Developers and investors are bullish on Pittsburgh

Investment sales top headlines in the first quarter
Sales volume swelled in the first quarter on the back of several high-profile trades. Capital markets activity totaled more than $55.3 million, a noticeable increase from prior quarters. The largest trade of the quarter was Monmouth Real Estate Investment Corporation’s acquisition of the 125,860-square-foot General Electric global research center for additive manufacturing in Imperial, Pennsylvania. Monmouth purchased the property for $20.0 million, or $159 per square foot. The new structure sits on 34 acres, is expandable by another 90,000 square feet, and is net-leased to GE for 10 years.

Developers hear the call for new product, fill pipeline with spec projects
Construction activity remained elevated into the first quarter with over 1.5 million square feet of industrial product under construction. Developers are bullish on the market, with several speculative projects currently under way. Notable spec projects include Ashley Capital’s 316,000-square-foot development in the Findlay Commerce Center and Al. Neyer’s 252,000-square-foot development in the Clinton Commerce Park. While both projects have yet to secure a tenant, they have garnered interest from large users and are projected to have leases in place before the end of the year.

Rents hold near $5.00 p.s.f. while availability records further declines
Despite the presence of some headwinds at the national and regional levels, the Pittsburgh industrial market continues to tighten. The average asking rent at the end of the first quarter stood at $4.91 per square foot, relatively unchanged year-over-year. Meanwhile, availability decreased to 10.8 percent, down 41 basis points year-over-year. Availability in the Class A product type remains incredibly tight, in the sub 5.0 percent range. While some spec construction is currently under way and will provide additional options for tenants, market conditions will remain landlord-favorable into 2017.