



Pittsburgh, Pennsylvania

Tenant's Guide ▪ North American Markets ▪ First Quarter 2012

Overview

As 2012 begins, Pittsburgh developers are finally building new space to begin satisfying the growing demand. Keystone Summit Corporate Park in Warrendale is working with developers for 150,000 SF of class A office space, Southpointe II is expecting 250,000 SF, and Bakery Square 2.0 is adding 400,000 SF of office space. With vacancy rates hovering around 8%, this new space will provide much needed options for tenants. Currently, the lack of available space is motivating tenants to look at redeveloped areas, like the East End and further north and south along Interstate 79.

The Shell 'cracker' plant in Beaver County should affect the Pittsburgh market. Expected to create 10,000 permanent jobs, this plant will drive more companies to the Western Pennsylvania area. Construction on the plant is expected to be two years away, but look for companies to quickly find prime retail and office space nearby.

Market Trends

- Companies are continuing to move to Pittsburgh for Marcellus Shale opportunities.
- Office parks are developing buildings for oil and gas companies.
- Construction projects in East End are continuing to redevelop the area.
- Average rental rates are slowly increasing.

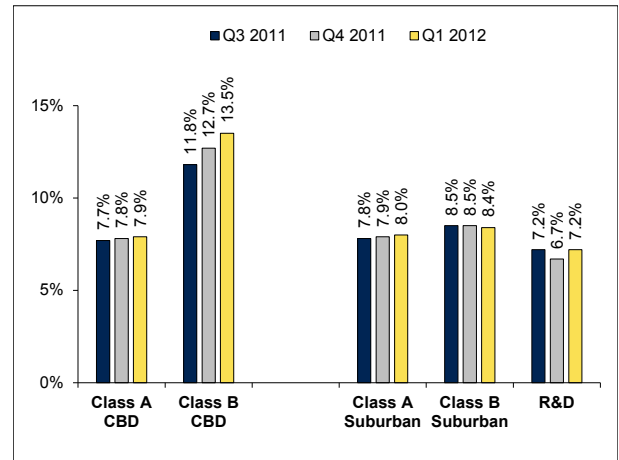
Tenant's Perspective

The Pittsburgh economy continues to thrive in 2012. Vacancy remains low, and landlords are providing fewer concessions. Even if the lease expiration is 12-24 months out, tenants should begin to weigh their options. The best possible tenant deal is going to be found by starting early, looking at multiple options, and negotiating aggressively. Many of the Pittsburgh submarkets have developments starting that will bring new buildings to the market. The landlords in these new buildings are asking for a higher rent, driving up the market price on current space.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Healthcare Trust of America	557,559	Office	Sale
Citizens Bank	147,500	Office	Lease
Dicki McCamey & Chilcote	105,000	Office	Lease
Bri-Chem Corp.	38,000	Flex	Lease
Gladstone Commercial	26,080	Office	Sale
Integrated Enviro. Systems	25,000	Industrial	Sale
Flat Iron Partners	22,000	Office	Sale
Oak Point Realty	14,460	Retail	Sale
AAMCO	5,600	Retail	Lease

Vacancy Rate



Average Rental Rates

CBD	Q3 2011	Q4 2011	Q1 2012
Class A Office	\$22.64	\$22.76	\$22.80
Class B Office	\$18.02	\$18.19	\$18.30
Suburban	Q3 2011	Q4 2011	Q1 2012
Class A Office	\$21.72	\$21.98	\$22.00
Class B Office	\$17.57	\$17.70	\$17.90
R&D	\$5.04	\$4.98	\$4.98

