

**\$70,400**

Median HH Income

**0.1%**

Population Growth

**11.8%**

Unemployment Rate

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

**U.S. ECONOMIC INDICATORS Q2 2020**

**-9.9%**

GDP Growth

**-11.0%**

Consumer Spending Growth

**-10.3%**

Retail Sales Growth

*Source: BEA, Census Bureau*

## ECONOMIC OVERVIEW

The COVID-19 pandemic struck the U.S. in March 2020, late in the quarter but with enough time to have a significant impact on first quarter market fundamentals. In the second quarter of 2020, the U.S. economy felt its effects more fully, as government-mandated shutdowns along with shelter-in-place ordinances pushed the country deeper into recession. The situation remains very fluid. Access the most recent information specific to COVID [here](#).

As a result of this slowdown in economic activity, second-quarter unemployment figures for St. Louis rose to 11.8%, the highest unemployment level in recent history. The sudden shock to the region's economy, while significant, was relatively less severe as the local unemployment rate remained below the national average of 13.0% by 120 basis points (bps).

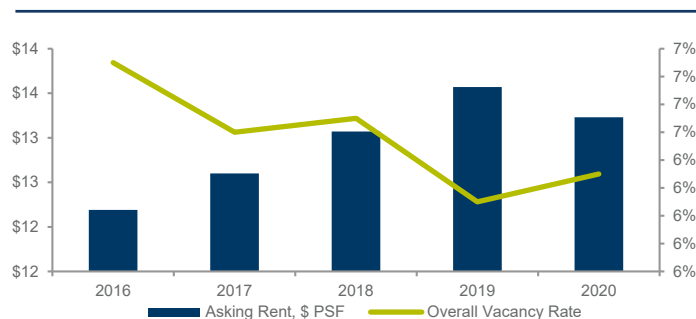
## RETAIL TRANSFORMATION: The District

Malls across America are struggling to keep tenants in place, with net absorption for U.S. shopping centers in Q2 2020 recorded at negative 7.7 million sf. Following a similar trend, the retail sector in St. Louis experienced negative absorption totaling 257,552 sf. National retail vacancy ended the quarter at 6.8%, while St. Louis has fared better, ending Q2 2020 at 6.3%, 50 bps below the national average. The future performance of malls will certainly depend on a tenant mix with variations by type and location, but the ability of investors to further enhance their retail space to keep pace with current trends will be a critical consideration moving forward.

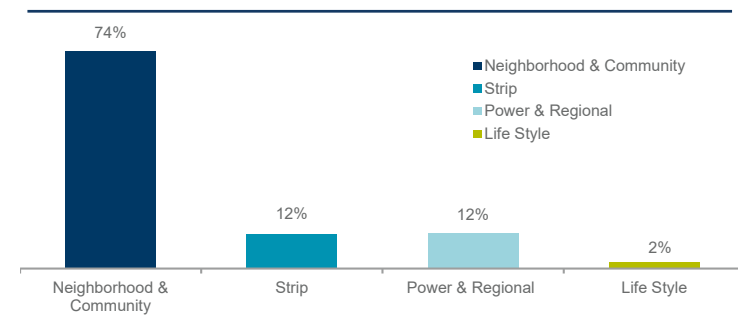
An example of this strategic investment is TSG's announced redevelopment of the Taubman Prestige Outlets in West County. The new development is being coined "The District" and will feature the first suburban food hall in the St. Louis metro, as well as an indoor live music venue that holds 3,000 concertgoers. Construction is already under way on the Main Event, a building that will feature bowling, laser tag, karaoke, and more. Tim Lowe, Vice President of Leasing and Development at TSG, described this new development as "Retailtainment". TSG is hoping to include Top Golf and the Resident Inn (under construction) in The District, flipping Taubman Prestige Outlets into a more entertainment focused campus

Just as investors diversify their portfolios, malls and shopping centers can diversify their retail tenants to match consumer demand. Retailers need to focus on creating experience for their consumers, by making sure their space is creatively designed to maximize experience per square foot.

### RENT / VACANCY RATE



### AVAILABILITY BY PRODUCT TYPE



**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	2,758,242	6,300	143,002	5.4%	-18,602	58,536	0	\$13.63
Illinois	12,915,212	74,707	715,308	6.1%	5,761	9,402	0	\$13.07
Mid-County	6,504,236	0	186,178	2.9%	-20,183	580	0	\$18.50
North County	9,909,320	59,488	970,398	10.4%	-124,988	941	0	\$9.45
South County	13,047,942	2,015	913,739	7.0%	-49,412	-39,944	0	\$12.58
St. Charles	10,975,975	15,924	465,303	4.4%	17,534	-79,143	0	\$13.75
West County	10,863,786	1,100	693,586	6.4%	-67,662	-64,428	25,215	\$16.52
<b>ST. LOUIS TOTALS</b>	<b>66,974,713</b>	<b>159,534</b>	<b>4,087,514</b>	<b>6.3%</b>	<b>-257,552</b>	<b>-114,056</b>	<b>25,215</b>	<b>\$13.23</b>

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	43,617,286	137,188	3,115,516	7.5%	-231,298	-178,165	0	\$13.10
Lifestyle Centers	1,696,939	0	88,832	5.2%	5,951	-7,544	0	\$16.00
Power/Regional Center	13,331,172	7,807	422,802	3.2%	-40,519	88,839	0	\$9.46
Unanchored Strip Center	8,329,316	14,539	460,364	5.7%	8,314	-17,186	25,215	\$15.06
<b>ST. LOUIS TOTALS</b>	<b>66,974,713</b>	<b>159,534</b>	<b>4,087,514</b>	<b>6.3%</b>	<b>-257,552</b>	<b>-114,056</b>	<b>25,215</b>	<b>\$13.23</b>

\*Rental rates reflect NNN asking \$psf/year

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

Source: Costar

**KEY LEASE TRANSACTIONS Q2 2020**

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
15434-15448 Manchester Rd.	Illinois	Club Fitness	40,000	New
3629-3630 N. Lindbergh Blvd.	North County	The Original Healthy Hair Body Spa	6,400	New

\*Renewals not included in leasing statistics

**KEY SALES TRANSACTIONS Q2 2020**

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
9440-9490 Watson Rd.	South County	Milpitas-Fleming Associates GP/ Savoy Properties	132,463	\$3.0M/\$22.65
2051-1083 Regency Pkwy.	St. Charles	MRP St. Charles LLC / Global New Millennium Partners, LTD	49,155	\$6.0M/\$121.66

**KEY CONSTRUCTION COMPLETIONS YTD 2019**

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER
1001 Enclave Blvd.	Illinois	N/A	13,725	Fireside Financial, LLC
6185 Bennett	Illinois	N/A	10,344	Edwardsville Town Center Llc

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