INVESTMENT FORECAST

Retail

Pittsburgh

IPA INSTITUTIONAL PROPERTY ADVISORS

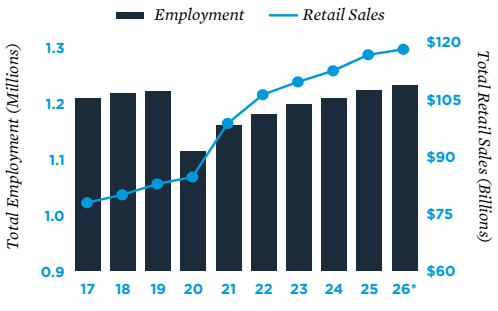
2026

Pivoting Demand and Pricing Adjustments Drive Dollar-Volume Surge and Attractive Yields

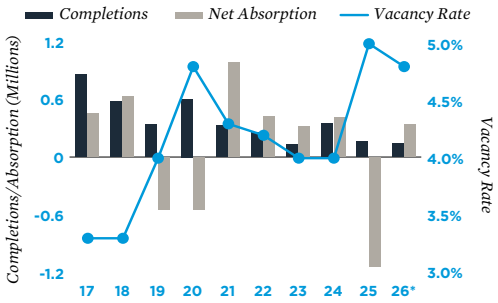
The metro faces headwinds amid signs of recovery. In 2025, a wave of major retailer closures and bankruptcies swept through the region. Since demand began to recover toward the end of 2025, net absorption is expected to end 2026 in positive territory, holding vacancy from a further increase. Washington County remained the least-vacant submarket, and the only area to maintain a rate below 3 percent. The county should continue its recovery, given minimal construction in the pipeline. Parkway East, the greater downtown, and the north hills may see stronger improvements, despite vacancy increases exceeding 100 basis points, as these areas accounted for the most leasing activity toward the end of 2025. However, Pittsburgh has lost approximately 27,000 residents since 2020, concentrated among ages 20-34, a demographic with a growing preference for in-store shopping.

Investment accelerates amid favorable pricing. Pittsburgh retains one of the lowest average sale prices among major metros, continuing a three-year decline heading into 2026, with one of the highest average cap rates. As such, Pittsburgh is positioned to maintain buyer interest, especially among yield-oriented capital. This pricing advantage drove larger property acquisitions, with a nearly 60 percent surge in dollar volume, largely due to a roughly 90 percent spike in single-tenant asset volume and a 40 percent rise in multi-tenant transactions. Park Way East should remain the most-traded submarket, fueled by single-tenant trading and its strategic location near downtown, Oakland, and affluent neighborhoods. The south hills captured the most capital deployment as the leading destination for multi-tenant assets, supported by a large supply of this property type.

Economic Trends



Supply and Demand



2026 MARKET FORECAST

+0.8%

Employment: Despite the broader employment downturn in 2025, the metro remained stable and is projected to gain 10,000 jobs through 2026, exceeding the 2014-2019 mean.

140,000 *sq. ft.*

Construction: Following a year of muted deliveries, the market will again experience a nationally low volume of completions in 2026, accounting for just 0.1 percent of inventory metrowide.

-20 bps

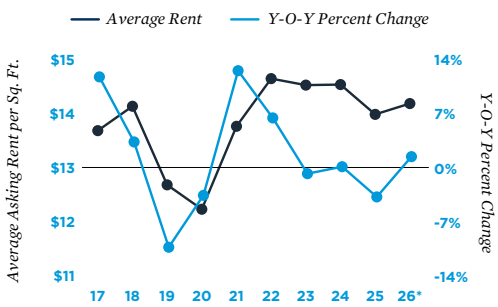
Vacancy: After a wave of negative net absorption drove vacancy up 100 basis points in 2025, demand is improving enough to edge the rate down to 4.8 percent by year-end 2026.

+1.4%

Rent: With a minor contraction in vacancies, the average asking rent will inch up to $14.17 per square foot by year-end, though still representing a decline since 2022's year-end figure.

INVESTMENT: *The $700m-plus mixed-use Esplanade development, which broke ground at the end of 2025, should boost foot traffic downtown, especially along the Ohio River near entertainment venues.*

Rent Trends



** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics

IPA Retail

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Metro-level employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of January 2026. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Sales data includes transactions valued at $1,000,000 and greater unless otherwise noted. Forecasts for employment and office data are made during the fourth quarter and represent estimates of future performance. No representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. This is not intended to be a forecast of future events and this is not a guarantee regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.

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