

ECONOMIC INDICATORS

National

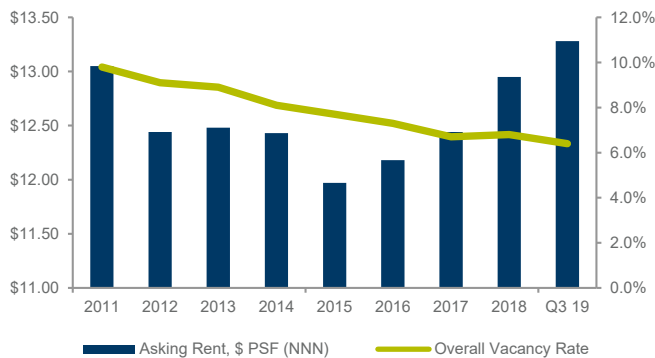
	Q3 18	Q3 19*	12-Month Forecast
GDP Growth	3.1%	2.0%	▲
CPI Growth	2.6%	1.8%	▲
Consumer Spending Growth	5.9%	4.0%	▲
Retail Sales Growth	5.5%	4.1%	▲

Regional

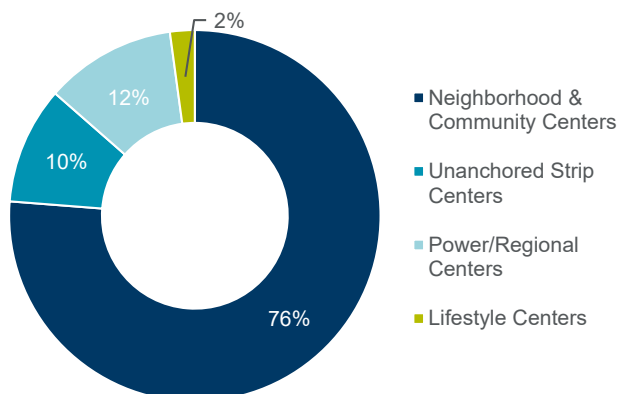
	Q3 18	Q3 19*	12-Month Forecast
Household Income	\$64,600	\$66,500	▲
Population Growth	0.0%	0.1%	▲
Unemployment	3.3%	3.3%	▲

\*2019 Q3 data are based on latest available data. Growth rates are year-over-year. Source: BLS, BOC, Moody's Analytics.

Rental Rate vs. Overall Vacancy



Availability by Type



Economy

The St. Louis labor market continued to exhibit resilience as the end of the third quarter for 2019 marked the 10th consecutive quarter unemployment remained below 4.0%. Since the end of the third quarter in 2014, unemployment has fallen by 260 basis points (bps) to 3.3% and is projected to remain under 4.0% through 2020. Nationally, unemployment ended the quarter at 3.7% and remains roughly 40 bps higher than St. Louis. Though at a relatively slower pace than last year, the U.S. economy experienced continued growth in the third quarter with Real Gross Product tallying a 2.1% increase. Additionally, the Federal Reserve's Open Market Committee voted to cut interest rates for the second time in 2019, lowering the rate by another 25 bps and citing growing concerns over a cloudier global outlook which could result in one more cut by year-end. The rate cuts are aimed at supporting fundamentals that underly the current expansion.

Market Overview

St. Louis's retail market tracked over 450,000 square feet (sf) of positive absorption for the quarter, lowering overall vacancy by 40 bps year-over-year (YOY) to 6.4%. This marked the second time in recorded history that retail vacancy has fallen below 6.5%, with the only other occurrence being the third quarter of 2018. In addition to resilient tenant demand, overall triple net asking rates reached \$13.28 per square foot (psf) at the end of the quarter, a YOY 4.0% increase. The Connecticut-based fitness chain Edge Fitness Clubs announced that it will expand into St. Louis and open two new locations. The first location in St. Peters will be at 4025 Veterans Memorial Parkway and open in late October, with the second location in Shrewsbury which will complete construction in the summer 2020 at Makenzie Pointe Shopping Center on Watson Road.

Retail as an Amenity

With recent demand towards office amenities ongoing in the St. Louis market, landlords are tailoring assets and developments to heighten attraction with applicable retail space. With increased demand for live-work-play continuity, developers are putting an increased emphasis on retail as an amenity as a part of broader, mixed-use developments that are anchored with office or multifamily space.

At quarter end, the urban corridor had a total of over 1.6 million square feet (msf) of office space either proposed or under construction. One of the larger development sites, The City Foundry, has focused plans on its retail component. The development, located in Prospect Yards, is scheduled to deliver in the first half of 2020 and will be home to St. Louis's

# MARKETBEAT

## St. Louis

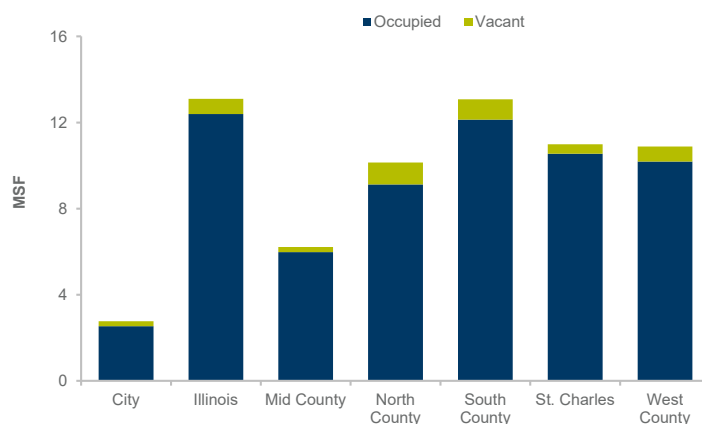
Retail Q3 2019



largest food hall. The 530,000-sf development which contains 300,000 sf of retail and 200,000 sf of office space is 94% preleased on the office side.

The retail component of The City Foundry recently signed a deal with Fresh Thyme as a fresh marketplace grocer, on top of having food stalls with illustrious locally sourced goods such as; Alamo Drafthouse, Punch Bowl Social, Juice Box Central, Clementine's, and Naughty & Nice Company to name a few. The location will mark Fresh Thyme's seventh location in the St. Louis market and the first location within city limits. With the grocer's new location, it will provide local residents and tenants with a closer alternative for fresh groceries within the urban corridor in an area with limited options. The closest alternative grocers are the WholeFoods at Euclid and Maryland in Central West End and N&M Markets located in the Grove along Manchester Avenue. Both locations are nearly a mile away from The City Foundry, a long distance for individuals looking to walk to the nearest grocery store. The project is unique for St. Louis as it aims to provide a full spectrum of retail amenities for office tenants and local residents both during the day and in the evenings, as it will offer added amenities to tenants unlike any other office properties in St. Louis. Where else can an office-leasing tenant have a movie theater and grocery located in the same building? Or run downstairs to a bakery stall and pick up last-minute cupcakes for an employee's birthday?

### Submarket Comparison



### Outlook

Landlords will continue to assess the best way to incorporate tenant and consumer experience into their assets as demand for both traditional and retail amenities rises. Looking ahead, retail strategy that best caters to evolving consumer tastes will stand to gain the most from this trend.

SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	OVERALL VACANCY RATE	OVERALL CURRENT NET ABSORPTION (SF)	OVERALL YTD NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL AVERAGE ASKING RENT (NNN)
City	66	2,773,687	8.5%	-16,044	-23,584	0	\$13.72
Illinois	426	13,103,006	5.4%	162,059	161,876	18,580	\$12.64
Mid County	179	6,220,087	3.9%	-2,924	-76,589	120,000	\$19.46
North County	292	10,139,306	10.0%	111,076	-109,668	0	\$10.39
South County	399	13,079,292	7.2%	118,755	13,328	0	\$12.59
St. Charles	397	10,990,941	4.0%	155,281	206,584	0	\$14.39
West County	346	10,882,329	6.4%	146,990	124,151	0	\$15.84
<b>ST. LOUIS TOTALS</b>	<b>2105</b>	<b>67,188,648</b>	<b>6.4%</b>	<b>453,041</b>	<b>296,098</b>	<b>138,580</b>	<b>\$13.28</b>

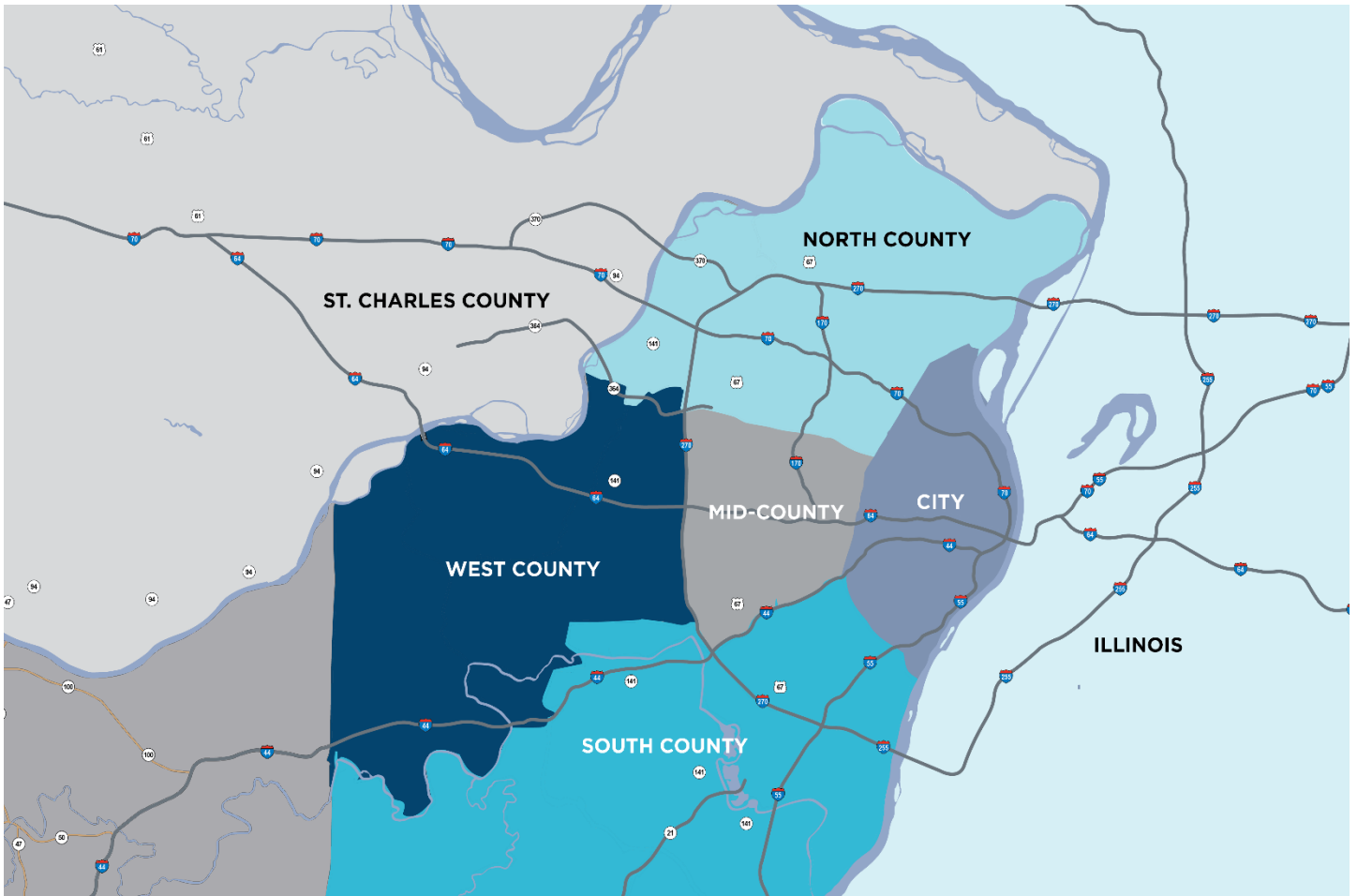
	TOTAL BLDGS	INVENTORY (SF)	OVERALL VACANCY RATE	CURRENT OVERALL NET ABSORPTION (SF)	OVERALL YTD NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL AVERAGE ASKING RENT (NNN)
Neighborhood & Community Centers	1112	43,935,060	7.2%	466,428	274,979	138,580	\$12.56
Lifestyle Centers	24	1,705,687	5.2%	-3,045	21,021	0	\$22.09
Power/Regional Center	280	13,188,844	4.2%	-36,757	-104,995	0	\$20.26
Unanchored Strip Center	689	8,359,057	5.4%	26,425	105,093	0	\$15.14

Tables are not reflective of U.S. MarketBeat  
Rental rates reflect NNN asking \$psf/year  
Source: Costar



**RETAIL SUBMARKETS**

ST. LOUIS CITY / ST. LOUIS COUNTY / ST. CHARLES COUNTY / METRO EAST



Cushman & Wakefield  
7700 Forsyth Blvd, Suite 1210  
St. Louis, Missouri 63105  
cushmanwakefield.com

Greg Nelson, Analyst  
Tel: +1 314 925 3177  
greg.nelson@cushwake.com

**About Cushman & Wakefield**

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 51,000 employees in 400 offices and 70 countries. In 2018, the firm had revenue of \$8.2 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit [www.cushmanwakefield.com](http://www.cushmanwakefield.com) or follow @CushWake on Twitter.

©2019 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.