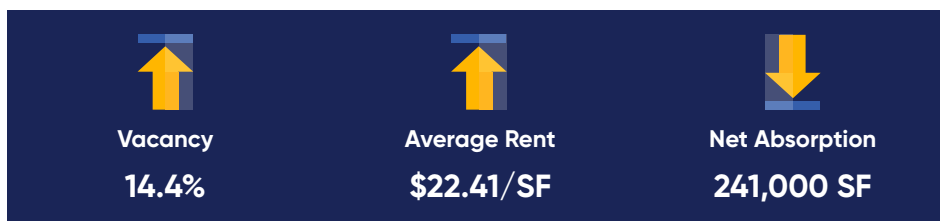


Market Report

The impact of COVID-19 created many changes for many companies during Q2. The initial rash of companies seeking rent relief or deferment has slowed as they adjust to the COVID business climate, but optimism of it waning by early summer has passed as companies postpone their phased return to the workplace and reassess their entire office footprint. Office leasing was down significantly as companies postponed active deals, downsized their space and/or entered into short term renewals to buy time and forego making any capital expenditures. Conversely, demand for industrial space remained strong with more speculative bulk space delivered in Q2 and strong positive absorption across most submarkets. However, many landlords are less bullish than before and are offering more incentives to entice active users that are willing to make a long-term commitment.



Rental and Vacancy Rates

Direct Asking Rent (\$/SF)	Total Vacancy Rate	YoY Change
\$20.09	Suburban Office Market Class A 13.6%	▲ 5.8%
\$20.18	Suburban Office Market Class B 18.50%	▲ 11.4%
\$20.26	CBD Office Market Class A 18.9%	▼ 3.3%
\$15.02	CBD Office Market Class B 23.3%	▲ 18.4%
\$4.95	Industrial Market - St. Louis 4.9%	▼ 2.4%
\$4.10	Industrial Market Illinois 6.8%	▼ 1.0%

Recent Transactions

Tenant	Size	Submarket	Type	Sector
1 Worldwide Technology	1,012,960 SF	Illinois	New Lease	Industrial
2 Legacy Pharmaceuticals	213,688 SF	North County	New Lease	Industrial
3 Plaza	204,361 SF	South County	Renewal/Exp.	Industrial
4 Leonardo	175,000 SF	North County	New Lease	Industrial
5 Elite Printing	124,400 SF	North County	New Lease	Industrial
6 MECS	52,485 SF	West County	Renewal	Office
7 ICL Industries	27,000 SF	West County	New Lease	Office

Occupier's Perspective



Covid has forced Landlords to be more accommodating as Occupiers look to give back space, request short term lease extensions.



Asking office rents remain at Pre-COVID levels, but reduced transaction volume will place greater pressure on Landlords to lower rents or offer greater incentives.



Tenants that received Pre-COVID construction pricing should consider rebidding as lower demand could result in better pricing.

Market Trends



More attractive sublease offerings are hitting the market, but unlike before Occupiers will closely evaluate the existing conditions to address Covid spacing concerns.

Shared building amenities like training/meeting rooms and common lounges that were in high demand Pre-Covid are now being scrutinized very differently for health risk reasons to employees.

The ease and safety associated with Team meetings/Zoom calls for employees working from home platform has proved to be a viable business platform while addressing employee health concerns, travel restrictions and cost savings.