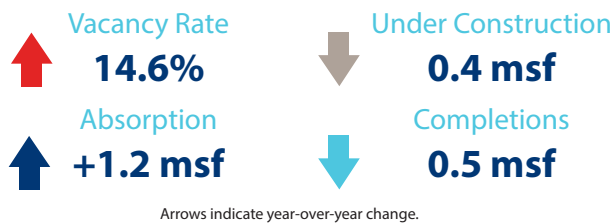




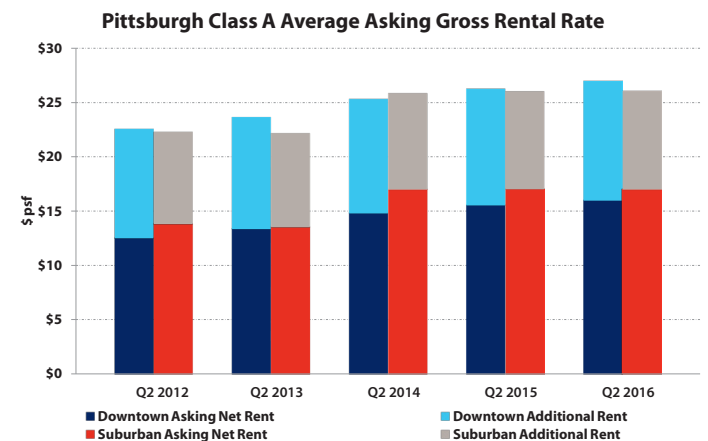
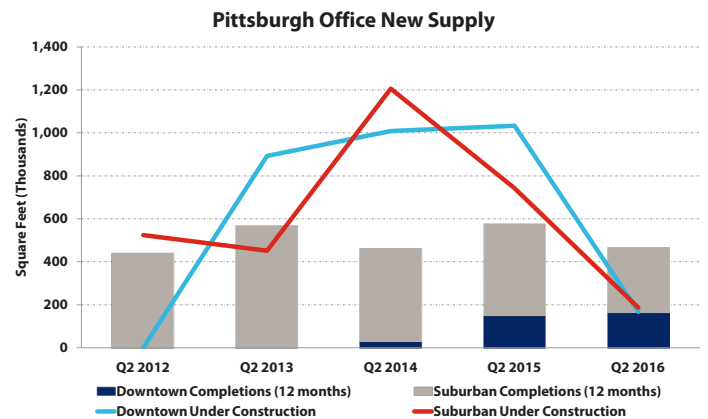
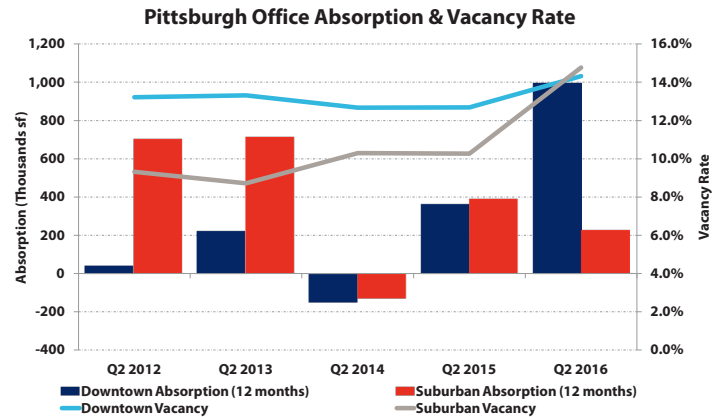
Pittsburgh Office Market

The Pittsburgh office market registered a slight uptick in overall inventory and vacancy due to new and renovated product coming onto the market in the last 12 months. The total office market comprised 60.1 msf with a vacancy rate of 14.6%. Class A vacancy in the CBD was 10.3% in a market of 11.5 msf. Suburban markets posted a vacancy rate of 14.8%. Asking rental rates increased slightly in most submarkets despite the availability of significant blocks of sublease space in the CBD and fringe submarkets.

Shell Chemical Appalachia confirmed plans to build a multi-billion-dollar ethane “cracker” plant in Beaver County. Approximately 6,000 workers will be employed through the multi-year construction process and, once completed, Shell will employ 600 people there. Future investment is anticipated in the plastics-manufacturing sector throughout the region, a trend which should drive greater demand for office space in the north and west submarkets.



The technology sector continues to grow within the Pittsburgh market, with significant leasing activity occurring in the North Shore and East Liberty submarkets. In the CBD, University of Pittsburgh Medical Center’s expansion continued with the medical center leasing an additional 94,000 sf in the Heinz 57 Center. Significant suburban lease transactions included Title 365 in the western corridor for 55,000 sf and Joy Global subleasing 23,000 sf in the north suburban submarket. The Pittsburgh CBD continued to attract investment in office properties from outside the region as San Francisco-based Shorenstein Properties purchased the 1-msf Oxford Center in January for \$149 million and New York-based King Penguin Fund acquired the 318,000-sf Centre City Tower in June for \$21.5 million. With office properties continuing to trade at premium prices, tenants will encounter upward pressure on rental rates in the CBD. The activity forecast for the balance of 2016 remains positive for the Pittsburgh office market, and annual absorption is expected to be consistent with the previous two years.



NOTABLE LEASE TRANSACTIONS BY SIZE – FIRST HALF 2016

	Address / Complex	Tenant	Size (sf)	Deal Type
1	700 Cranberry Woods	Genco/Fedex	88,800	New
2	Heinz 57 Center	University of Pittsburgh Medical Center	94,000	Sublease
3	345 Rouser Road	Title365	55,000	Expansion
4	Nova Place	Confluence Technologies	40,000	New
5	703 Rodi Road	Vocollect	61,400	Renewal