16,400,544	1,222,351	7.5%	79,698	79,698	-	-	\$6.88	\$9.00	\$4.29	\$15.35
Fayette County	4,226,648	150,295	3.6%	1,100	1,100	20,500	-	\$5.00	\$8.00	\$7.52	-
Greater Downtown	12,333,600	997,460	8.1%	(5,000)	(5,000)	133,979	-	\$9.60	\$8.92	\$8.92	\$20.00
Monroeville	2,452,581	151,586	6.2%	(96,893)	(96,893)	-	-	\$6.00	\$10.84	\$8.95	-
North Pittsburgh	15,631,123	897,262	5.7%	(17,557)	(17,557)	-	-	\$3.75	\$8.95	\$6.98	\$8.25
Northeast Pittsburgh	18,028,857	547,760	3.0%	93,740	93,740	-	-	-	\$11.36	\$5.91	\$11.36
Oakland	352,192	-	0.0%	-	-	-	-	-	-	-	-
Parkway East	13,251,773	857,484	6.5%	(61,811)	(61,811)	21,682	-	\$4.00	\$10.25	\$4.95	-
Parkway West	12,667,640	1,050,045	8.3%	143,305	143,305	380,000	-	\$4.95	\$12.00	\$7.20	\$9.85
South Pittsburgh	17,289,816	1,296,459	7.5%	(174,903)	(174,903)	-	-	\$5.00	\$10.00	\$5.54	-
Washington County	13,214,014	1,519,290	11.5%	15,830	15,830	307,000	-	\$5.59	\$8.77	\$6.68	\$9.50
Westmoreland County	31,973,817	2,105,902	6.6%	266,708	266,708	150,000	-	\$5.42	\$6.95	\$5.06	\$6.80
West Pittsburgh	15,630,468	831,308	5.3%	(104,308)	(104,308)	783,873	302,817	-	\$12.00	\$7.56	-
<b>PITTSBURGH TOTAL</b>	<b>186,706,073</b>	<b>12,838,739</b>	<b>6.9%</b>	<b>92,349</b>	<b>92,349</b>	<b>1,797,034</b>	<b>302,817</b>	<b>\$5.09</b>	<b>\$9.59</b>	<b>\$6.46</b>	<b>\$10.77</b>

MF = Manufacturing FLEX = Flex W/D = Warehouse/Distribution HT= High Tech

## KEY LEASE TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Westport Woods	Parkway West	Amazon	270,000	New Lease
Northside Commerce Center	North Pittsburgh	Parallel	120,000	New Lease

## KEY SALES TRANSACTIONS Q1 2021

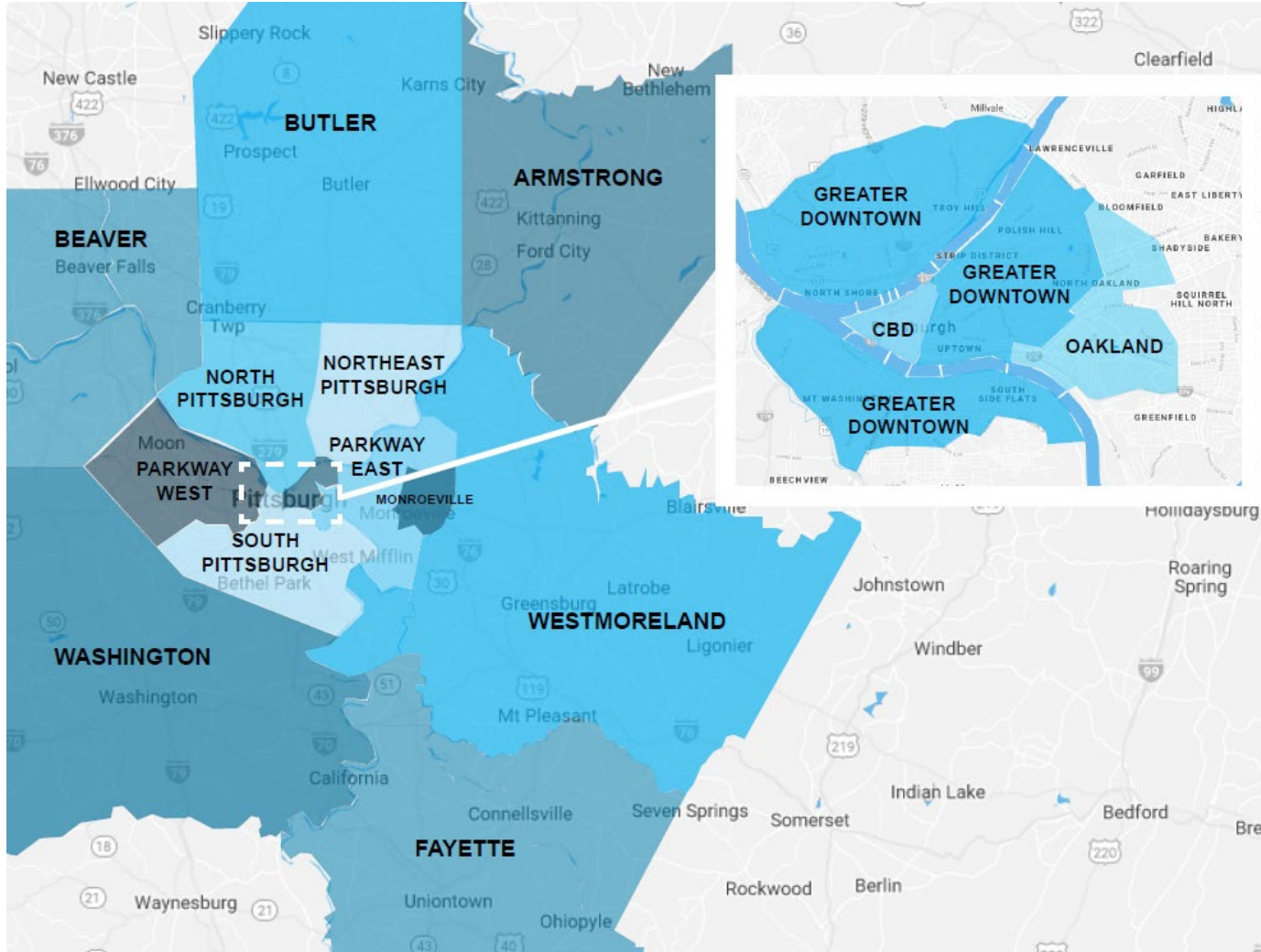
PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
9025 Marshall Rd	Butler County	Rexnord / Chapman	37,000	\$1,350,000 / \$36.49
516 Mecklem Ln	Beaver County	Wolverine Plastics / Precision Components	26,895	\$1,700,000 / \$63.21

## KEY CONSTRUCTION COMPLETIONS YTD 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
Clinton Commerce Park- Bldg III	West Pittsburgh	Haemonetics	202,817	AI Neyer



### INDUSTRIAL SUBMARKETS



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