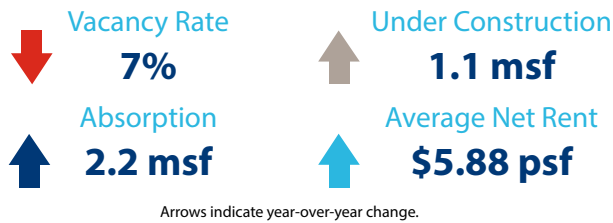




Pittsburgh Industrial Market

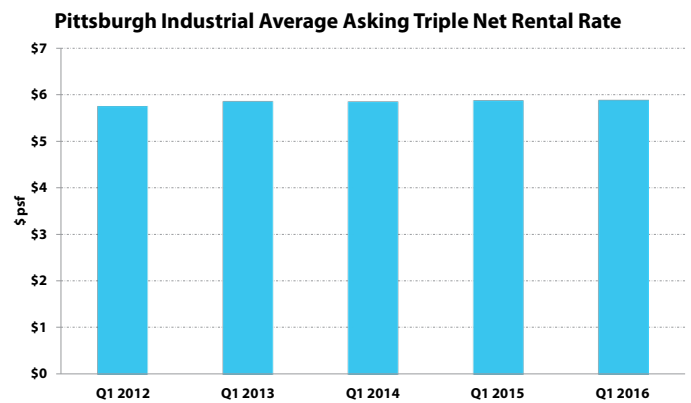
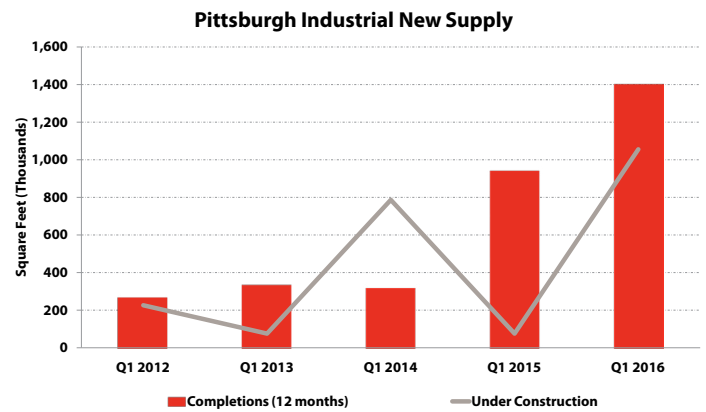
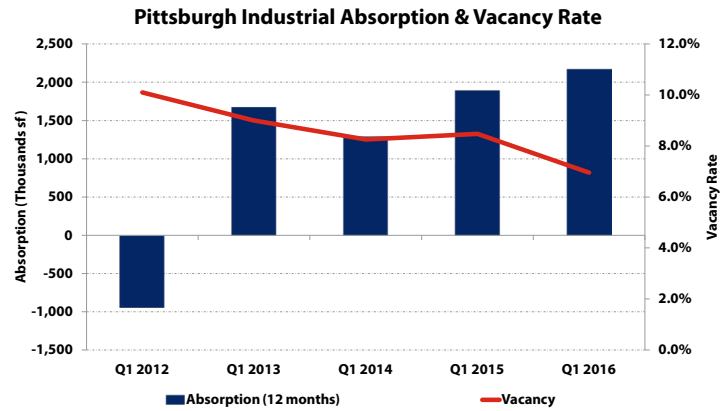
By the end of the first quarter of 2016, Pittsburgh's overall industrial vacancy had improved to 7% from 7.6% one year earlier. Users and investors have remained very active. The market continues to have a limited amount of class A warehouse space; however, supply is set to grow, with multiple class A projects scheduled to deliver in 2016 – specifically Ashley Capital's delivery of 316,000 sf in Findlay Industrial Park and A.L. Neyer's 252,000-sf speculative warehouse project at Clinton Commerce Park.

Investors continue to find Pittsburgh a great value market as activity and interest in the industrial sector gain momentum – as evidenced by local developer McKnight Properties purchasing the vacant 440,000-sf former American Eagle Distribution Center in Thorn Hill Industrial Park for \$9.5 million. Activity remained strong in the first quarter as Monmouth Real Estate acquired the new 125,000-sf GE additive manufacturing facility for \$20 million, setting the bar with a \$160-psf price tag; and Vereit acquired 130 Enterprise Drive, a newly



constructed 86,000-sf flex building – fully occupied by Walgreens on a long-term lease – for \$14 million.

While vacancy decreased 60 bps year-over-year, the average rental rate increased \$0.16 psf to \$5.90 psf. With demand slightly on the upswing, vacancy down, and rental rates still increasing, the upcoming delivery of multiple speculative developments will be very timely. Although more than 500,000 sf of class A space is expected to come on the market, new product should be absorbed quickly and activity should remain brisk throughout 2016. Pittsburgh's industrial market remains relatively stable despite changes in the traditional manufacturing sector and energy markets. While these changes have dealt a blow to US Steel, Allegheny Technologies, Range Resources and Consol Energy, the emergence of high-tech users, such as Uber and Carnegie Robotics, will continue to provide a high level of optimism beyond 2016.



NOTABLE INDUSTRIAL LEASE TRANSACTIONS BY SIZE – FIRST QUARTER 2016

	Address / Complex	Tenant	Size (sf)	Deal Type
1	133 Westgate Drive	Interline Brands	55,000	New
2	231 Haskwell Lane	Certified Carpet Distributors	44,000	New
3	3510-3590 Smallman Street	UATC	33,000	New
4	20 39th Street	Scott Electric	26,000	Sublease
5	102 Park Road	Cochran Re LP	24,500	New