



# State of the Retail Market Third Quarter 2020

The Pittsburgh retail market closed the third quarter of 2020 with a vacancy rate of 4.4%. This is up from 4.1% last quarter. Net absorption was negative 521,411 square feet. The negative absorption and rise in vacancy can be primarily attributed to the pandemic. Rental rates may be seeing signs of stabilizing, as they are slightly up over last quarter, going from \$12.09 to \$12.20.

There were only five deliveries in the third quarter. This is down considerably, as over the past year, the average number of deliveries per quarter was thirteen. Notable new properties include the 12,000 SF Fox Chapel Village in the Northeast Pittsburgh submarket and the 10,000 SF Lincoln Corner Plaza in Westmoreland County.

The issues plaguing enclosed malls have continued. Much of this is due to apparel stores grappling with declining sales and bankruptcies. Traditional department stores were struggling prior to the pandemic and their situation has only worsened. To combat this, many malls in tertiary markets are exploring unconventional uses, such as office space, churches, warehousing, and even residential conversions.

Several industries are going to find it harder to survive as we continue with restrictions due to the pandemic. As the weather gets colder, restaurants who have been able to utilize outdoor areas for social distancing will struggle to accommodate a limited number of diners indoors. Movie theaters will have to deal with delayed movie releases and much lower capacity to make sure customers are properly social distanced while fewer people are willing to attend gyms.

There are several tenants in the market looking for space. These include BJ's Wholesale, Menards home improvement stores, and Rose's discount store. Discount-related operators are seeing a large amount of foot traffic, due in part to the lagging economy, people are less willing to spend on premium merchandise. Multiple car wash operations are searching for sites in the market. While the restaurant industry may be struggling, those who offer drive-thru, takeout and delivery services have been able to survive the best.

Going forward, rental rates should stay relatively flat, as vacancy rises. Even though there are less projects under construction, absorption is expected to remain negative. Urban areas may be impacted the most since they deal with limited space and parking issues. Less foot traffic and the upsurge in e-commerce has made brick-and-mortar stores less popular. It is difficult to predict the future, but as long as there is a pandemic, the traditional retail industry will struggle.

## Market Indicators

Relative to prior period

Pittsburgh  
Q3 2020

(Forecast)  
Pittsburgh  
Q4 2020

VACANCY



NET ABSORPTION



CONSTRUCTION



RENTAL RATE\*



## Market Stats AT A GLANCE



4.4%

VACANCY RATE

\$25-\$37

CLASS A MARKET ASKING  
RENT

(Psf/Yr, FSG)



(521,411)

YTD ABSORPTION  
(SF)



154,462

UNDER CONSTRUCTION  
(SF)



5

COMPLETED  
BUILDINGS  
(35,319 SF)



15,662

TOTAL NUMBER  
OF BUILDINGS

All information in this report is provided on an "as reported" basis from data reported by CoStar in its Q3 Retail Report as of 10/1/2020. Colliers International | Pittsburgh has used reasonable care in preparing the information included in this report, but makes no representation regarding the completeness, accuracy, or timeliness of any information or that such information and data will be error-free.

\*CoStar characterizes the CBD (Central Business District) as a high density, well organized core within the largest city of a given MSA, this case being the City of Pittsburgh.

\*\*All rental rates have been converted to a full service equivalent.

## Market Comparisons - Total Retail Market Statistics Q3 2020

MARKET	EXISTING INVENTORY		VACANCY			YTD NET ABSORPTION	YTD DELIVERIES SF	UNDER CONST SF	*AVERAGE QUOTED RATES
	# BLDS	TOTAL RBA	DIRECT SF	TOTAL SF	VAC %				
Armstrong	242	1,945,694	20,200	20,200	1.0%	4,000	-	-	\$10.00
Beaver	959	10,140,271	484,641	484,641	4.8%	(123,722)	-	-	\$9.74
Butler	1,005	11,608,284	465,791	466,636	4.0%	(24,070)	-	28,500	\$16.67
CBD	134	1,709,220	70,452	70,452	4.1%	(2,282)	-	-	\$25.00
Fayette	652	6,957,773	583,051	583,051	8.4%	(3,065)	-	24,698	\$6.68
Greater Downtown	840	5,994,858	422,095	422,095	7.0%	2,816	-	-	\$19.94
Monroeville	291	5,586,618	409,252	409,252	7.3%	(17,574)	-	-	\$17.70
North Pittsburgh	1,465	15,739,867	356,428	369,346	2.3%	(37,745)	4,027	3,146	\$15.84
Northeast Pittsburgh	904	8,920,757	912,448	912,448	10.2%	(315,370)	12,000	-	\$11.73
Oakland	178	1,134,961	19,520	19,520	1.7%	8,679	-	-	\$23.25
Parkway East	2,318	16,908,927	643,172	651,145	3.9%	31,858	-	14,740	\$11.18
Parkway West	476	6,929,794	183,871	188,071	2.7%	(7,998)	-	-	\$13.56
South Pittsburgh	2,458	24,050,740	850,314	871,065	3.6%	(21,981)	6,000	4,481	\$11.18
Washington	1,205	12,748,161	451,411	451,411	3.5%	(15,593)	-	14,882	\$17.26
West Pittsburgh	427	3,447,831	165,094	165,094	4.8%	(600)	-	32,513	\$14.25
Westmoreland	2,107	20,840,463	794,657	794,657	3.8%	1,236	13,292	31,502	\$9.96
<b>Region Total</b>	<b>15,662</b>	<b>154,668,219</b>	<b>6,832,397</b>	<b>6,879,084</b>	<b>4.4%</b>	<b>(521,411)</b>	<b>35,319</b>	<b>154,462</b>	<b>\$12.20</b>

  

PERIOD	EXISTING INVENTORY		VACANCY			NET ABSORPTION	DELIVERIES		UC INVENTORY		AVERAGE QUOTED RATES
	# BLDS	TOTAL RBA	DIRECT SF	TOTAL SF	VAC %		# BLDS	TOTAL RBA	# BLDS	TOTAL RBA	
2020 Q3	15,662	154,668,219	6,832,397	6,879,084	4.4%	(521,411)	5	35,319	16	154,462	\$12.20
2020 Q2	15,662	154,654,535	6,294,602	6,343,989	4.1%	(268,131)	10	80,550	19	184,935	\$12.09
2020 Q1	15,666	154,679,124	6,051,060	6,100,447	3.9%	(54,882)	14	116,390	22	180,938	\$12.43
2019 Q4	15,667	155,104,990	6,417,264	6,471,518	4.2%	(527,862)	17	159,238	29	263,934	\$12.59
2019 Q3	15,660	155,031,507	5,816,956	5,870,173	3.8%	(199,260)	11	46,296	35	317,463	\$13.26

MARKET DATA SOURCE: CoStar

\* Average Quoted Rental Rate = NNN

## Notable Third Quarter 2020 Transactions

### LEASE ACTIVITY

PROPERTY ADDRESS	LEASE SF	TENANT	LANDLORD/DEVELOPER	SUBMARKET
Newbury Market   Bridgeville	100,000	BJ's Wholesale Club	EQA Landmark Communities	South Pittsburgh / I-79
2101 Smallman Street	11,741	District Brew Yards	McCaffery Interests	Greater Downtown
3909 Forbes Avenue	3,500	Viva Los Tacos	M & D Partners	Oakland

### SALE ACTIVITY - BUILDINGS

PROPERTY ADDRESS	SQUARE FOOTAGE	PRICE	PRICE PER SF	SUBMARKET
Clearview Mall   101 Clearview Circle	760,000	N/A	N/A	Butler County
Walnut Mall   5541 Walnut Street*	11,136	\$2,000,000	\$180	Parkway East
7372 McKnight Road*	5,547	\$2,800,000	\$505	North Pittsburgh / Route 19

\* Colliers International | Pittsburgh Transaction

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