

## Industrial Q3 2021

**6.5%**  
Vacancy Rate

YoY Chg



12-Mo. Forecast



**762K**  
Net Absorption, SF



**\$6.66**  
Asking Rent, PSF



(Overall, All Property Classes)

### ECONOMIC INDICATORS Q3 2021

**1.1M**  
Pittsburgh Employment

YoY Chg



12-Mo. Forecast



**6.4%**  
Pittsburgh Unemployment Rate



**5.2%**  
U.S. Unemployment Rate



Source: BLS

### ECONOMIC OVERVIEW: Economy Continues to Recover as Population Finally Increases

On the local front, Pittsburgh's unemployment rate ticked down 780 basis points (bps) on a year-over-year (YOY) basis, to 6.4%. The difference should be taken with a grain of salt, as the incredibly high unemployment rate a year ago came at peak-COVID. Allegheny County's population growth stole the headlines this quarter, where new census data showed the area grew 2.2% in the last decade. Although these gains are not massive, when you consider historical trends and forecasted expectations, this is a watershed moment. In the seven-county MSA, the population grew by 0.6%. The region has seen large job gains in construction (11.9% YOY) and leisure and hospitality (19.5% YOY), while health services (1.4% YOY) and government (-1.2% YOY) jobs continue to lag. On the national scale, labor market shortages and global shipping issues continue to be pain points and have yet to resolve.

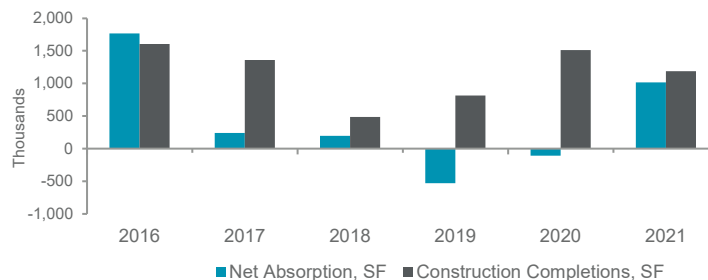
### SUPPLY AND DEMAND: Banner Quarter for Absorption, Airport Corridor Continues to Shine

At the close of the third quarter of 2021, absorption remained positive for the fifth quarter in a row, from 161,475 square feet (sf) last quarter to 762,482 sf this quarter. Although deliveries this quarter were not particularly impressive, the most important being a 100,000-sf building in Imperial Business Park for Lowes, the Parkway West will be flush with new logistics inventory coming online shortly. National developer Northpoint will be completing Westport Ridge imminently, delivering 276,702 sf of Class A warehouse/distribution space, with another two buildings underway. AI Neyer also has plans for its SkyView Business Park, where two desirable build-to-suit opportunities await. This could add another 400,000 sf to the submarket, where space has been absorbed at a breakneck pace. On the demand side, downtown-based Evoqua is establishing a new sustainability and innovation hub at Tech Forge, a tech flex building owned by RIDC. Locomotion also announced they are expanding their tech-flex footprint in Greater Downtown, an increasingly popular product type and submarket for tech-forward users. Tenants hoping to leverage synergies with Shell's Beaver County Cracker Plant are materializing finally, with polymer distribution company Ravago setting up shop a mile away from the facility in Monaca.

### PRICING: Rents Flat, But Not For Long

Asking rents were largely flat in the third quarter of 2021, ending the quarter at \$6.66 per square foot (psf), compared to \$6.70 psf last quarter. Construction costs have seen a robust increase and record volatility, and developers are still hampered by long lead times for materials, leading to healthy and sustained asking rents. Logistics product in coveted submarkets like the Parkway West continue to outperform other product types, with rents around \$7.00 psf NNN and more product is on the way from national developers like NorthPoint. Large occupiers like Amazon seem to have a voracious appetite for space, which has propped up the market amidst the continued e-commerce boom. High Tech/Tech Flex product in Pittsburgh continue to lead the charge pricing wise, with newer deliveries like Oxford's Factory 26 in 3 Crossings asking rents in the \$20's psf.

### SPACE DEMAND / DELIVERIES



### OVERALL VACANCY & ASKING RENT



## Industrial Q3 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	55,000	2.8%	25,263	29,463	-	-	-	\$7.00	\$4.00	\$7.00
Beaver County	11,272,806	966,604	8.6%	11,415	133,880	-	-	\$4.25	-	\$6.31	\$8.83
Butler County	16,400,544	1,383,276	8.4%	(276,359)	-34,2231	-	-	\$6.50	\$9.00	\$5.35	\$15.35
Fayette County	4,226,648	199,695	4.7%	(20,784)	-48,768	20,500	-	\$5.00	\$8.00	\$7.92	-
Greater Downtown	12,470,152	542,852	4.4%	-	-83,108	-	81,000	\$9.00	\$9.60	\$5.60	\$20.00
Monroeville	2,452,581	138,708	5.7%	-	-78,515	-	-	\$6.00	\$10.84	\$8.95	-
North Pittsburgh	15,631,123	729,243	4.7%	27,871	115,211	100,000	-	\$3.75	\$9.11	\$7.04	\$8.95
Northeast Pittsburgh	18,028,857	641,696	3.6%	(22,500)	5,804	-	-	-	\$12.07	\$6.24	\$12.07
Oakland	352,192	-	0.0%	-	0	-	-	-	-	-	-
Parkway East	13,251,773	880,842	6.6%	960	-81,764	161,682	-	\$4.00	\$10.25	\$4.95	-
Parkway West	12,767,640	987,533	7.7%	186,072	248,093	836,000	100,000	\$6.00	\$10.20	\$7.72	\$9.85
South Pittsburgh	17,289,816	1,108,324	6.4%	(59,964)	-51,609	-	-	\$5.00	\$10.00	\$5.80	-
Washington County	13,464,014	1,299,215	9.6%	(32,560)	-159,554	57,000	-	\$7.19	\$8.50	\$7.00	\$12.00
Westmoreland County	31,973,817	2,079,954	6.5%	524,818	1,050,472	150,000	-	\$6.43	\$6.86	\$5.65	\$6.80
West Pittsburgh	16,030,469	1,217,446	7.6%	398,250	27,8932	383,873	-	\$4.50	\$12.00	\$7.12	-
<b>PITTSBURGH TOTAL</b>	<b>187,592,625</b>	<b>12,230,388</b>	<b>6.5%</b>	<b>762,482</b>	<b>1,016,306</b>	<b>1,709,055</b>	<b>181,000</b>	<b>\$5.41</b>	<b>\$9.52</b>	<b>\$6.40</b>	<b>\$11.21</b>

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

### KEY LEASE TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
108 Tomlinson Dr- Jackson Distribution Center	Butler County	Monin	60,000	New Lease
300 Halstead Blvd- Schreiber Industrial Park North	Butler County	Glosser Steel	32,500	New Lease

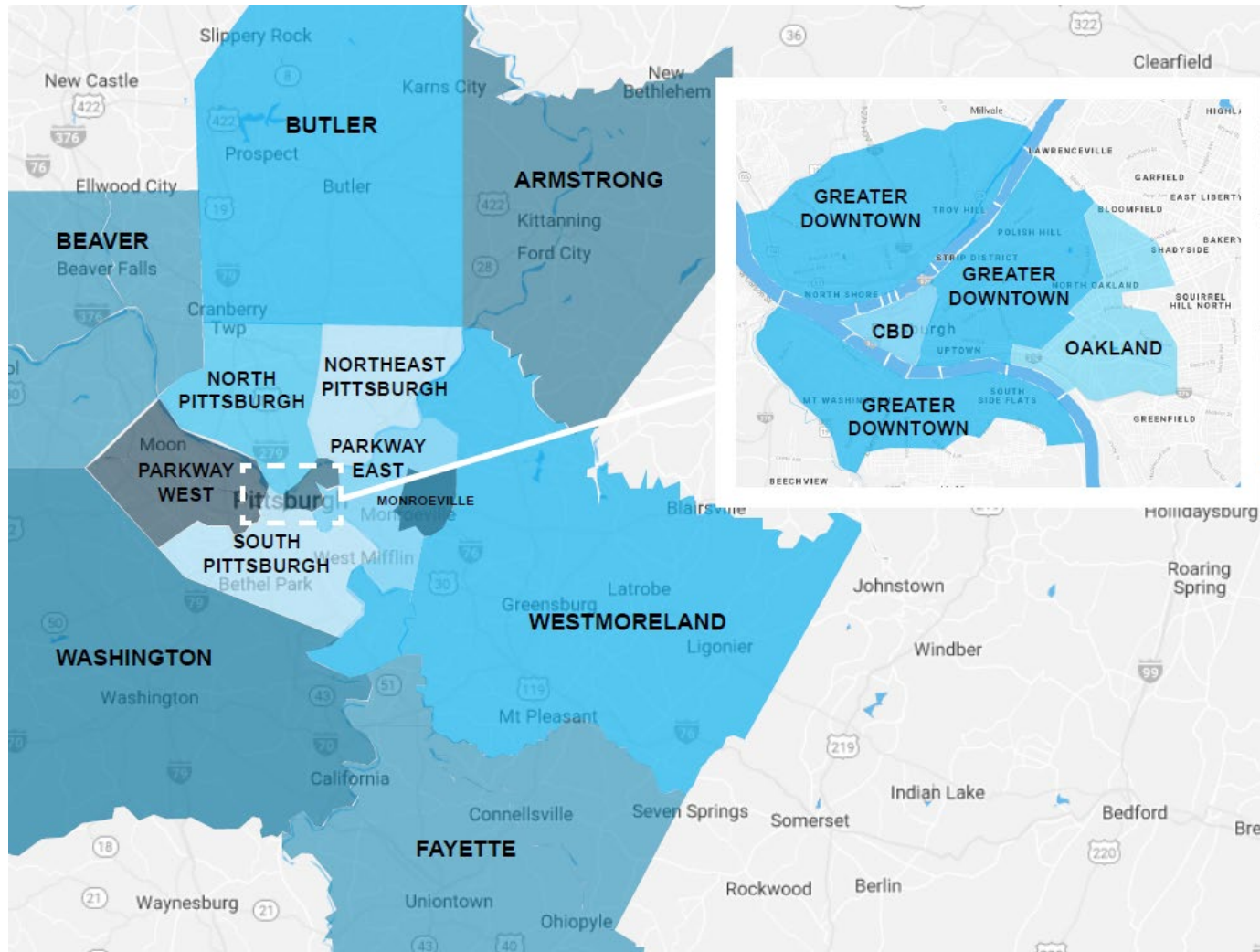
### KEY SALES TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
3012 Unionville Rd	Butler County	FourPenn / Unknown	36,980	\$3,100,000 / \$83.83
3057 William Flynn Hwy	Butler County	Derry Rail / Steven Mitnick	75,545	\$1,400,000 / \$18.53

### KEY CONSTRUCTION COMPLETIONS YTD 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
Imperial Business Park	Parkway West	Lowes	100,000	Silverman Group
Clinton Commerce Park- Bldg V	West Pittsburgh	NA	400,000	AI Neyer

### INDUSTRIAL SUBMARKETS



**Justin Brown**

*Pittsburgh Director of Research*

Tel: +1 412 697 6557

[jbrown@gsa-cw.com](mailto:jbrown@gsa-cw.com)

### A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 50,000 employees in 400 offices and 60 countries. In 2020, the firm had revenue of \$7.8 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit [www.cushmanwakefield.com](http://www.cushmanwakefield.com) or follow on @CushWake on Twitter.

©2021 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.