



THIRD QUARTER 2014

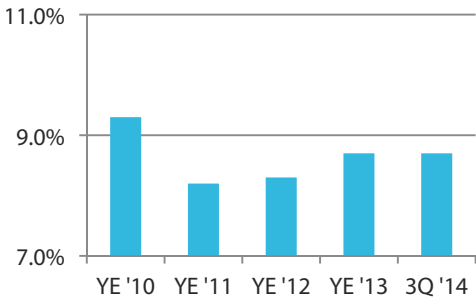
# Pittsburgh Office Market Report

Partnership. Performance.

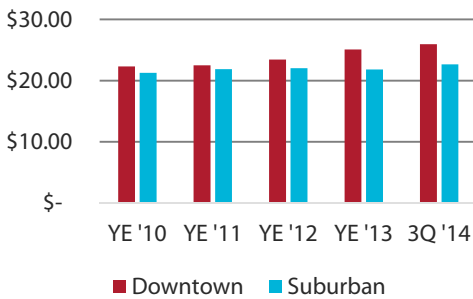


## MARKET FACTS

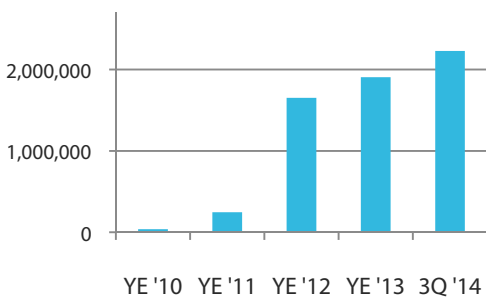
### Vacancy Rates



### Class A Asking Rents



### Area Under Construction



## Summary

The office market remained strong through the third quarter of 2014 with significant leasing activity accompanied by several announcements on new construction and proposed development projects. The Pittsburgh economy is in an advantageous position as a stable foundation has been built upon the region's unwavering medical, education and financial services industries, yet a tremendous growth opportunity lies within the technology and energy sectors.

Consistent with recent demand, activity continued to be concentrated in the CBD, Southpointe and Cranberry submarkets. The CBD retained a key tenant in Direct Energy as the company renewed for a five-year deal totaling 43,000 SF at 1001 Liberty Avenue. Southpointe, a suburban office park located with proximity to much of the area's oil and gas activity, secured two tenants to occupy part of the new 150,000 SF Zenith Ridge II speculative development. EQT plans to move its production division into 30,000 SF of the completed office space and Sentric Corporation has also committed to a 30,000 SF lease in this development. Both companies plan to take occupancy in December of 2014. In the Cranberry submarket, several expansion and lease extension transactions were completed to further solidify the strength of the region's market. Vacancy remains tight in all three submarkets despite an increase in sublease space and supply.

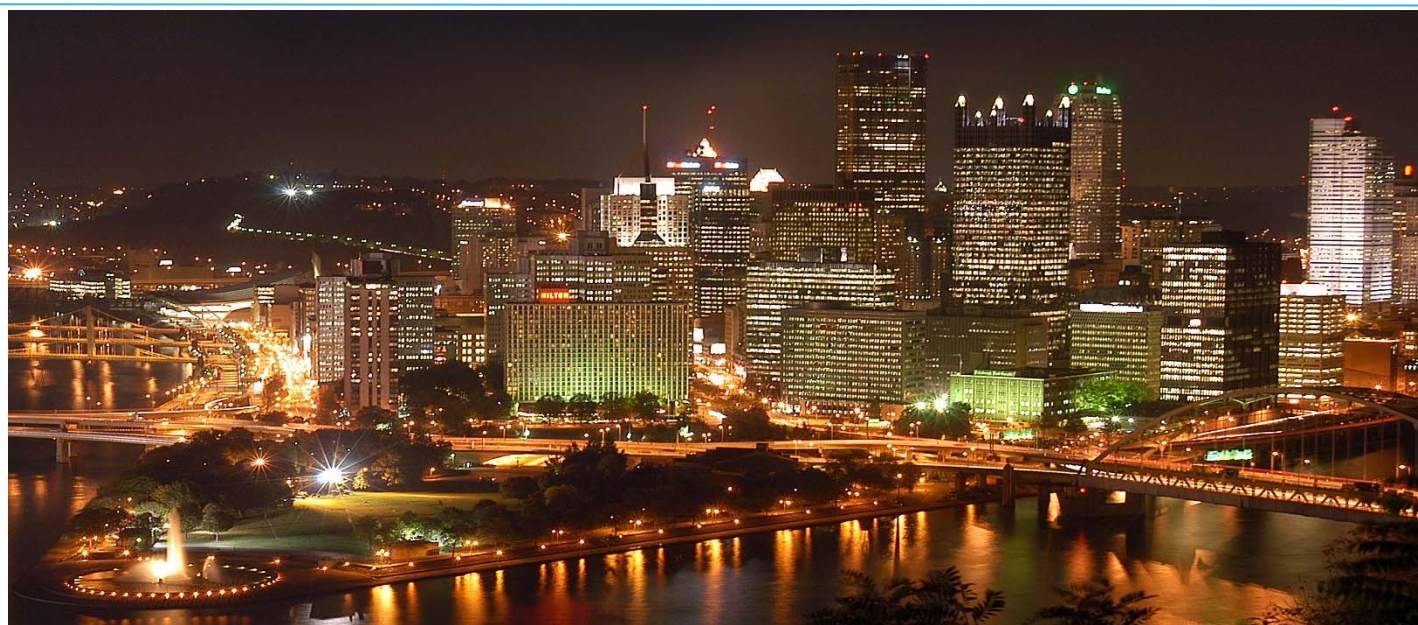
Many developers anticipating the expansion of technology and energy sectors are active in hopes of landing an anchor tenant. Davis Companies, developer and new owner of the Union Trust building, is in the process of rebranding the historic building as a CBD tech hub. The Gardens at Market square, a mixed use project, currently has 128,000 SF of class A, speculative office space under construction. Located in the Strip District is another mixed use project, Three Crossings, which offers 250,000 SF of available office space. Oxford Development broke ground on this project during the third quarter. Noteworthy developments outside the Greater Downtown area include the office space under construction at Bakery Square 2.0, which is anchored by Google's 66,000 SF commitment and the 250,000 SF of office space under construction at Zenith Ridge III.

With interest rates low and demand for space high, investors and developers are looking toward the future. The Greater Downtown area has had three proposed developments in the third quarter totaling over one million square feet of class A office space. In an era fixated on technology and energy efficiency, the Pittsburgh region is primed for growth.



# Market By The Numbers

Submarket	Total RBA (SF)	Direct Available Space (SF)	Sublet Available Space (SF)	Vacancy Rate		Availability Rate		Q3 Leasing Activity (SF)	Q3 Net Absorption (SF)	Average Asking Rent	
				Class A	Class B	Class A	Class B			Class A	Class B
CBD	30,102,174	3,471,366	389,944	6.8%	13.0%	7.7%	18.1%	136,728	12,534	\$26.25	\$18.82
Greater Downtown	11,061,497	1,365,685	42,964	5.1%	9.6%	7.5%	14.8%	60,329	72,976	\$24.18	\$21.27
<b>Downtown Market Totals</b>	<b>41,163,671</b>	<b>4,837,051</b>	<b>432,908</b>	<b>6.6%</b>	<b>11.7%</b>	<b>7.7%</b>	<b>16.8%</b>	<b>197,057</b>	<b>85,510</b>	<b>\$25.96</b>	<b>\$19.69</b>
North	10,595,171	962,537	102,113	7.4%	6.8%	11.8%	9.0%	61,816	189,645	\$24.53	\$19.21
East	12,786,896	2,316,672	48,930	7.5%	8.1%	11.1%	20.1%	89,505	(49,144)	\$24.14	\$16.42
West	9,694,887	1,536,059	79,316	12.1%	9.3%	20.7%	13.0%	122,971	(31,062)	\$22.30	\$18.05
South	8,264,564	1,034,471	67,524	10.8%	6.9%	12.3%	13.8%	145,587	163,507	\$19.72	\$19.43
<b>Suburban Market Totals</b>	<b>41,341,518</b>	<b>5,849,739</b>	<b>297,883</b>	<b>9.7%</b>	<b>7.8%</b>	<b>14.8%</b>	<b>14.9%</b>	<b>407,379</b>	<b>272,946</b>	<b>\$22.67</b>	<b>\$18.08</b>
<b>Pittsburgh Market Totals</b>	<b>82,505,189</b>	<b>10,686,790</b>	<b>730,791</b>	<b>7.8%</b>	<b>9.4%</b>	<b>11.3%</b>	<b>15.0%</b>	<b>616,936</b>	<b>358,456</b>	<b>\$24.32</b>	<b>\$18.89</b>



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