



Pittsburgh, Pennsylvania

Tenant's Guide ■ North American Markets ■ Fourth Quarter 2011

Overview

Pittsburgh's economy continues to thrive in comparison to the country as a whole. A recent study showed that Pittsburgh is one of only five metro areas in the United States that had more jobs in 2011 than it did in 2001. Nationally, job creation has been sluggish over the last several years, but two suburban Pittsburgh counties have experienced significant employment growth. In the last two years, Washington and Butler counties have grown by 4.3% and 4.2% respectively, which puts both counties in the top ten nationally for job growth percentage. This increase is largely because of the thriving Marcellus Shale natural gas industry in the surrounding Pittsburgh region. Pittsburgh also treasures its most recent recognition as one of the top 20 places in the world to visit by National Geographic Traveler, making it one of only two places in the United States that made the list.

Market Trends

- Areas north of the city continue to have some of the lowest vacancy rates in the country.
- Marcellus Shale companies continue to outgrow their current commercial real estate.
- Areas south of the city are looking to develop new projects to create more available space.
- The vacancy rate for R&D space dropped .5%, from 7.2% to 6.7%.
- The class B CBD vacancy rate showed an increase of nearly 1% from last quarter.

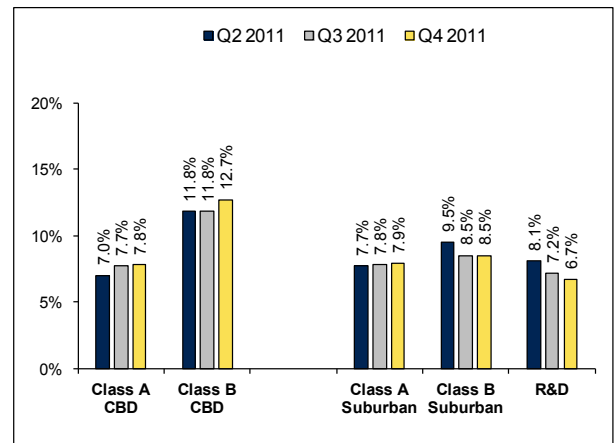
Tenant's Perspective

Pittsburgh business experts have a positive outlook on the Pittsburgh economy in 2012. As the traditional workplace continues to change with more flexible work schedules and environments, tenants are evaluating more open office layouts and hoteling of cubes and filing cabinets. Creative spaces are here to stay as this emerging trend finds its way into Pittsburgh.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
McKnight Realty	471,786	Office	Sale
Baum Blvd Inv.	123,498	Flex	Sale
TheraCom	67,000	Office	Lease
Millcraft Industries	37,000	Flex	Sale
Morgan Lewis & Bockius	36,126	Office	Renewal
dck Worldwide	23,273	Office	Lease
XO Communications	17,652	Office	Renewal
Duquesne Light	13,000	Office	Lease
Three Rivers Mgmt.	8,500	Office	Lease

Vacancy Rate



Average Rental Rates

CBD	Q2 2011	Q3 2011	Q4 2011
Class A Office	\$23.05	\$22.64	\$22.76
Class B Office	\$18.05	\$18.02	\$18.19
Suburban	Q2 2011	Q3 2011	Q4 2011
Class A Office	\$22.00	\$21.72	\$21.98
Class B Office	\$17.35	\$17.57	\$17.70
R&D	\$5.28	\$5.04	\$4.98

