Positive Net Absorption and Strong Rate Growth Signal Market Recovery

▼17.4%	▲176.2	▶0.0	▶0.0	▲$27.38
Vacancy Rate	KSF Net Absorption	KSF Construction Delivered	KSF Under Construction	Avg. Direct Asking Rate (FSG/YR)

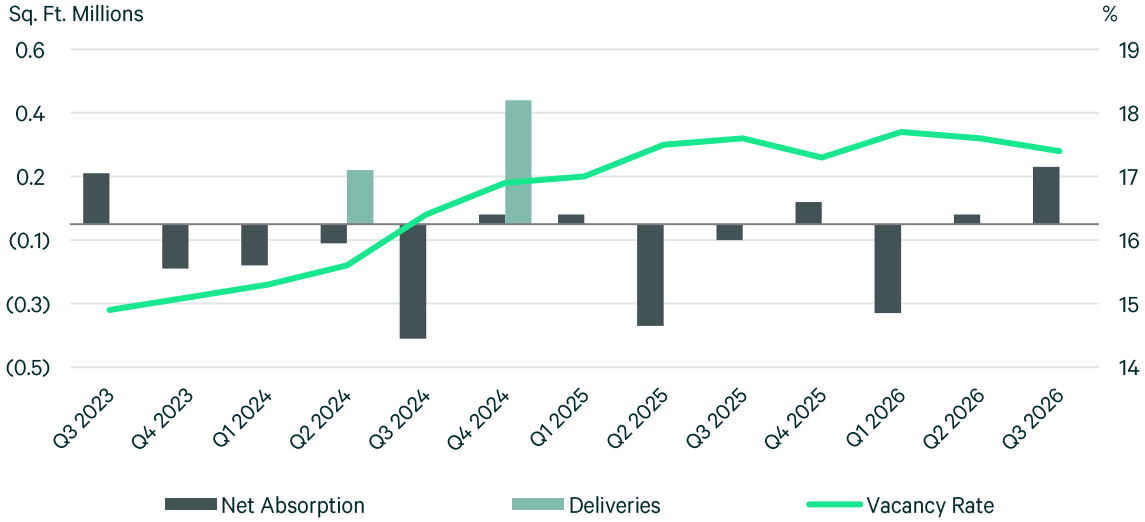
Note: Arrows indicate change from previous quarter.

Market Overview

Market conditions in Q3 2026 showed modest improvement in occupancy while demand remained active. Net absorption turned strongly positive at 176,000 sq. ft., narrowing year-to-date net absorption to negative 77,000 sq. ft. and pushing vacancy down 20 basis points (bps) quarter-over-quarter to 17.4%. Availability also declined, falling 30 bps to 19.7%, even as leasing volume moderated from the recent peak: tenants signed 649,000 sq. ft. in Q3 2026 compared with 870,000 sq. ft. in Q2 2026. With no new deliveries and no space under construction, supply pressure stayed limited, and average asking rent increased from $27.18 per sq. ft. to $27.38 per sq. ft. over the quarter.

Over the period from Q3 2023 through Q3 2026, the market shifted toward higher vacancy even as leasing volume generally strengthened and new supply tapered. Vacancy rose from 14.9% to 17.4%, a gain of 250 bps, while availability edged down from 20.8% to 19.7%. Occupancy contracted in several quarters, including sizable negative absorption of 360,000 sq. ft. in Q3 2024, 324,000 sq. ft. in Q2 2025 and 281,000 sq. ft. in Q1 2026, though these were offset by intermittent positive quarters. Leasing activity climbed from 280,000 sq. ft. in Q3 2023 to a high of 870,000 sq. ft. in Q2 2026, indicating stronger tenant engagement over time.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



CBRE Research, Q3 2026

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Vacancy

In Q3 2026, office vacancy edged lower across most property classes, though rates remained well above levels from Q3 2023. Class A overall vacancy measured 20.9%, down 40 bps quarter-over-quarter and 10 bps year-over-year, while Class B vacancy was 16.1%, slipping 20 bps quarter-over-quarter and 40 bps year-over-year. Class C posted a 10.0% overall vacancy rate, easing 10 bps quarter-over-quarter but rising 30 bps year-over-year, highlighting ongoing upward pressure at the lower end of the quality spectrum. Compared with Q3 2023, vacancy remained materially higher across all property classes, with Class A up 280 bps, Class B up 230 bps and Class C up 430 bps over the three-year period.

Vacancy conditions varied significantly by submarket, with South and Cranberry recording lower vacancy than core markets such as the CBD and corridor locations like Parkway West and Southpointe. The South submarket recorded the lowest overall vacancy at 6.6%, followed by Cranberry at 7.0%, reflecting the tightest conditions in the southern and northern suburban corridors. At the other extreme, Parkway West posted the highest overall vacancy in the market at 22.6%, while CBD and Southpointe were also elevated at 19.6% and 20.1%, respectively.

Sublease vacancy stayed a relatively small component of overall empty space and generally trended down from Q2 2026. In the quarter, sublease vacancy stood at 1.4% for Class A and 0.3% for Class B, each declining 10 bps quarter-over-quarter, and remained unchanged at 0.1% for Class C, while vacant sublease space across all submarkets totaled 562,000 sq. ft.

Asking Rent

Average asking rents for the overall market continued to edge higher through Q3 2026. The overall average asking rent reached $27.38 per sq. ft. this quarter, up quarter-over-quarter from $27.18 per sq. ft. and year-over-year from $26.55 per sq. ft. Across the data series from Q3 2023, overall rents rose from $24.66 per sq. ft. to $27.38 per sq. ft., while Class A rates increased from $27.99 per sq. ft. to $31.31 per sq. ft., remaining above the market average and posting the larger cumulative gain.

Asking rents in Q3 2026 differed markedly by submarket and building quality. Oakland/East End posted the highest Class A and Class B pricing at $45.30 per sq. ft. and $33.12 per sq. ft., respectively, followed by Downtown Fringe with Class A at $37.09 per sq. ft. and CBD with Class A at $32.56 per sq. ft. and Class B at $27.58 per sq. ft. In contrast, submarkets such as Parkway East, Parkway North, Parkway West, South, Southpointe and Cranberry offered more cost-effective options, with Class A rents ranging from $20.44 per sq. ft. in Parkway East to $26.59 per sq. ft. in Cranberry and Class B and Class C space generally quoted between $14.13 per sq. ft. in South and $23.37 per sq. ft. in Parkway North.

Figure 2: Vacancy Rates by Class

CBRE Research, Q3 2026

Figure 3: Average Direct Asking Rate by Class

CBRE Research, Q3 2026

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Net Absorption

Marketwide net absorption in Q3 2026 returned to solid positive territory after several quarters of volatility. Total net absorption reached 176,000 sq. ft., exceeding the 28,000 sq. ft. recorded in Q2 2026 on a quarter-over-quarter basis and exceeding the negative 51,000 sq. ft. reported in Q3 2025 on a year-over-year basis. Class A and Class B space accounted for most of the gains, with net absorption of 123,000 sq. ft. and 42,000 sq. ft., while Class C posted a smaller 11,000 sq. ft.

By submarket, absorption in Q3 2026 was concentrated in a few key locations. Downtown Fringe and Oakland/East End recorded the highest positive net absorption, at 85,000 sq. ft. and 84,000 sq. ft., respectively. Cranberry and Southpointe followed among submarkets with more moderate gains, posting net absorption of 24,000 sq. ft. and 13,000 sq. ft. At the other end of the spectrum, CBD and South were the weakest performers, with net absorption of negative 18,000 sq. ft. and negative 10,000 sq. ft., underscoring that not all areas shared in the quarter's occupancy growth.

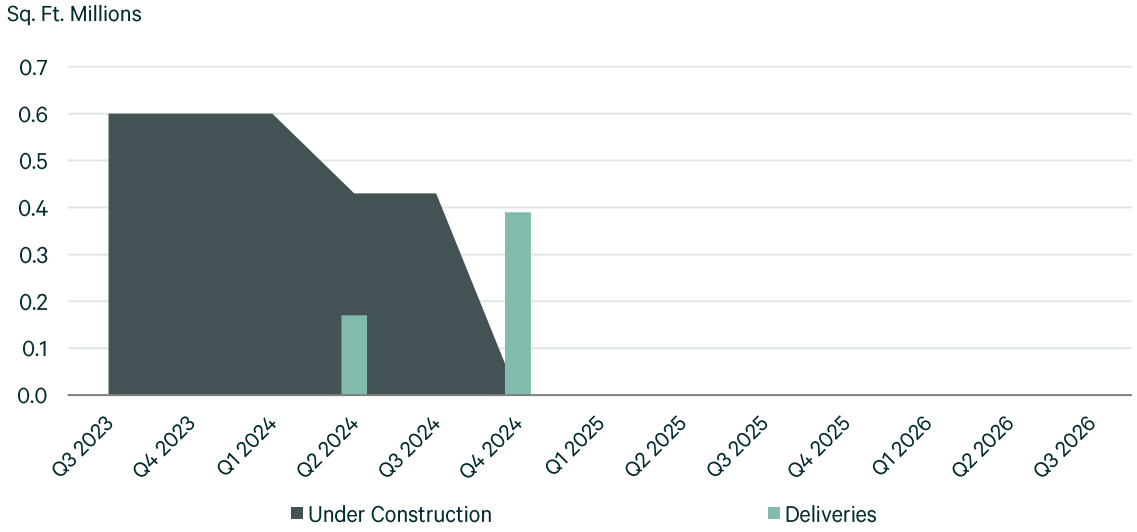
Figure 4: Net Absorption Trend

CBRE Research, Q3 2026

Construction Activity

In Q3 2026, there was no construction activity this quarter and the development pipeline remained fully idle. No space was under construction and no new product was delivered, consistent with the first three quarters of 2026. Under construction and delivered construction volumes were unchanged quarter-over-quarter and year-over-year, reflecting the continued absence of projects underway or completing.

Figure 5: Construction Activity



CBRE Research, Q3 2026

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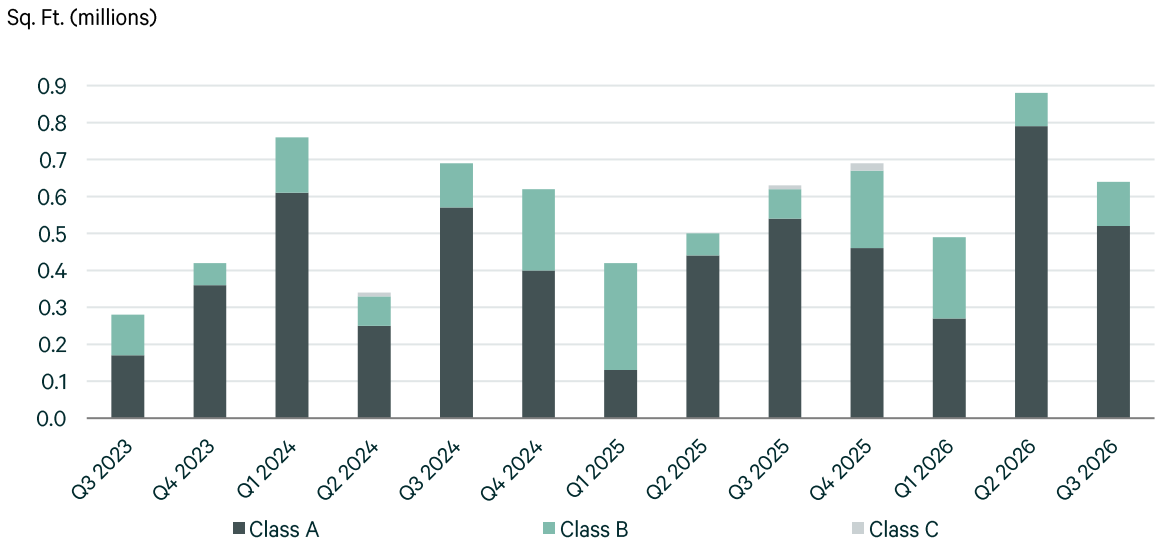
Leasing Activity

Leasing activity in Q3 2026 remained substantial, supported by a strong recent annual volume. Total leasing over 10,000 sq. ft. reached 648,895 sq. ft. in Q3 2026 and 2.3 million sq. ft. in calendar year 2025, with Q3 2026 volume 25.6% lower quarter-over-quarter than the 873,000 sq. ft. signed in Q2 2026 and 4.5% above the 621,000 sq. ft. completed year-over-year in Q3 2025. Class A deals continued to dominate, accounting for 80.2% of space leased this quarter.

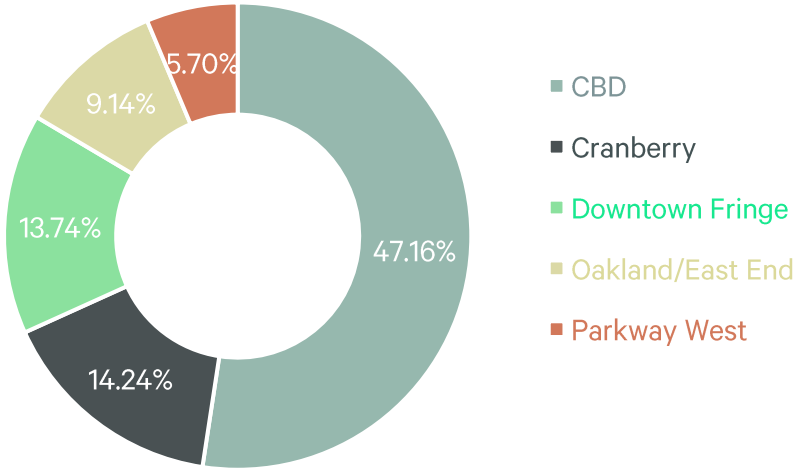
Submarket activity in Q3 2026 was concentrated in a few key locations. The CBD, Oakland/East End, and Cranberry submarkets posted the highest volumes, with 379,000 sq. ft., 88,000 sq. ft. and 79,000 sq. ft. leased, respectively. In the Cranberry submarket, Emerson Power and Water Solutions compromised the majority activity with an 88,000 sq. ft. new lease at 800 Commonwealth Dr. Positive but lighter activity occurred in Downtown Fringe, Southpointe, and Parkway West, which recorded 65,000 sq. ft., 26,000 sq. ft., and 11,000 sq. ft. leased, respectively, across Class A and Class B space.

Figure 6: Leasing Activity Trend



CBRE Research, Q3 2026

Figure 7: Leasing by Submarket (% of Total Activity)



CBRE Research, Q3 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Federated Hermes	235,000	Renewal	1001 Liberty Ave	CBD
Emerson Power and Water Solutions	88,000	New Lease	800 Commonwealth Dr	Cranberry
The Pittsburgh Paints	64,000	New Lease	1 Ppg Pl	CBD
Marshall Dennehey	46,000	Renewal	501 Grant St	CBD
Confidential Tenant	28,000	New Lease	4300 Lytle Street	Oakland/East End
Confidential Tenant	27,000	Renewal	4420 Bayard St	Oakland/East End
Confidential Tenant	16,000	New Lease	333 Technology Dr	Southpointe

Source: CBRE Research, Q3 2026

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Market Statistics

Figure 9: Suburban Market Statistics by Class

Property Class	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	13.00M	21.1	21.6	20.4	1.2	25.05	32,000	(96,000)	-	-
Class B	16.56M	14.1	16.0	15.9	0.1	20.62	(6,000)	74,000	-	-
Class C	2.85M	5.0	6.3	6.3	-	18.83	(1,000)	(1,000)	-	-
Total	**32.41M**	**16.1**	**17.4**	**16.9**	**0.5**	**22.53**	**25,000**	**(23,000)**	**-**	**-**

Source: CBRE Research, Q3 2026

Figure 10: Urban Market Statistics by Class

Property Class	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	17.73M	20.8	23.5	21.8	1.8	34.52	91,000	62,000	-	-
Class B	15.63M	18.2	21.5	20.6	1.0	27.26	48,000	(114,000)	-	-
Class C	6.26M	12.3	16.5	16.4	0.1	21.68	12,000	(2,000)	-	-
Total	**39.62M**	**18.4**	**21.6**	**20.5**	**1.2**	**30.10**	**151,000**	**(54,000)**	**-**	**-**

Source: CBRE Research, Q3 2026

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Market Statistics by Class

Figure 11: Metro Market Statistics by Class

Property Class	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	30.73M	20.9	22.7	21.2	1.5	31.31	123,000	(33,000)	-	-
Class B	32.19M	16.1	18.7	18.2	0.5	24.43	42,000	(40,000)	-	-
Class C	9.11M	10.0	13.3	13.3	0.1	21.30	11,000	(3,000)	-	-
Total	**72.03M**	**17.4**	**19.7**	**18.8**	**0.9**	**27.38**	**176,000**	**(77,000)**	**-**	**-**

Source: CBRE Research, Q3 2026

Market Statistics by Submarket

Figure 12: Market Statistics by Submarket

Submarket	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate	Class A Asking Rent ($/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
CBD	23.61M	19.6	23.1	22.3	0.8	29.29	32.56	(18,000)	4,000	-	-
Cranberry	3.39M	7.0	9.1	8.4	0.7	24.41	26.59	24,000	40,000	-	-
Downtown Fringe	11.15M	17.4	21.1	19.9	1.2	29.65	37.09	85,000	49,000	-	-
Oakland/East End	4.86M	14.9	15.7	12.8	2.9	39.37	45.30	84,000	(106,000)	-	-
Parkway East	5.21M	18.7	12.6	12.5	0.1	17.99	20.44	(1,000)	4,000	-	-
Parkway North	6.92M	12.1	14.0	13.0	1.0	21.91	25.87	(10,000)	9,000	-	-
Parkway West	10.16M	22.6	26.6	25.9	0.6	23.95	26.49	10,000	(85,000)	-	-
South	3.60M	6.6	8.9	8.7	0.2	20.51	21.00	(10,000)	(4,000)	-	-
Southpointe	3.13M	20.1	21.8	21.5	0.3	21.81	22.84	13,000	13,000	-	-

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Submarket	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate	Class A Asking Rent ($/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Total	**72.03M**	**17.4**	**19.7**	**18.8**	**0.9**	**27.38**	**31.31**	**176,000**	**(77,000)**	**-**	**-**

Source: CBRE Research, Q3 2026

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Economic Overview

Notable challenges persist, from elevated energy costs and interest rates to lingering geopolitical and technological uncertainties. Despite these concerns, the U.S. economy remains on track to grow by over 2% during 2026, supported by impressive AI-driven business investment. Also, a generally stable labor market continues to underpin consumer activity, providing a cushion against other risks.

The final months of 2026 could prove pivotal. While economic growth supports healthy CRE occupier market fundamentals, the investment side of the market must contend with 5% Treasury yields. Signals from the Federal Reserve, inflation data, and global fixed-income markets suggest rates will remain elevated for the foreseeable future. A key upside catalyst would be a de-escalation in the U.S./Iran conflict, which could ease inflation and provide the Fed with more flexibility.

Employment Update

▼ 1.3M
Labor Force

▲ 3.9%
Unemployment Rate

▲ 287.4k
Office Using Jobs

▲ 595.1k
Industrial Using Jobs

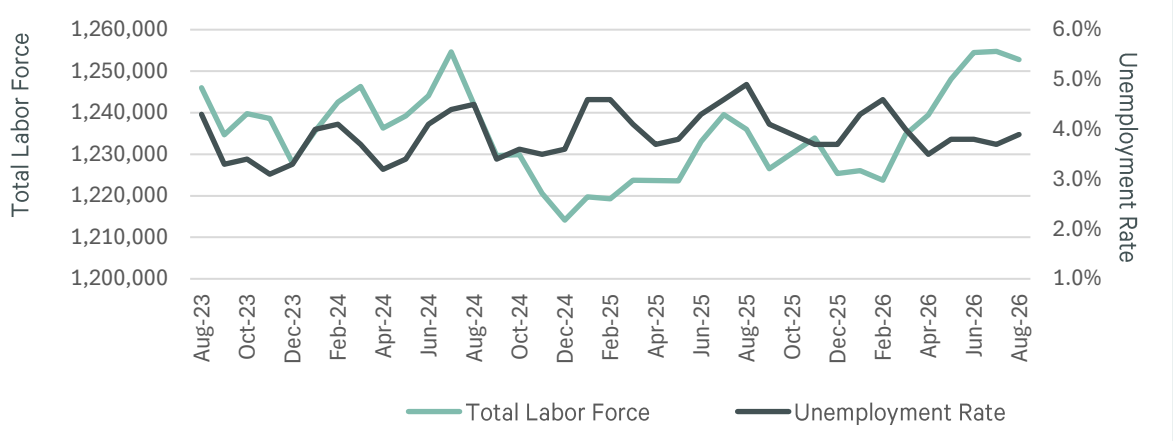
▼ 154.5k
Retail Using Jobs

Employment Change by Sector – Yearly + Monthly
Bars indicate yearly trend, arrows indicate monthly trend

Note: Arrows indicate month-over-month change.

Source: US BLS, August 2026

Unemployment Rate and Labor Force Trends



Source: US BLS, August 2026

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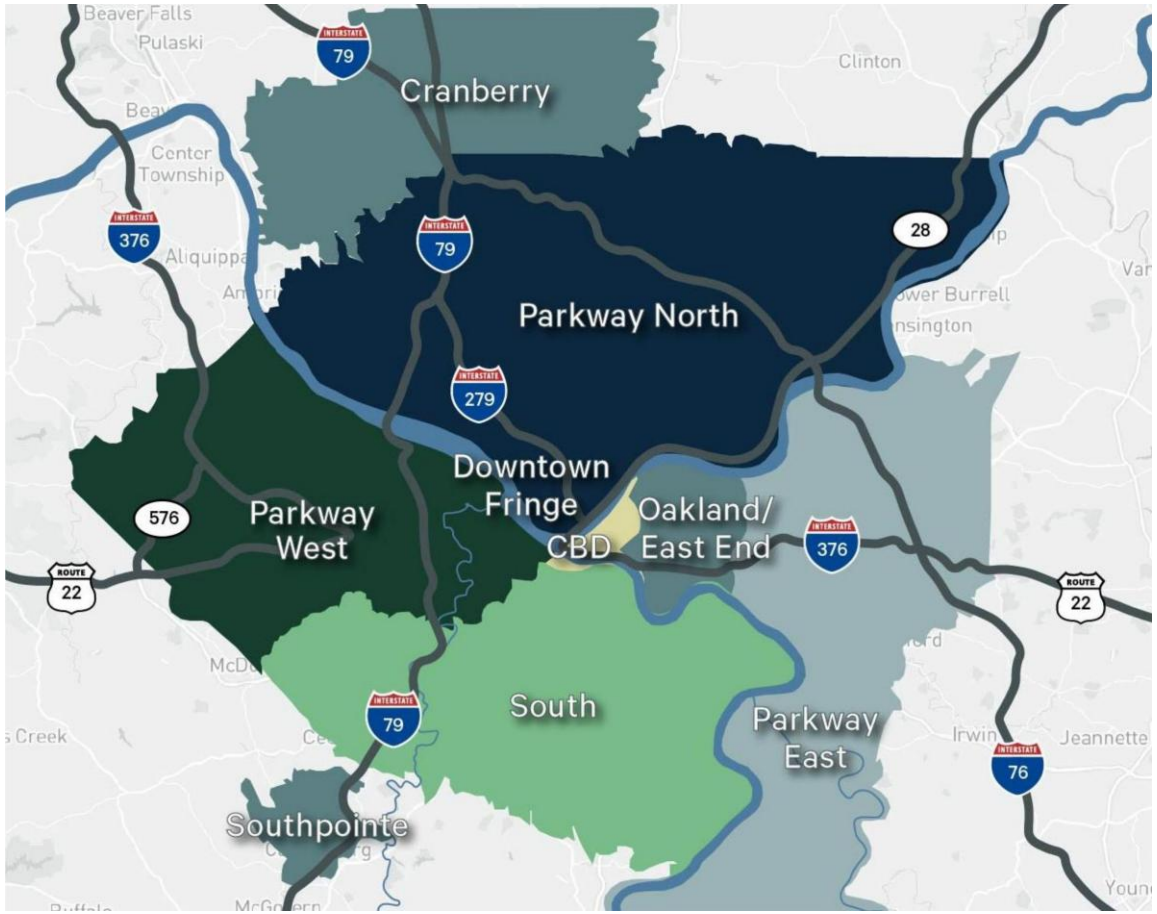
Market Area Overview



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.

Survey Criteria

Office buildings 10,000 sq. ft. or greater. Excludes single-tenant owner-occupied buildings, Government owned and occupied buildings, or medical buildings.

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