Limited Construction, Solid Leasing Support Tight Industrial Market

▼5.4%
Vacancy Rate

▲459,443
SF Net Absorption

▲318,277
SF Construction Delivered

▲842,740
SF Under Construction

▼$7.63
NNN/YR Direct Lease Rate

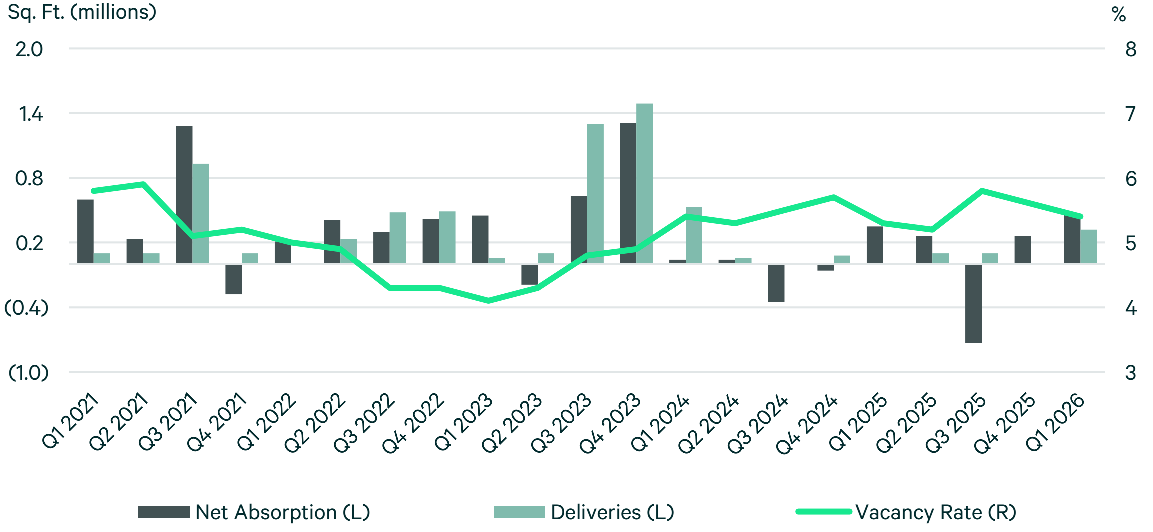
Note: Arrows indicate change from previous quarter.

Market Overview

The market in Q1 2026 was characterized by strengthening demand against a backdrop of moderating but still elevated space options. Net absorption climbed to 459,000 square feet (sq. ft.), a 75.9% increase quarter-over-quarter and 30.4% above Q1 2025, reversing the mid-2025 softness. Vacancy edged down to 5.4%, falling 20 bps from Q4 2025 but remaining 10 basis points above a year earlier, while availability improved more visibly, falling negative 40 basis points quarter-over-quarter and negative 10 basis points year-over-year to 6.1%.

Pricing moved in the opposite direction. Average asking rates declined 1.3% over the quarter and 14.1% year-over-year to $7.63 per sq. ft., indicating that landlords continued to adjust terms even as occupancy metrics firmed. On the supply side, the construction pipeline expanded sharply from recent lows, with space under construction rising 76.4% quarter-over-quarter and 321.5% year-over-year to 843,000 sq. ft., supported by 318,000 sq. ft. of new deliveries. Overall, Q1 2026 reflected a market where demand and construction activity increased, vacancy and availability eased, and rents reset lower on both a quarterly and annual basis.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q1 2026

Availability Rate

The industrial market availability rate finished Q1 2026 at 6.1%, down from 6.5% in Q4 2025. Availability was essentially stable year-over-year, easing from 6.2% in Q1 2025 to 6.1% in Q1 2026. Over the past three years, the availability rate has increased from 5.2% in Q1 2023 to 6.1% in Q1 2026.

The Northeast submarket had the lowest availability rate in the metro at 2.1% in Q1 2026, followed by Butler County at 3.1%. The East submarket recorded the highest availability rate at 13.6%, well above the South submarket at 9.6%.

Sublease availability held steady in Q1 2026, with a rate of 0.2% matching Q4 2025. In total, there was 254,072 sq. ft. of sublease space on the market in Q1 2026, with most of that concentrated in Cranberry, West and Beaver County.

Figure 2: Availability Rates

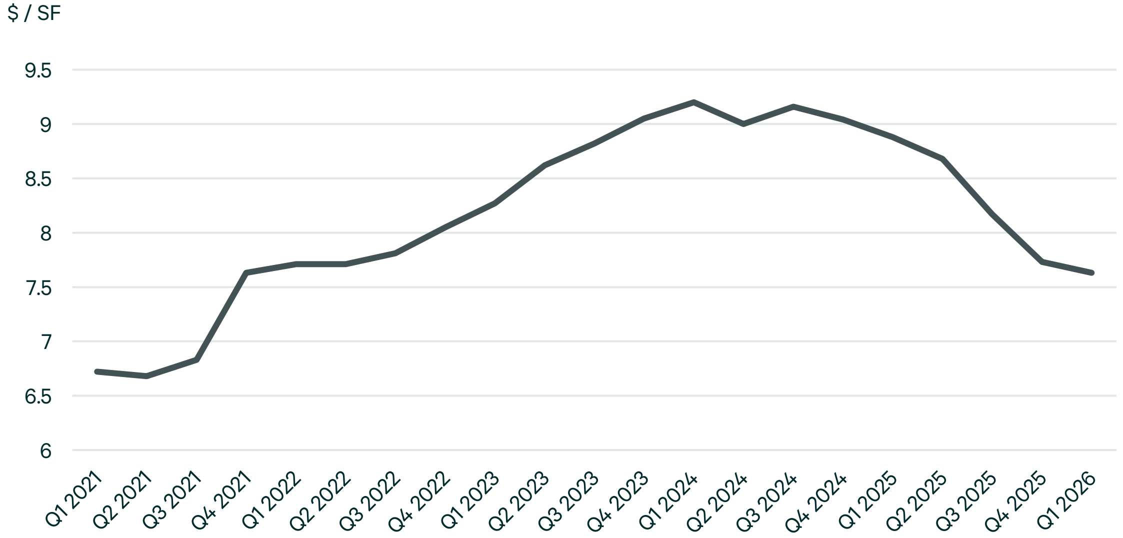
Source: CBRE Research, Q1 2026

Asking Rent

Market wide average asking rate was $7.63 per sq. ft. in Q1 2026. This reflects a 1.3% decline from Q4 2025 and a 14.1% decrease versus Q1 2025. Compared with Q1 2023, the average rate is down 7.7%.

The South and Cranberry submarkets posted the highest average asking lease rates at $16.00 and $15.50 per sq. ft., respectively, in Q1 2026. Other submarkets with increasing asking rates included Northeast at $14.87 per sq. ft., West at $8.81, City of Pittsburgh at $8.62, Washington County at $6.63, Butler County at $6.38, Beaver County at $6.00, Westmoreland County at $5.65, and East at $5.16 per sq. ft.

Figure 3: Average Direct Asking Rate



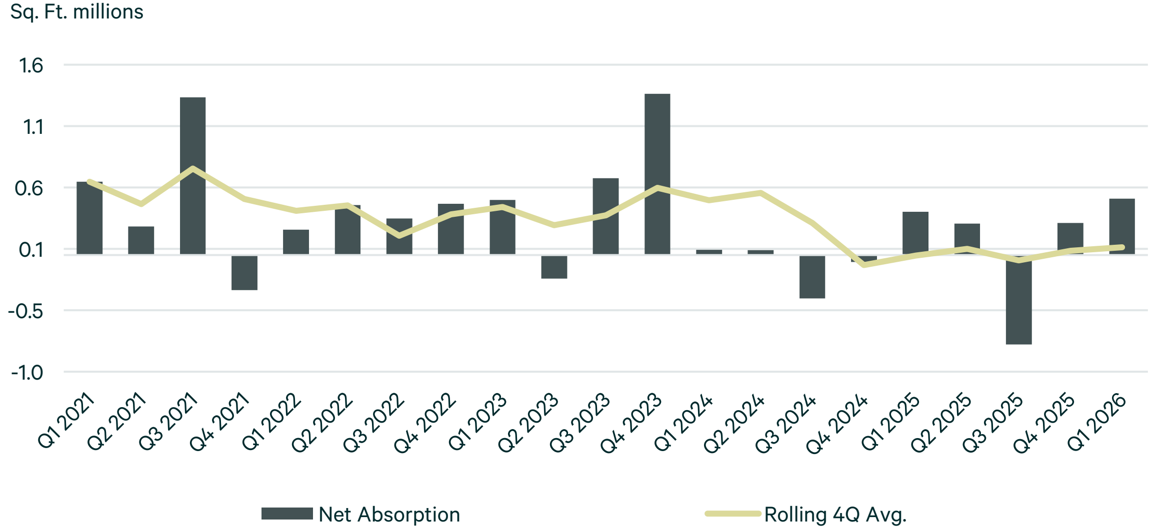
Source: CBRE Research, Q1 2026

Net Absorption

The industrial market posted positive 459,000 sq. ft. of net absorption in Q1 2026, exceeding the Q1 2025 total of 352,000 sq. ft. by 107,000 sq. ft., a 30.4% year-over-year increase. Net absorption also improved from positive 261,000 sq. ft. in Q4 2025, a quarter-over-quarter gain of 198,000 sq. ft.

Positive net absorption for Q1 2026 was concentrated primarily in the Westmoreland County submarket with 302,000 sq. ft. for the quarter, and the Northeast submarket with 148,000 sq. ft. West, South, and Washington County were the other submarkets recording positive net absorption with 135,000 sq. ft., 110,000 sq. ft., and 5,000 sq. ft., respectively. Four submarkets recorded negative net absorption: Northwest with negative 51,000 sq. ft., City of Pittsburgh with negative 41,000 sq. ft., Butler County with negative 36,000 sq. ft., and Beaver County with negative 18,000 sq. ft.

Figure 4: Net Absorption Trend



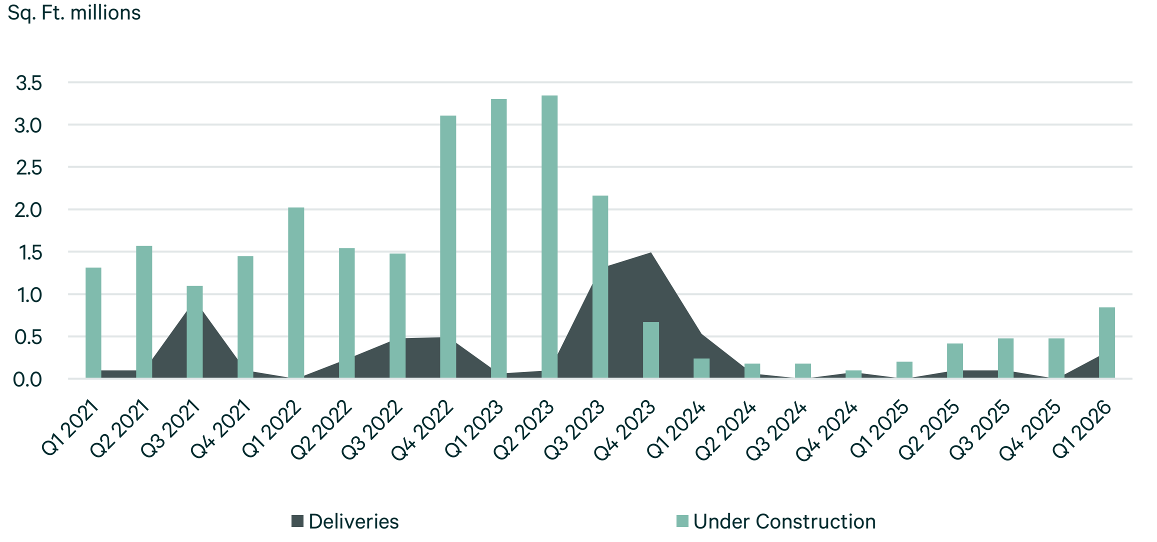
Source: CBRE Research, Q1 2026

Construction Activity

In Q1 2026, the market had 843,000 sq. ft. under construction and 318,000 sq. ft. delivered in the quarter.

Construction activity is concentrated in Beaver County and the West submarket, with 360,000 sq. ft. and 332,000 sq. ft. underway, respectively, across fully pre-leased projects including 220 Bet-Tech and Northfield Industrial Park. The City of Pittsburgh also has increased under construction activity, with 150,000 sq. ft. at Becknell Industrial, and all five projects are 100.0% pre-leased, so the pipeline is defined more by submarket concentration and scale than by leasing risk.

Figure 5: Construction Activity



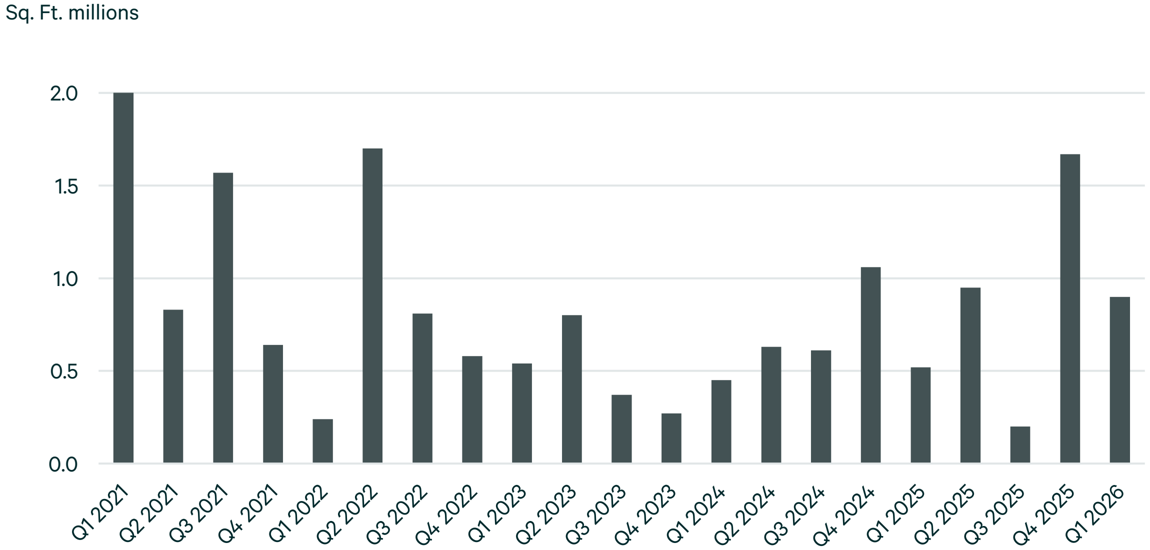
Source: CBRE Research, Q1 2026

Leasing Activity

At the close of Q1 2026, leasing activity was 928,000 sq. ft., down 44.5% quarter-over-quarter but up 79.2% year-over-year.

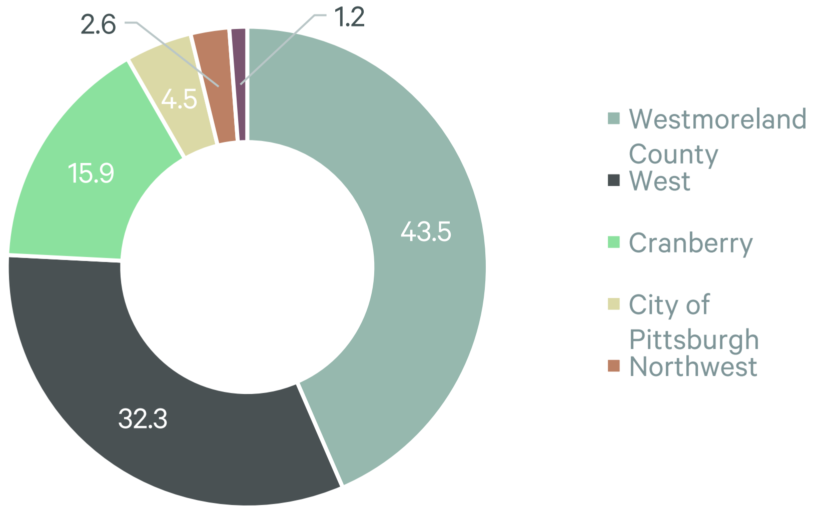
By submarket, Westmoreland County recorded the highest leasing activity at 421,000 sq. ft., followed by West at 290,000 sq. ft., indicating that leasing demand is most heavily concentrated in these areas. Cranberry records 143,000 sq. ft., while City of Pittsburgh, Northwest, and South trail with 41,000 sq. ft., 23,000 sq. ft., and 11,000 sq. ft., respectively, representing smaller but still positive contributions to overall leasing volume.

Figure 6: Leasing Activity Trend above 10k sq. ft.



Source: CBRE Research, Q1 2026

Figure 7: Leasing Activity by Submarket (% of Total Activity above 10k sq. ft.)



Source: CBRE Research, Q1 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Philips Electronics Realty	260,000	Renewal	1001 Technology Dr	Westmoreland County
Lighthouse Electric	189,000	New Lease	112 Technology Dr	West
Skyports	78,000	New Lease	4000 Halverson Rd	West
The American Bottling Company	70,000	Renewal	125 E Kensinger Dr	Cranberry
Confidential Tenant	63,000	New Lease	121 Bay Hill Dr	Westmoreland County
Ferguson Fire & Fabrication	52,000	Renewal	140-144 Commerce Dr	Cranberry
Stuart Irby	38,000	New Lease	45 Bay Hill Dr	Westmoreland County

Source: CBRE Research, Q1 2026

Market Statistics by Size

Figure 9

Size Range	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Under 100,000 sq. ft.	39.76	4.2	4.5	4.4	0.1	8.50	3,000	3,000	90,000	-
100,000-199,999 sq. ft.	29.35	4.5	5.6	5.5	0.0	7.00	198,000	198,000	-	410,000
200,000-299,999 sq. ft.	18.42	6.9	7.8	7.2	0.6	6.51	164,000	164,000	228,000	432,000
300,000-499,999 sq. ft.	16.41	0.8	1.3	0.8	0.5	8.95	-	-	-	-
500,000-749,999 sq. ft.	12.90	13.5	14.1	14.1	-	3.25	-	-	-	-
750,000 sq. ft.	18.69	6.3	7.6	7.6	-	9.17	94,000	94,000	-	-
Total	**135.52**	**5.4**	**6.1**	**5.9**	**0.2**	**7.63**	**459,000**	**459,000**	**318,000**	**843,000**

Source: CBRE Research, Q1 2026

Market Statistics by Product Type

Figure 10

Product Type	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF NNN/yr)	Current Quarter Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)	YTD Net Absorption (SF)
Distribution/Logistics	41.85	3.6	4.4	4.0	0.5	7.32	298,000	318,000	383,000	298,000
Manufacturing - General	1.00	-	14.3	14.3	-	-	-	-	-	-
R&D/Flex	11.97	6.4	7.2	7.2	-	14.47	131,000	-	-	131,000
Other Industrial	80.70	6.3	6.7	6.7	0.1	6.26	30,000	-	460,000	30,000
Total	**135.52**	**5.4**	**6.1**	**5.9**	**0.2**	**7.63**	**459,000**	**318,000**	**843,000**	**459,000**

Source: CBRE Research, Q1 2026

Market Statistics by Submarket

Figure 12

Submarket	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Beaver County	10.43	3.4	3.6	3.3	0.3	6.00	(18,000)	(18,000)	-	360,000
Butler County	8.05	1.8	3.1	3.1	-	6.38	(36,000)	(36,000)	-	-
City of Pittsburgh	12.99	5.9	6.2	6.2	-	8.62	(41,000)	(41,000)	-	150,000
Cranberry	8.33	2.9	5.2	3.9	1.3	15.50	(94,000)	(94,000)	-	-
East	9.48	13.4	13.6	13.5	0.1	5.16	-	-	-	-
Northeast	13.17	1.8	2.1	2.1	-	14.87	148,000	148,000	-	-
Northwest	5.99	3.8	5.3	5.3	-	-	(51,000)	(51,000)	-	-
South	9.70	6.9	9.6	9.6	-	16.00	110,000	110,000	-	-
Washington County	11.05	4.6	4.6	4.6	-	6.63	5,000	5,000	-	-
West	21.39	5.7	5.9	5.4	0.5	8.81	135,000	135,000	90,000	332,000
Westmoreland County	24.95	6.8	7.5	7.5	-	5.65	302,000	302,000	228,000	-
Total	**135.52**	**5.4**	**6.1**	**5.9**	**0.2**	**7.63**	**459,000**	**459,000**	**318,000**	**843,000**

Source: CBRE Research, Q1 2026

Economic Overview

The current business cycle may be five years old, but U.S. growth appears resilient, despite clear risks on the horizon. GDP growth should average 2.1%, matching 2025 and exceeding peer economies. America's aggressive build-out of AI infrastructure is a unique edge. Hyperscaler capex is nearing 3% of GDP—just below residential investment. Concerns about the sustainability of this growth and its broader impact are rattling both credit and equity markets. Operation Epic Fury and global energy prices are also a concern. Assuming the conflict is resolved quickly, and U.S. oil prices stay in the $80/bbl range, the impact on U.S. growth should be minimal. The impact on headline inflation, which is forecast to average 3.2% this year, up from the mid-2% range in February, will be material. Should the conflict escalate, this would elevate inflation and long-term yields and would likely impact the commercial real estate market.

Employment Update

▶ **1.2M**
Labor Force

▼ **3.9%**
Unemployment Rate

▼ **292.5k**
Office Using Jobs

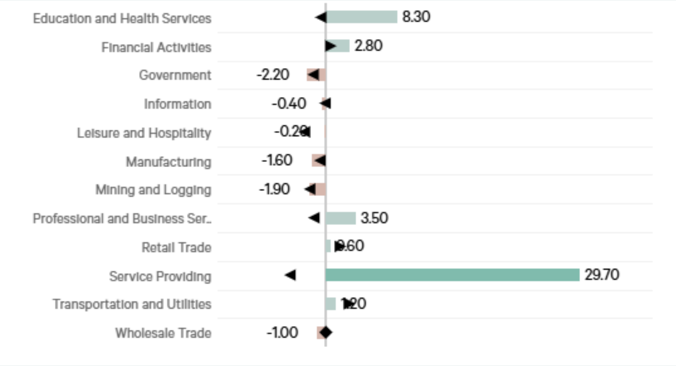
▲ **358.2k**
Industrial Using Jobs

▲ **161.0k**
Retail Using Jobs

Note: Arrows indicate month-over-month change.

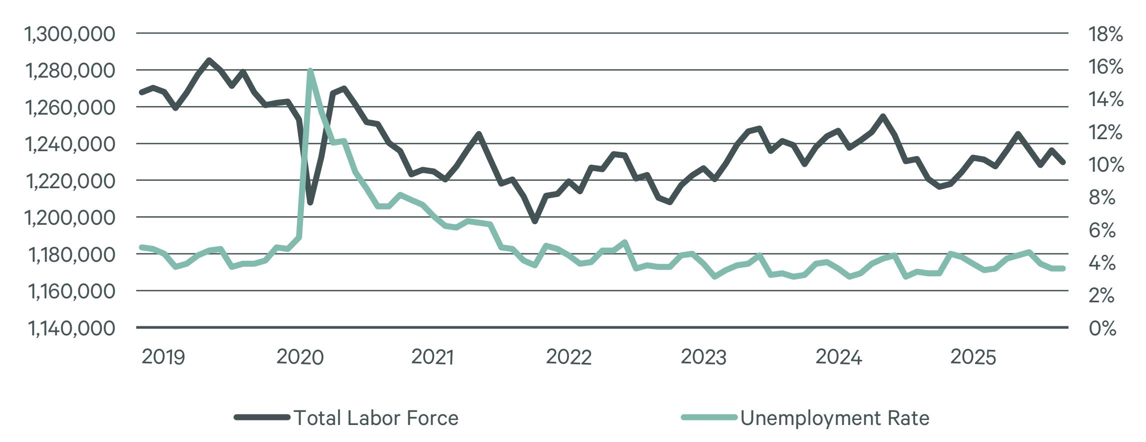
Employment Change by Sector – Yearly + Monthly

Bars indicate yearly trend, arrows indicate monthly trend



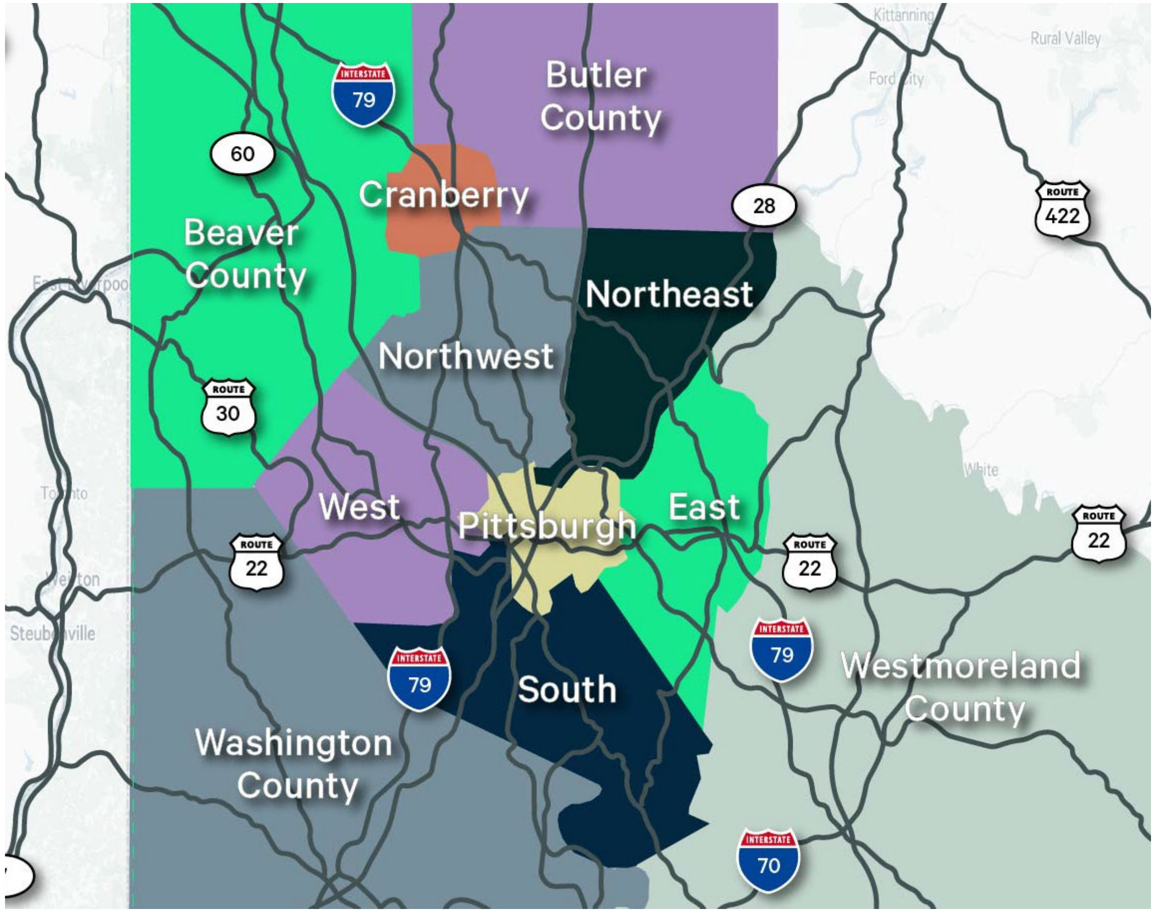
Source: US BLS, December 2025

Unemployment Rate and Labor Force Trends



Source: US BLS, December 2025

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the ”net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days. Class A industrial are buildings built after 2000, with 32’ or greater clear height and ESFR sprinklers.

Survey Criteria

Industrial buildings with a net rentable area (NRA) of 30,000 square feet or higher.

Contacts

Jerry Lieb
Field Research Analyst
+1 412 592 9088
jerry.lieb@cbre.com

Mamadou Baldé
Senior Managing Director
+1 412 918 5728
mamadou.balde@cbre.com

CBRE