

Pittsburgh

Impact

When steel giants disappeared from the landscape, high-tech became one of the market's strongest industries. Economic and real estate fundamentals are stronger than in many other areas around the country because of the success of the high-tech industry.

Overview

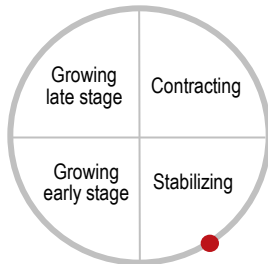
The region's prominent education institutions all contribute to the growth of the high-tech cluster. Modcloth, a company that got its start in a Carnegie Mellon dorm room is one such example of the talent in the area and the evolution from start-up to rapidly expanding firm. Additionally, the Keystone Innovation Zone acts as an incubator to foster the growth of new ventures by assisting in the acquisition of office space and helping businesses to grow. Established companies such as Google and IBM have also opened locations in the market as real estate costs are lower than much of the country, and competition for talent not as fierce.

Outlook

Pittsburgh is on track to remain one of the best performing office markets in the country as a result of diversified leasing activity and demand augmented by the high-tech industry. With a variety of attractive amenities drawing and retaining talent, high-tech companies will continue to follow.

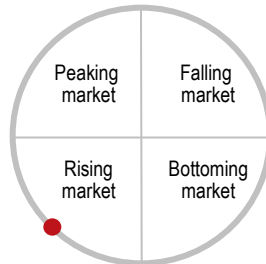
High-tech industry

Economic cycle clock



Office property

Market cycle clock



Players: top high-tech firms By real estate footprint



Black Box Corporation

ANSYS
Ariba

Scorecard



Economic		rank
High-tech jobs / annual growth	24,176 / 0.2%	17/11
Percent of total jobs	2.6%	17
Number of firms	1,395	17
Venture capital funding (past 4 quarters)	\$154.9 M	15
Share of U.S. total	0.6%	
College education	27.7%	18
Diversity (non-white / foreign born)	10.0% / 3.0%	18/18
Office		
Cost (average asking rent)	\$20.11	17
Annual growth	2.1%	4
Supply (vacancy rate)	10.9%	2
Demand (net absorption sf / %)	1,233,345 sf / 1.8%	6 / 4
High-tech concentration (high-tech services vs. office jobs)	5.8%	16

Recent lease activity



Smith Micro Software
5800 Corporate Drive
56,000 sf

NationalLink
500 Corporate Center Drive
23,000 sf

SmartOps Corporation
1250 Waterfront Plaza
20,000 sf

Electronics for Imaging
40 24th Street
18,000 sf