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Midwest industrial insight report

Q2 2021

AVANT
by AVISON YOUNG



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U.S. industrial drivers

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MIDWEST INDUSTRIAL INSIGHT REPORT
Q2 2021

U.S. total retail and e-commerce sales

15.7%

E-commerce share of overall retail sales in Q1 2021

Demand for e-commerce surged during the initial shock of lockdowns, driving industrial demand to record levels. As the economy begins to reopen, the rate of e-commerce growth is nearly double pre-COVID levels, suggesting accelerated e-commerce demand is sustainable.



Source: Federal Reserve Bank of St. Louis

Property type job gains and losses

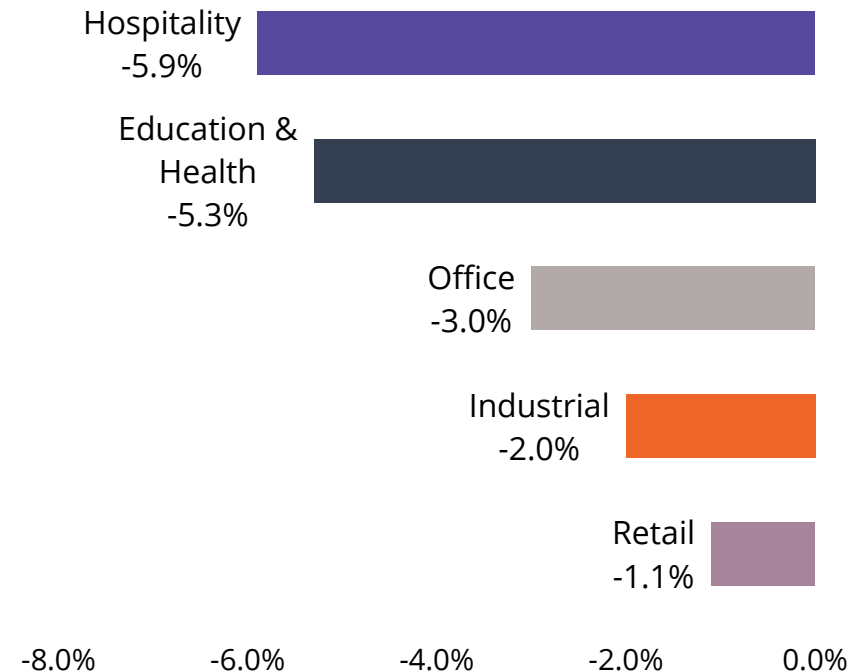
-2.9%

Change in total industrial employment during the pandemic

Post-COVID industrial job losses have been mild compared with other segments of the labor market, underscoring the industry's comparative strength as cities and economies reopen.

[VIEW DASHBOARD](#)

Total change in U.S. job gains/(losses)
February 2020 to May 2021



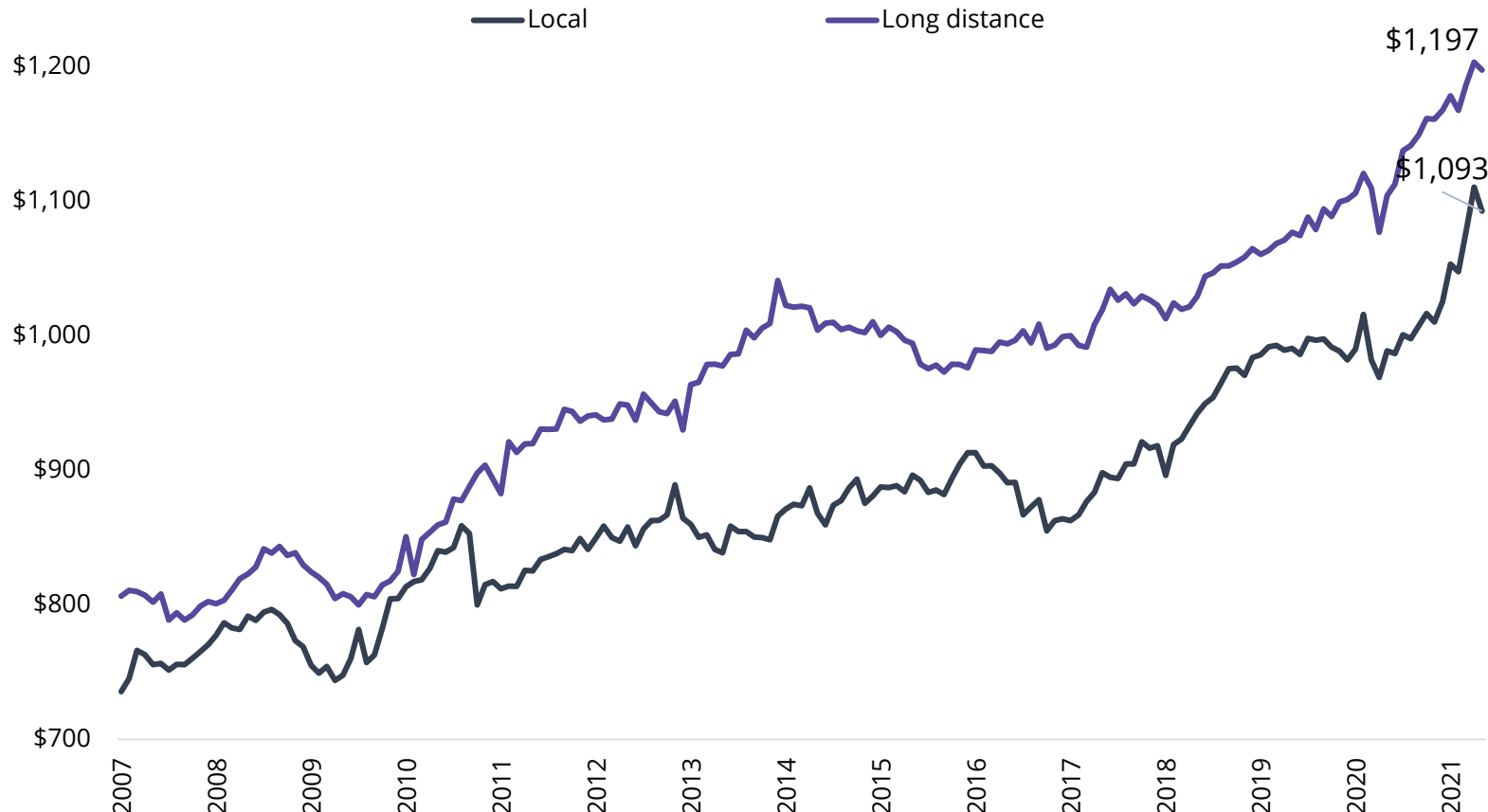
Note: Not seasonally adjusted data.
Source: Bureau of Labor Statistics

Weekly earnings for U.S. trucking employees

+10.5%

Annual change in local trucking weekly earnings, 2007 to 2021

As employers compete to fill vacant positions, wage pressure for trucking has accelerated sharply over the past 15 months. Initially focused on long-distance truckers in the early stages of the pandemic, the trend has increasingly spread to local trucking.



Source: Bureau of Labor Statistics

A woman with dark hair in a ponytail, wearing a light blue tank top and black leggings, is running on a concrete pier. The background shows a body of water and the Chicago skyline with various skyscrapers under a cloudy sky.

Chicago market fundamentals

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MIDWEST INDUSTRIAL INSIGHT REPORT
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Key industrial takeaways



Economic conditions

- Essential workers, a logistics hub and a sharp but entrenched rise in e-commerce spending have helped bring Chicago unemployment figures down to **7.3 percent**. Other supply chain shocks throughout 2021 have done little to impede growth in leasing fundamentals, especially for Class A space.
- Local employment in Transportation, warehousing & utilities rose by **76,200 jobs** year-to-date as of May, the second-highest job growth by sector following the harder-hit Leisure & Hospitality industry.



Recovery rate

- The Chicago metropolitan area began to reopen in the second quarter, as vaccination rates surpassed the national average to **47.5 percent**.
- As office workers across the metropolitan area just now begin to return to the office, the industrial workforce has grown by **2.5 percent** since the beginning of the pandemic in February 2020.



Industrial demand

- Overall leasing activity has been sustained throughout the pandemic, currently sitting at **+51.2 percent** of the long-term annual average of the last 20 years of historical data.
- Renewal activity is down **10.7 percent** when compared to the two years prior to COVID, as more tenants took advantage of the ability to relocate or expand.
- Net absorption is keeping pace with new deliveries as construction ramps back up, accounting for **95.4 percent** of newly-built space.

Key industrial takeaways



Industrial supply

- As national, regional and local logistics and e-commerce businesses continue to expand throughout the market, developers are working to meet demand. There are currently **15 properties** larger than **750,000 sf** under construction.
- 51.2 percent of all available large blocks of space are in the 250,000 – 500,000 sf size range, totaling **30.0 msf**.
- The overall vacancy rate for the Chicago industrial market continued to show resilience with vacancy at **6.6%**, a slight increase from 6.4% reported in the previous quarter.



Pricing trends

- Base rents have increased by **11.7 percent** since the start of the pandemic and have continued a steady upward trajectory since 2015.
- Healthy demand and tightening leasing fundamentals have kept free rent concessions stable, but tenant improvement increases have been more generous, escalating by **73.8 percent** since the pandemic began.



Capital markets

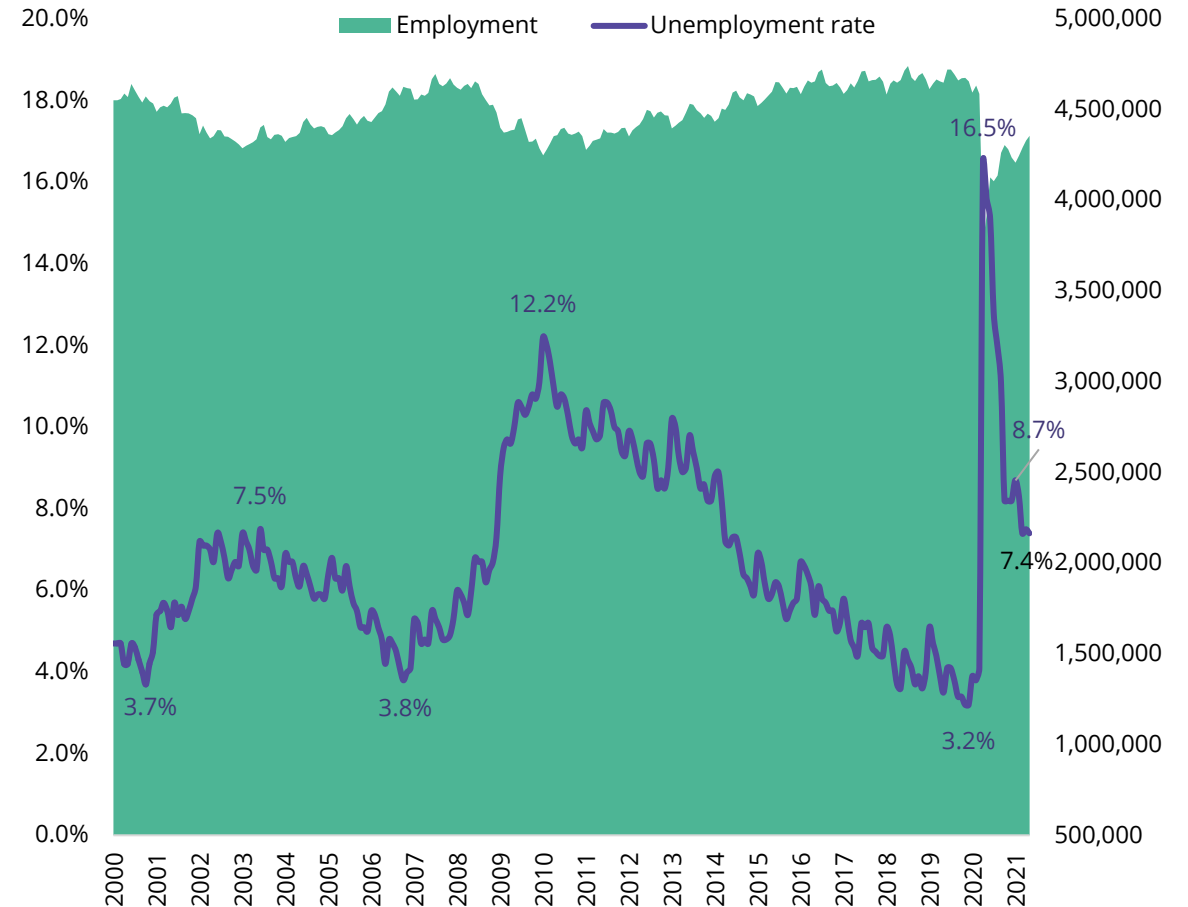
- Chicago Industrial investment activity surges to **\$4.3B since 2020** as investors are attracted to the sector fundamentals largely benefited from the COVID environment.
- Investors continue capital deployment on industrial assets at a rate that is **115.7 percent** higher than the prior five-year average.
- It also translated into higher valuations for Chicago industrial assets, with a **13.3 percent** higher per-square-foot rate than the trailing five-year average, to \$86 psf in the first half of 2021.

Employment and unemployment

7.4%

Chicago unemployment rate as of May 2021, nearing levels last experienced in 2014

Before the pandemic, unemployment was at historical lows. While the economy has added back over 555,000 jobs since last year, up 14.7%, unemployment has only recovered to 2011 levels.



Note: Not seasonally adjusted data. Metropolitan statistical area.
Source: Bureau of Labor Statistics

Property type job gains and losses

-5.5%

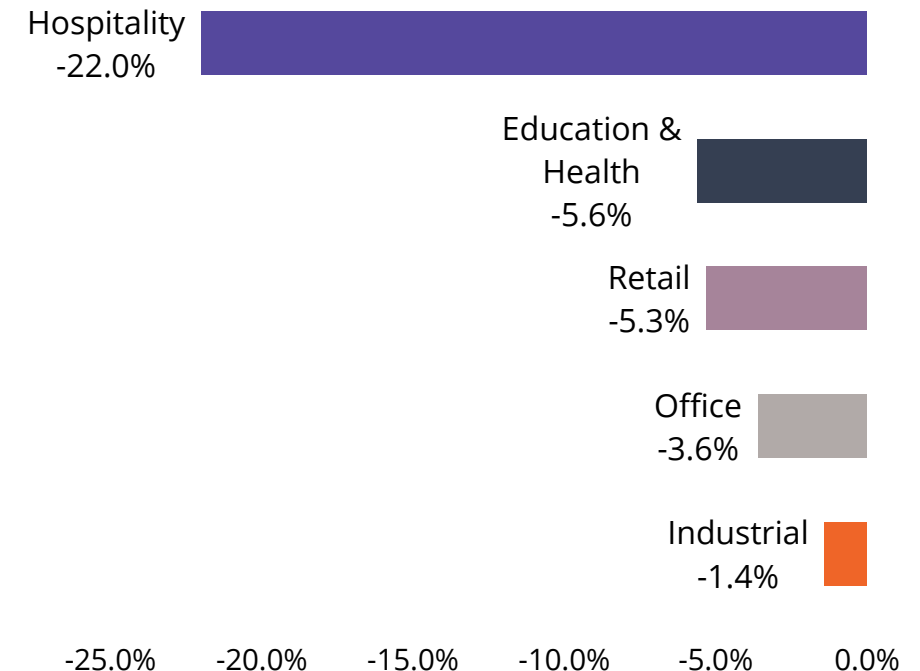
Change in total employment during the pandemic

The Chicago metro area lost 5.5% of its total labor force since the pandemic began, though industrial losses were comparatively subdued. Industrial job gains in recent months demonstrates that a significant recovery is likely in that sector in the near-term.

[VIEW DASHBOARD](#)

Total change in Chicago MSA* job gains/(losses)

February 2020 to May 2021



Note: Not seasonally adjusted data. Metropolitan statistical area.
Source: Bureau of Labor Statistics

Industrial job gains and losses

-1.4%

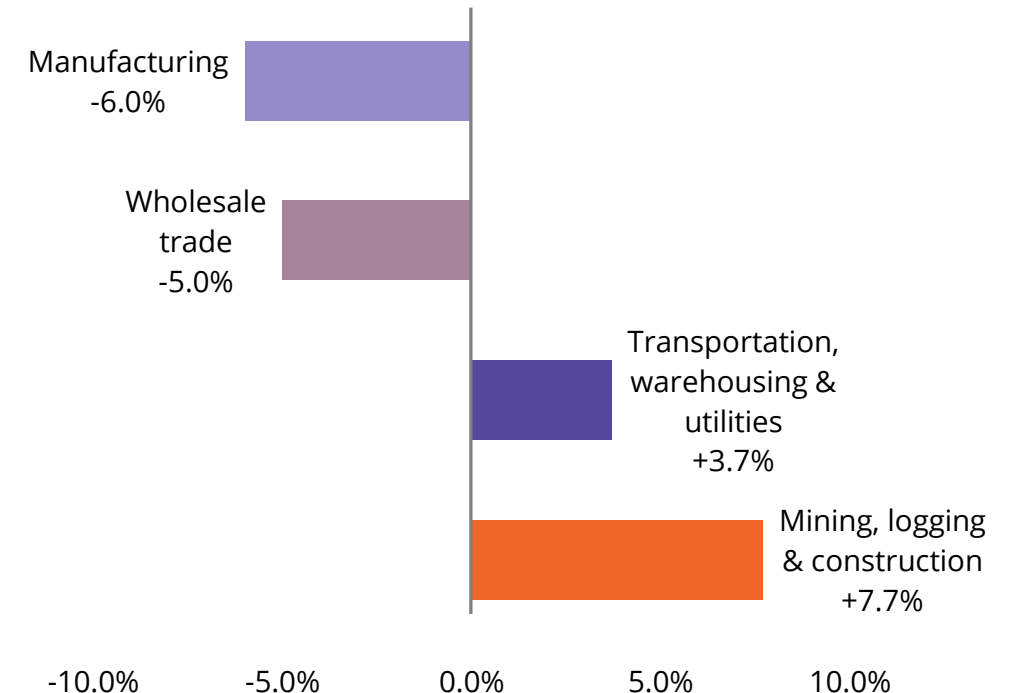
Change in industrial-centric employment during the pandemic

The Chicago metro area lost 1.4% of industrial employment since the pandemic began, as evidenced by a sharp decline in jobs early in 2020. However, in the past 12 months, the market has recovered 3.1% of those losses, specifically in the Transportation, warehousing & utilities sector.

[VIEW DASHBOARD](#)

Total change in Chicago MSA* job gains/(losses)

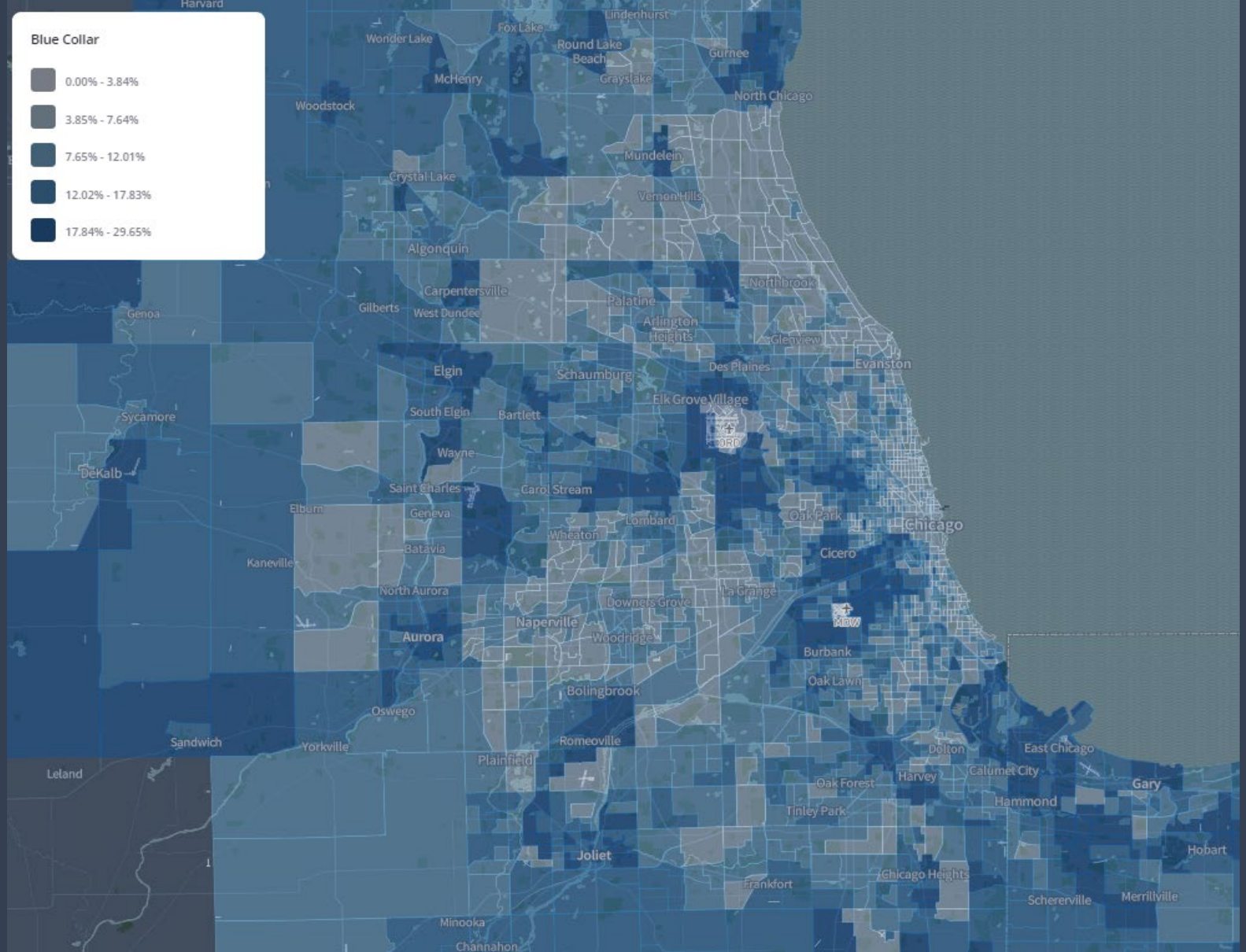
February 2020 to May 2021



Note: Not seasonally adjusted data. Metropolitan statistical area.
Source: Bureau of Labor Statistics

Blue-collar workforce concentration

Source: AVANT by Avison Young, ESRI
Large pockets of blue-collar workforce are found
throughout Chicago's largest Industrial submarkets

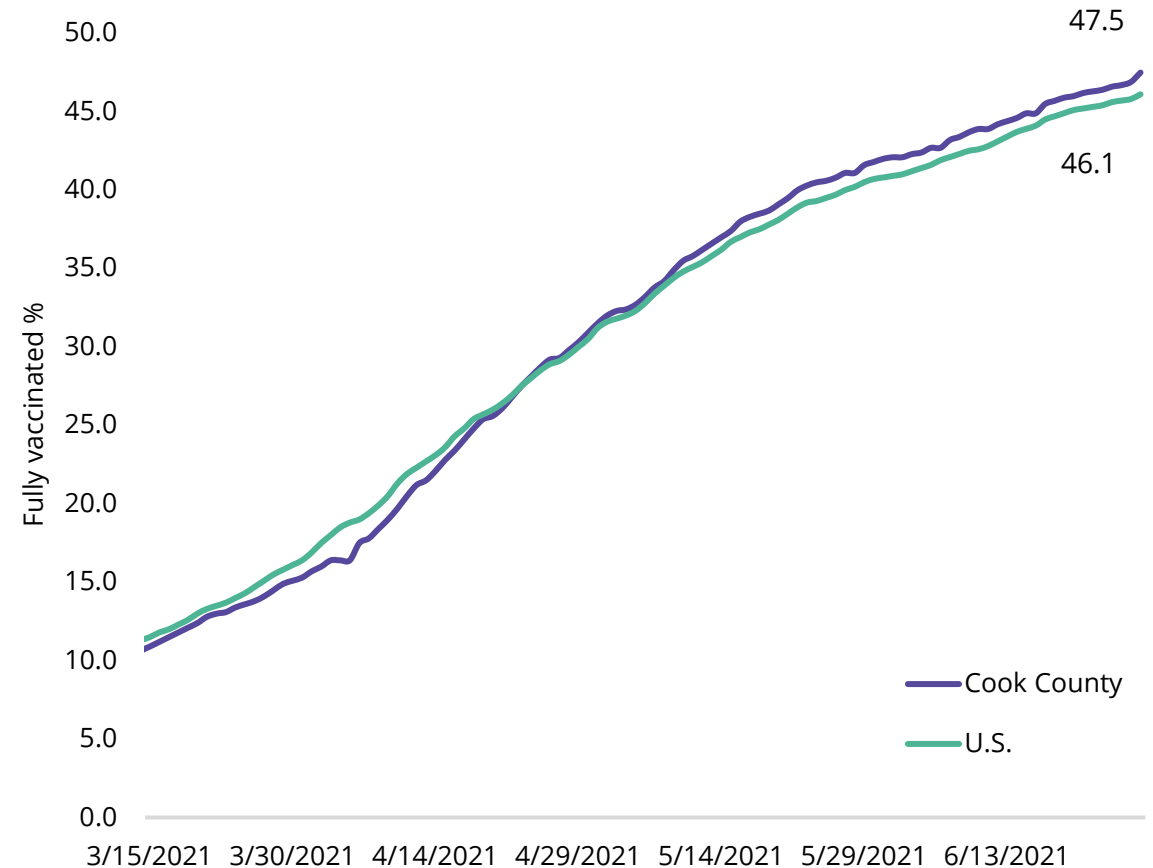


Vaccination rates

47.5%

Share of total Cook County population that is fully vaccinated

Chicago-area proportionate vaccination rates have remained in line with U.S. averages, an important metric that allowed the city to expedite reopening plans and loosen restrictions.



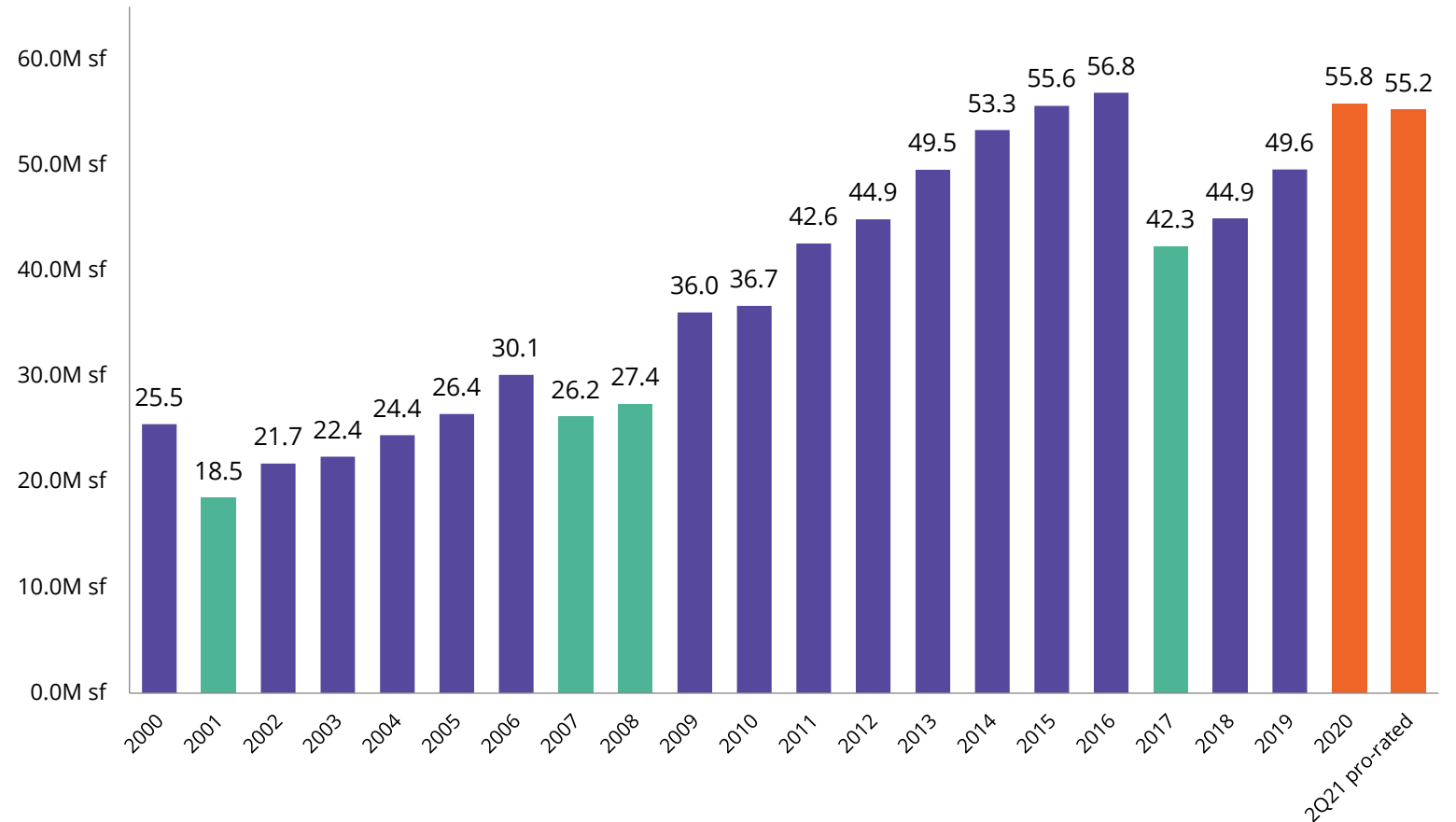
Source: CDC

Industrial leasing activity

+51.2%

**2020-pro-rated 2021 vs.
prior 20-year annual
average leasing activity**

Leasing has not let up during the pandemic, sitting just under the highs of the 2015 to 2016 period.



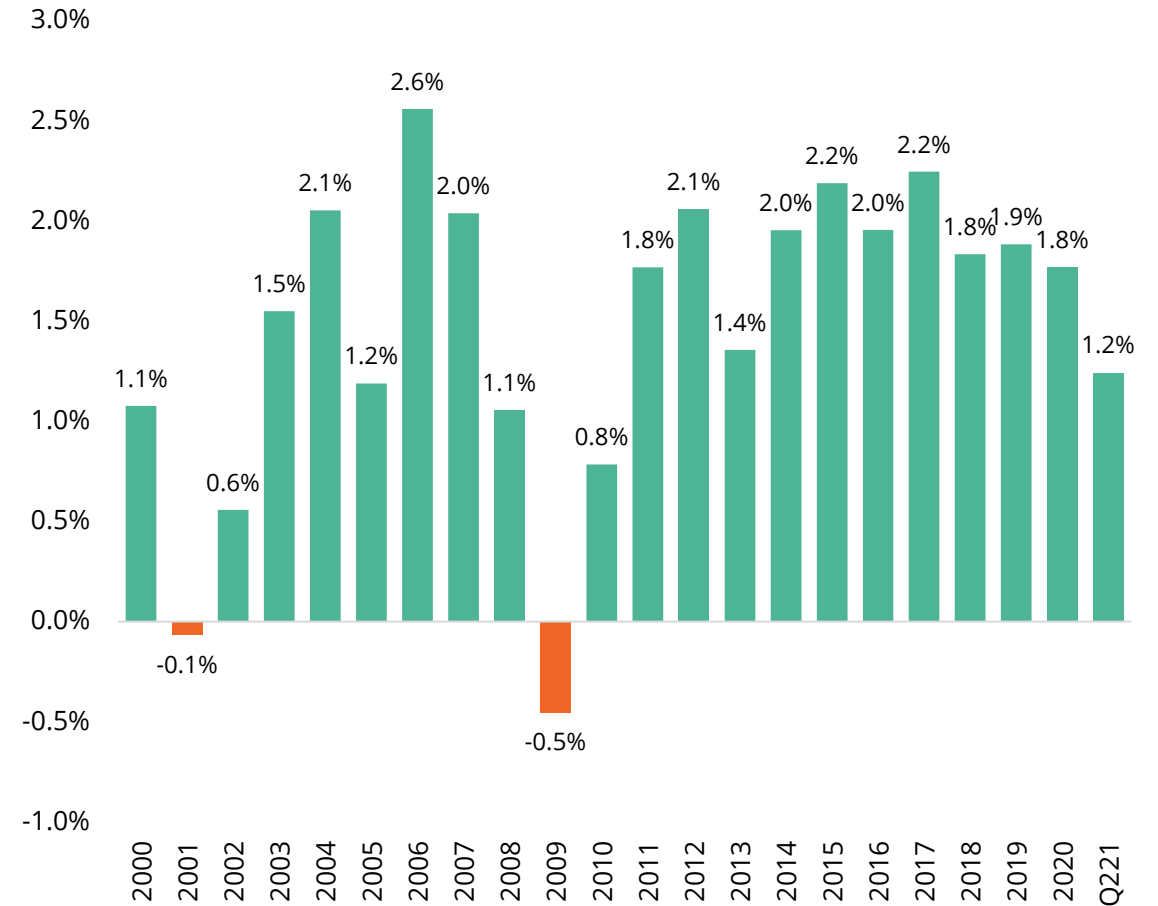
Source: CoStar

Industrial net absorption

3.0%

Net absorption as a percentage of inventory, 2020 through Q2 2021

Absorption through mid-year remains quite healthy and on pace with levels throughout the prior decade. The market is not overbuilding and creating opportunities to avoid market inertia and movement to high-quality new development. At 12.5 million sf through the first half of the year, aggregate 2021 net absorption could actually outpace totals for the past 2-3 years.



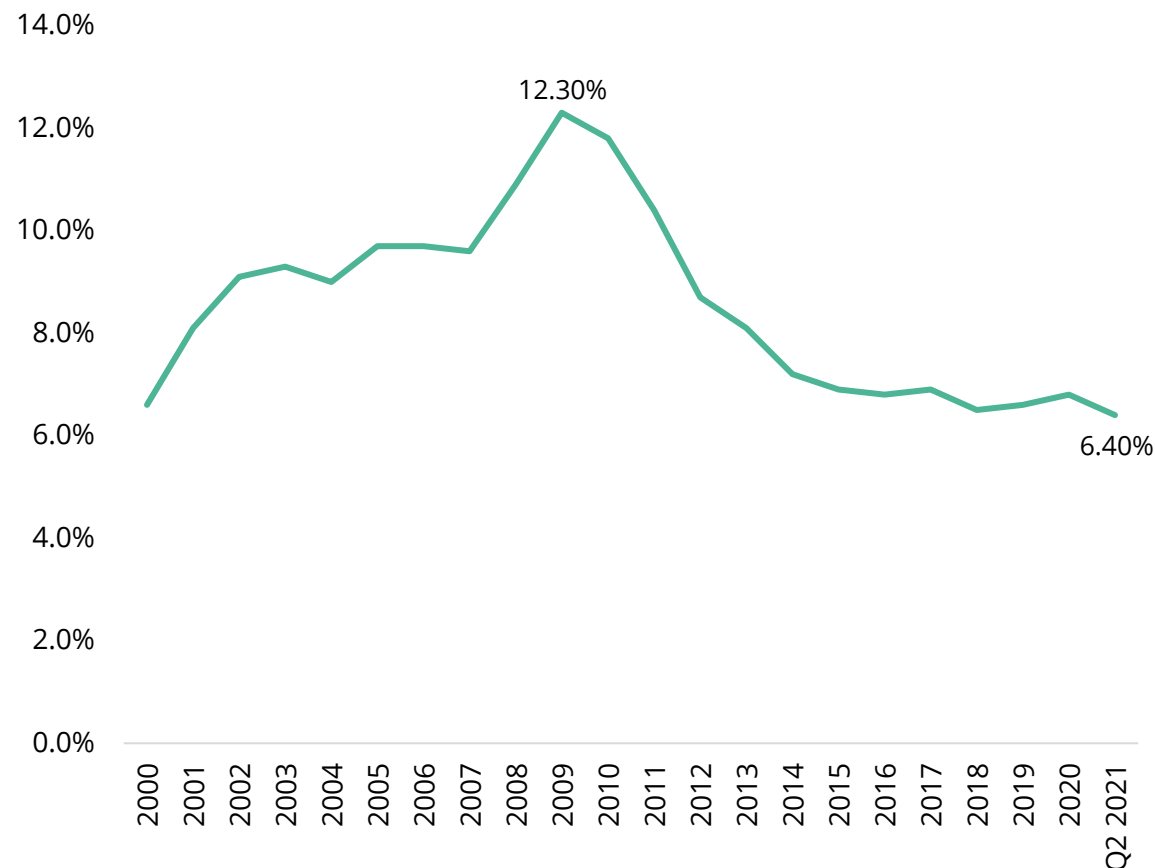
Note: Absorption is measured as the year-over-year change in occupied square feet.
Source: CoStar

Industrial vacancy rate

6.4%

**20-year record low
vacancy as of Q2 2021**

The Q2 2021 total vacancy rate reached a post-2000 low, falling by nearly half from its high in 2009. Average asking rents have increased 14.1% over that same time period, underscoring how industrial demand has outstripped supply in Chicago.



Source: CoStar

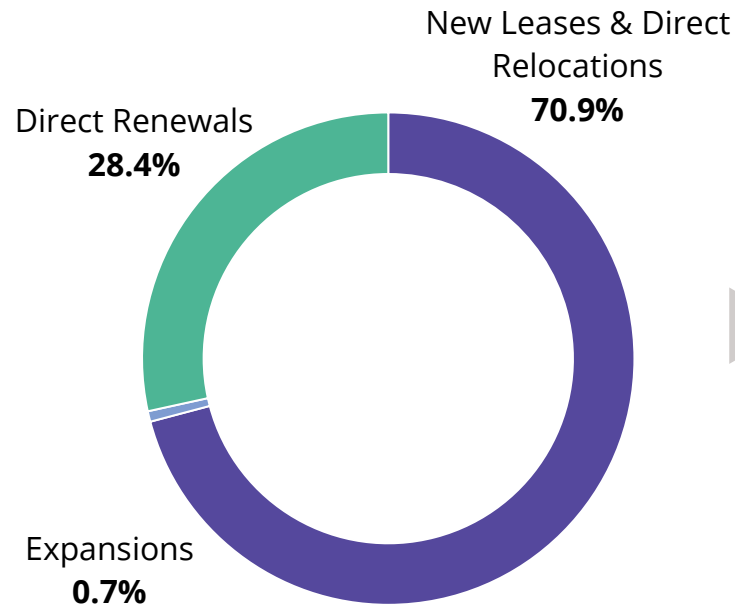
Transaction activity by lease type

-10.7%

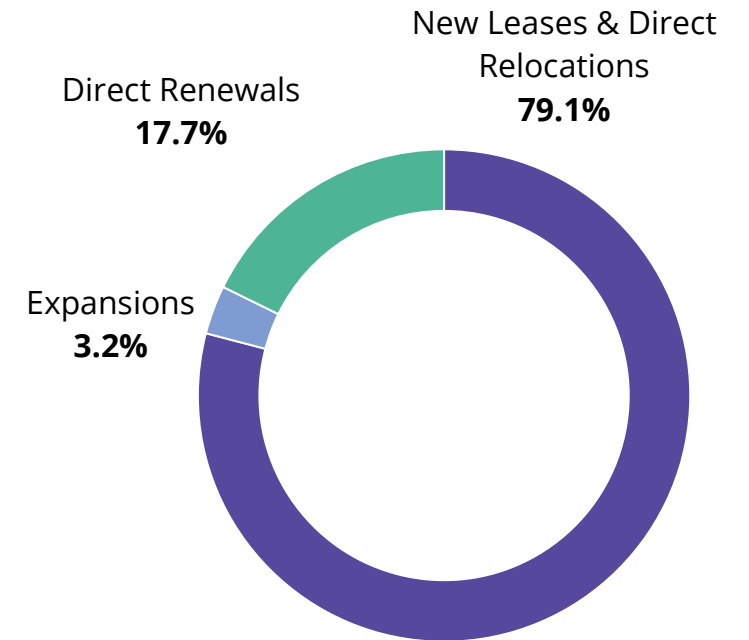
Percentage point change in renewals as a share of total leasing activity post-COVID

Renewals have not been as prevalent despite low vacancy rates. Increasing speculative construction, consolidations and the ability to leverage market or economic fundamentals allowed tenants to relocate or expand.

2018 to 03/2020



Post-COVID



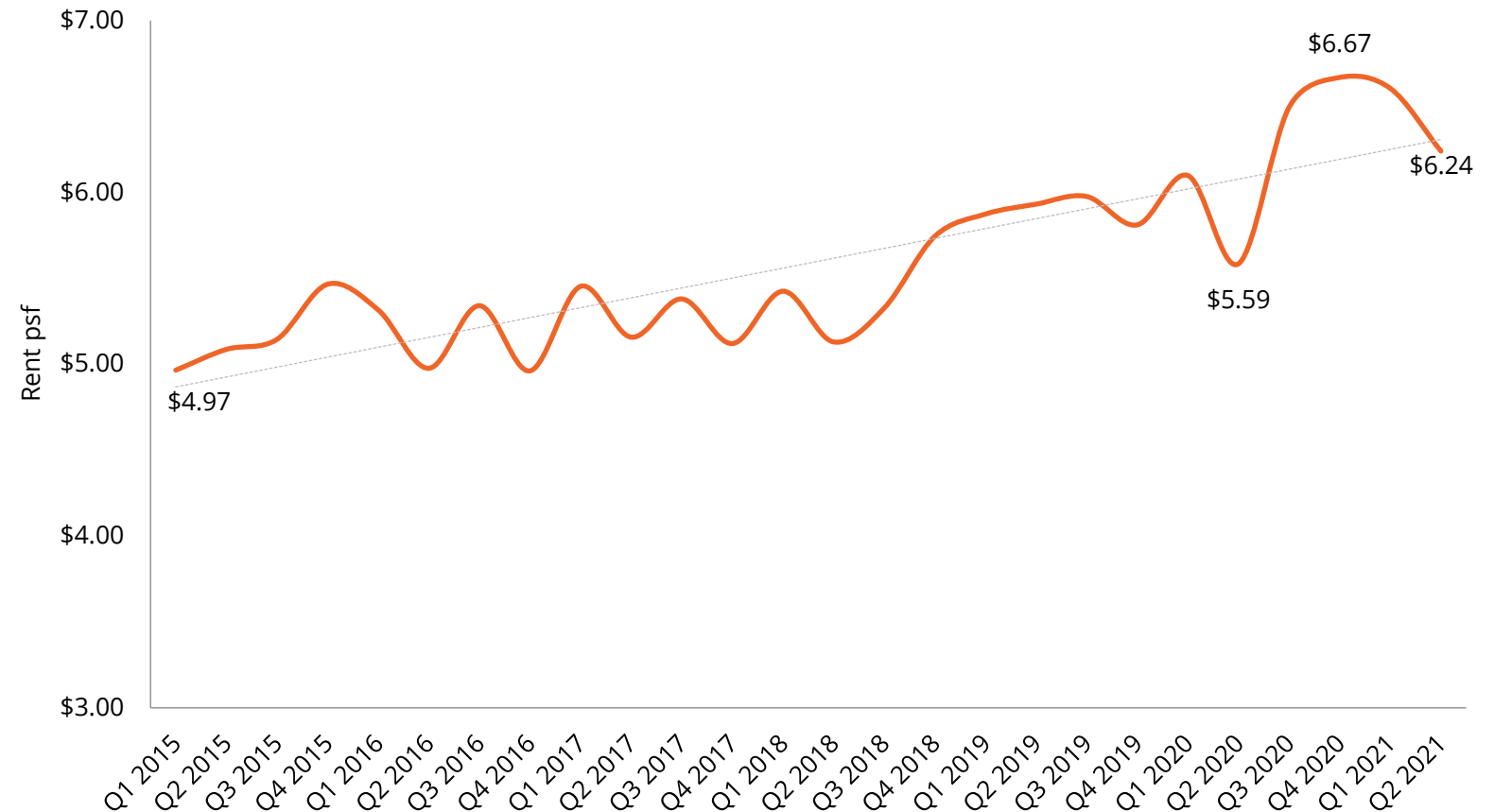
Source: AVANT by Avison Young

Base rents

+11.7%

**Base rents since the
onset of the pandemic**

Base rents have softened slightly in the second quarter, but overall have trended upward since 2015, increasing by 25.7% over the last six years.



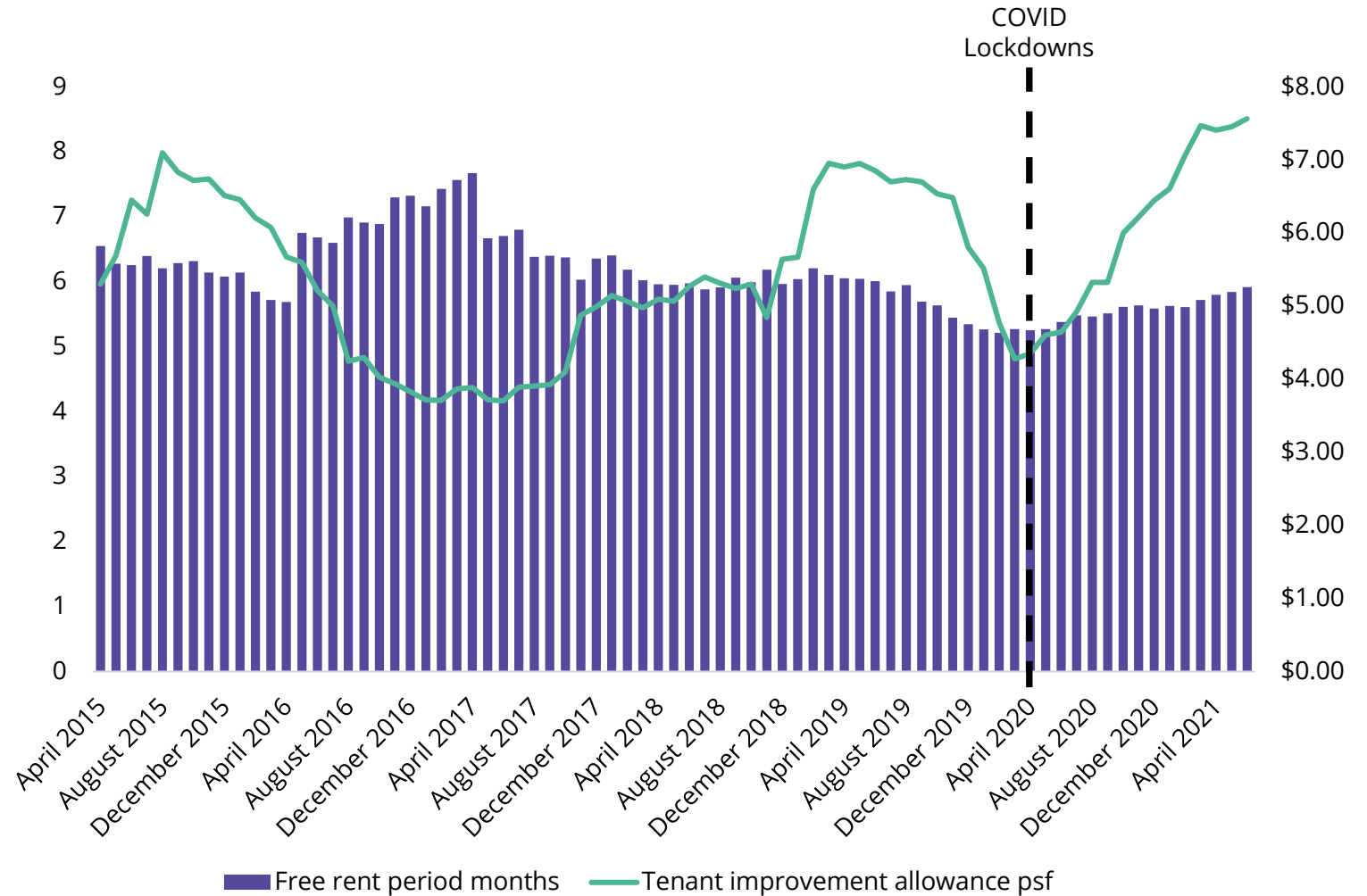
Source: AVANT by Avison Young

Concessions

+64.2%

**Year-over-year change
in tenant improvement
allowance amounts**

While free rent periods have been stable for the last several years, landlords have provided additional tenant improvement concessions throughout the pandemic and into mid-year 2021.



Note: Trailing 12-month unweighted averages. Excludes subleases, renewals and expansions. Normalized to 10-year lease terms. Source: AVANT by Avison Young

Big-box demand drives construction

220 properties

Proposed, under construction
or under renovation

97.8 msf

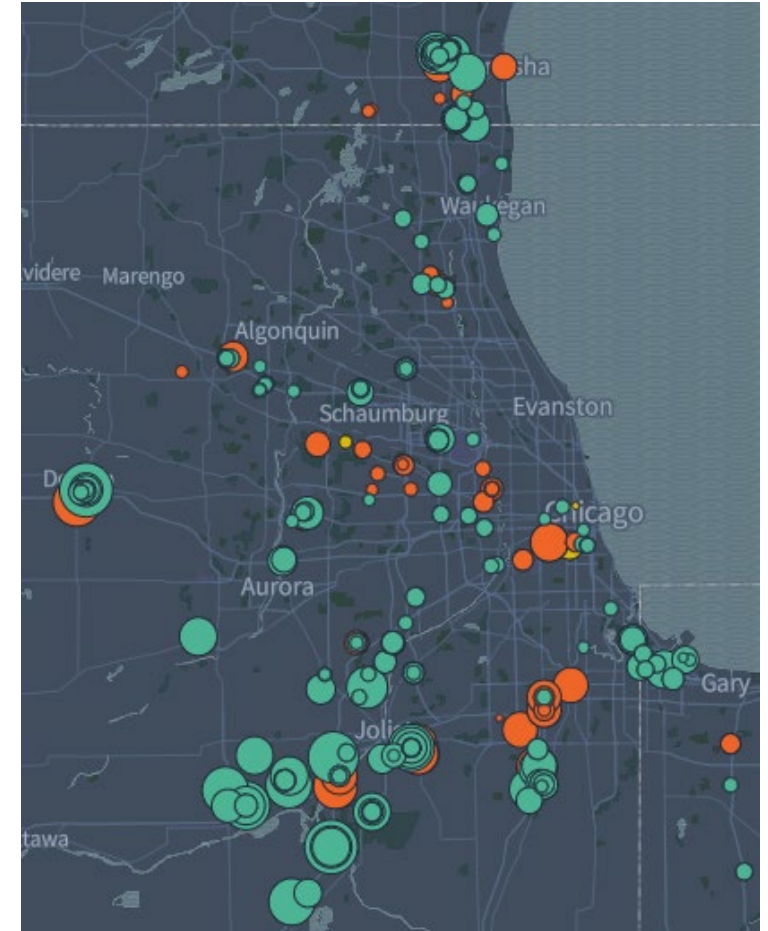
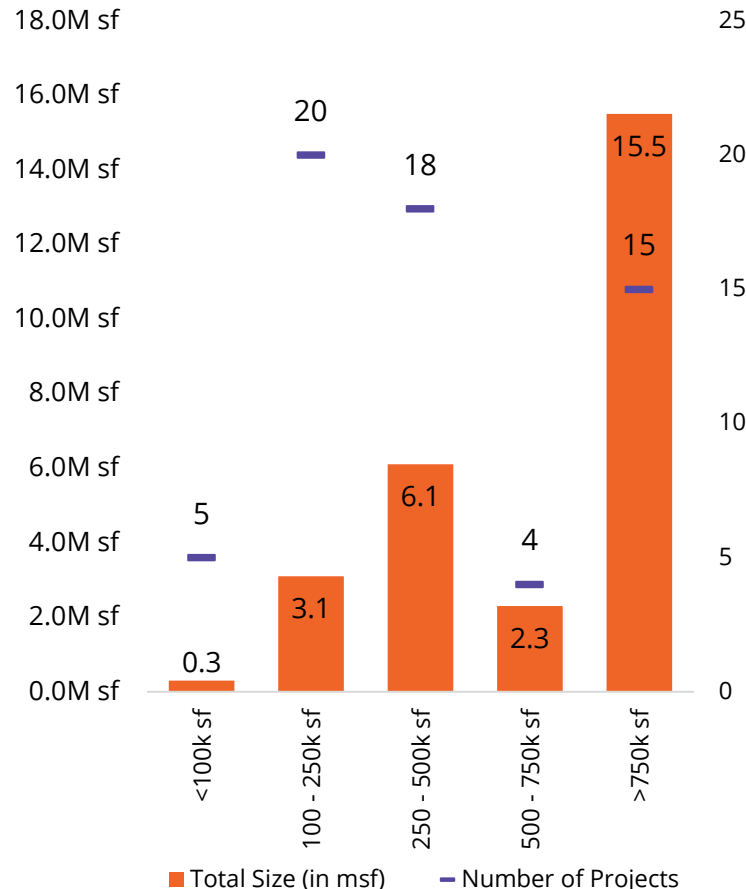
proposed or under
construction

8.8%

share of industrial
inventory

South Cook

Submarket with most
ground-broken projects at 10



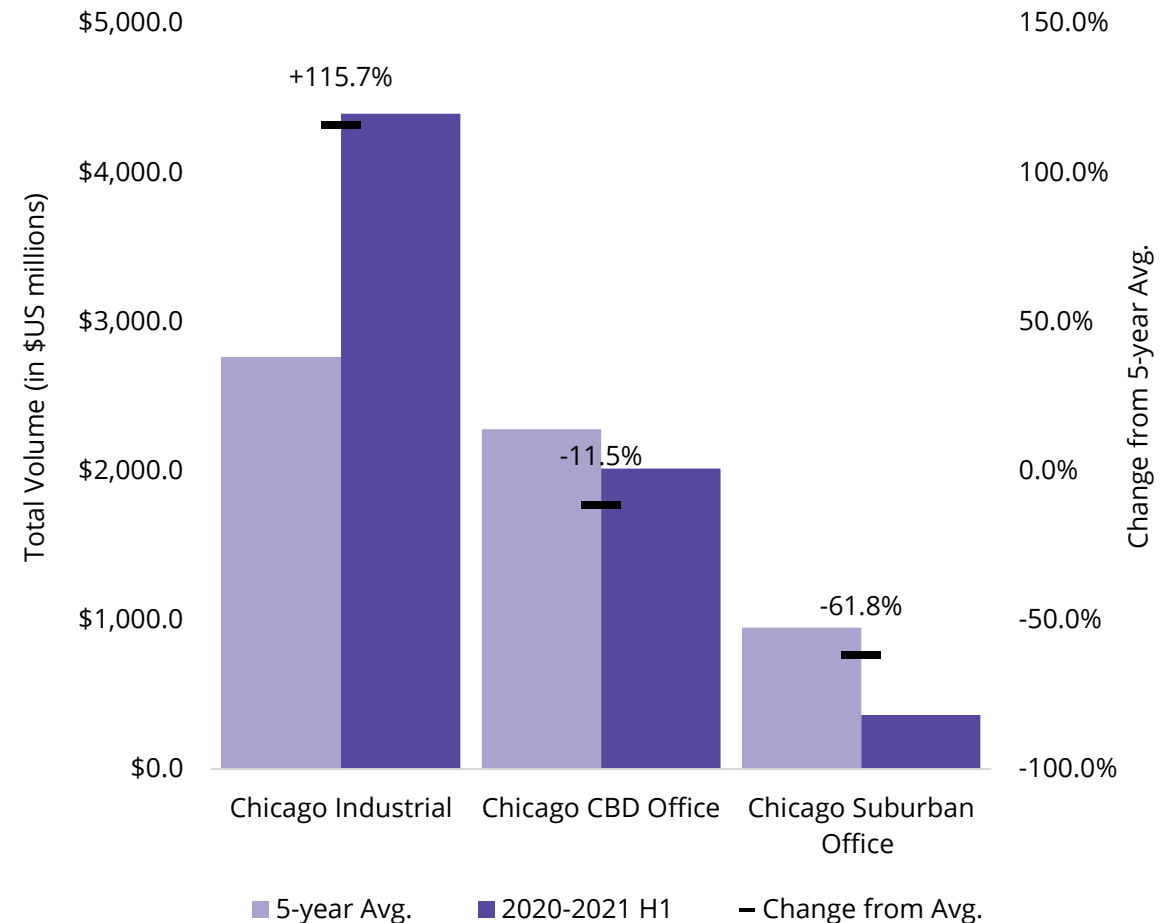
Source: AVANT by Avison Young

Investment dollar volume

\$4.4B

Industrial dollar volume, 2020 to Q2 2021

Office sales activity has temporarily paused during the risk-pricing crisis, decreasing by an annualized rate of 11.5% and 61.8% in CBD and Suburban markets, respectively, compared with the prior five-year average dollar volume. Industrial volumes surged +115.7% against the prior five-year average due to stronger fundamentals.



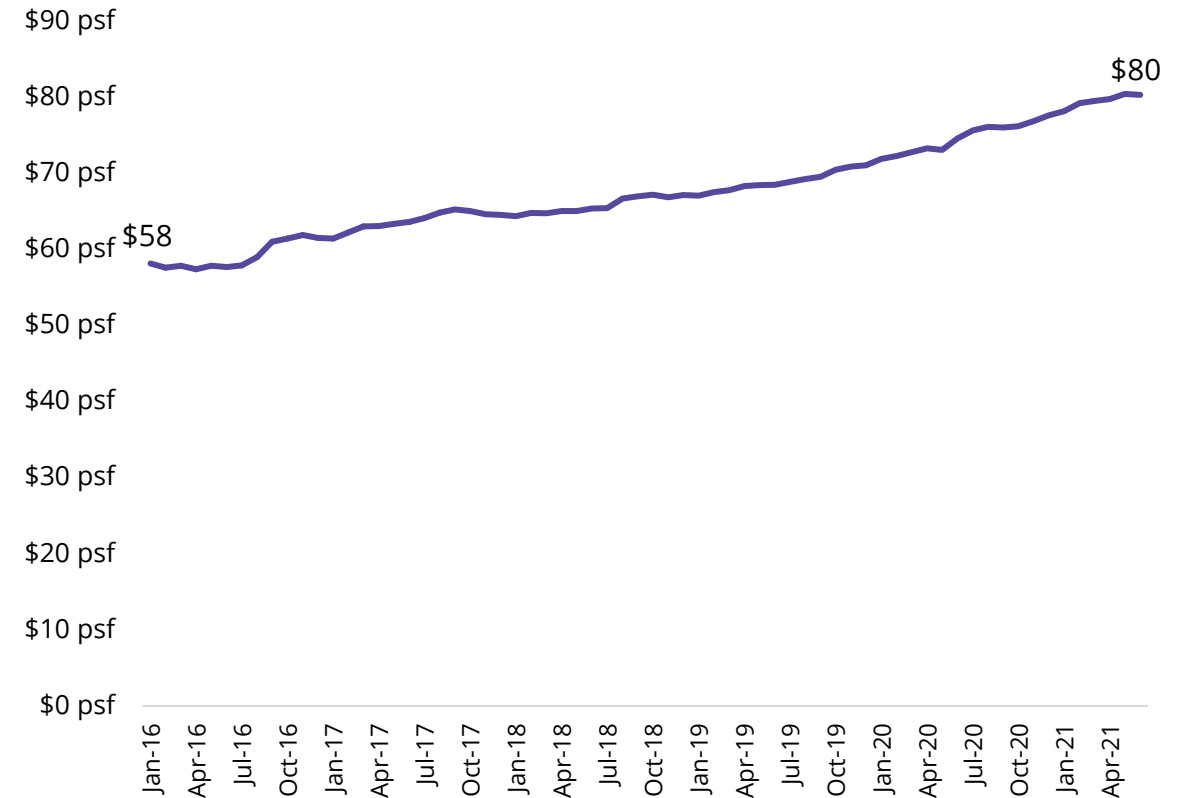
Source: AVANT by Avison Young
RCA

Industrial asset pricing

+9.6%

Chicago industrial pricing, April 2020 to June 2021

Pricing for Chicago industrial assets has continued to elevate since 2016, particularly since the pandemic, as an influx of investors seek exposure to properties that can accommodate the rise of e-commerce distribution.



Source: AVANT by Avison Young
RCA

Looking forward



Here's what we can expect

- **New supply chain startups** continue to cement the reputation for a new generation of industrial operators in Chicago. Already home to UberFreight operations, the city also saw successful June fundraises from ShipBob, Project44, Bringg and G2. Project44 raised \$202 million and ShipBob raised \$200 million in June 2021 alone.
- **Logistics, transportation and construction** continue to drive leasing activity as more of the local economy reopens, accounting for **27.6 percent** of leasing activity.
- **Industrial leasing demand has been consistent** as pre- and post-COVID transaction volumes are nearly identical. More speculative construction will provide outlets for tenants and are unlikely to shift leverage towards tenants.
- Solid leasing fundamentals have driven investment interest to industrial. **E-commerce penetration** has only reinforced the need for new and different types of last-mile facilities near Chicago consumers.



A photograph of the Cleveland skyline across Lake Erie. The skyline includes the Terminal Tower, the Cuyahoga County Courthouse, and several other skyscrapers. The foreground shows the blue water of the lake and a green shoreline with trees and a walkway.

Cleveland market fundamentals

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MIDWEST INDUSTRIAL INSIGHT REPORT
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Key industrial takeaways



Economic conditions

- State-wide reopening efforts, a tight Blue Collar labor market, and expanding supply chain networks have helped bring Cleveland unemployment figures down to **4.6 percent**. Limited supply and increased building costs continue to drive the competitive industrial landscape in Northeast Ohio.
- Local employment in Construction rose by **10.9 percent** through May, the highest job growth by sector across the region.



Recovery rate

- The Cleveland metropolitan area reopened in the second quarter, as vaccination rates surpassed the national average to **50.2 percent**.
- Industrial workforce recovery continues as only **1.4 percent** of pandemic-induced job losses have been added back to the local economy.



Industrial demand

- Overall leasing activity has been sustained throughout the pandemic, currently sitting at **+16.9 percent** of the long-term annual average of the last 20 years of historical data.
- Net absorption is keeping pace with former post-recession trends totaling **+278k sf** for Q2.

Employment and unemployment rate

5.1%

Cleveland metropolitan unemployment rate as of May 2021, settling at above average for past eight years

Historically tightened labor market conditions were halted by the pandemic with over 230,000 job losses between February and May 2020. However, reopening efforts enabled the economy to add 23.6% jobs since May 2020.



Note: Not seasonally adjusted data.
Source: Bureau of Labor Statistics

Property type job gains and losses

-5.1%

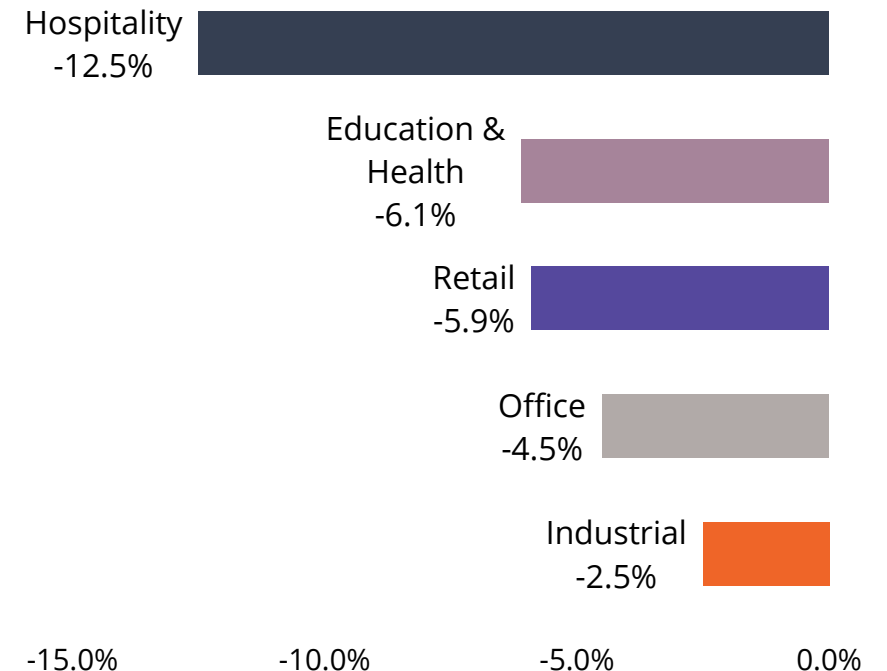
Change in total employment during the pandemic

The Cleveland metro area lost 5.1% of its total labor force since the pandemic began, though industrial losses were comparatively subdued. Industrial job gains in recent months demonstrates that a significant recovery is likely in that sector in the near-term.

[VIEW DASHBOARD](#)

Total change in Cleveland MSA* job gains/(losses)

February 2020 to May 2021



Note: Not seasonally adjusted data. Metropolitan statistical area.
Source: Bureau of Labor Statistics

Industrial job gains and losses

-4.5%

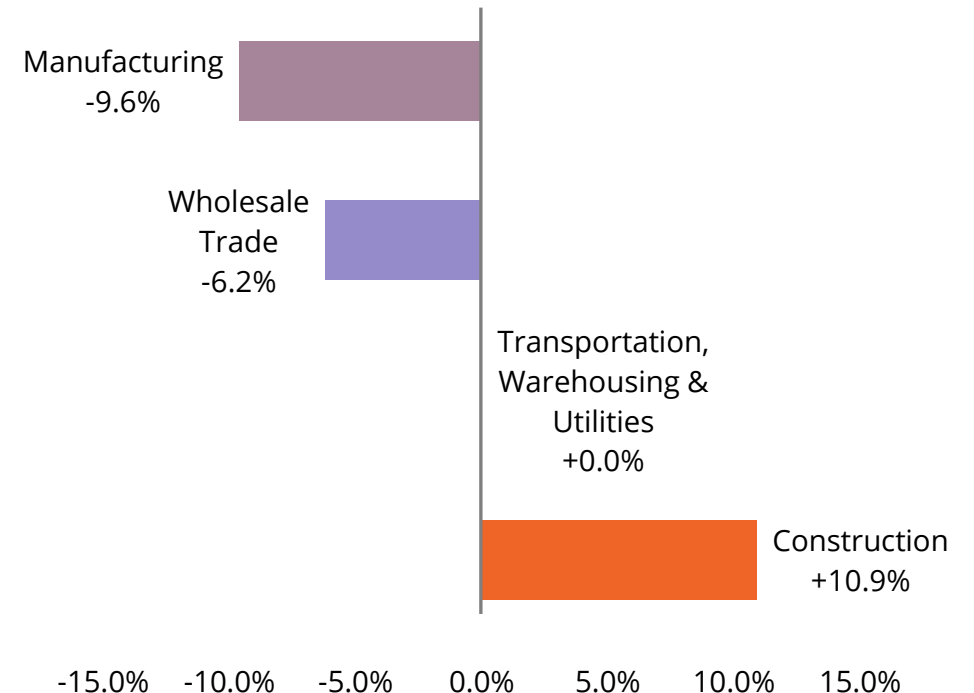
Change in industrial-centric employment during the pandemic

The Cleveland metro area lost 4.5% of industrial employment since the pandemic began, as evidenced by a sharp decline in jobs early in 2020. However, in the past 12 months, the market has recovered 1.4% of those losses, largely in the Construction sector.

[VIEW DASHBOARD](#)

Total change in Cleveland MSA* job gains/(losses)

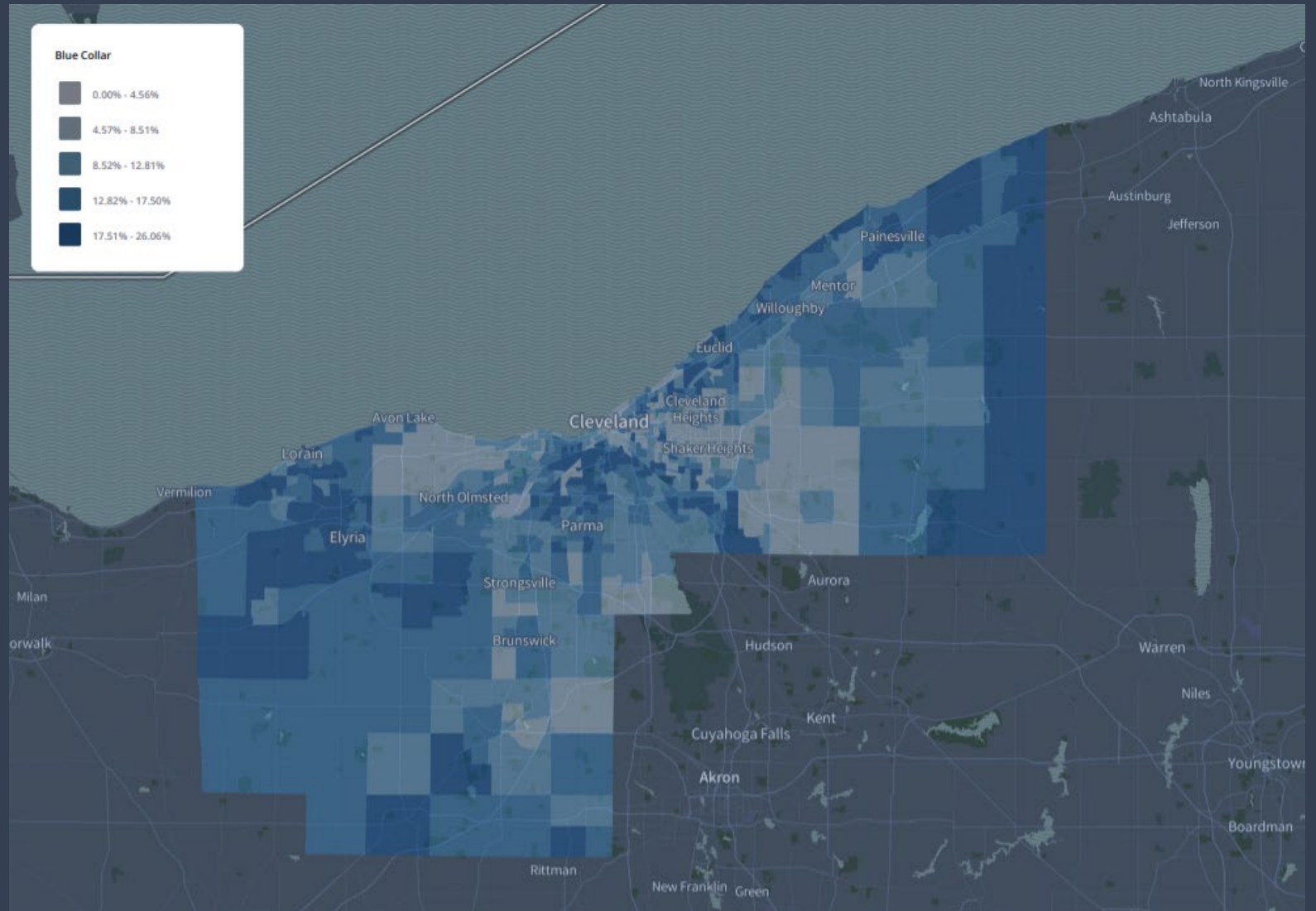
February 2020 to May 2021



Note: Not seasonally adjusted data. Metropolitan statistical area.
Source: Bureau of Labor Statistics

Blue-collar workforce concentration

Source: AVANT by Avison Young, ESRI

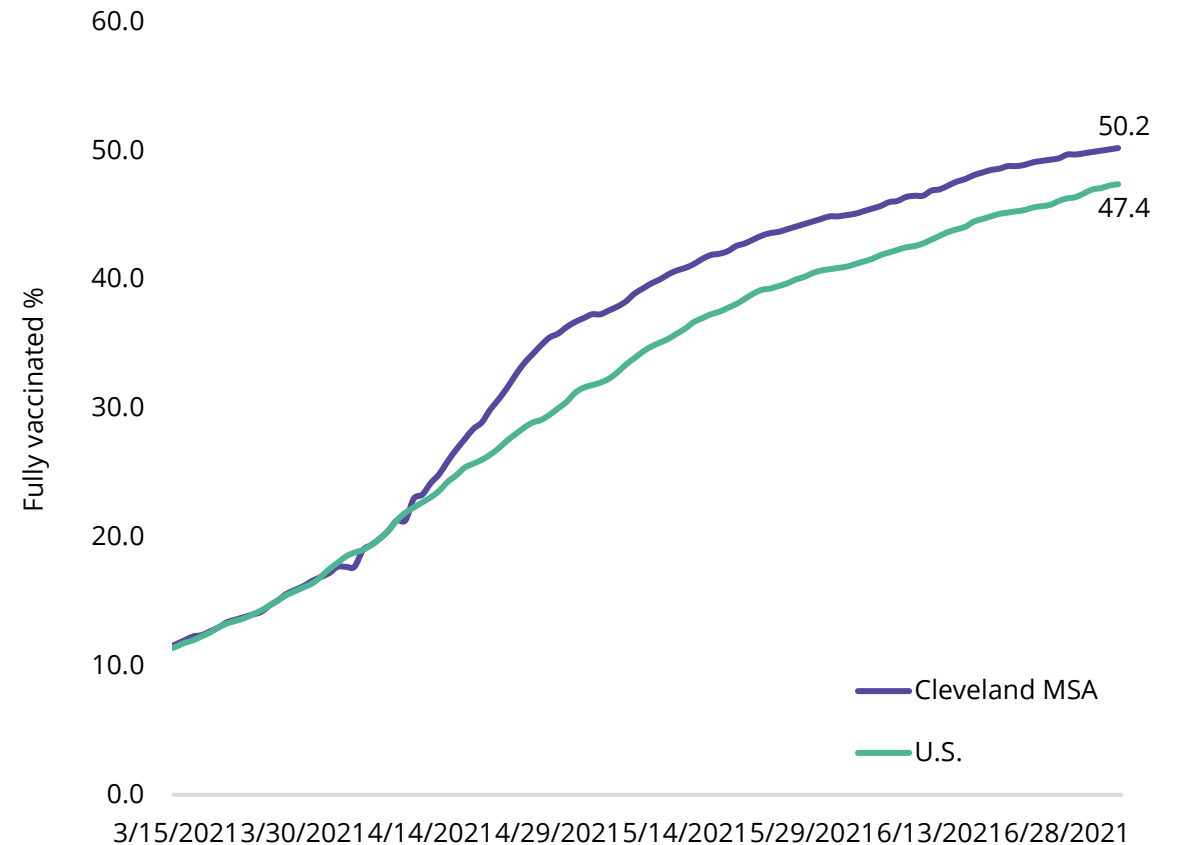


Vaccination rates

50.2%

Share of total Cleveland MSA population that is fully vaccinated

Cleveland proportionate vaccination rates continue to outweigh U.S. averages as state and local regulations have remained at ease.



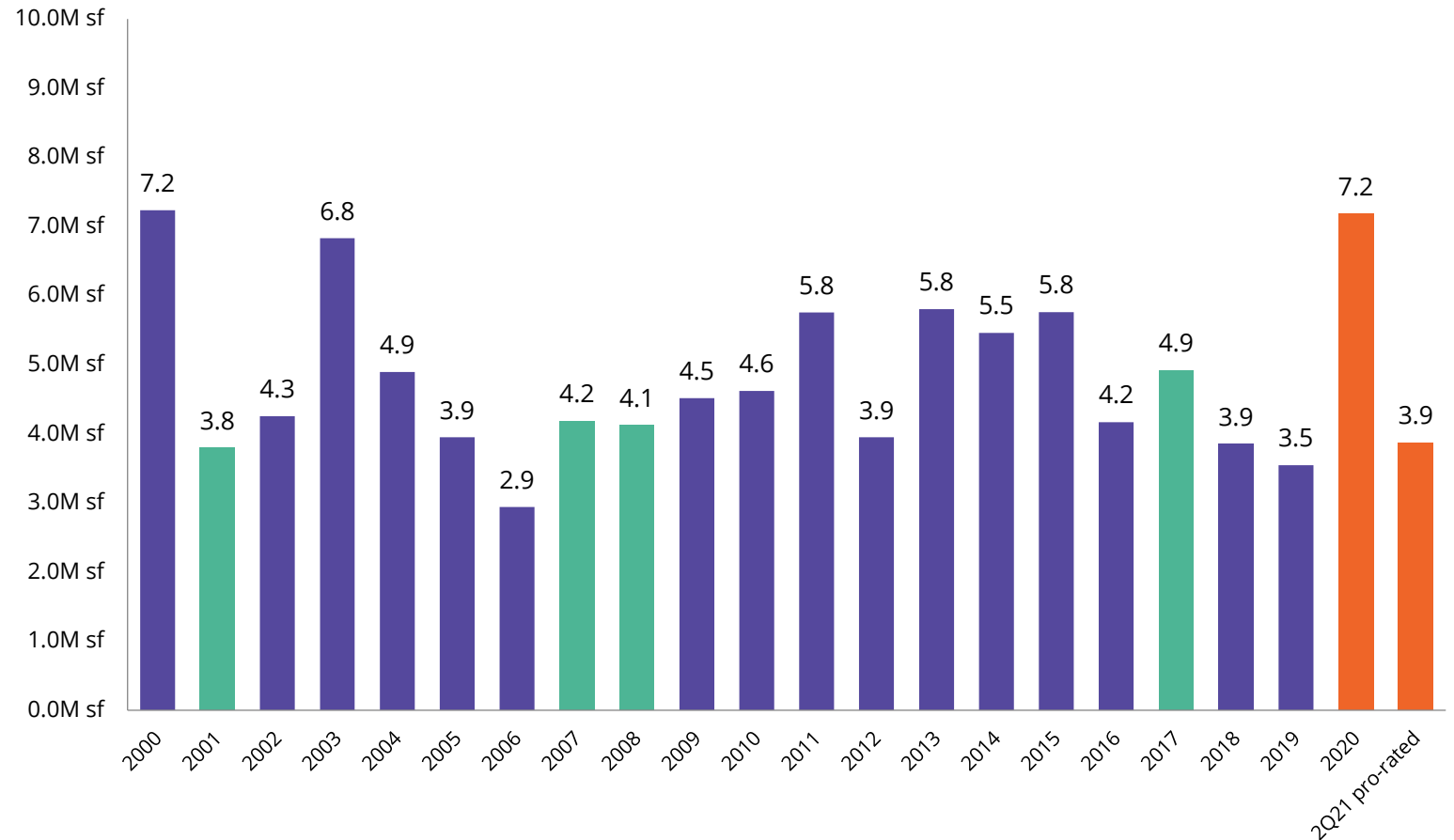
Source: CDC

Industrial leasing activity

+16.9%

**2020-pro-rated 2021 vs.
prior 20-year annual
average leasing activity**

Leasing velocity has dipped from
2020 near-record highs but remains
on pace with pre-pandemic levels.



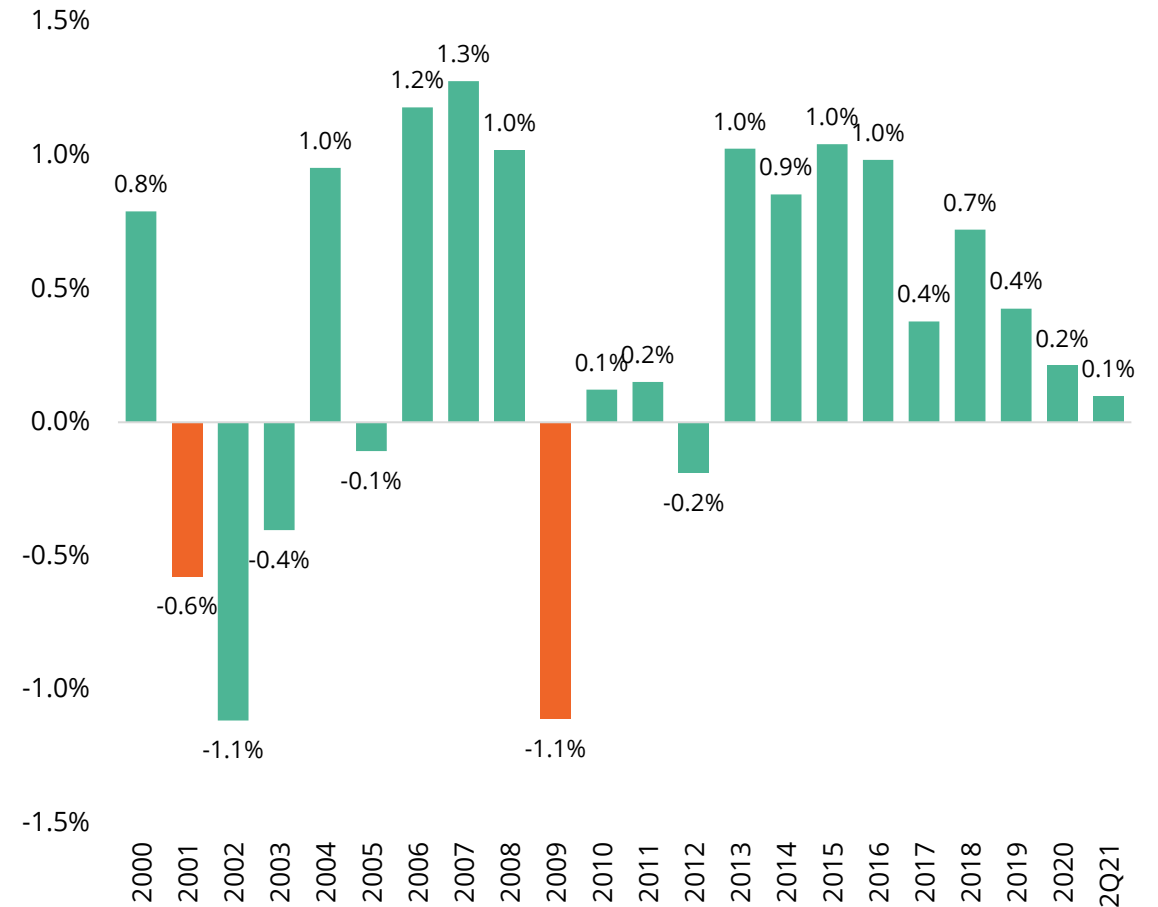
Source: CoStar

Industrial net absorption

0.3%

Net absorption as a percentage of inventory, 2020 through Q2 2021

Absorption through mid-year remains quite low and on pace with levels following the Great Recession. With few new developments underway and little speculative supply, this low absorption trend is expected for the remainder of 2021.



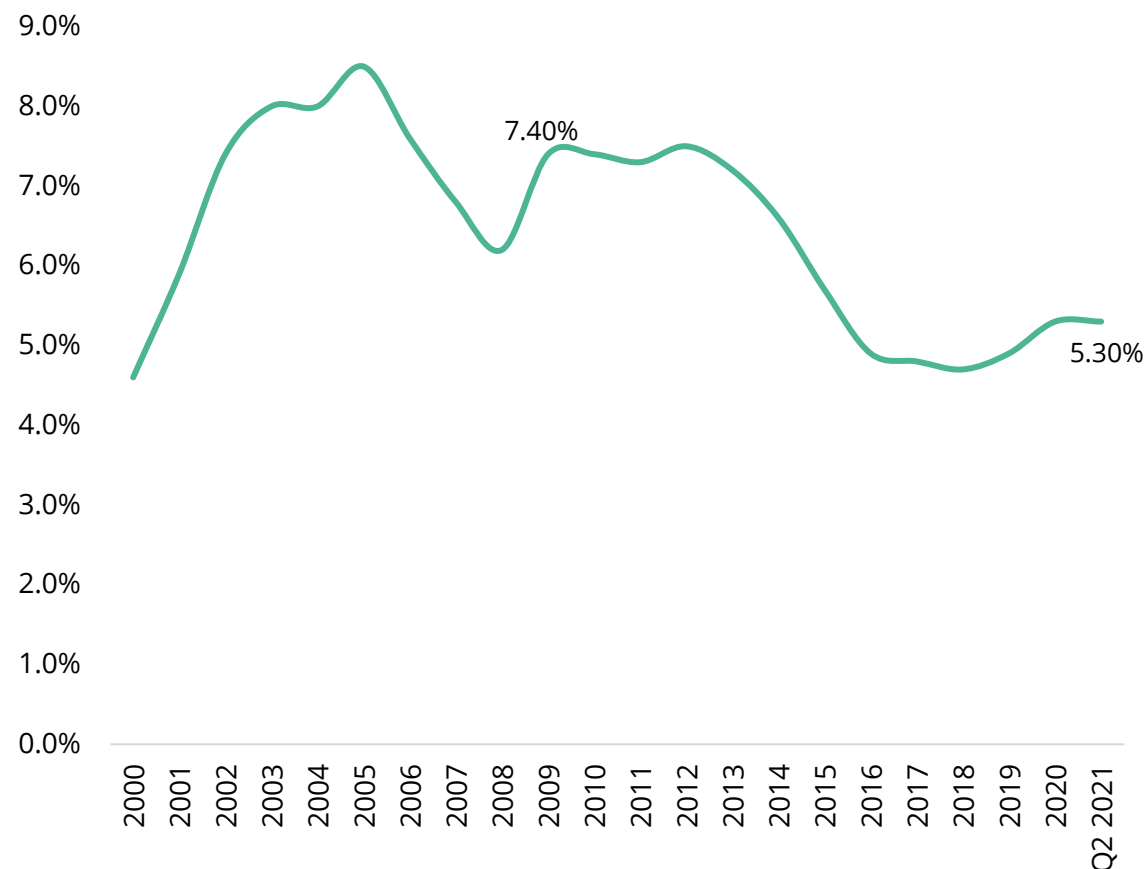
Note: Absorption is measured as the year-over-year change in occupied square feet.
Source: CoStar

Industrial vacancy rate

5.3%

Vacancy as of Q2 2021, overall flat from 2020 levels

The Q2 2021 total vacancy rate remains unchanged year over year. During the pandemic, vacancy only increased by 40 basis points from 4.9%. Average asking rents have increased 8.2% since the beginning of the pandemic, underscoring the market's reaction to supply constraints.



Source: CoStar

Big-box demand drives construction

39 properties

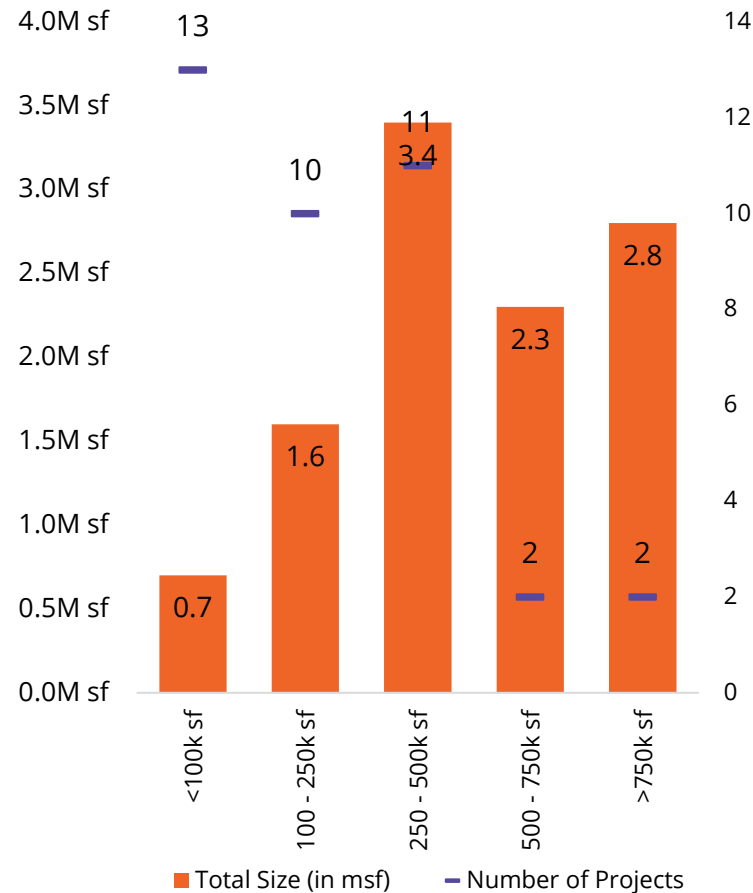
Proposed, under construction
or under renovation

7.5 msf

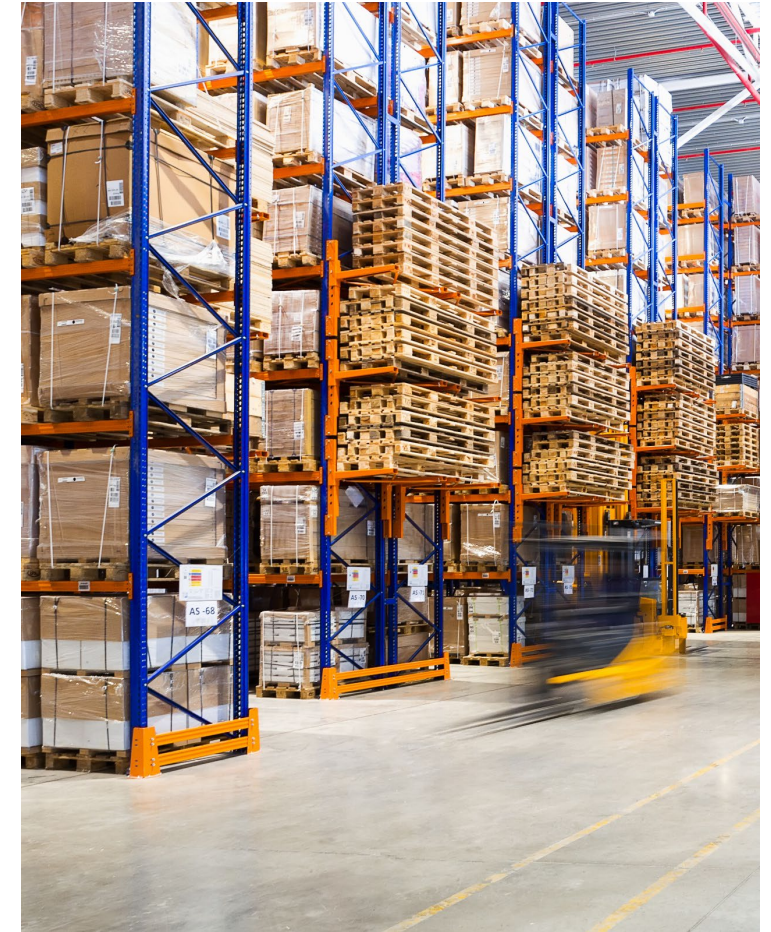
proposed or under
construction

2.6%

share of industrial
inventory



Source: AVANT by Avison Young

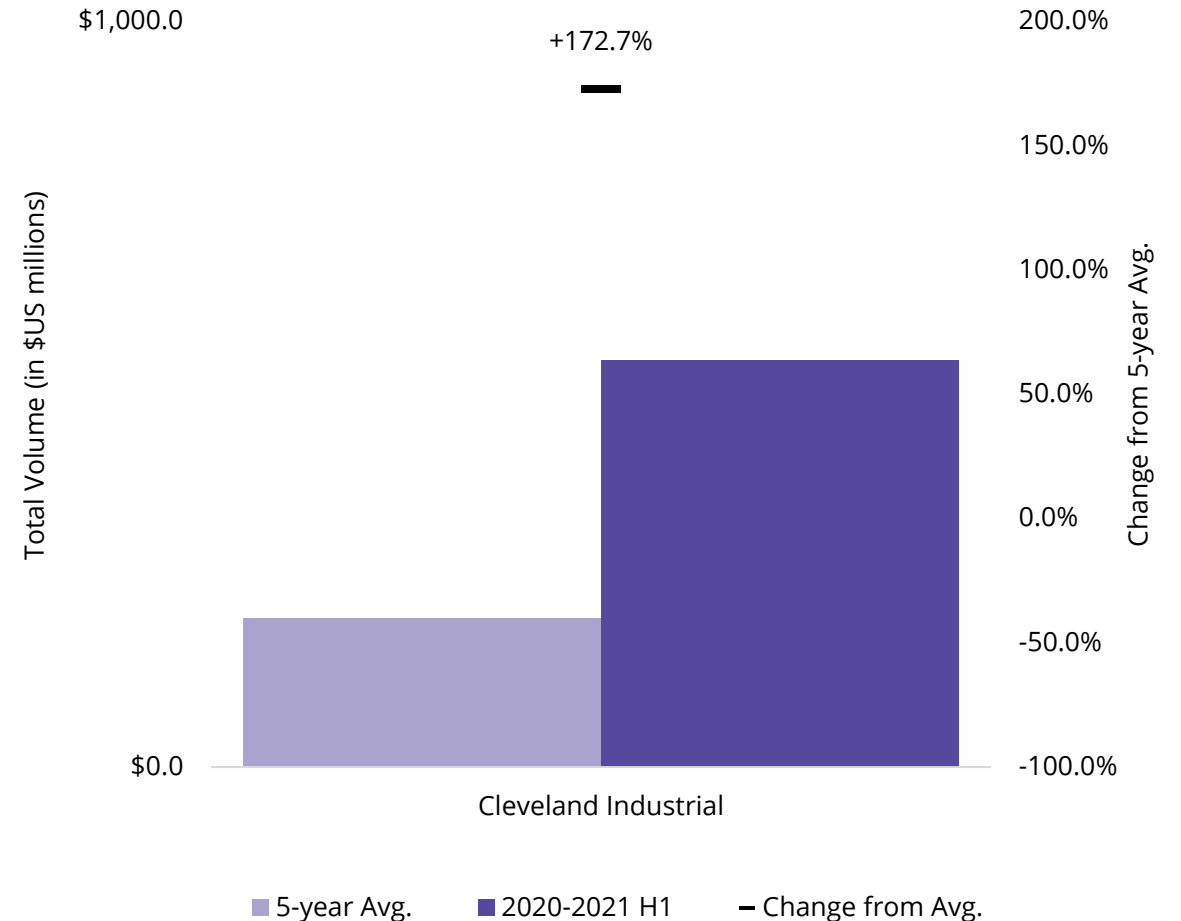


Investment dollar volume

\$545M

Industrial dollar volume, 2020 to Q2 2021

Industrial volumes surged +172.7% against the prior five-year average due to stronger fundamentals with an average price per sf of \$40.



Source: AVANT by Avison Young
RCA

Columbus market fundamentals

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MIDWEST INDUSTRIAL INSIGHT REPORT
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Key industrial takeaways



Economic conditions

- A full construction pipeline, new distribution hubs, and a sharp demand for labor have helped bring Columbus unemployment figures down to **4.7 percent**. Land availability and the need for infrastructure expansion keep the Columbus industrial market tight as tenants anxiously await new deliveries.
- Local employment in Construction rose by **10.5 percent** through May as industrial jobs increased 2.5 percent overall in the Columbus area.



Recovery rate

- The Columbus metropolitan area continued to reopen in the second quarter, as vaccination rates surpassed the national average to **47.7 percent**.
- As office workers across the metropolitan area just now begin to return to the office, the industrial workforce has grown by **2.6 percent** since the beginning of the pandemic in February 2020.



Industrial demand

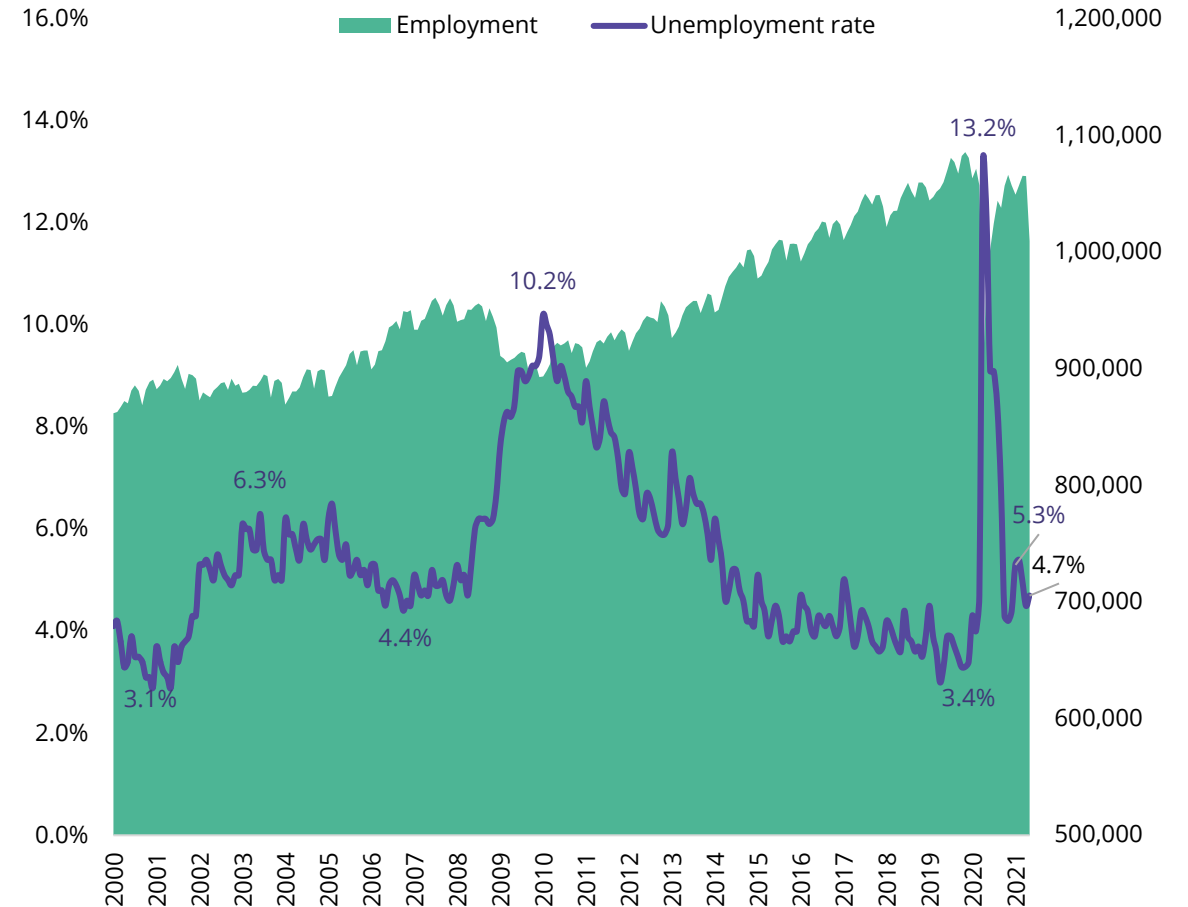
- Overall leasing activity has been sustained throughout the pandemic, currently sitting at **+83.1 percent** of the long-term annual average of the last 20 years of historical data.
- Net absorption is keeping pace as high construction volume continue with Q2 totaling over **5 million** sf.

Employment and unemployment

4.7%

Columbus unemployment rate as of May 2021, hovering near levels last experienced in 2014

Before the pandemic, unemployment was at historical lows. While the economy has added back over 104,000 jobs since last year, up 11.5%, unemployment has only recovered to 2017 levels.



Note: Not seasonally adjusted data. Metropolitan statistical area.
Source: Bureau of Labor Statistics

Property type job gains and losses

-3.2%

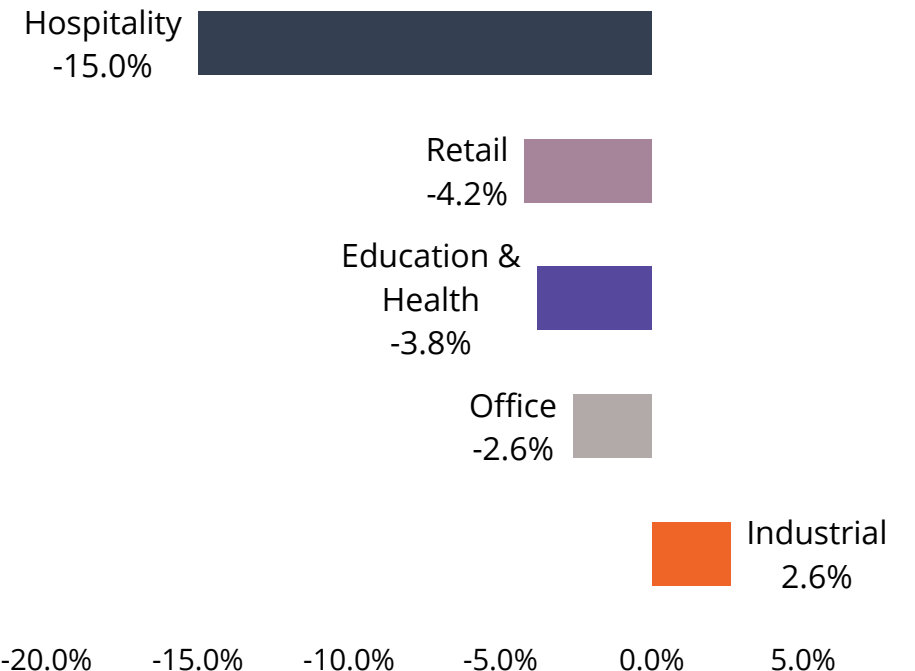
Change in total Industrial-based employment during the pandemic

The Columbus metro area lost 3.2% of its total labor force since the pandemic began with only industrial-based jobs showing positive growth.

[VIEW DASHBOARD](#)

Total change in Columbus MSA* job gains/(losses)

February 2020 to May 2021



Note: Not seasonally adjusted data. Metropolitan statistical area.
Source: Bureau of Labor Statistics

Industrial job gains and losses

2.6%

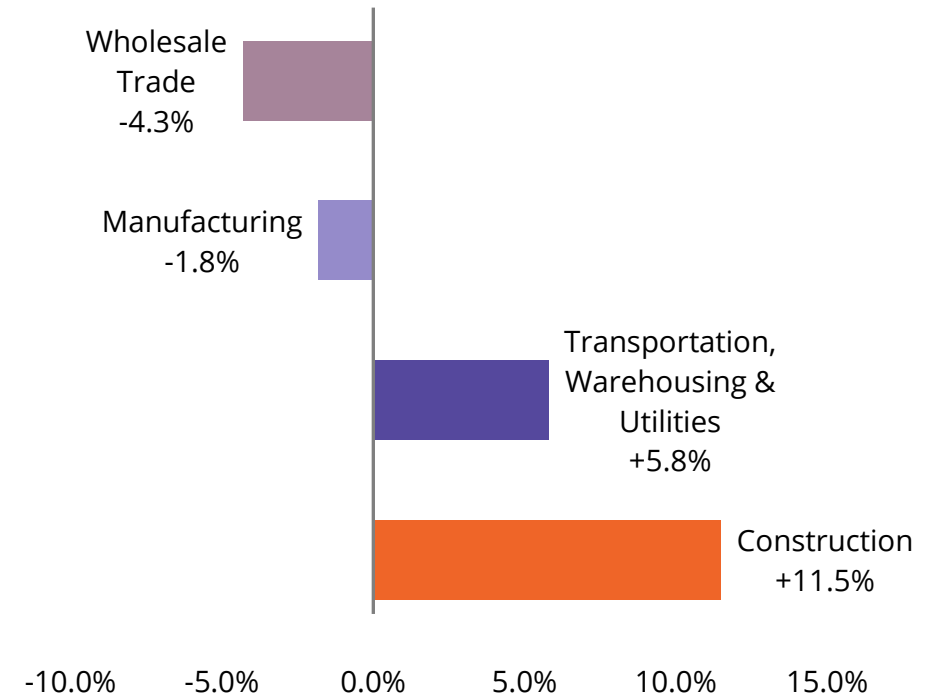
Change in industrial-centric employment during the pandemic

The Columbus metro area gained 2.6% of industrial employment since the pandemic began. As new inventory came to market and demand surged throughout 2020, the Construction sector boasted an increase of 11.5%.

[VIEW DASHBOARD](#)

Total change in Columbus MSA* job gains/(losses)

February 2020 to May 2021



Note: Not seasonally adjusted data. Metropolitan statistical area.
Source: Bureau of Labor Statistics

Blue-collar workforce concentration

Source: AVANT by Avison Young, ESRI

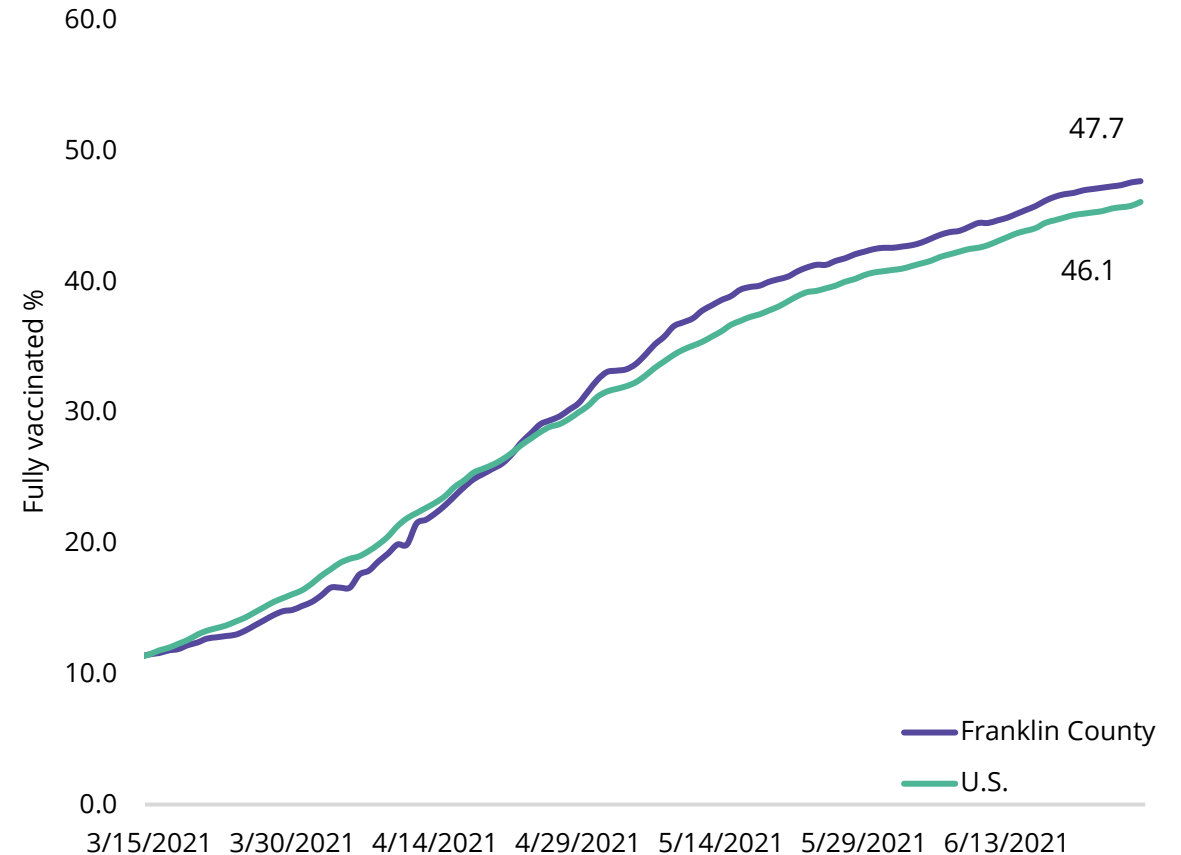


Vaccination rates

47.7%

Share of total Franklin County population that is fully vaccinated

Columbus-area proportionate vaccination rates have remained in line with U.S. averages, an important metric that allowed the city to continue reopening efforts and ease up on prior restrictions.



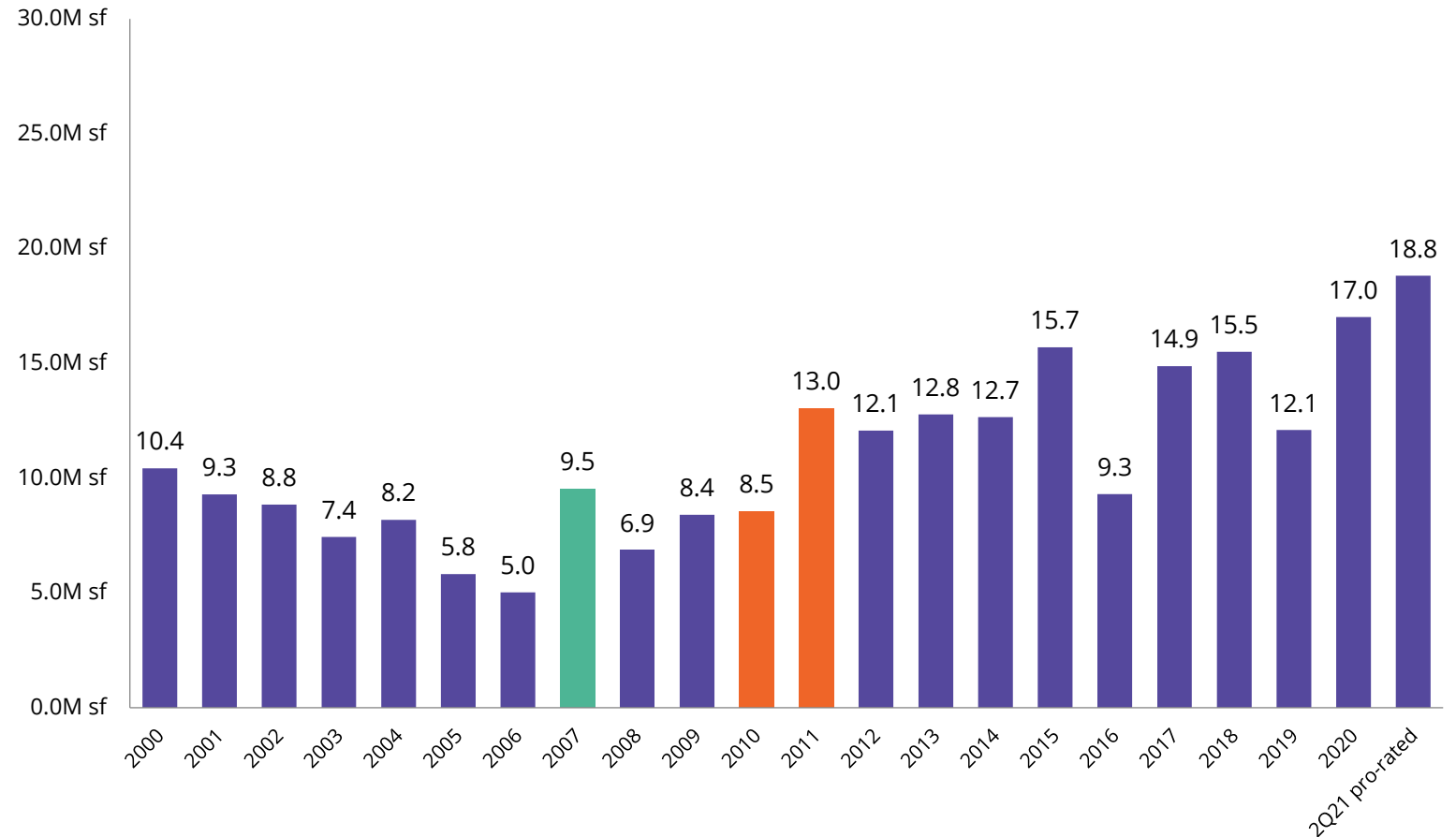
Source: CDC

Industrial leasing activity

+83.1%

**2020 & pro-rated 2021
vs. prior 20-year annual
average leasing activity**

Leasing has not let up during the pandemic, with historically high volume continuing from 2020. Year-to-date Q2 2021 a total of 15.0 msf has been leased.



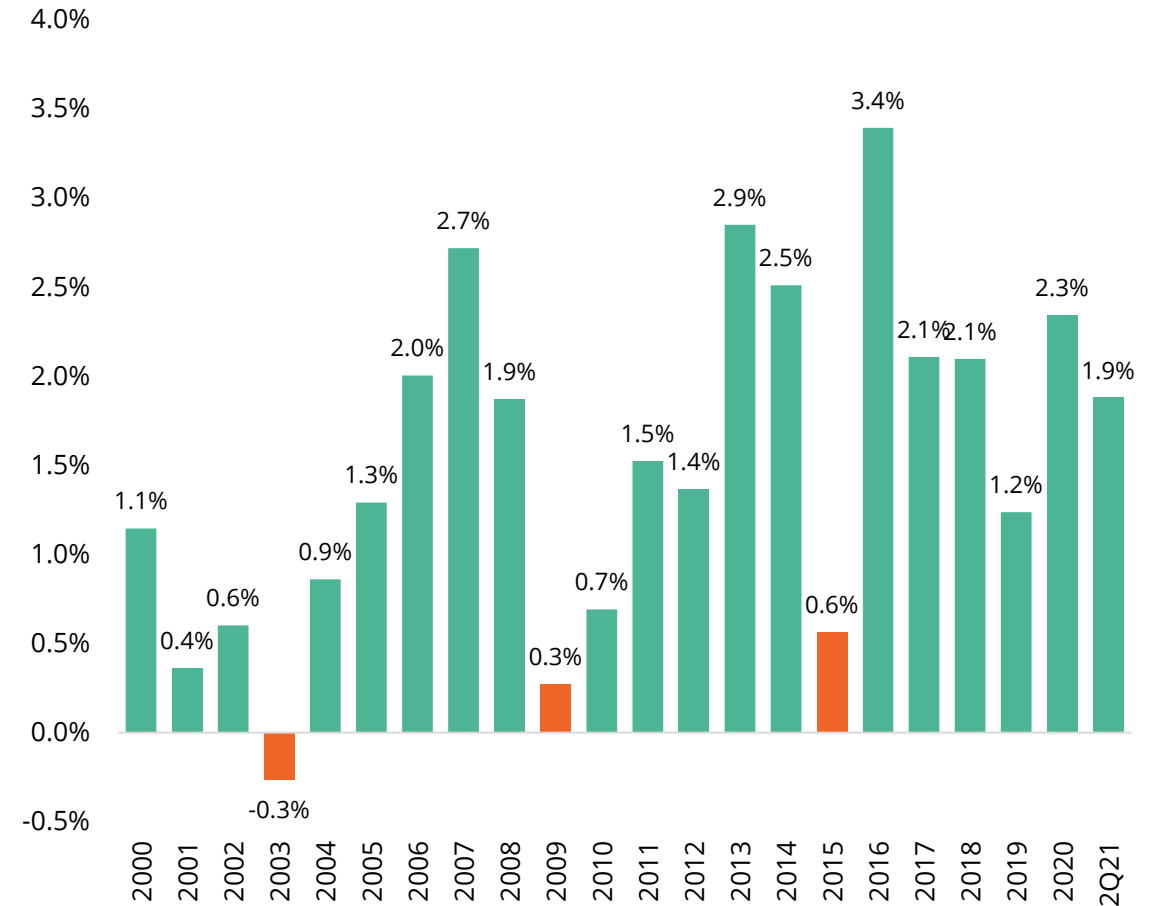
Source: CoStar

Industrial net absorption

4.2%

Net absorption as a percentage of inventory, 2020 through Q2 2021

Absorption through mid-year remains quite healthy and on pace with levels throughout the prior decade. At 5.3 million sf through the first half of the year, aggregate 2021 net absorption could potentially outpace totals for the past 3-4 years.



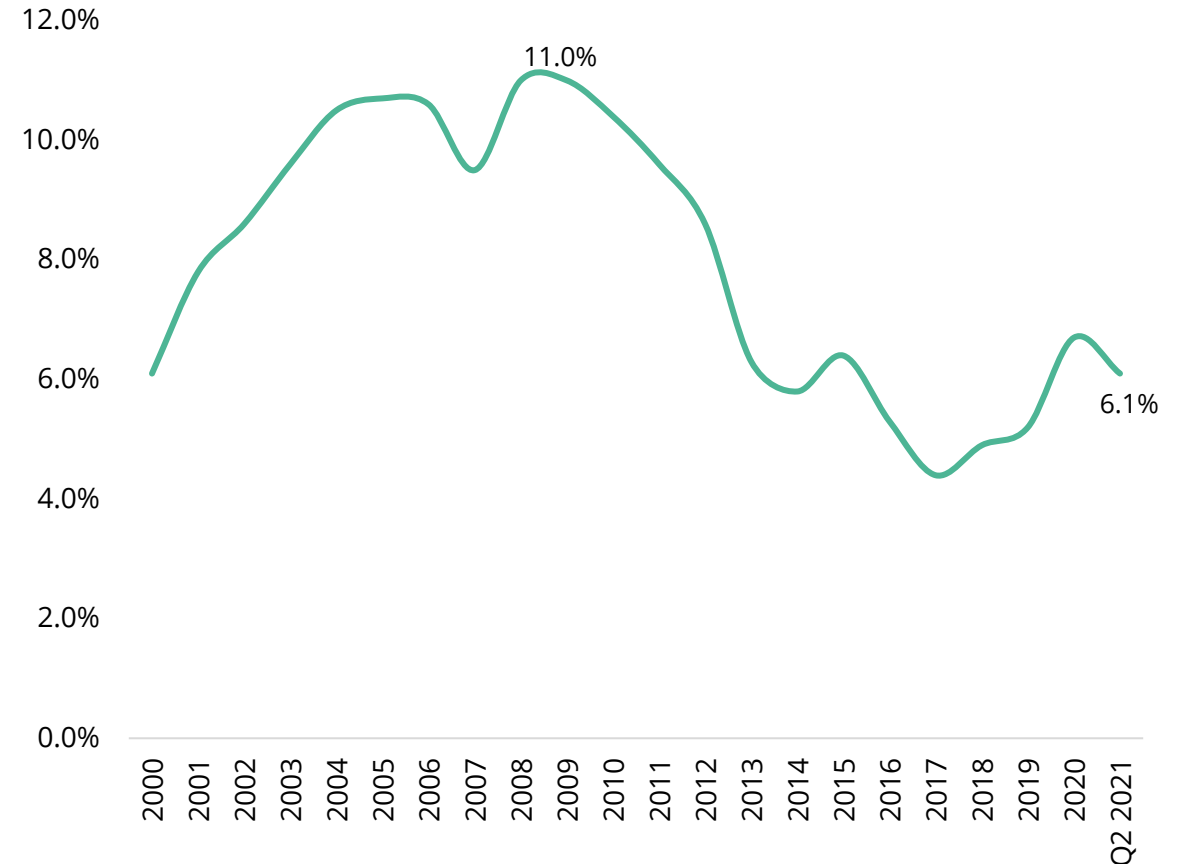
Note: Absorption is measured as the year-over-year change in occupied square feet.
Source: CoStar

Industrial vacancy rate

6.1%

Vacancy as of Q2 2021, down 60 basis points from 2020

The Q2 2021 total vacancy rate continues to decrease as leasing activity remains competitive. Vacancy reduced by half since record highs in 2009. Average asking rents have increased 44.6% over that same time period, underscoring how industrial demand has outstripped supply in Columbus.



Source: CoStar

Scarce supply drives construction

81 properties

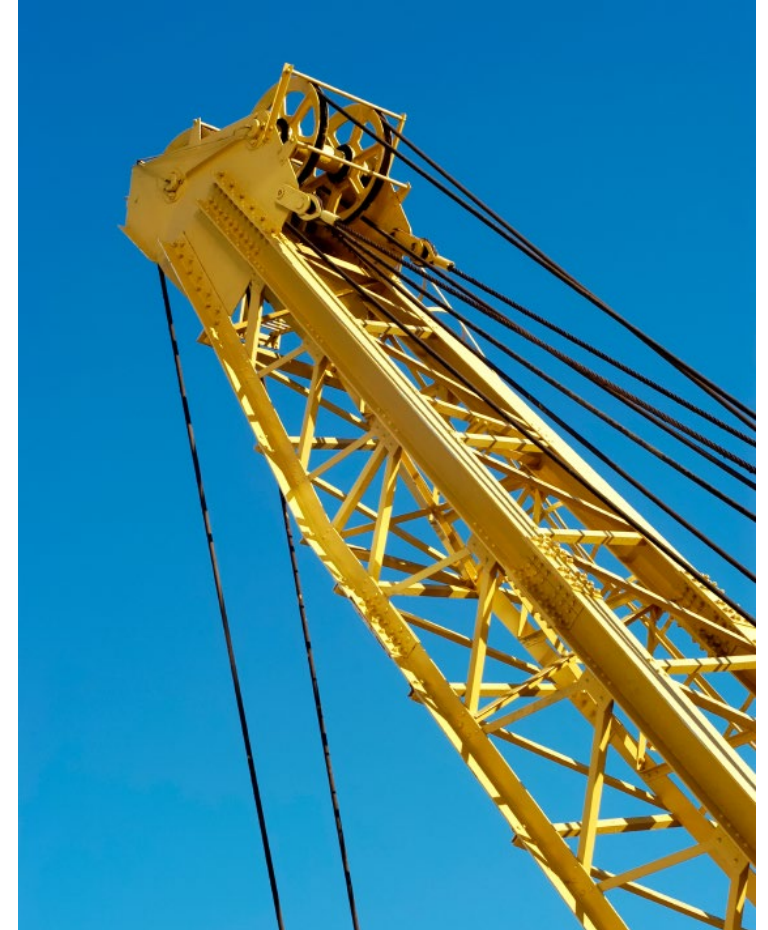
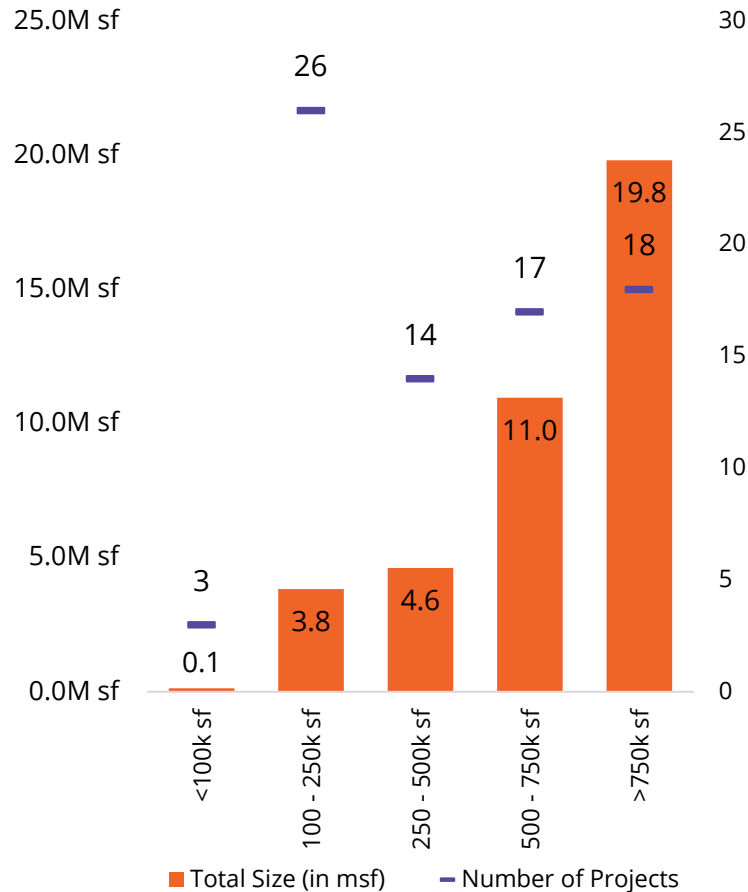
Proposed, under construction
or under renovation

39.3 msf

proposed or under
construction

13.8%

share of industrial
inventory



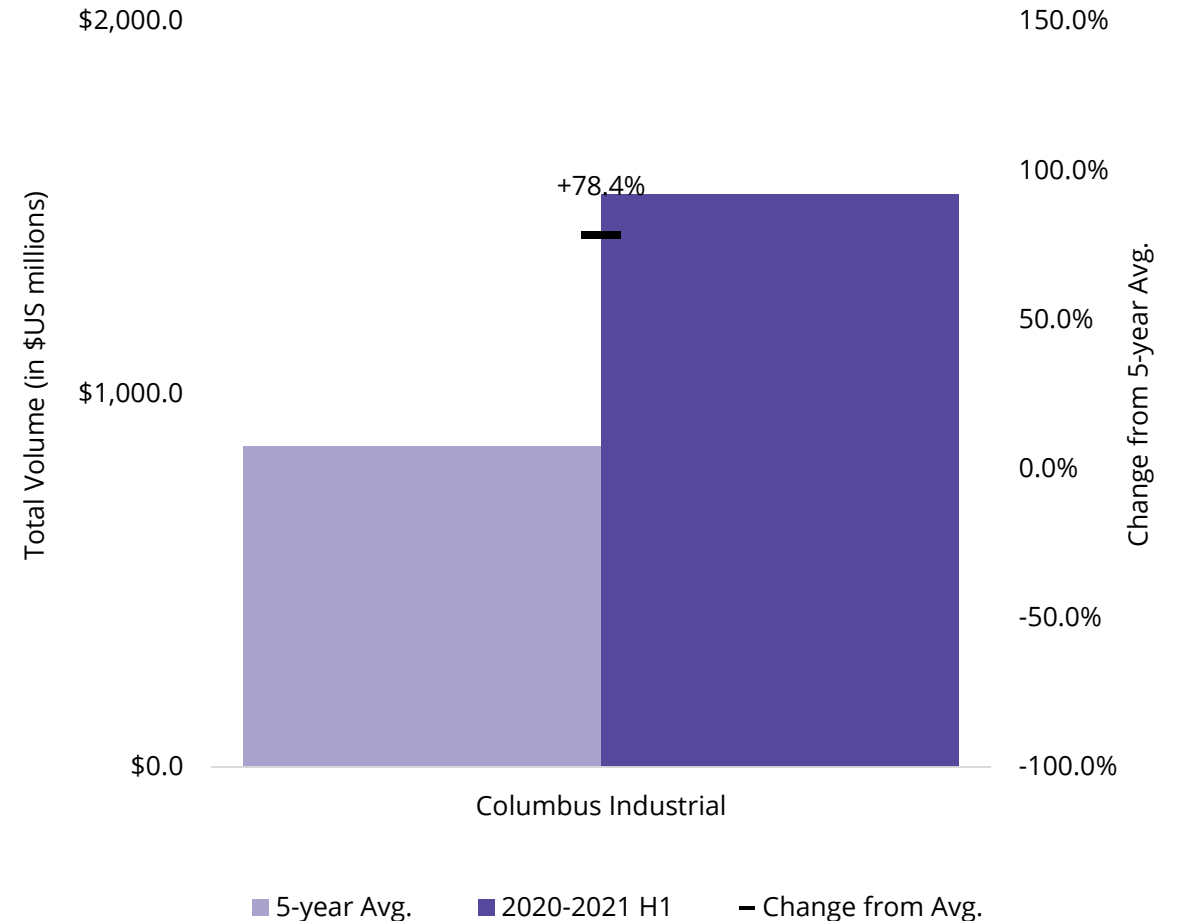
Source: AVANT by Avison Young

Investment dollar volume

\$1.5B

Industrial dollar volume, 2020 to Q2 2021

Industrial volumes surged +78.4% against the prior five-year average due to stronger fundamentals with an average price per sf of \$61.



Source: AVANT by Avison Young
RCA

Minneapolis market fundamentals

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MIDWEST INDUSTRIAL INSIGHT REPORT
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Key industrial takeaways



Economic conditions

- A surge of recovered activity has elevated Minneapolis-St. Paul's unemployment rate down to **3.8 percent**. The current unemployment rate is on par with historic lows set prior to the Global Financial Crisis.
- Local employment in Mining, Logging, and Construction rose by **14.4 percent** over the last 12 months, the second-highest job growth by sector following the Leisure & Hospitality industry.



Recovery rate

- The Minneapolis-St. Paul metropolitan area has had no issues reopening, as vaccination rates surpassed the national average to **54.5 percent**.
- The industrial workforce has nearly recovered from COVID lows, declining by just **1.1 percent** of jobs lost in the past 12 months, after seeing a sharp decline early 2020 due to the pandemic



Industrial demand

- Overall leasing activity has surged throughout the pandemic, currently sitting at **+46.8 percent** long-term annual average of the last 20 years of historical data.
- The strength of demand in the market is evident by the **3.0 percent** vacancy rate, despite a strong construction pipeline and recent deliveries.

Employment and unemployment rate

3.8%

Minneapolis-St. Paul unemployment rate as of May 2021, dipping below the height of the financial crisis

Historically tightened labor market conditions were halted by the pandemic with over 215,000 job losses between February and May 2020. However, reopening efforts enabled the economy to add 7.2% jobs since May 2020.



Note: Not seasonally adjusted data.
Source: Bureau of Labor Statistics

Property type job gains and losses

-4.8%

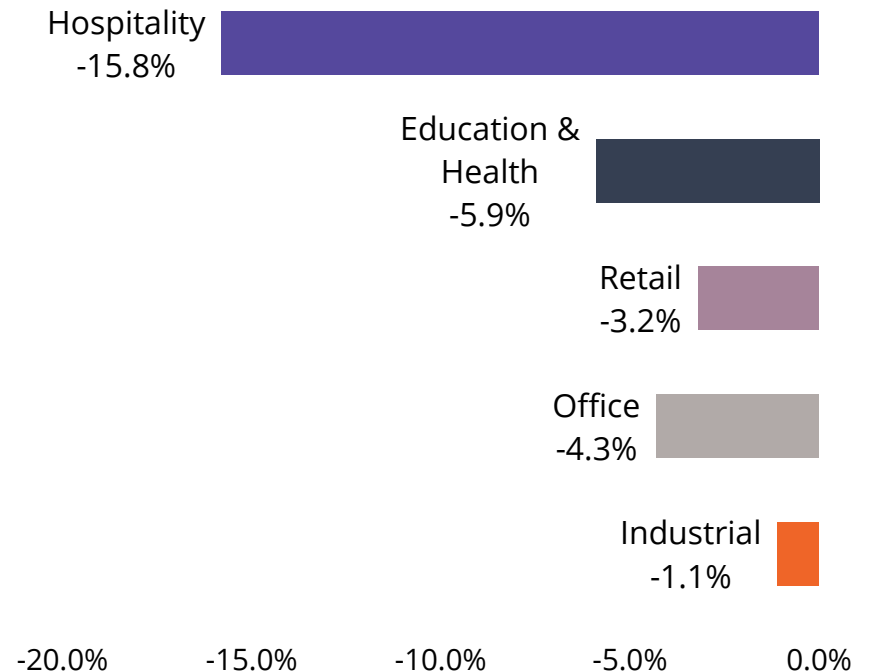
Change in total employment during the pandemic

The Minneapolis-St. Paul metro area lost 4.8% of its total labor force since the pandemic began, though industrial losses were comparatively subdued. Industrial job gains in recent months demonstrates that a significant recovery is likely in that sector in the near-term.

[VIEW DASHBOARD](#)

Total change in Minneapolis-St. Paul MSA job gains/(losses)

February 2020 to May 2021



Note: Not seasonally adjusted data. Metropolitan statistical area.
Source: Bureau of Labor Statistics

Industrial job gains and losses

-1.4%

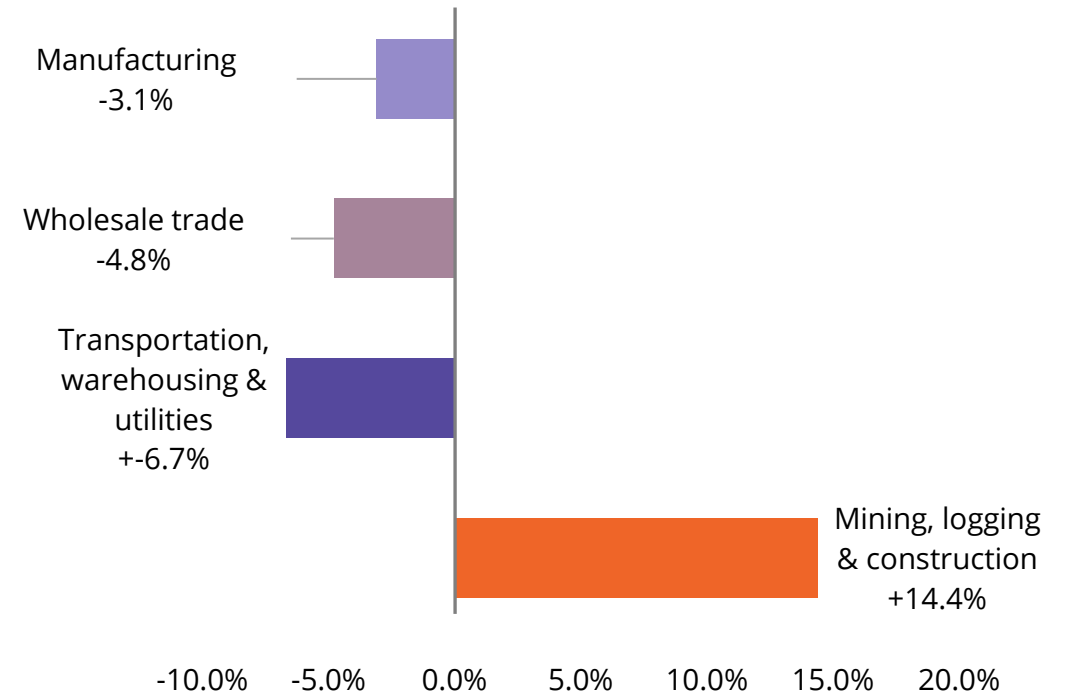
Change in industrial-centric employment during the pandemic

The Minneapolis-St. Paul metro area lost 1.4% of industrial employment since the pandemic began, as evidenced by a sharp decline in jobs early in 2020. However, in the past four months, the market has recovered 4.6% of those losses, specifically in the Transportation, warehousing & utilities sector.

[VIEW DASHBOARD](#)

Total change in Minneapolis-St. Paul MSA job gains/(losses)

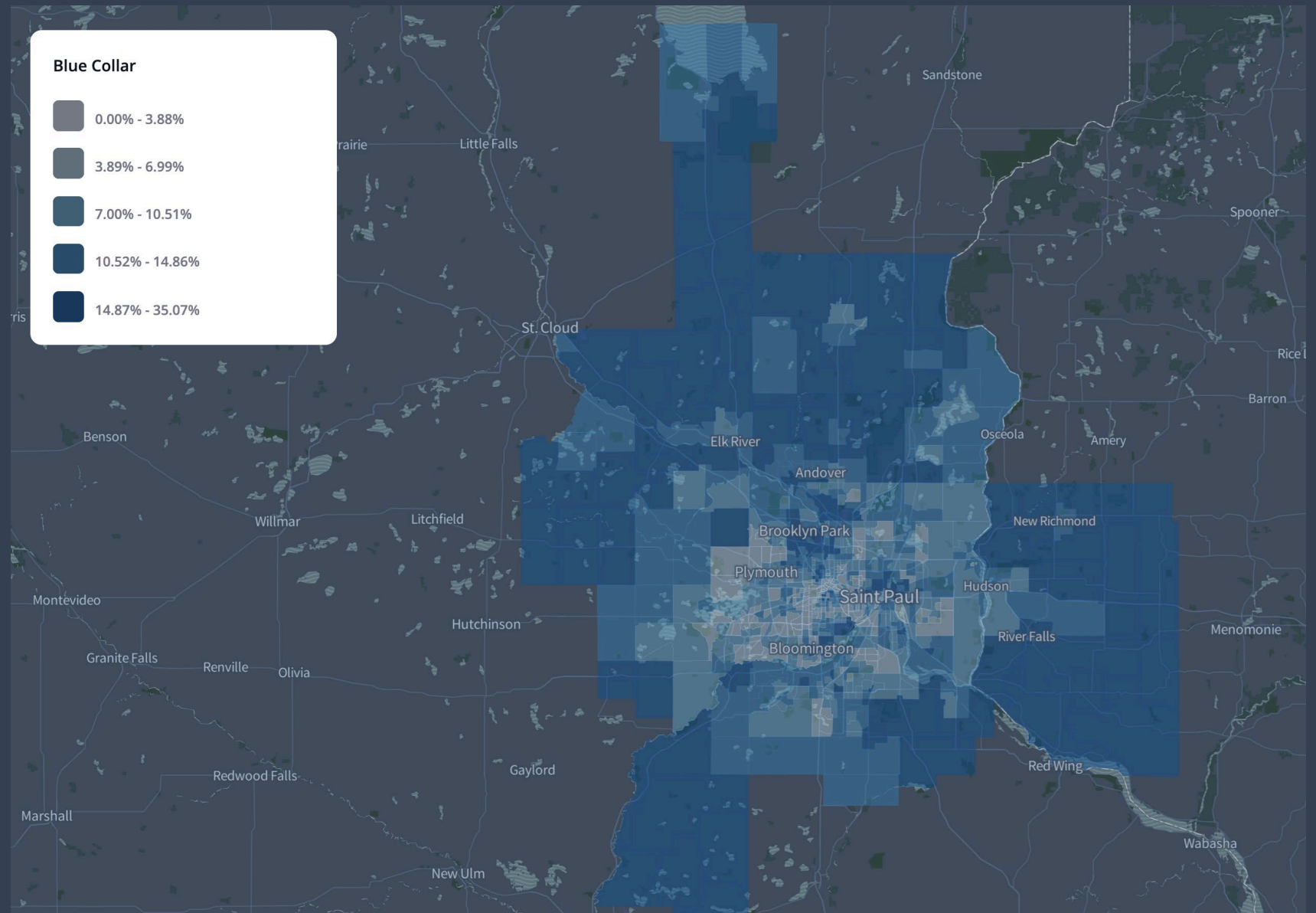
February 2020 to May 2021



Note: Not seasonally adjusted data. Metropolitan statistical area.
Source: Bureau of Labor Statistics

Blue-collar workforce concentration

Source: AVANT by Avison Young, ESRI

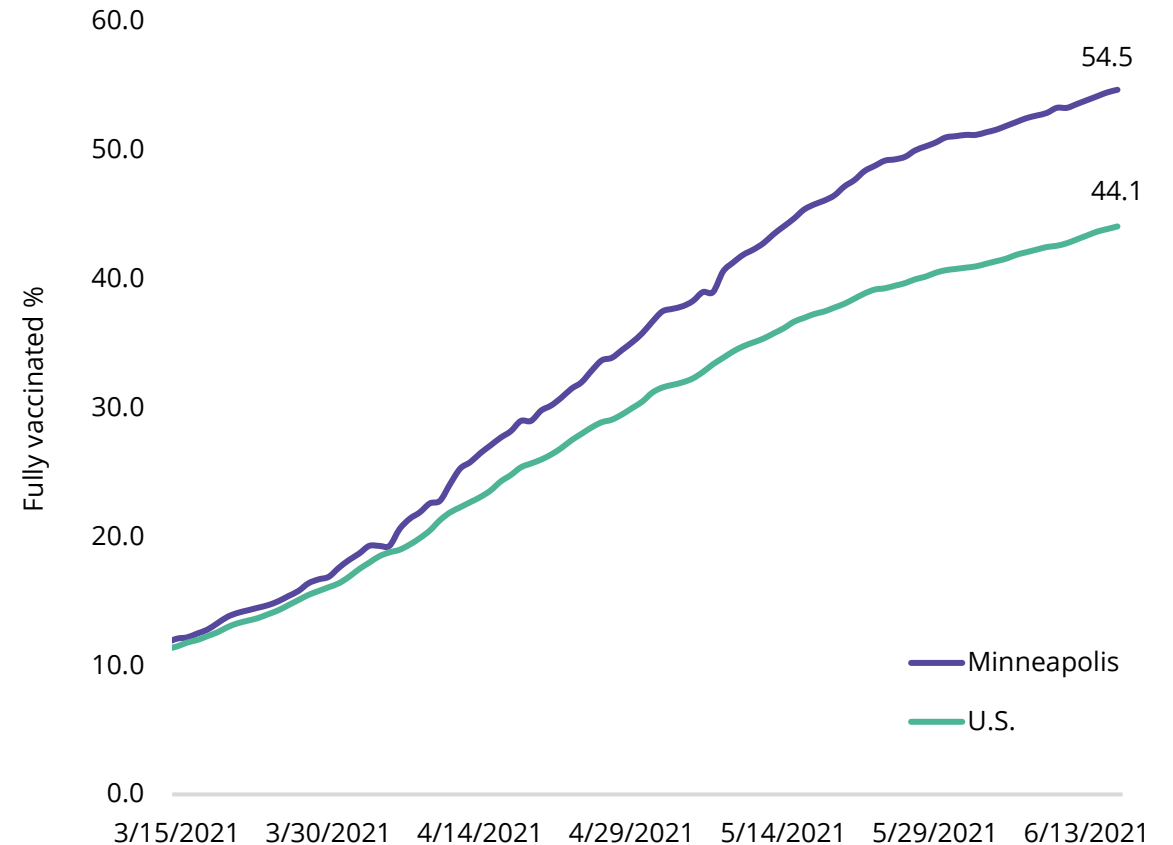


Vaccination rates

54.5%

Share of total Minneapolis-St. Paul population that is fully vaccinated

Minneapolis-St. Paul proportionate vaccination rates have surpassed U.S. averages, an important metric that has allowed the city to loosen restrictions.



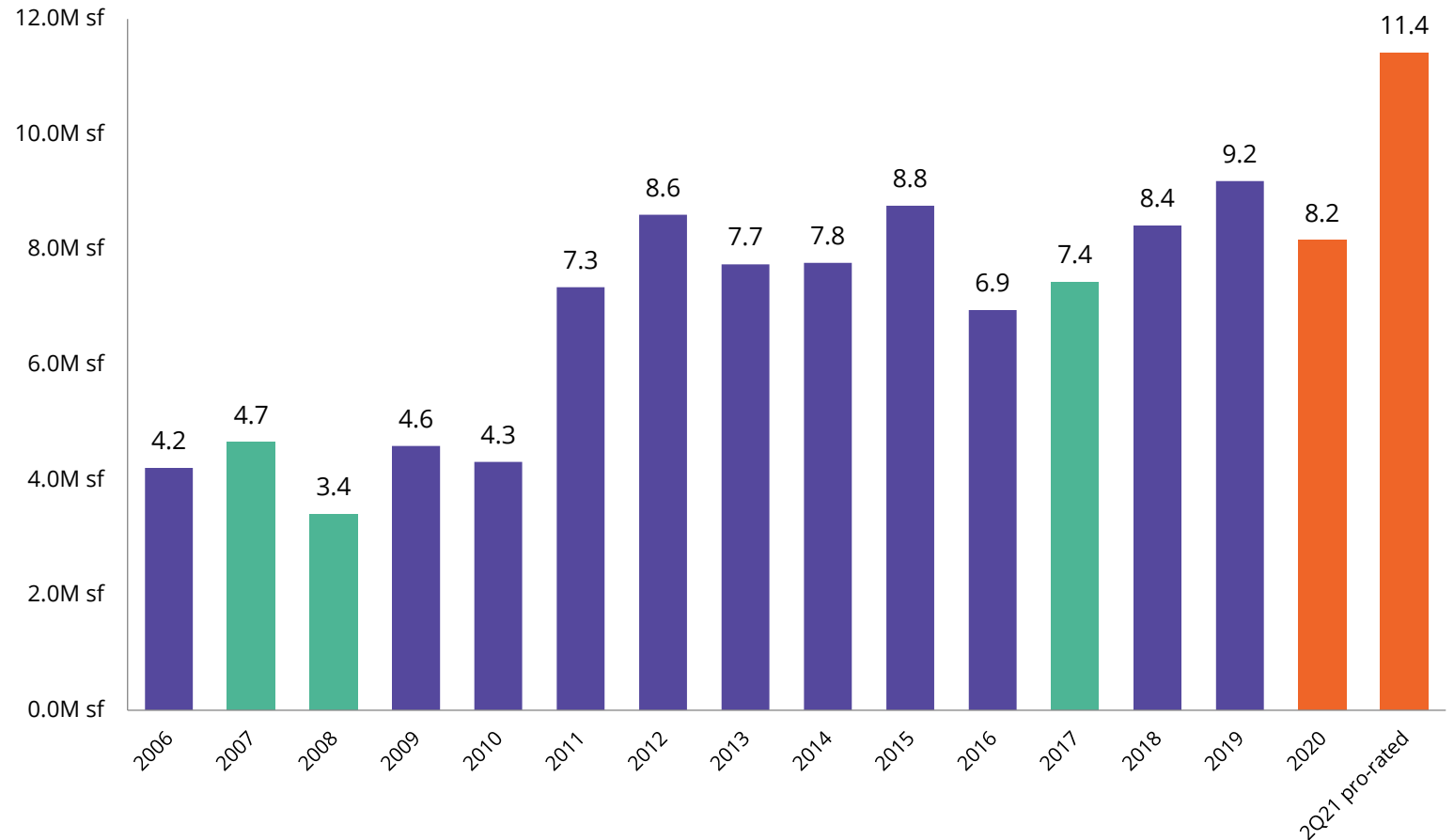
Source: CDC

Industrial leasing activity

+46.8%

**2020-pro-rated 2021 vs.
prior 20-year annual
average leasing activity**

Leasing has not let up during the pandemic and is expected to surpass previous highs by the end of 2021.



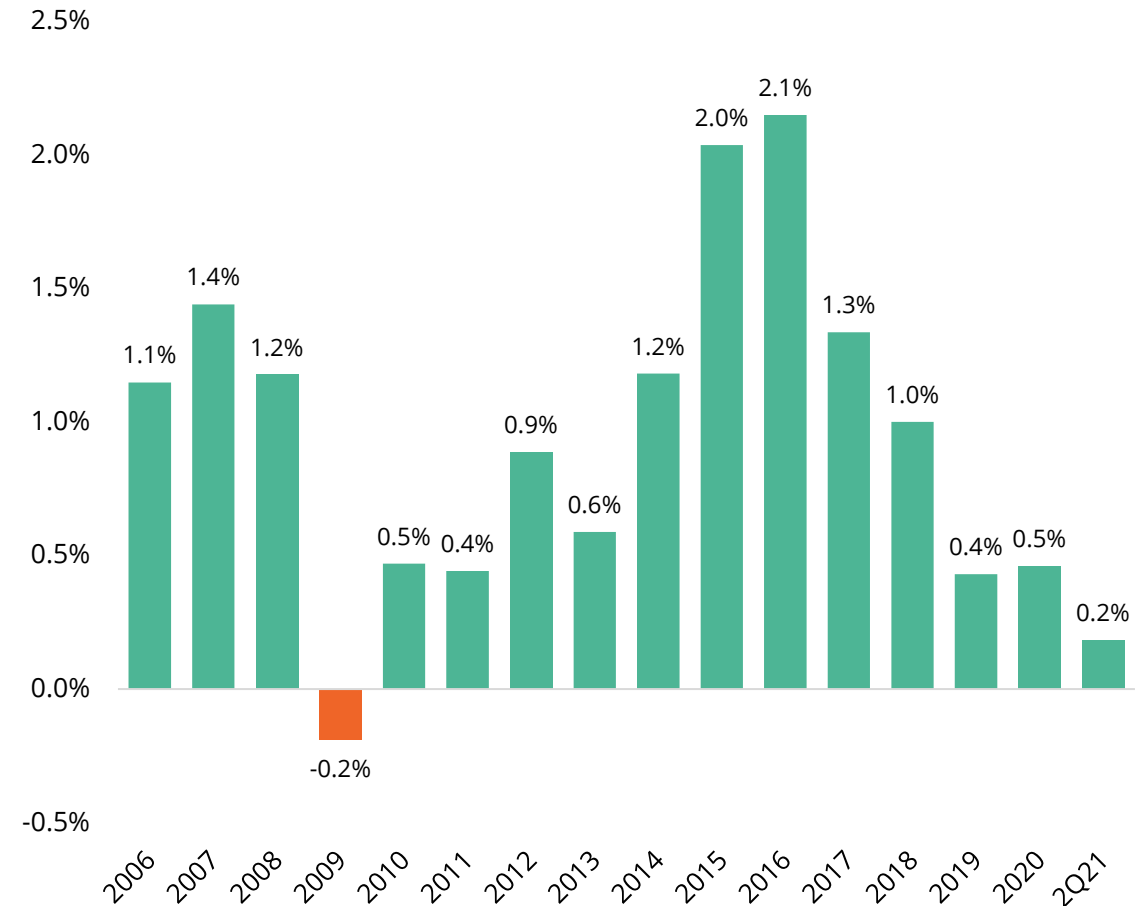
Source: CoStar

Industrial net absorption

0.7%

Net absorption as a percentage of inventory, 2020 through Q2 2021

Absorption through mid-year remains healthy and near pace with levels throughout prior years.



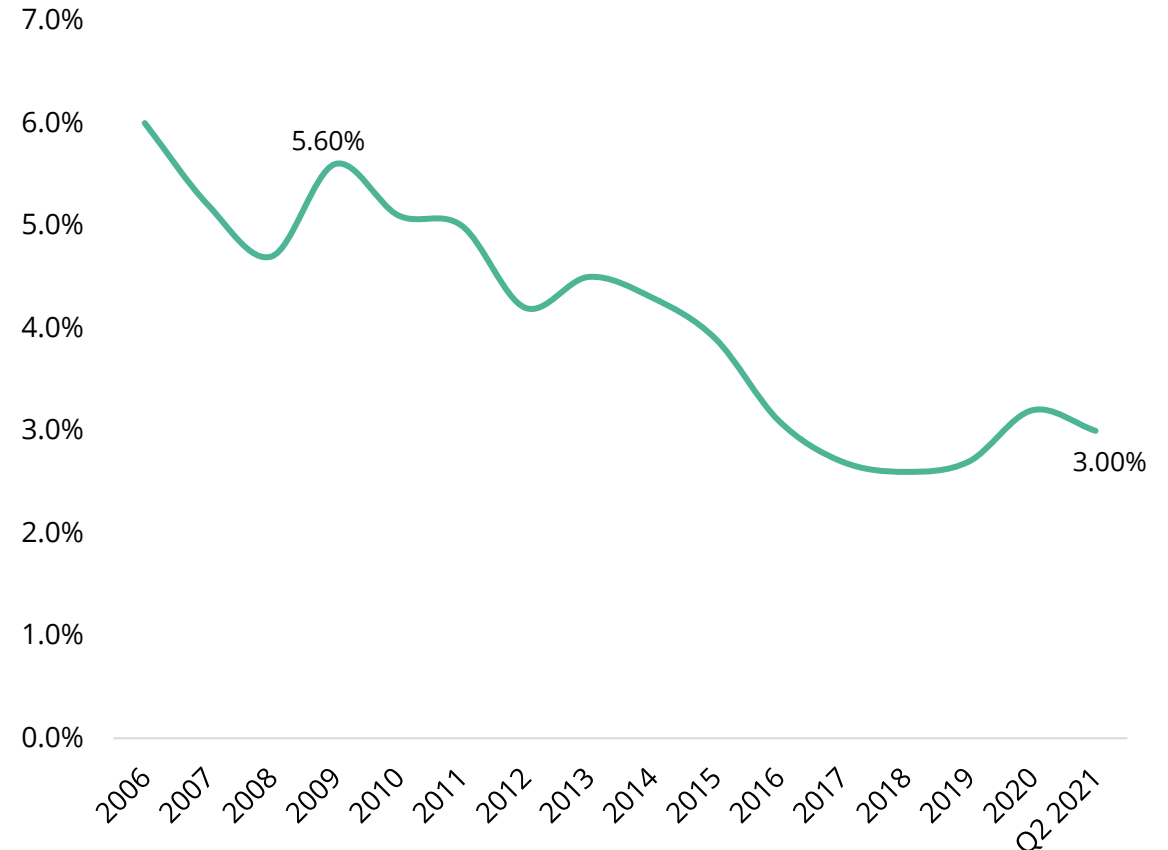
Note: Absorption is measured as the year-over-year change in occupied square feet.
Source: CoStar

Industrial vacancy rate

3.0%

vacancy as of Q2 2021

The Q2 2021 total vacancy rate continues to trend downward, falling by nearly half from its high in 2006. Average asking rents have increased 2.9% over that same time period, underscoring how industrial demand has outstripped supply in Minneapolis.



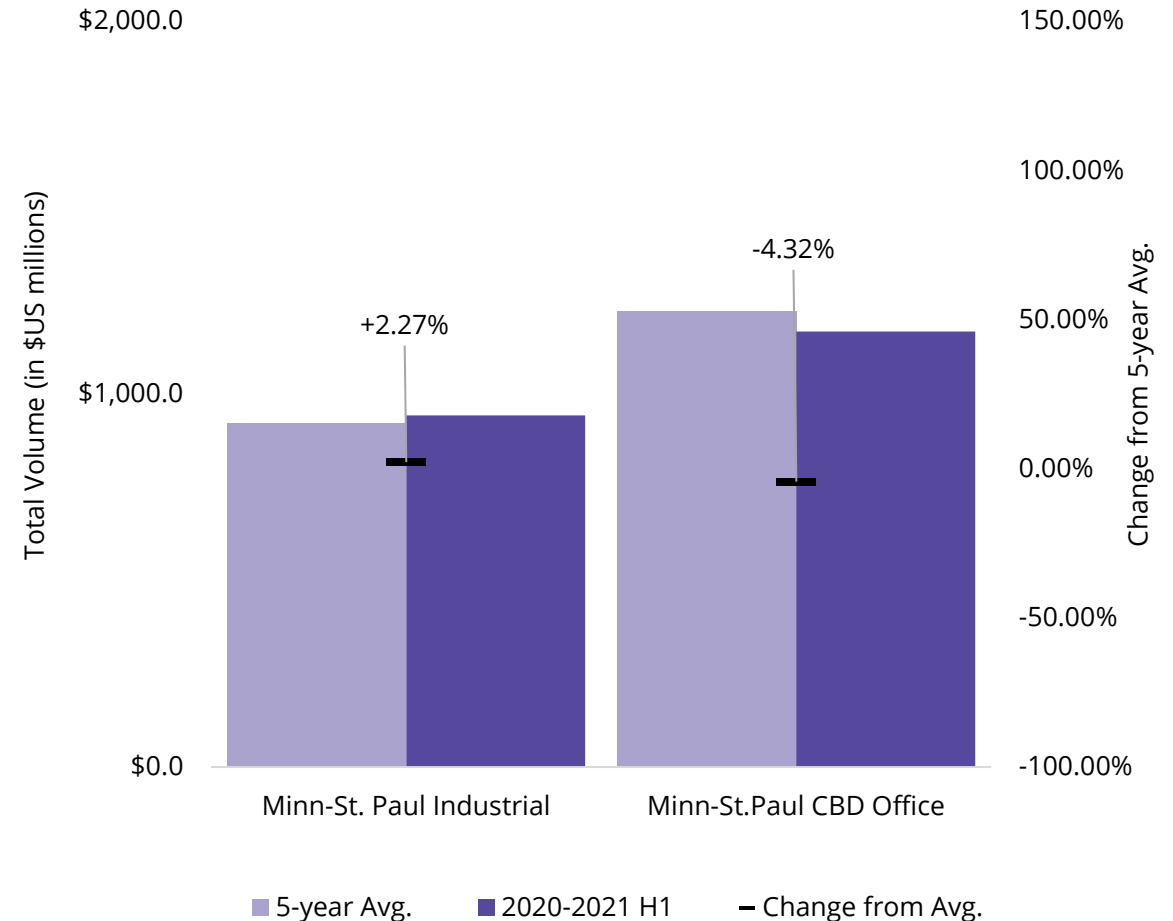
Source: CoStar

Investment dollar volume

\$943.8M

Industrial dollar volume, 2020 to Q2 2021

Office sales activity has temporarily paused during the risk-pricing crisis, decreasing by an annualized rate of 4.32% compared with the prior five-year average dollar volume. Industrial volumes surged +2.27% against the prior five-year average due to stronger fundamentals.



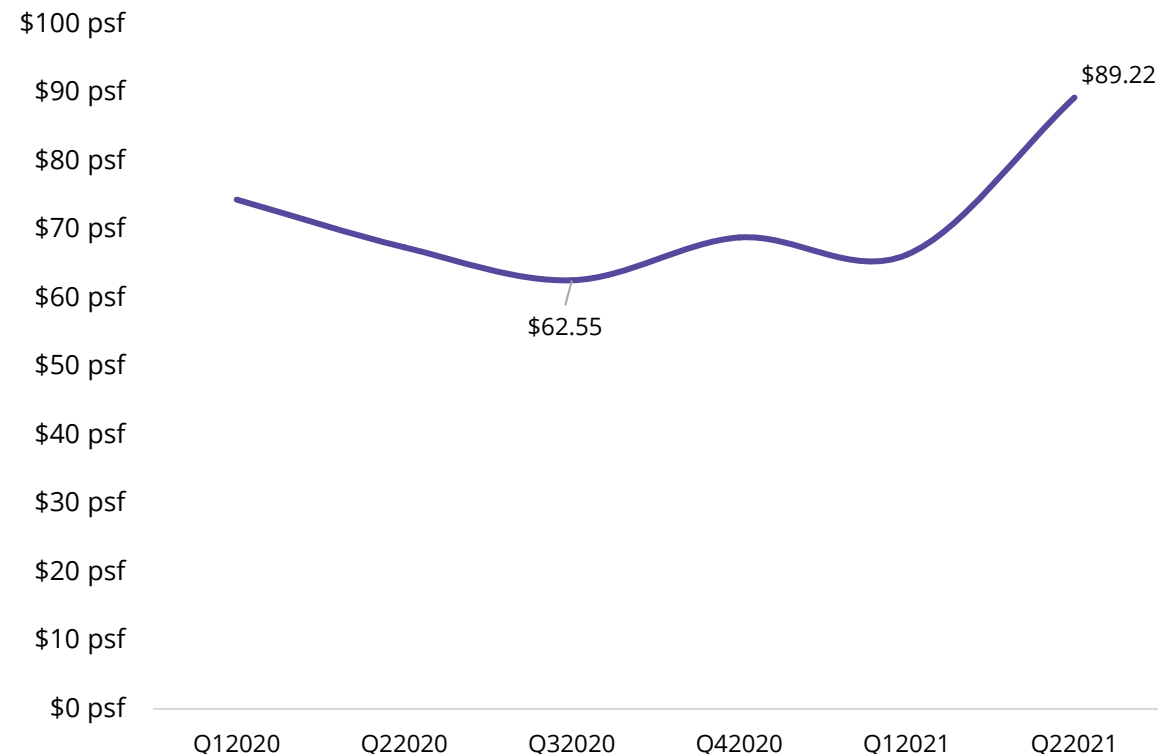
Source: AVANT by Avison Young, CoStar

Industrial asset pricing

+32.4%

Minneapolis industrial pricing, April 2020 to June 2021

Pricing for Minneapolis-St. Paul industrial assets has continued to elevate through the pandemic as an influx of investors seek exposure to properties that can accommodate the rise of e-commerce distribution.



Source: AVANT by Avison Young
RCA

Pittsburgh market fundamentals

[Back to TOC](#)

MIDWEST INDUSTRIAL INSIGHT REPORT
Q2 2021

Key industrial takeaways



Economic conditions

- Essential workers, small-scale logistics hubs, and a spike in new construction have helped bring Pittsburgh unemployment down to **6.2 percent**. Other supply chain shocks throughout 2021 have done little to impede growth in leasing fundamentals, especially for Class A space.
- Local employment in Mining, Logging, and Construction rose by **6.3 percent** over the last 12 months, the second-highest job growth by sector following the Leisure & Hospitality industry.



Recovery rate

- The Pittsburgh metropolitan area began to reopen in the second quarter, as vaccination rates surpassed the national average to **51.5 percent**.
- The industrial workforce has recovered **7.7 percent** of jobs lost in the past 12 months, after seeing a sharp decline early 2020 due to the pandemic



Industrial demand

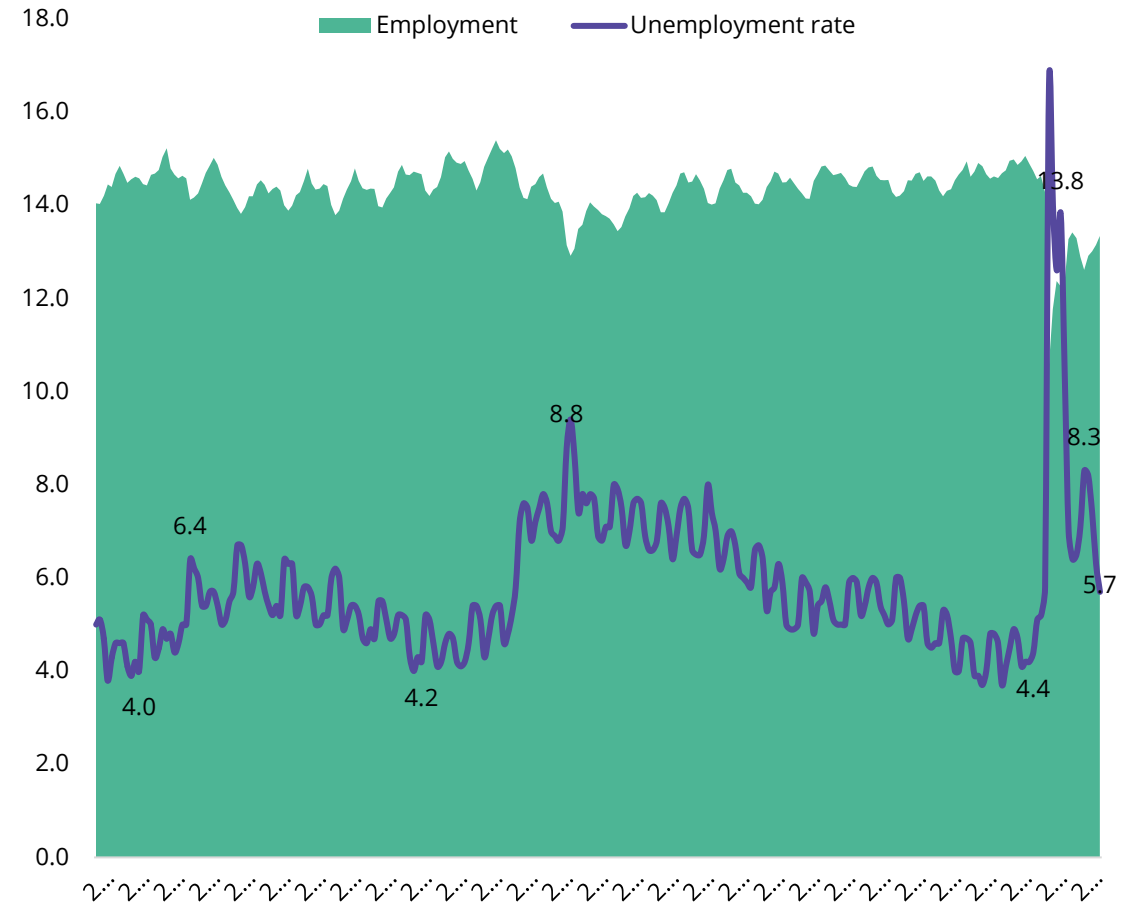
- Overall leasing activity has been sustained throughout the pandemic, currently sitting at **+43.3 percent** long-term annual average of the last 20 years of historical data.
- Net absorption is keeping pace with new deliveries as construction ramps up, where **2.0 msf** of newly-built space is currently underway.

Employment and unemployment rate

5.7%

Pittsburgh MSA unemployment rate as of May 2021, the lowest since the pre-COVID environment

Historically tightened labor market conditions were halted by the pandemic with nearly 180,612 job losses between February and April 2020. However, positive signs throughout April enabled the economy to add 11.9% jobs, with current unemployment standing at 2017 levels and quickly trending toward pre-pandemic rates.



Note: Not seasonally adjusted data.
Source: Bureau of Labor Statistics

Property type job gains and losses

-4.7%

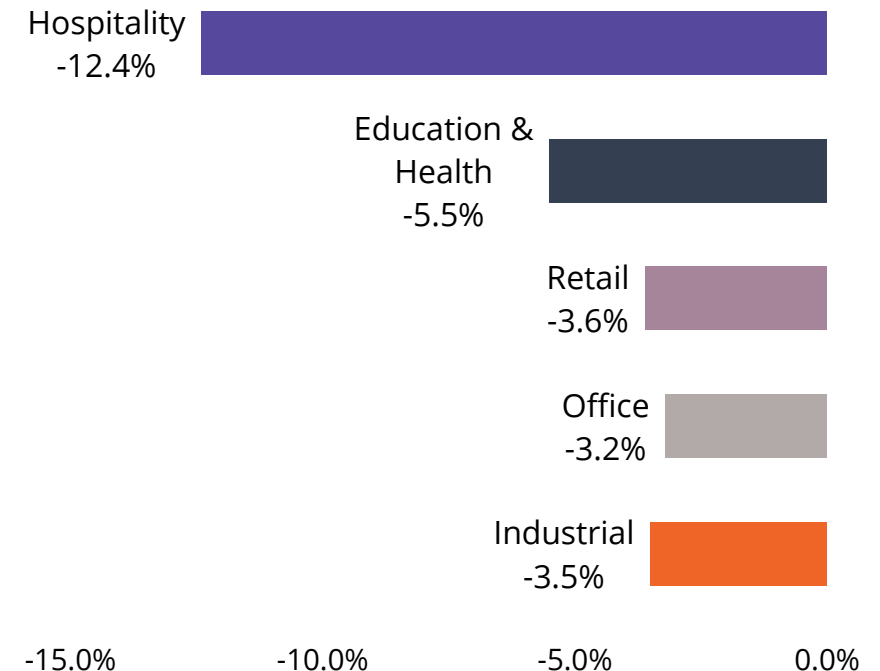
Change in total employment during the pandemic

The Pittsburgh Metro area lost 4.7% of its total labor force since the pandemic began, though industrial losses were comparatively subdued. Industrial job gains in recent months demonstrates a significant recovery is likely in the near-term, which shows to be stronger than neighboring regions.

[VIEW DASHBOARD](#)

Total change in Pittsburgh MSA* job gains/(losses)

Since February 2020



Note: Not seasonally adjusted data. Metropolitan statistical area.
Source: Bureau of Labor Statistics

Industrial job gains and losses

-3.5%

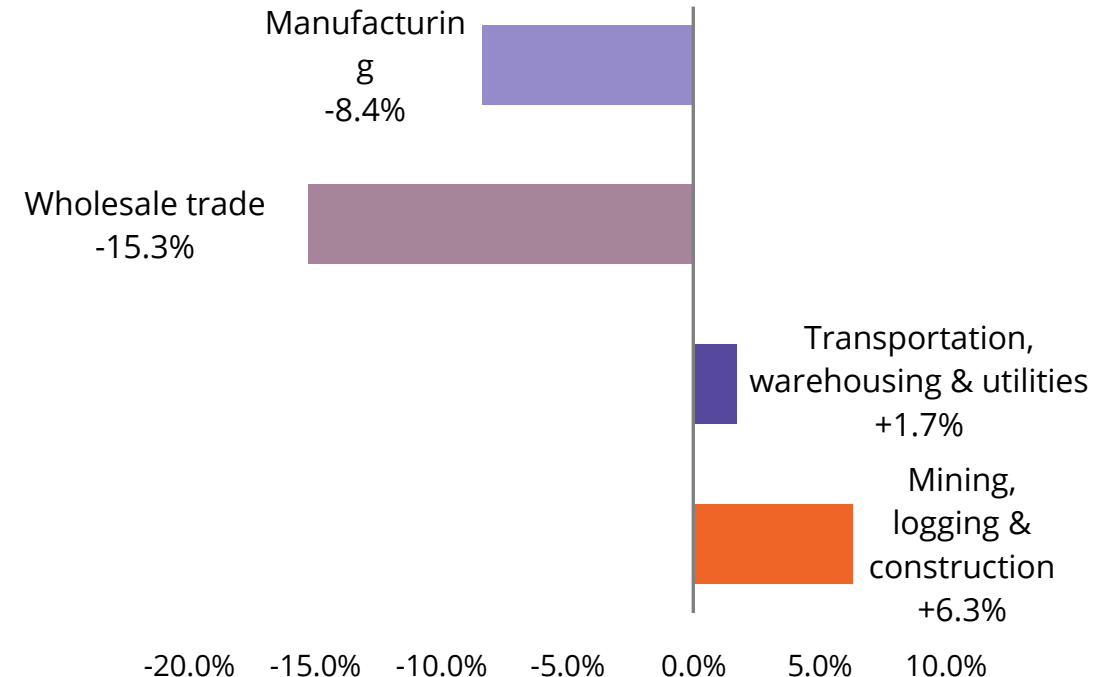
Change in industrial-centric employment during the pandemic

The Pittsburgh Metro area lost 3.5% of industrial employment since the pandemic began, as evidenced by a sharp decline in jobs early in 2020. However, in the past 12 months, the market has recovered 8.0% of those losses, primarily in the Mining, logging & construction sector.

[VIEW DASHBOARD](#)

Total change in Pittsburgh MSA* job gains/(losses)

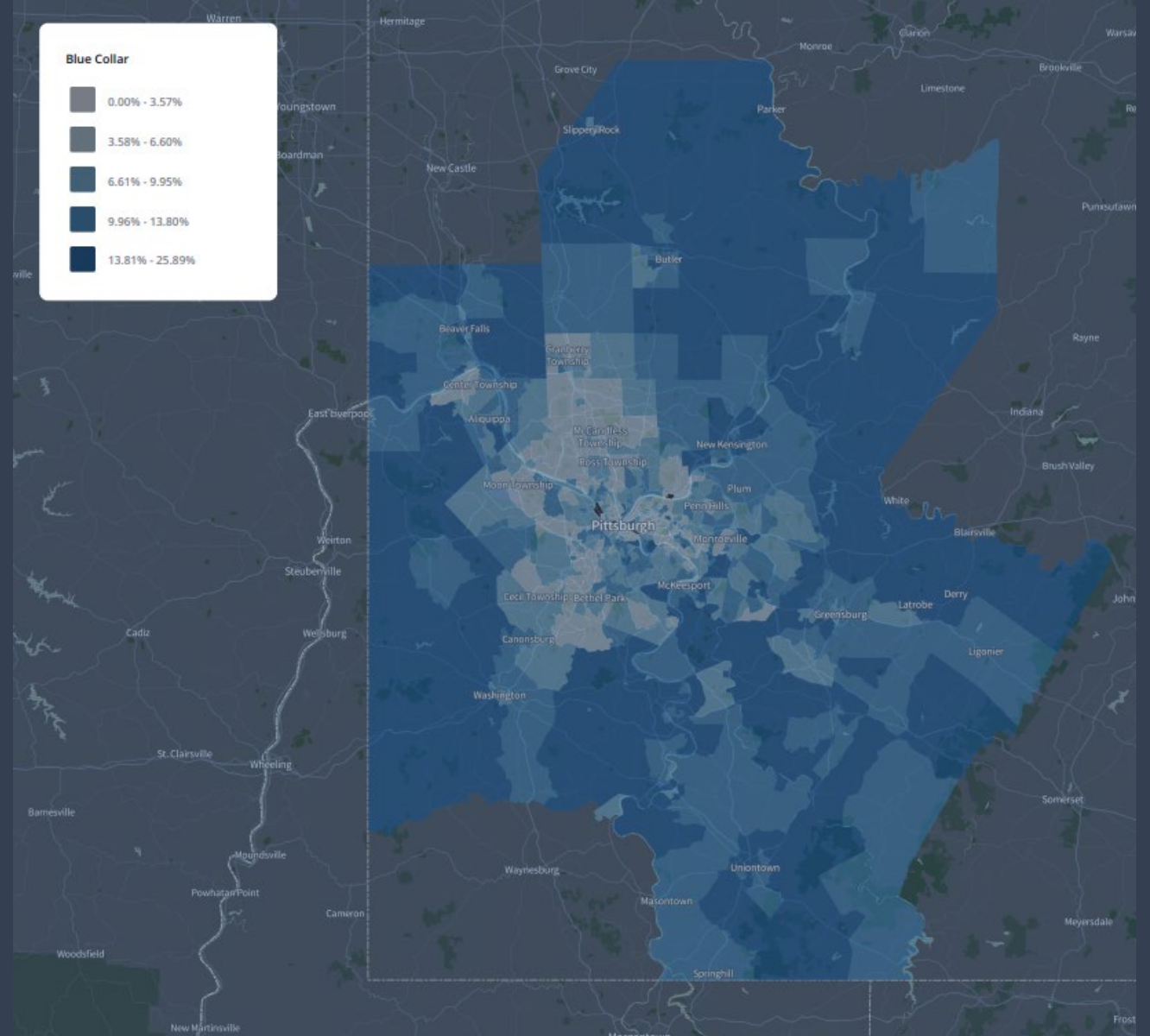
February 2020 to May 2021



Note: Not seasonally adjusted data. Metropolitan statistical area.
Source: Bureau of Labor Statistics

Blue-collar workforce concentration

Source: AVANT by Avison Young, ESRI

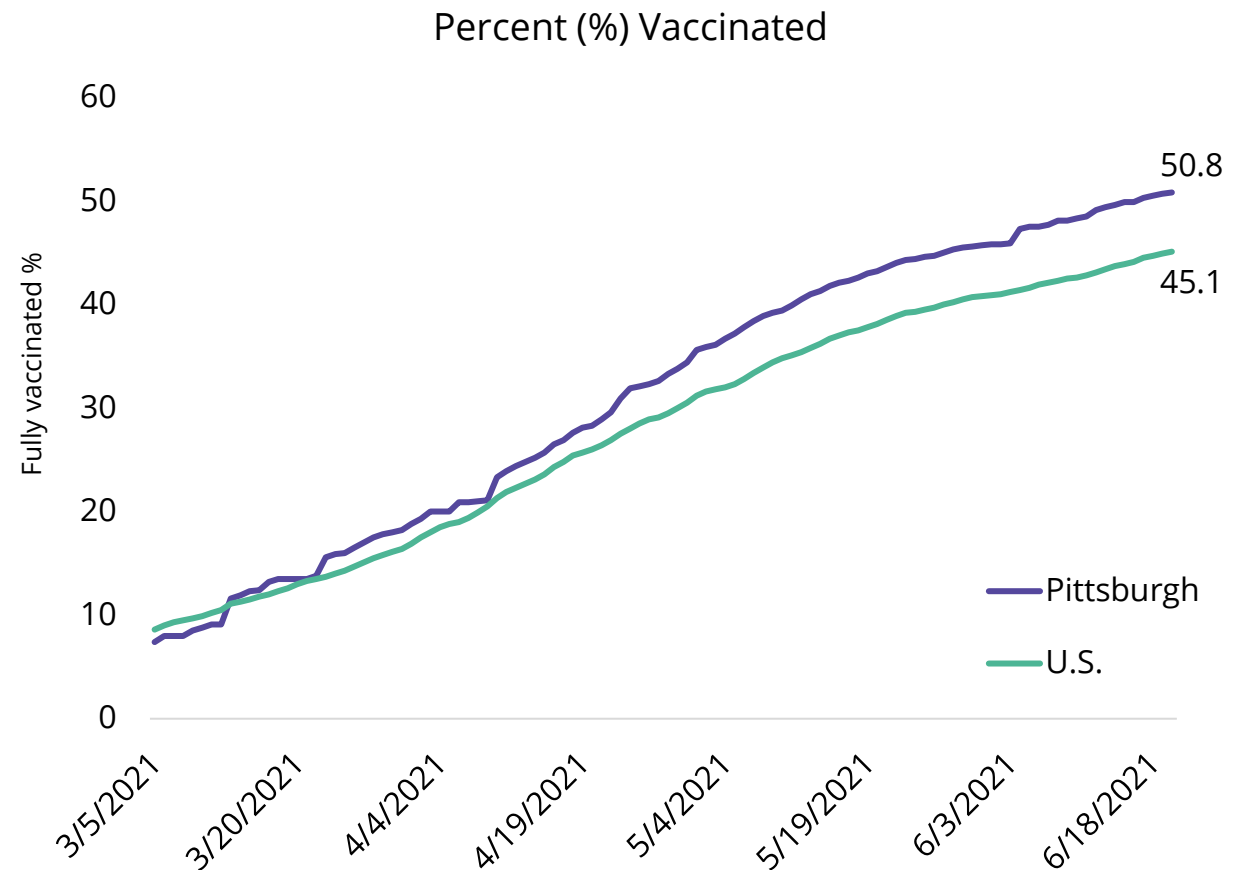


Vaccination rates

50.8%

Share of total Pittsburgh MSA population that is fully vaccinated

Pittsburgh proportionate vaccination rates have surpassed U.S. averages, an important metric that allowed the city to expedite reopening plans and loosen restrictions.



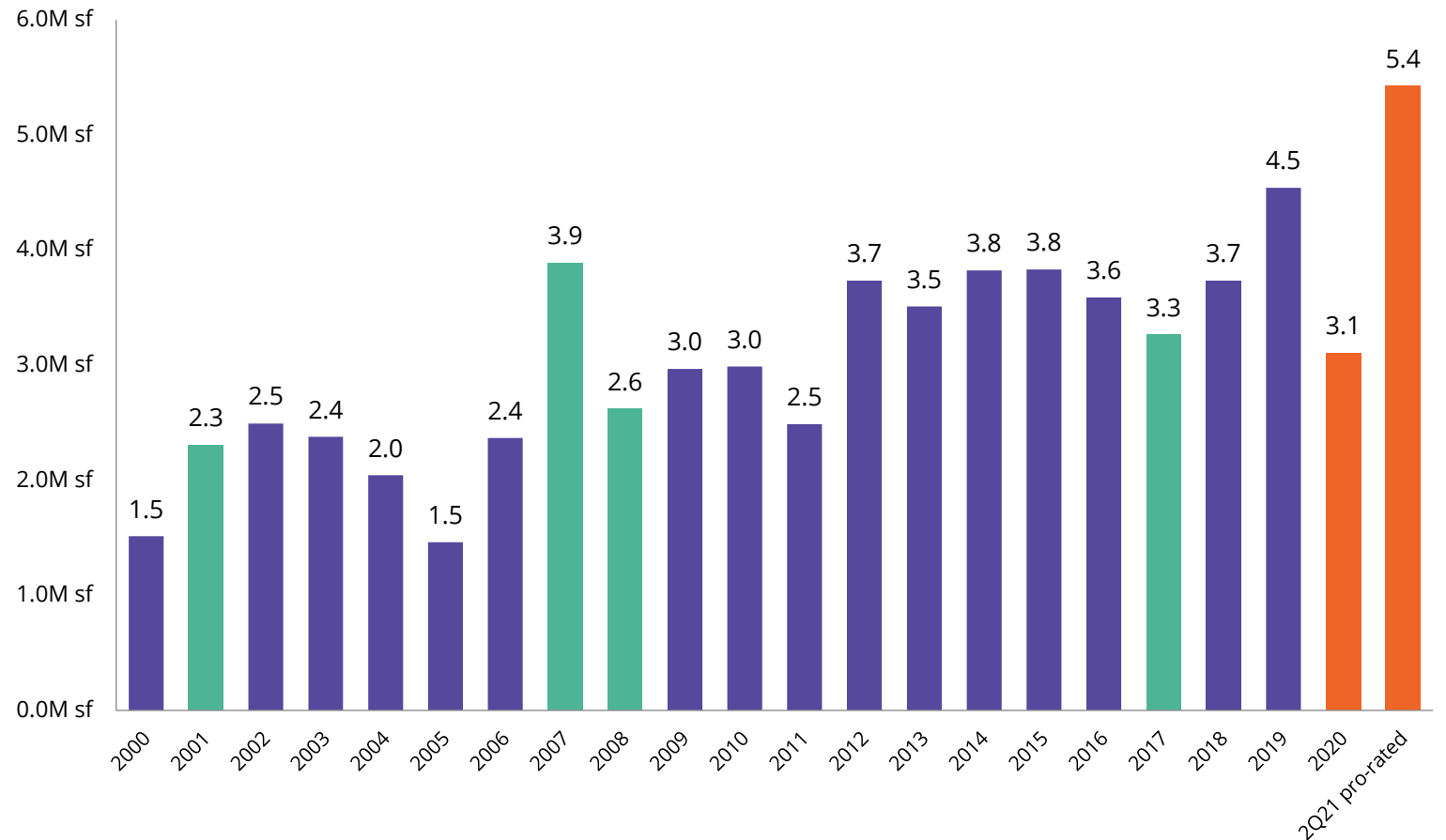
Source: CDC

Industrial leasing activity

+43.3%

**2020 & pro-rated 2021
vs. prior 20-year annual
average leasing activity**

Leasing in Pittsburgh MSA has persevered during the pandemic, sitting just under the highs of the 2015 to 2016 period.



Source: CoStar

Note: Green columns represent years with financial crisis.

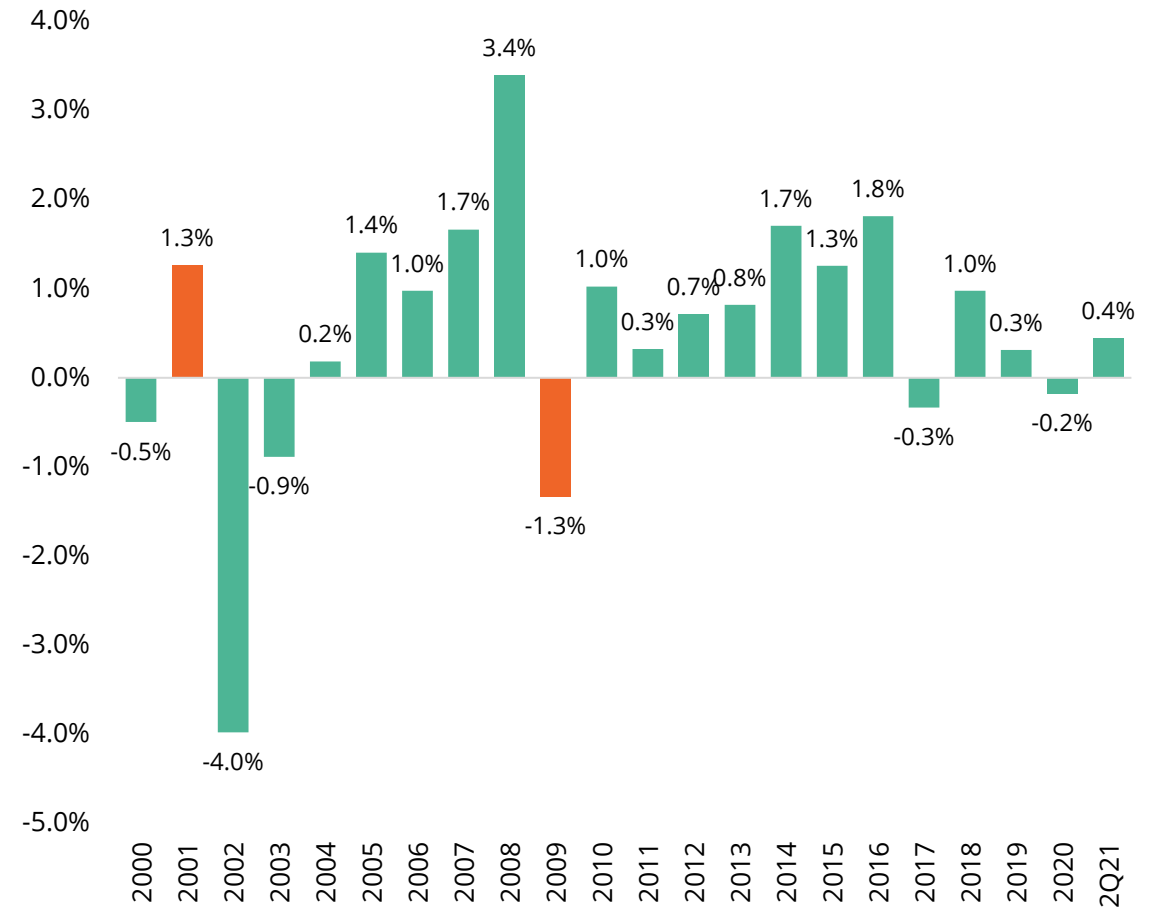
Orange columns represent years with COVID pandemic.

Industrial net absorption

0.2%

Net absorption as a percentage of Pittsburgh MSA inventory, 2020 through Q2 2021

Absorption through mid-year remains quite healthy and on pace with levels throughout the prior decade. At 676k sf through the first half of the year, aggregate 2021 net absorption is on track to outpace totals for the past 2 years.



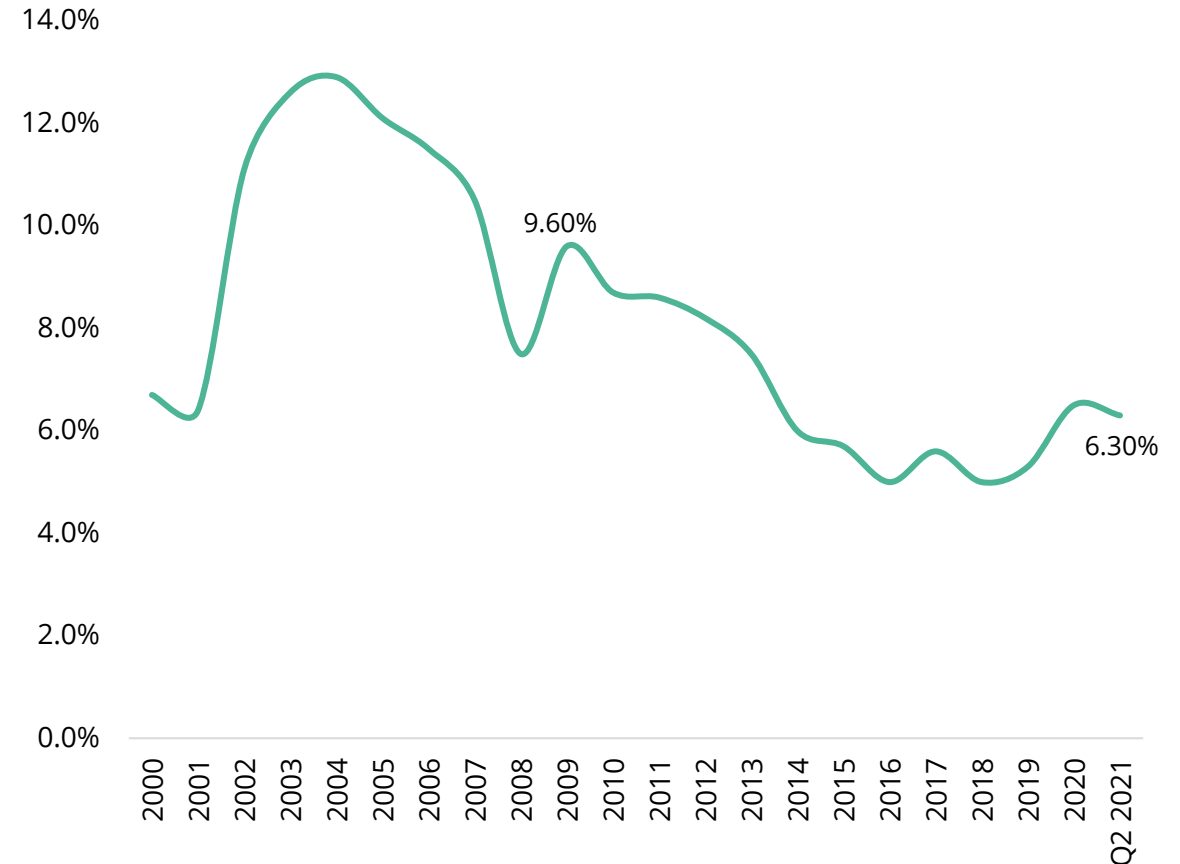
Note: Absorption is measured as the year-over-year change in occupied square feet.
Source: CoStar

Industrial vacancy rate

6.3%

Pittsburgh MSA vacancy as of Q2 2021

The Q2 2021 total vacancy rate reached a near post-2000 low, falling by nearly half from its high in 2009. Average asking rents have increased 45.3% over that same time period, underscoring how industrial demand has outstripped supply in Pittsburgh.



Source: CoStar

Pittsburgh MSA Under Construction

12 properties

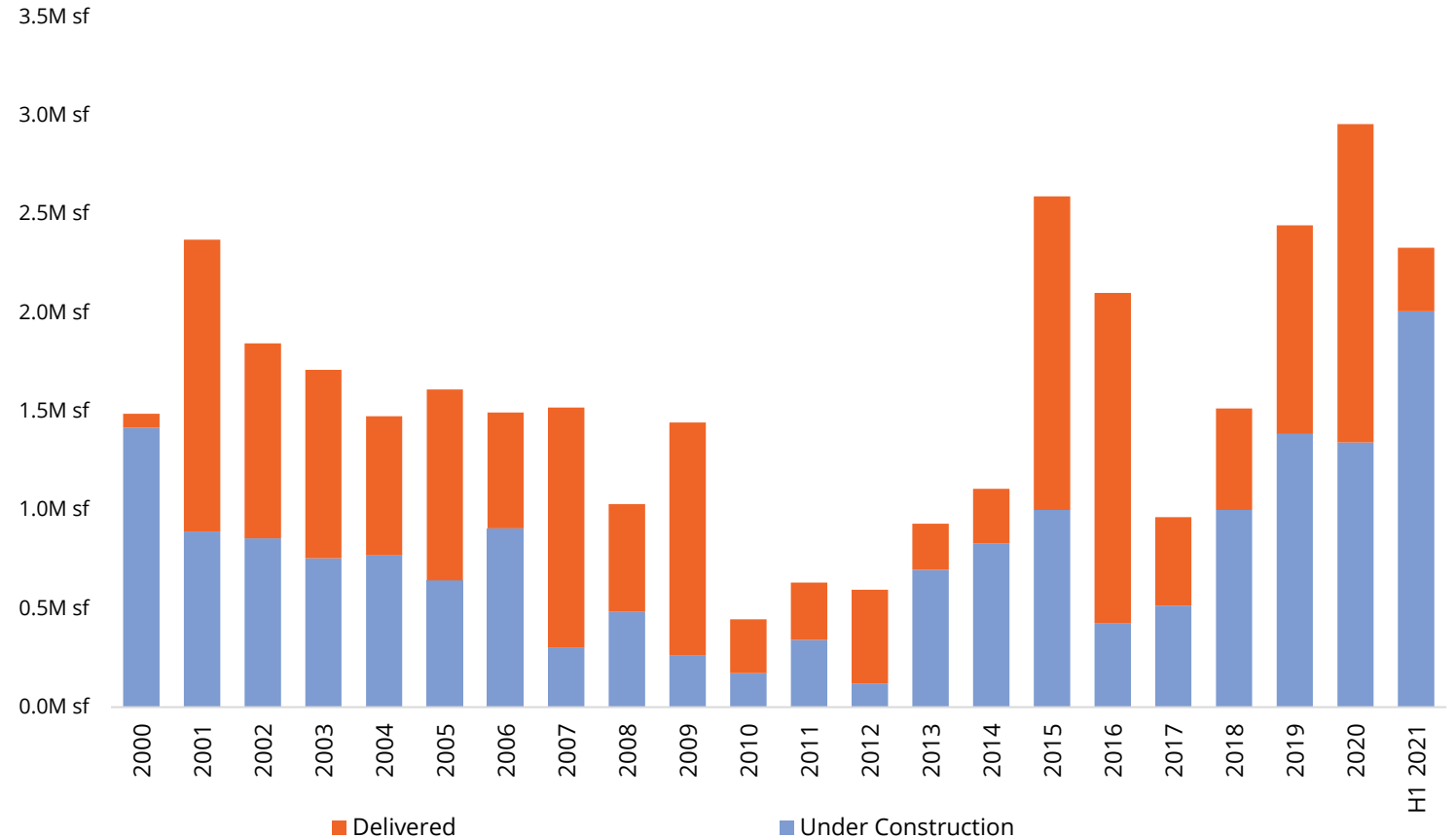
under construction

2 msf

under construction

1.3%

share of industrial
inventory



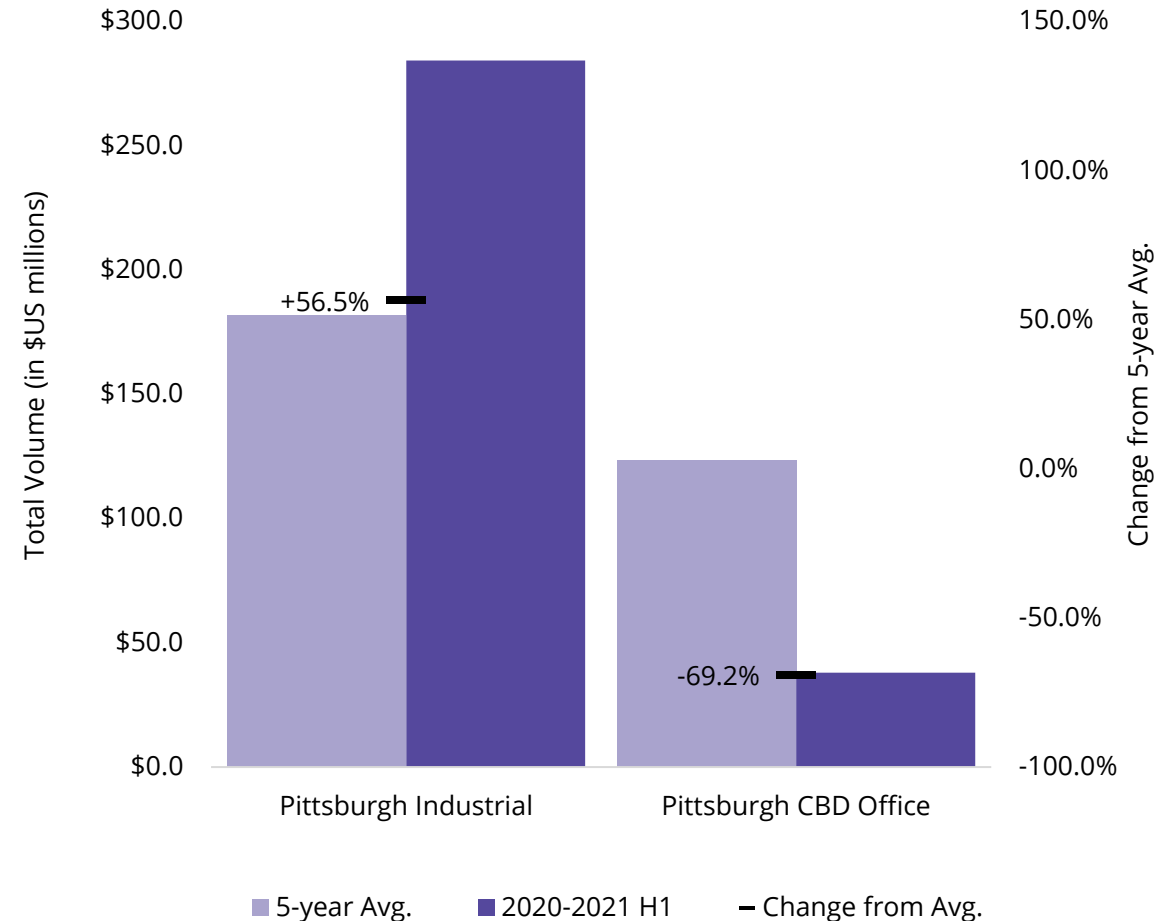
Source: CoStar

Investment dollar volume

\$284.2M

Industrial dollar volume, 2020 to Q2 2021

Pittsburgh CBD Office sales activity has slowed down during the risk-pricing crisis, decreasing by an annualized rate of 69.2% in the CBD market, compared with the prior five-year average dollar volume. Metro area Industrial volumes surged +56.5% against the prior five-year average due to stronger fundamentals.



Source: CoStar, RCA

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