INVESTMENT FORECAST

Office

Pittsburgh Metro Area

IPA INSTITUTIONAL PROPERTY ADVISORS

2026

Short-Term Leasing and Investor Selectivity Shape Demand Around the CBD and I-79 Corridor

Pittsburgh shows signs of reset and improvement. Office space demand should continue to cluster in the Greater Downtown area and submarkets along Interstate 79, supported by major tenants such as BioForge, Biohaven, New York Life, and Eos Energy Enterprises, all scheduled for 2026 move-ins. Space along the I-79 and Route 19 were largely leased within 10 months. Most deals have terms of under one year, signaling tenant preference for flexibility amid local market uncertainty. While vacancy is tightening in suburban submarkets along I-79, Greater Downtown commands the highest rents and strong growth, despite elevated vacancy. Looking ahead, concentrated demand in the CBD and along the I-79 spine should sustain positive absorption and support selective rent growth in premium assets, given the corridor's connectivity and access to business parks and innovation corridors.

Investors selective in a low-priced environment. Extended market times averaging 16 months and short-term leases underscore liquidity challenges and income uncertainty. This suggests downward pricing pressure could continue for a fourth consecutive year in 2026 as buyers demand higher returns. Private investors have remained net buyers while institutional capital continues to exit. If this trend continues, institutional reentry likely hinges on longer lease commitments and stronger demand drivers. This shift gives private investors a strategic edge, as reduced institutional presence lowers aggressive bidding and keeps pricing more attainable. With activity remaining concentrated along I-79 and Route 19, most larger capital deployments targeted the CBD. Looking ahead, smaller property investors will likely continue to focus on these suburban clusters, while larger assets are expected to trade more frequently in the Greater Downtown.

2026 MARKET FORECAST

+0.5% — **Employment:** Job growth will extend its five-year streak, as firms add 1,000 traditionally office-using roles. However, the pace slowed to the lowest level since 2020, just one-third of the five-year average.

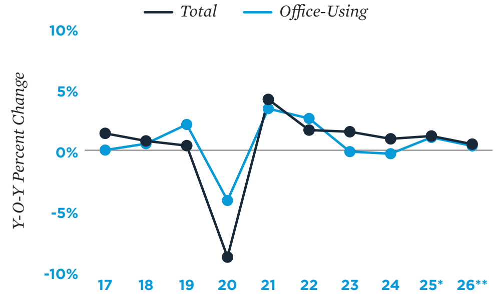
593,000 *sq. ft.* — **Construction:** Completions will rise year-over-year, adding 0.5 percent to overall inventory and placing the market in the top 15 of major metros for new supply growth in 2026.

-30 bps — **Vacancy:** As net absorption continues to outpace new supply, the vacancy rate inches lower to 14.8 percent, more than 100 basis points lower than the national aggregate.

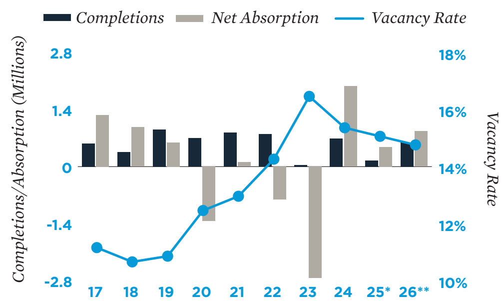
+0.4% — **Rent:** With the reduction in vacancies, the average asking rent edges up to $23.70 per square foot. However, the year-over-year growth rate ranks in the bottom quartile among major markets.

INVESTMENT: *South Pittsburgh should remain active as it posts some of the market's lowest vacancies and highest asking rents. However, many recently signed leases are short-term, presenting renewal risk.*

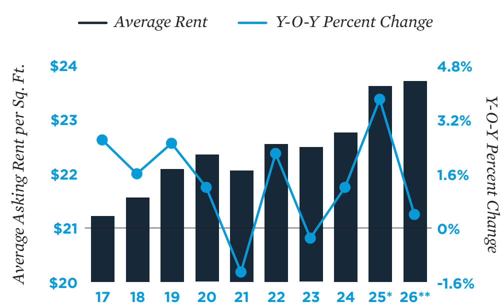
Employment Trends



Supply and Demand



Rent Trends



* Estimate ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

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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.