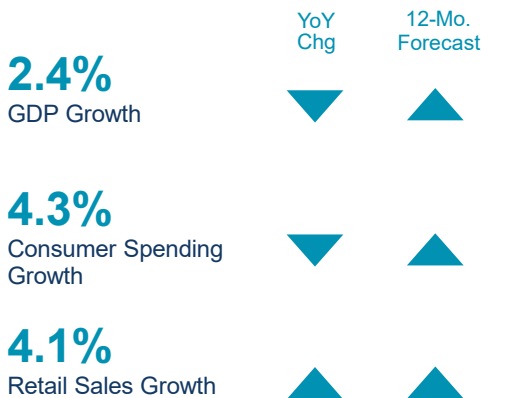


Source: BLS (Economic Indicators are representative of specific county or MSA.)

U.S. ECONOMIC INDICATORS Q4 2019



Source: BEA, Census Bureau

ECONOMIC OVERVIEW: St. Louis Unemployment Rate Remains Well Below National Average

The United States ended the year on a high note as the economy entered the longest economic expansion in history. Despite headwinds from a slowdown in global growth and the continued trade dispute between the United States and China, indications are that the economy will remain on a growth trajectory. Paralleling this national momentum, St. Louis continues to track robust economic growth, adding 17,600 jobs to the local economy and maintaining an unemployment rate of 3.1%, the lowest in recorded history and 40 basis points (bps) lower than the current national average. With continued economic growth expected, unemployment rates should remain below the 4.0% mark for the foreseeable future.

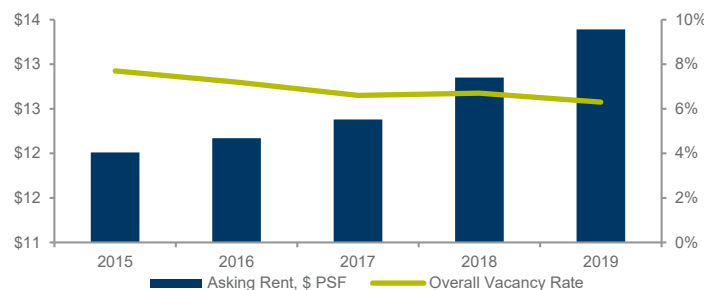
TENANT DEMAND: Pop-Up-A-Palooza

The St. Louis market recorded healthy market fundamentals as overall vacancy continued a downward trajectory throughout 2019, falling 100 bps over the past three years to 6.0%. Year-to-date absorption reached positive 382,000 square feet (sf), surpassing 2018's annual absorption of 76,000 sf, as tenant demand remained especially strong for neighborhood & community centers, which absorbed over 255,000 sf since the beginning of the year. One retail phenomenon supporting St. Louis's market activity is pop-up retail. Though this concept is not new and typically associated with seasonal holiday stores, in recent years pop-up retail has increased in scope as more companies, including non-traditional retail tenants, use temporary space to promote their brand and provide patrons with an experience that will drive consumer spending and brand loyalty. The temporary spaces allow tenants to test brick-and-mortar concepts and drum-up hype for new products; and nationally roughly a third of stores become a permanent location according to Cushman & Wakefield's Pop-Up-A-Palooza report¹. Over the past few years, St. Louis has tracked a series of pop-up stores like Recess STL, daph., Busch's secret Missouri Shop, and Rand Rosenthal: The Warehouse on Manchester. Expect for more pop-up retail locations to emerge, and the most successful of these ventures to stick around more permanently.

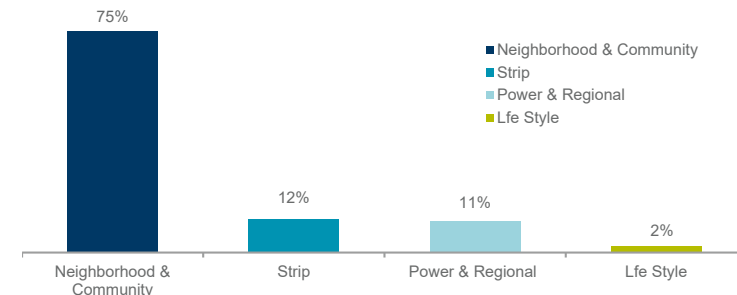
PRICING: Asking Rents Remain Stagnant

Supported by strengthening tenant demand, overall triple net asking rates ended 2019 at \$13.39 per square foot (psf) per year, growing by 10.0% over the past three years. Mid-County posted the highest asking rates for the fourth quarter of 2019 at \$19.05 psf, growing 9.3% over the same three-year period. Looking forward, the expectation is that rates will continue to grow, especially in Class A product.

RENT / VACANCY RATE



AVAILABILITY BY PRODUCT TYPE



¹ <http://www.cushmanwakefield.us/en/research-and-insight/2019/popup-palooza>

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (NNN)*
City	2,763,191	0	215,651	7.8%	21,537	-9,161	0	\$12.46
Illinois	13,060,527	71,582	743,786	6.2%	-99,723	-22,831	13,725	\$12.61
Mid-County	6,301,412	2,070	181,948	2.9%	177,531	112,597	3,520	\$19.05
North County	10,004,874	65,288	1,076,175	11.4%	-136,205	-139,901	0	\$10.67
South County	13,019,155	2,600	832,646	6.4%	84,586	30,060	0	\$12.73
St. Charles	11,048,160	12,524	405,150	3.8%	9,177	267,453	0	\$14.11
West County	10,836,835	53,411	575,047	5.8%	68,330	143,783	23,000	\$16.25
ST. LOUIS TOTALS	67,034,154	207,475	4,030,403	6.3%	125,233	382,000	40,245	\$13.39

PRODUCT TYPES	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (NNN)*
Neighborhood & Community Centers	43,831,706	188,939	3,019,822	7.3%	72,069	255,194	17,245	\$12.76
Lifestyle Centers	1,705,687	0	81,288	4.8%	7,112	41,021	0	\$22.09
Power/Regional Center	13,134,161	1,507	470,669	3.6%	68,319	-4,271	0	\$16.37
Unanchored Strip Center	8,362,600	17,029	458,624	5.7%	-22,267	90,056	23,000	\$14.98
ST. LOUIS TOTALS	67,034,154	207,475	4,030,403	6.3%	125,233	382,000	40,245	\$13.39

*Rental rates reflect NNN asking \$psf/year

**Tables are not reflective of U.S. MarketBeat

Source: Costar

KEY LEASE TRANSACTIONS Q4 2019

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
1267-1283 W. Pearce Boulevard	St. Charles	HomeGoods	32,000	New
4572 Lemay Ferry Road	South County	Edge Fitness	31,205	New

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2019

h	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
8007 West Florissant Avenue	North County	Savanna / Ramrock Real Estate	164,000	\$257.0M/\$1,567
2855 Dunn Road	North County	Auburndale Properties, Inc. / AMERCO	157,209	\$1.3M/\$8.57

KEY CONSTRUCTION COMPLETIONS YTD 2019

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER
Florence Dr @ Route 94	St. Charles	N/A	10,000	Guggenheim Services, LLC
2345 South Brentwood Boulevard	Mid-County	N/A	9,969	West Community Credit Union

Greg Nelson

Analyst

+1 314 925 3177

greg.nelson@cushwake.com

cushmanwakefield.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

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.

©2020 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.