

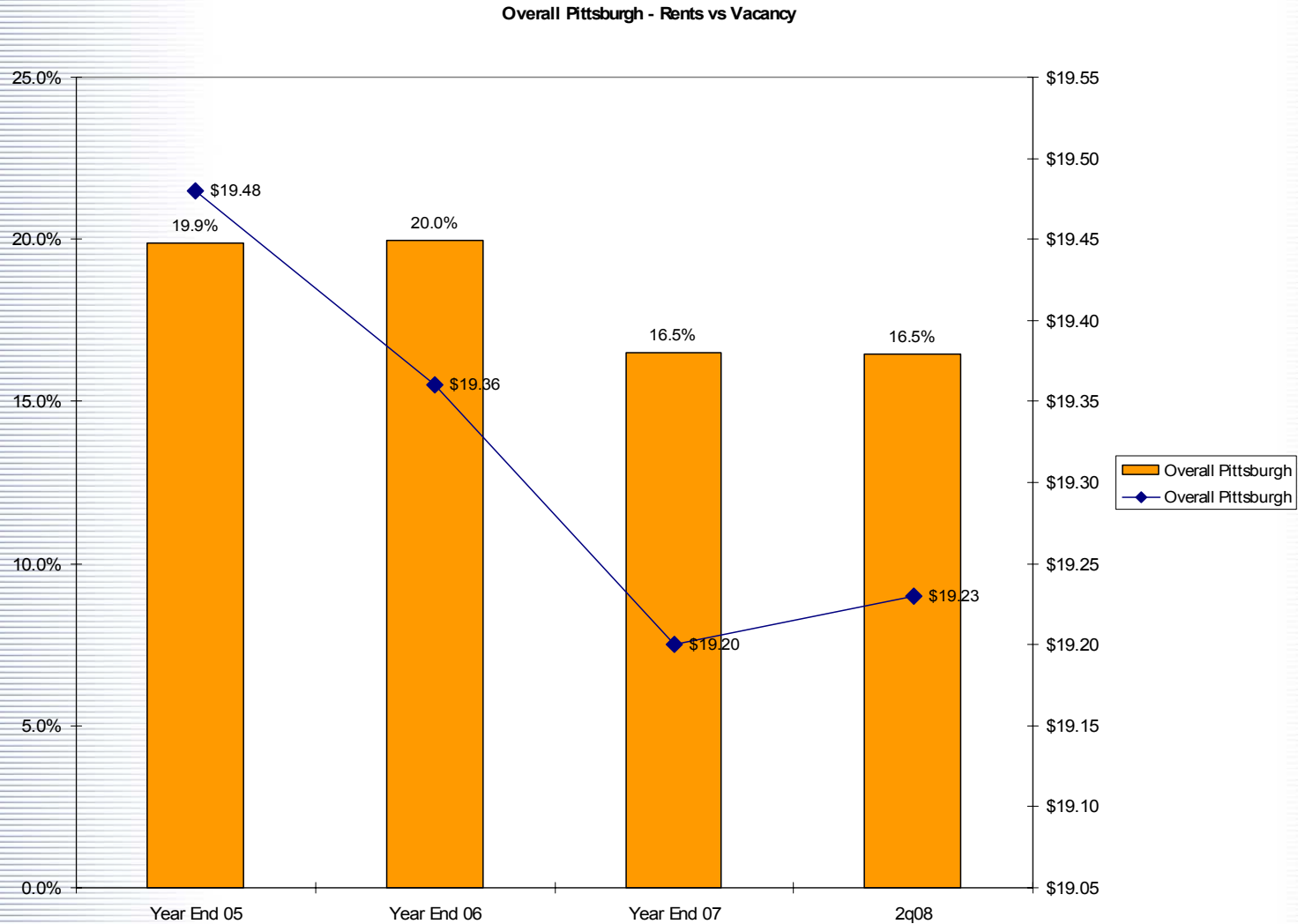
Office Market Trends Pittsburgh CBD & Suburban Markets



Pittsburgh Office Market – Second Quarter 2008

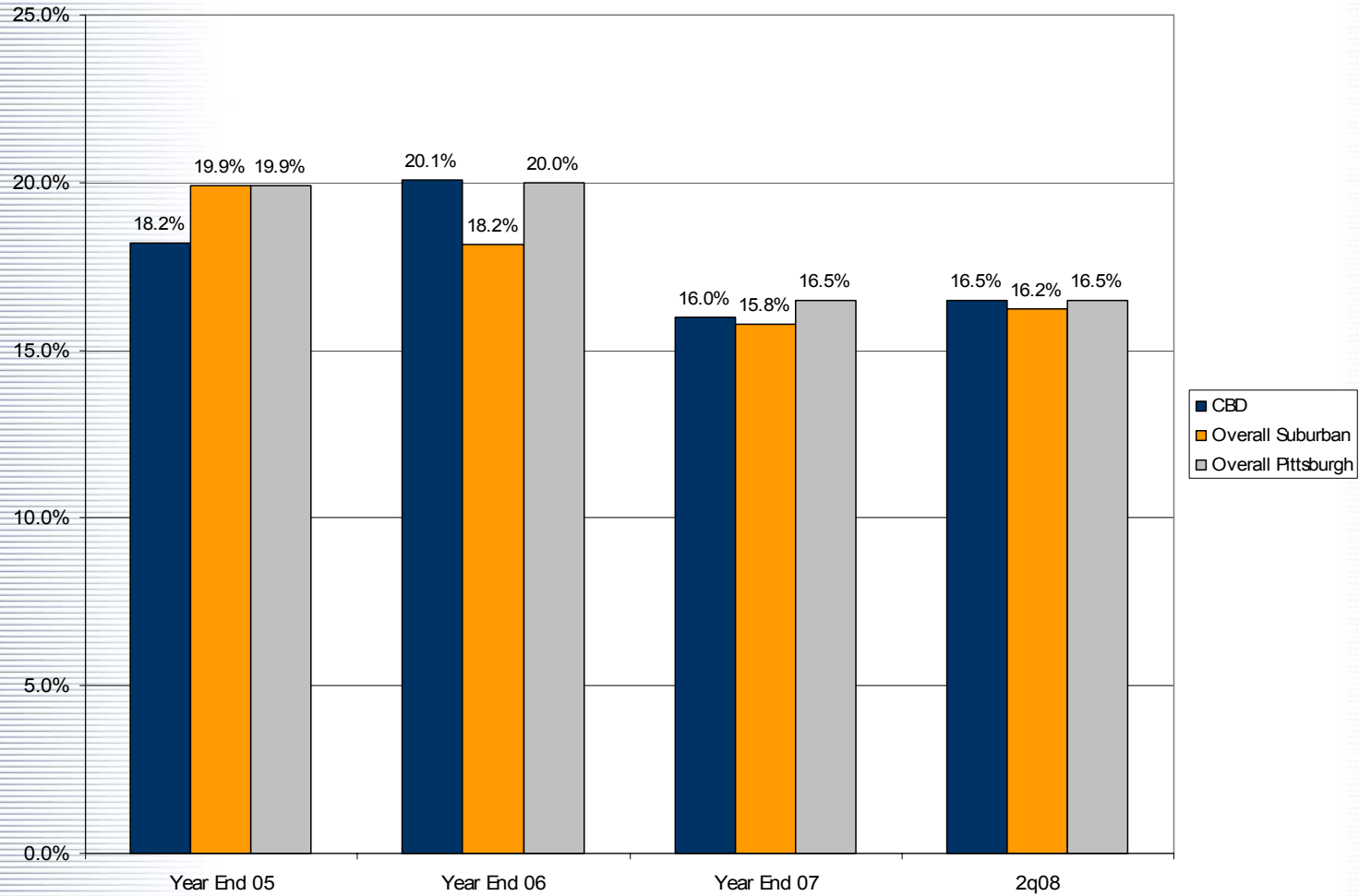
The Pittsburgh office market performed considerably well this quarter, despite a bleak economic period for the country. Vacancy fell from 16.7% in the first quarter to 16.5% this quarter. The year to date absorption is positive at 545,000 SF for the overall Pittsburgh market. Average weighted asking rents for the overall Pittsburgh market decreased a mere \$0.41 this quarter at \$19.23 per SF from last quarters \$19.64 per SF.

Overall Pittsburgh – Rents vs. Vacancy



Historical Vacancy

Historical Vacancy

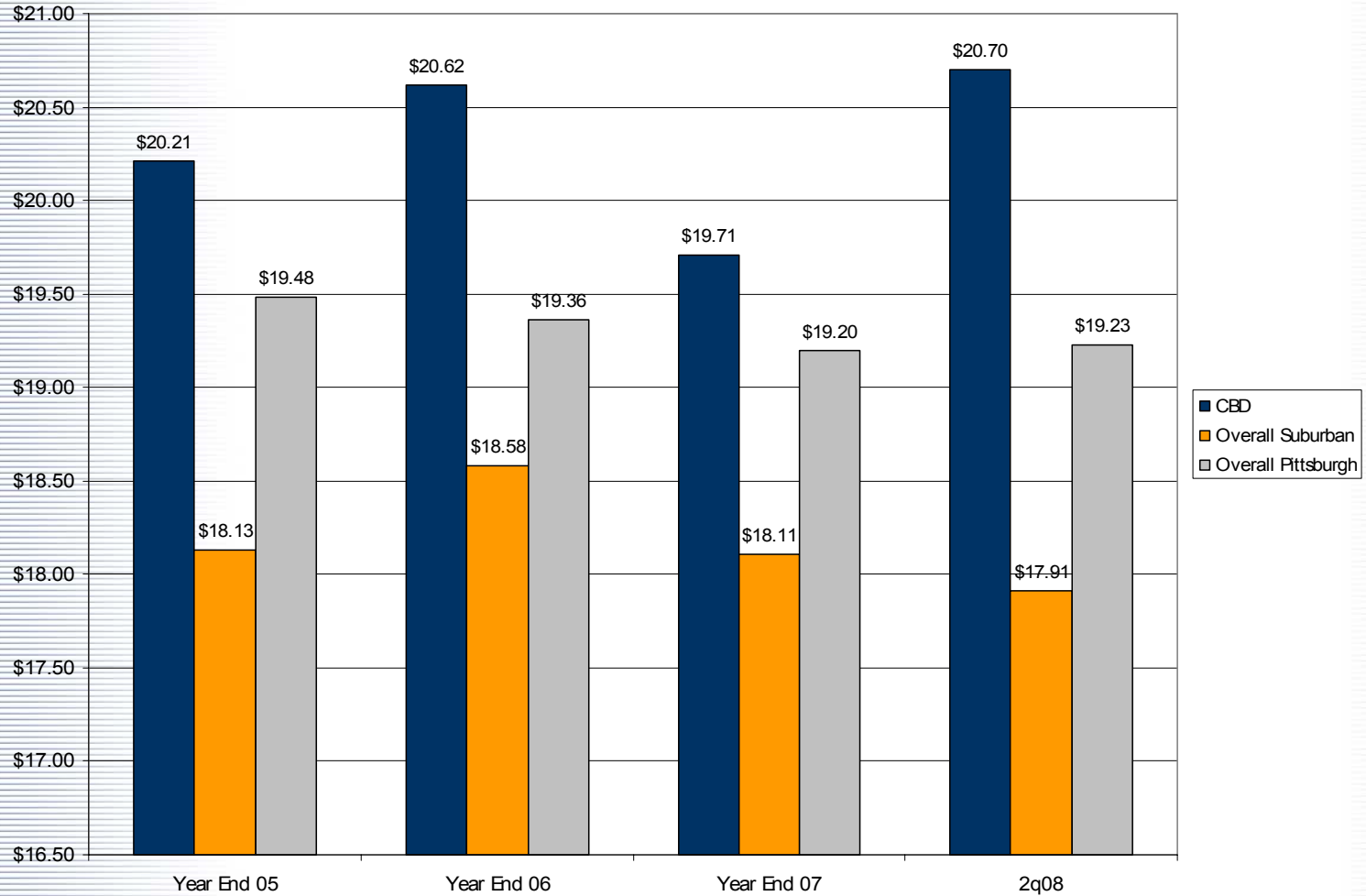


Where is the Vacancy?

- **Central Business District**
 - **Union Trust Building – 312,000 SF**
 - **One Oliver Plaza – 257,854 SF**
 - **Piatt Place – 200,000 SF**
 - **Gulf Tower – 188,390 SF**
 - **11 Stanwix Street – 139,081 SF**
- **West Suburban**
 - **Park Ridge Two – 107,000 SF**
- **Southpointe / Washington County**
 - **46,201 SF**
- **South Suburban**
 - **1800 Washington Road (former Consol building) – 180,000 SF**
- **North Suburban**
 - **Pittsburgh Office & Research Park, Building Two – 99,265 SF**
- **East Suburban**
 - **Penn Center East Five – 113,000 SF**

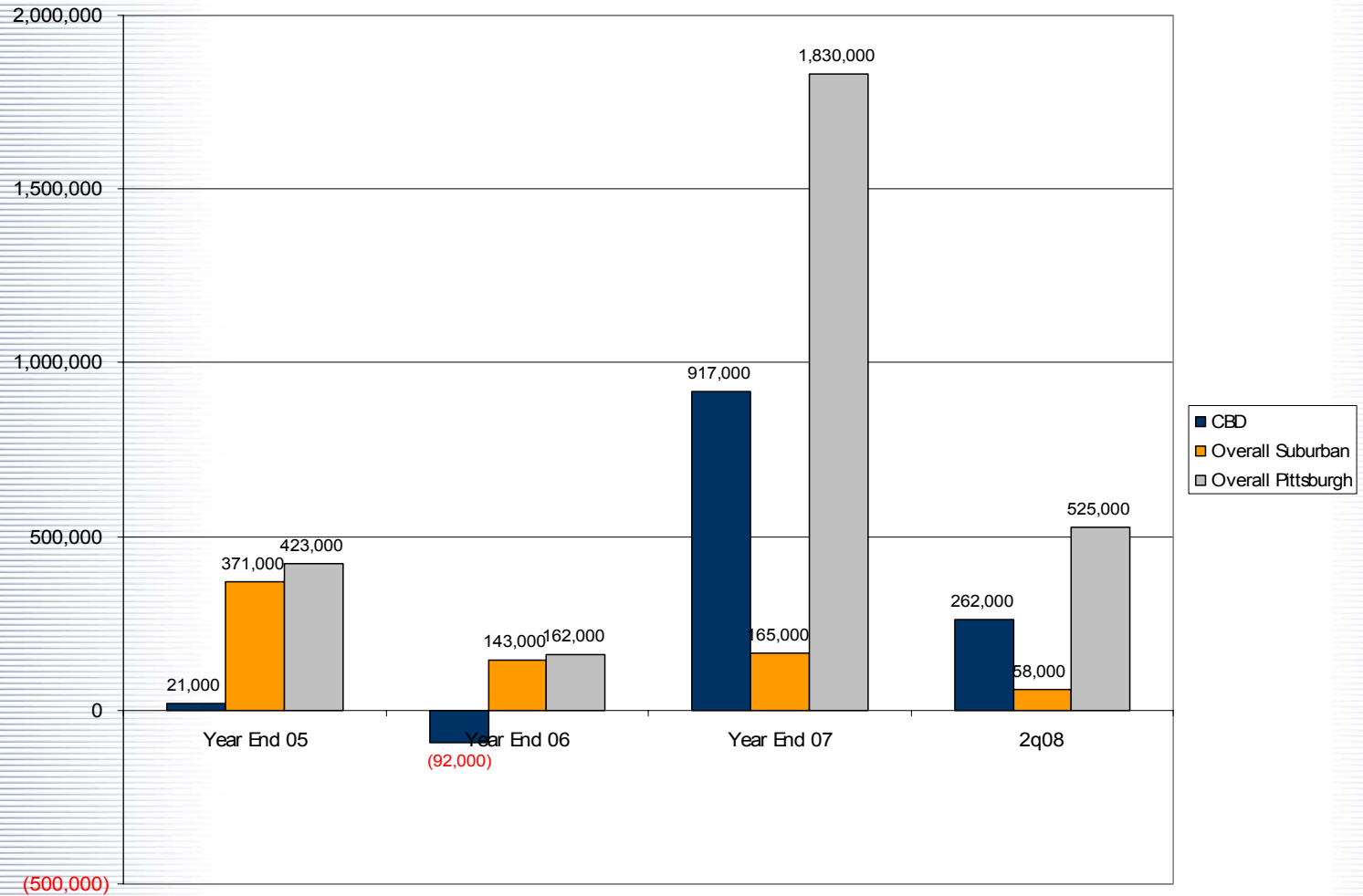
Historical Rents

Historical Rents



Historical Absorption Rates

Historical Absorption Rates



Central Business District Happenings

- **Equitable Resources**

- Equitable Resources has announced they will be moving into 250,000 SF of office space in 625 Liberty Avenue by the middle of next year.
- Equitable will be moving two business divisions from their three year old office building on the North Shore in which they have 17 years left on their lease.
- Nearly 700 employees will occupy the new space in the CBD.
- Equitable is receiving \$2.8 million in state and local money for the move and has promised to keep 700 jobs in Pennsylvania as well as create an additional 350 jobs within the next 3 years.

Central Business District Happenings

- **UPMC**

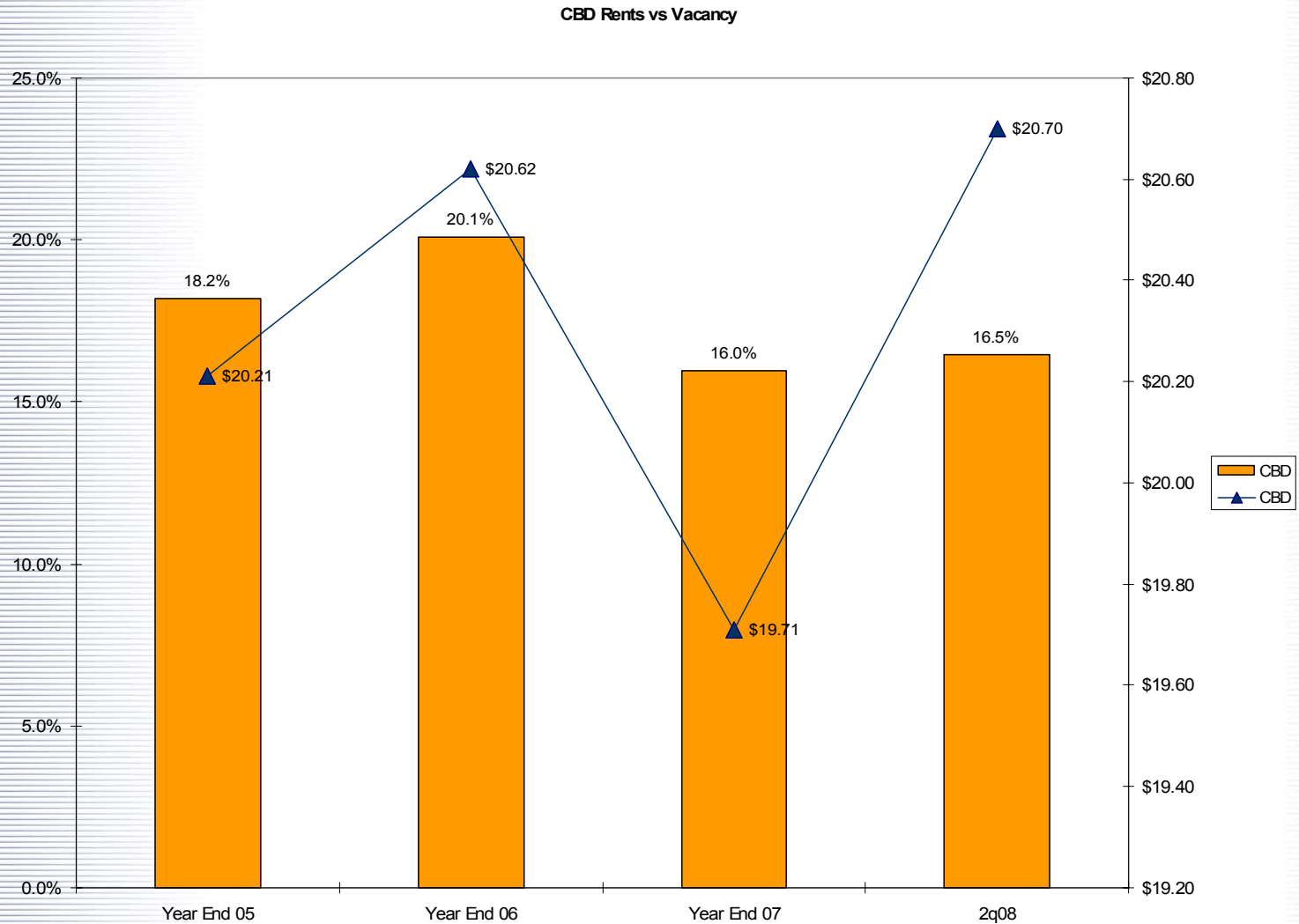
- University of Pittsburgh Medical Center (UPMC) has moved their headquarters to a new location at the US Steel Tower
- UPMC will initially lease 185,000 SF of office space and within five years, will eventually occupy as much as 500,000 SF
- The move will bring over 2,250 employees to the CBD every day.

Central Business District Happenings

- **Union Trust Building**

- The 11 story, 595,000 SF building sold for \$24.1 million (\$40.50 per SF).
- Siemens Power is consolidating their 500 local employees into one site at the building.
- They will take 185,000 SF at the Union Trust Building.
- Currently, Siemens has space at One Oxford Centre, 441 Smithfield Street (Wheelabrator Air Pollution Control, a division of Siemens is located here) and 40 24th Street in the Strip District.
- Expansion is imminent for Wheelabrator who just received \$2.95 million in grants and tax credits to aid in the growth. They have guaranteed the hiring of an additional 550 employees in the next three years.

Central Business District Rents vs. Vacancy



Suburban Happenings

- **Consol Energy**

- Consol Energy has moved to Southpointe II
- They are leaving behind their 160,000 SF former headquarters building in Bethel Park.
- CONSOL Energy's new 400,000 SF headquarters building is complete

Suburban Happenings

- **Westinghouse**

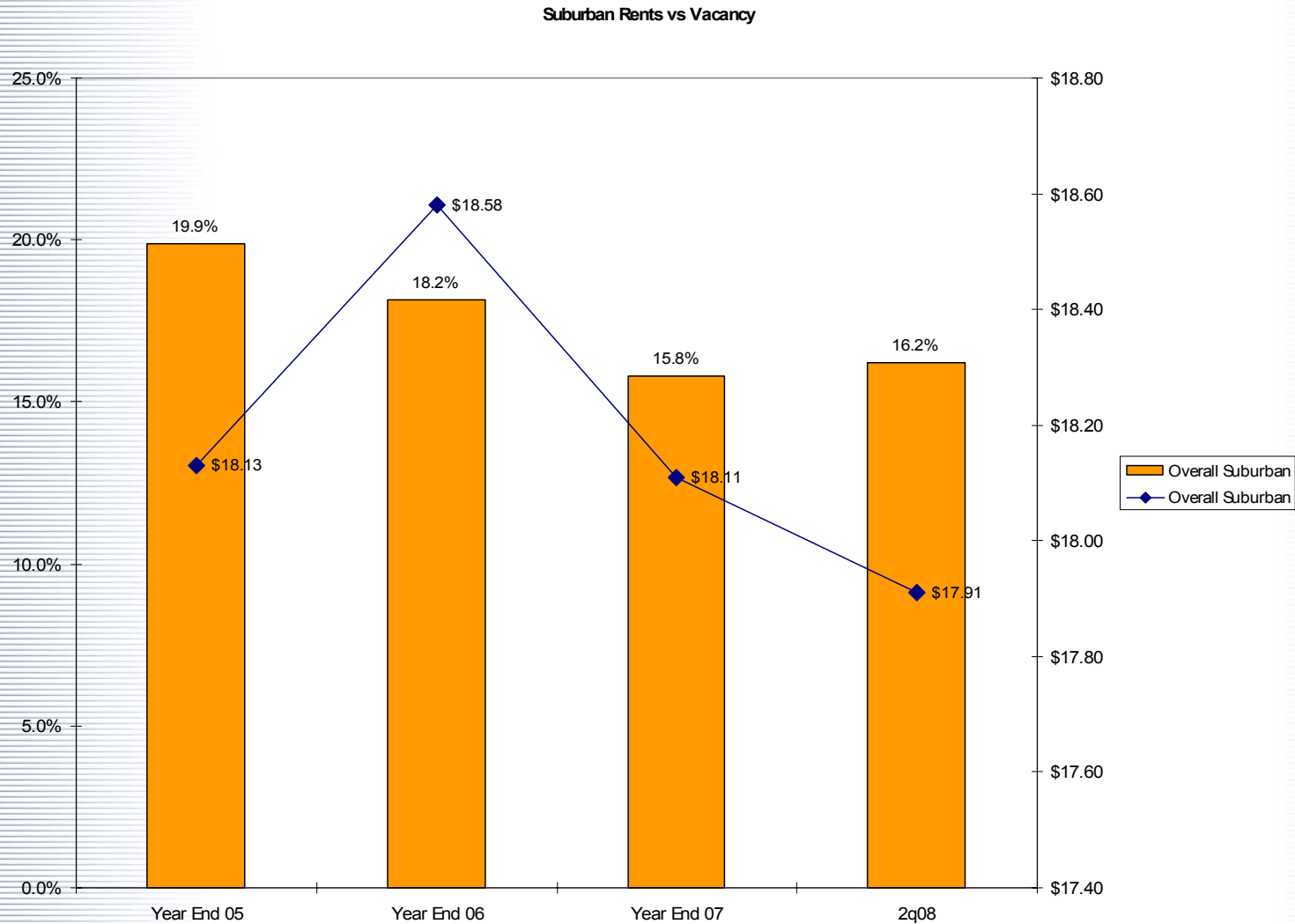
- Westinghouse will be vacating a 480,000 SF headquarters building along Northern Pike in Monroeville
- The class A office building will be available for lease with Westinghouse vacating a portion of the property as early as mid-2009.
- They broke ground on their new 915,000 SF home in Cranberry
- Westinghouse has the option to expand further on the additional acreage they have purchased for the campus.
- Westinghouse has recently announced that they will be searching for even more additional space – possibly 50,000 SF – but has not yet said when or where.

Suburban Happenings

- **Dick's Sporting Goods**

- Dick's Sporting Goods has announced plans to expand and relocate to a new headquarters facility that is currently under development planning stages located near their existing facility. Preliminary plans on building a 1 million square foot office campus have been approved by Findlay Township supervisors.
- The first phase of construction will include 610,000 SF office building plus a 60,000 SF aircraft terminal. The 116 acre site will provide Dick's with enough space to accommodate their growth for the next 20 years and could grow to 2 million SF if needed.
- The new building will house up to 4,000 employees.
- In the mean time, Dick's has leased 45,000 SF of office space in the ONS Building in the RIDC Park West.
- Dick's has a remaining long term lease obligation of their existing 150,000 SF building.

Suburban Rents vs. Vacancy



Pittsburgh News & Sales



Pittsburgh Recent News and Sales

September 27- October 3, 2008

GVA Oxford Services

Tenant Representation

Landlord Representation

Acquisitions and Dispositions

Pittsburgh News

Region's foreclosures down 20 percent

http://www.pittsburghlive.com/x/pittsburghtrib/news/breaking/s_591166.html

Washington County tax rates, transportation attractive

http://www.pittsburghlive.com/x/pittsburghtrib/business/s_589837.html

Eaton Corp. opens new Pittsburgh-area facility

<http://pittsburgh.bizjournals.com/pittsburgh/stories/2008/09/29/daily9.html?surround=ifn&brthrs=1>

[\\$10M in dorm and historic property renovations completed by Point Park University](#)

[\\$8M Pittsburgh Opera space fully occupied, hosts open house in Strip District](#)

Promised commercial development in East Liberty has been slow to arrive

http://www.pittsburghlive.com/x/pittsburghtrib/news/tribpm/s_591265.html

For more information or to receive this weekly e-mail please contact ksiwiec@gvaoxford.com