

# Pittsburgh

Office market snapshot | Q1 2024

Pittsburgh's office market in Q1 2024 faced similar challenges to those of 2023. Office tenants continue to prioritize flexibility over long-term commitments, leading to consolidating space commitments for both renewals and relocations. Owners continue to face challenges with increasing vacancies, slowing rent growth, and declining property valuations from high interest rates. Owners of office buildings, especially in Pittsburgh CBD have received some relief through successful property tax assessment appeals.

## 80%

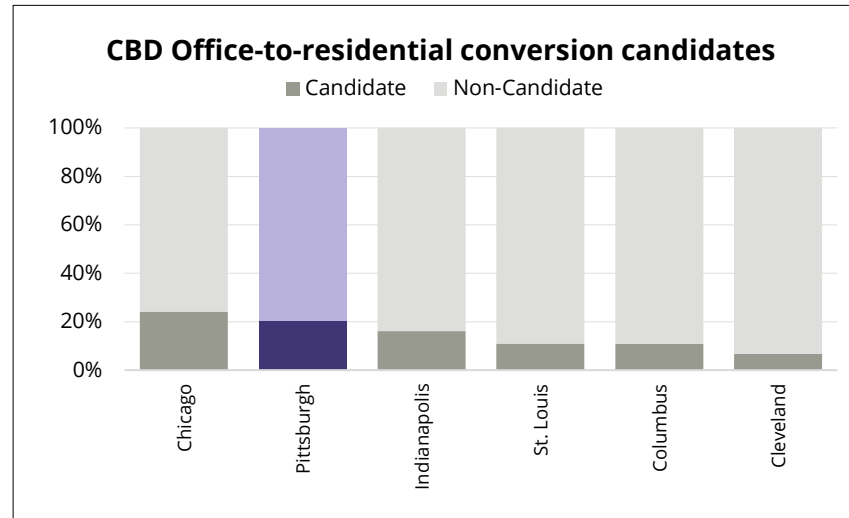
Percentage of office buildings in Pittsburgh's CBD are not positioned for residential conversion. Based up prevailing benchmark criteria applied in other peer markets.

## \$183M

The lack of investment in the office sector continues with the total value of office building sales from 2022 to present (9 quarters) being less than the total in 2021 alone.

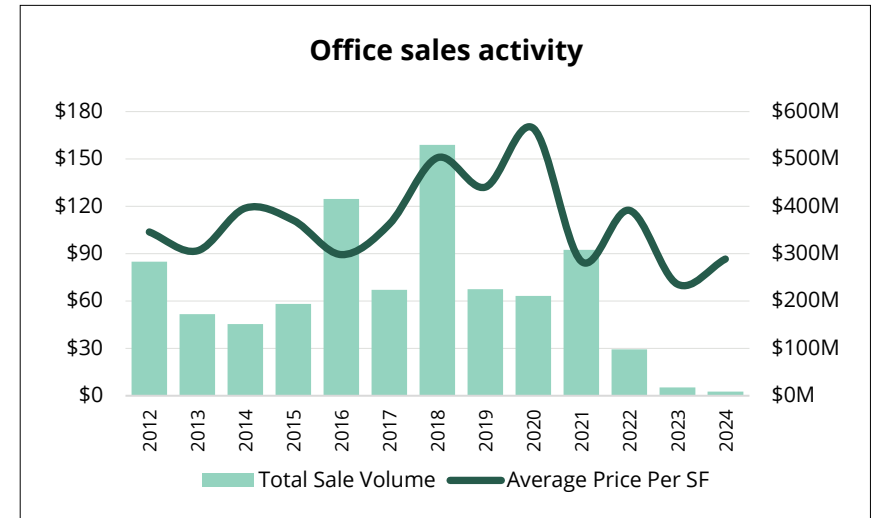
## 452k sf

Total leasing activity in Q1 2024. This is a 15% decrease from Q4 2023 and the second-lowest quarterly volume since 2017.



Converting challenged or distressed buildings to residential use is frequently suggested as a solution for the office market, but many office buildings are not candidates for conversion. Factors like location, floor plate size and configuration, age of construction and build quality make such conversions unfeasible for many buildings in Pittsburgh. Even for buildings with these attributes in place, the cost for conversion can be extremely costly and extensive undertakings.

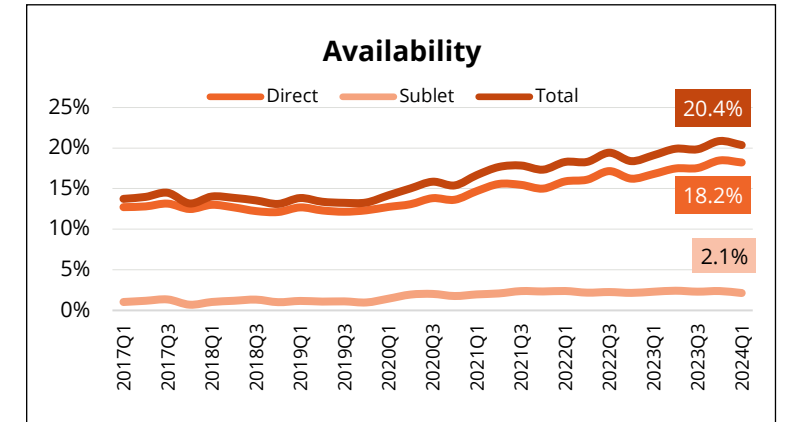
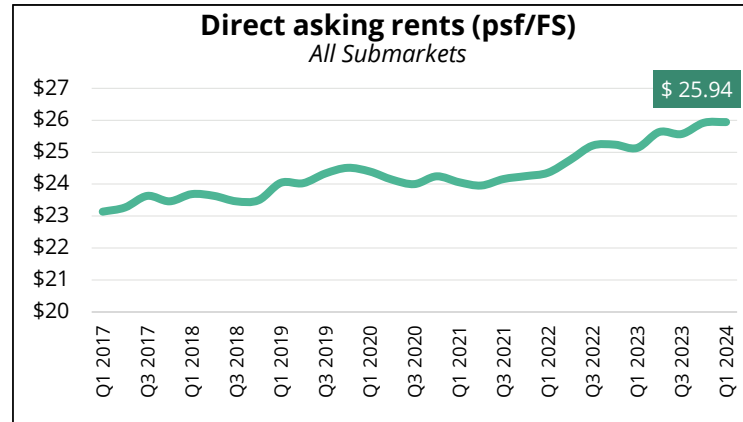
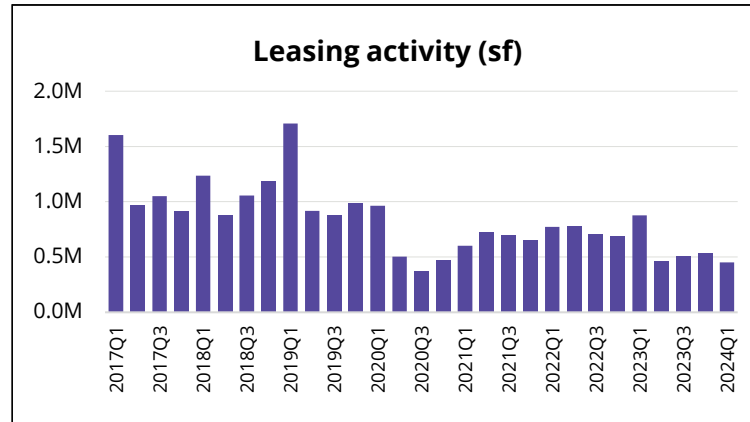
Source: AVANT by Avison Young, Costar



Capital markets activity for office buildings has come to a standstill. Total dollar volume of activity from 2022-present is less than half of the total in 2021 alone. There have been no significant office buildings trades in so far 2024.

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## Recent leasing activity

Tenant	Address	Size (sf)	Transaction type	Lease type
Duolingo	141 S St Clair St	110,000	Expansion	Direct
Excelitas Technologies	2545 Railroad Street	50,000	New	Direct
Fenwal	300 Allegheny Drive	21,561	New	Direct

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## Get in touch

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	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Direct availability	Sublet availability	Total availability	Net absorption % of inventory (QTD)	Net absorption % of inventory (YTD)	Annual direct asking rent psf FS
CBD	27,115,132			20.2%	1.7%	21.9%	-30,041	-0.1%	\$ 28.61
Downtown Fringe	10,673,876			17.2%	4.1%	21.3%	-55,268	-0.5%	\$ 26.48
Parkway West	9,930,691		172,000	27.5%	4.9%	32.4%	-3,924	0.0%	\$ 23.44
Oakland/East End	7,716,495			10.4%	0.4%	10.8%	-59,695	-0.8%	\$ 31.61
Parkway North	6,212,374		45,000	17.0%	0.8%	17.8%	-25,369	-0.4%	\$ 22.04
Butler County	5,707,762			5.7%	1.1%	6.8%	66,121	1.2%	\$ 24.24
Washington County	4,350,021			18.8%	3.9%	22.7%	82,980	1.9%	\$ 20.53
South	3,191,438			10.0%	0.0%	10.0%	24,731	0.8%	\$ 20.30
Monroeville	2,726,389			28.0%	0.0%	28.0%	-36,732	-1.3%	\$ 18.92
Westmoreland County	2,150,895			9.2%	0.0%	9.2%	18,771	0.9%	\$ 18.20
Parkway East	873,541			38.9%	0.0%	38.9%	31,794	3.6%	\$ 12.03
Beaver County	548,788			28.9%	0.0%	28.9%		0.0%	\$ 19.47
<b>Market total</b>	<b>81,197,402</b>		<b>217,000</b>	<b>18.2%</b>	<b>2.1%</b>	<b>20.4%</b>	<b>13,368</b>	<b>0.1%</b>	<b>\$ 25.94</b>

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