St. Louis - Q4 2019

Market Report

cresa

2019 ended much like it started with steady demand in the industrial sector and minimal speculative office development. Growing interest in the Cortex District from both local companies and out of town entities is driving greater awareness of what St. Louis has to offer, but job growth still remains sluggish with just over 13,000 jobs created in 2019. Centene topped off its second office tower of 600,000 SF in Clayton in Q4 with over 95% preleased and at record rental rates.

Demand for newer industrial product continues to drive many Build to Suit projects. Speculative bulk product continues to hit the market, but developers are experiencing a slower lease up period from prior years.

Vacancy	Average Rent	Net Absorption
9.3%	$21.31/SF	415,000 SF

Rental and Vacancy Rates

Direct Asking Rent ($/SF)	Total Vacancy Rate		YoY Change
$26.08/SF	Suburban Office Market | Class A	13.1%	▲ 8.9%
$19.61/SF	Suburban Office Market | Class B	18.6%	▲ 10.8%
19.76/SF	CBD Office Market | Class A	19.0%	▼ 2.9%
$15.00/SF	CBD Office Market | Class B	23.0%	▲ 16.2%
$5.33/SF	Industrial Market | Class A	7.3%	▲ 1.7%
$4.20/SF	Industrial Market | Class A	10.7%	▼ 4.5%

Recent Transactions

	Tenant	Size	Submarket	Type	Sector
1	Keefe	403,000 SF	Earth City	Renewal	Industrial
2	DMI	375,000 SF	St. Charles	Lease	Industrial
3	Centene	178,000 SF	West County	Lease	Office
4	Glide-A-Way	110,000 SF	North County	Lease	Industrial
5	Metropolitan Life	90,000 SF	West County	Lease	Office
6	McCarthy	80,000 SF	West County	Lease	Office
7	Allegiant Travel	60,655 SF	North County	Purchase	Office

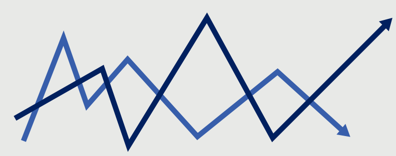
Occupier's Perspective

Lack of office development and current inventory necessitates occupiers to addresstheirleaseexpiration early to have leverage or suitable options in the desirable submarkets

Due to rising construction costs, Occupiers should closely scrutinize existing infrastructure to assess functionality and condition.

Due to ownership consolidation in certain submarkets, occupiers should consider expanding the search area to broaden competition.

Market Trends



St. Louis continues it rise as a freight hub due to its centrality, infrastructure investment and the various modes of transportation (trucking, rail and port systems) and low overall logistic expenses.

Companies of all sizes and varying industries are expressing interest in St. Louis with the growth and diversity in the IT/Bio-Life sciences and Bio-Agricultural sectors.

Velocity and growth of shared workplace companies like WeWorks has slowed considerably with both Landlords and Occupiers assessing both the investment and operational risks versus entering into direct leases.