

	YoY Chg	12-Mo. Forecast
4.7% Vacancy Rate	▼	▬
1.5M YTD Net Absorption, SF	▲	▲
\$5.05 Asking Rent, PSF	▲	▬

Overall, Net Asking Rent

ECONOMIC INDICATORS Q1 2021

	YoY Chg	12-Mo. Forecast
1.3M St. Louis Employment	▼	▲
4.6% St. Louis Unemployment Rate	▲	▼
6.0% U.S. Unemployment Rate	▲	▼

*Source: BLS, Moody's Analytics
2021 data are based on
latest available data*

ECONOMIC OVERVIEW

Regional employment figures indicate a sharper peak in unemployment than originally tracked as more clarity surrounding the initial economic impact of the pandemic unfolds. Current estimates point to St. Louis's unemployment rate peaking at 12.5% in the first half of 2020, an upward revision of 90 basis-points (bps) when reported in year-end 2020. Nearly a year after the global pandemic put the brakes on the largest economy in the world, the U.S. unemployment rate ended the year at 6.0%, with local unemployment in St. Louis settling at 4.6% and adding 111,400 jobs.

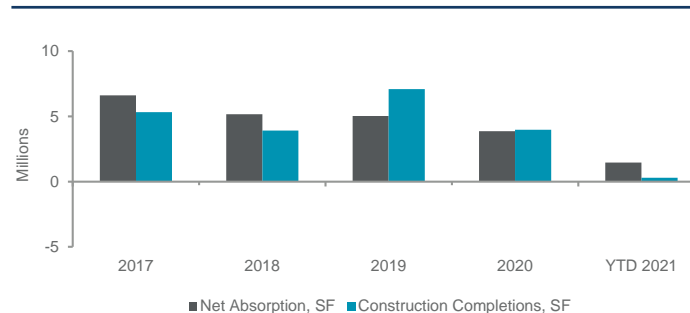
SUPPLY AND DEMAND: Lowest Vacancy on Record

Absorption for the first quarter of 2021 was positive 1.5 million square feet (msf). Healthy occupier demand, primarily in the Metro East and North County markets, allowed for the strongest start to the year since 2017 when first quarter absorption reached over 6.6 msf. Speculative construction during the first quarter of 2021 accounted for over 80.0% of the development pipeline, matching last year's level. Though just 270,000 square feet (sf) of new inventory delivered in the first quarter, an additional 1.7 msf is under construction and expected to deliver by year-end. The brief lull in new construction combined with strong occupier demand has driven industrial market vacancy to the lowest level on record to 4.7%.

PRICING: Elevating Levels

Year-over-year, overall triple net asking rates rose 6.8%, ending the first quarter of 2021 at \$5.05 per square foot (psf), marking the second time rates have peaked over \$5.00 since 2010. The only other time rates peaked to this level was back in 2017, spurred by a flurry of new deliveries. This time around, rates are pressing upwards due to strong tenant demand and are positioned to remain elevated as new construction will deliver during the second half of the year with triple net rates ranging from \$3.85 to \$7.50 per square foot.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



North County

Strong tenant demand during the first quarter of 2021 resulted in the market reaching vacancy levels not observed since 2007. North County tracked nearly 903,000 square feet (sf) of positive absorption during the first quarter of 2021, which lowered vacancy rates by 112 bps quarter-over-quarter to 5.7%. In response to this market strength local developers remain active as Panattoni Development Company began construction on the remaining sites at their 2.0-msf Aviator Business Park. The future sites include buildings three, five, and six and the deliveries will add an additional 600,000 sf to market inventory.

Major move-ins include; Goodwill Industries' 378,000-sf occupancy at 12955 Enterprise Way and Bassik Services Incorporated's relocation to 133 South McDonnell Boulevard totaling 205,000 sf.

Metro East

Vacancy for the Metro East market landed at 6.7% by the end of the first quarter, a 284-bps decline year-over-year. Over 1.5 msf of leasing transactions occurred during the quarter, signaling that occupier activity remains healthy for the strategically located market. Notable lease transactions during the quarter include; FedEx (Unilever)'s 769,000-sf new lease at 3919 Lakeview Corporate Drive, Geodis's 406,000-sf renewal at 14 West Gateway Commerce Center Drive, and QPSI's 218,000-sf new deal at Gateway Tradeport II.

Appetite from Institutional investors grows for the market as over \$310 million in assets have traded hands since the beginning of 2020. Nearly half of that figure occurred during the first quarter of 2021 when Apollo Global RE purchased two recently constructed built-to-suit properties totaling over 2.0 msf from TriStar Properties for \$140 million.

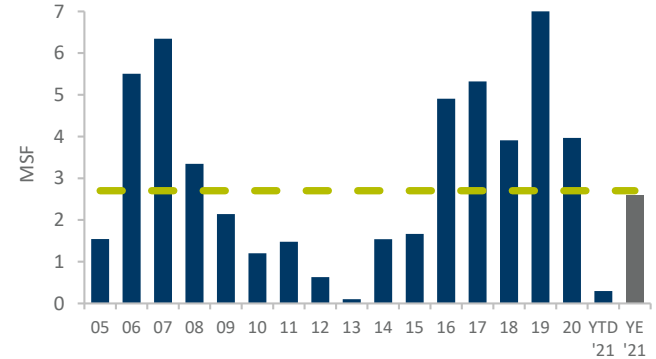
South County

Quarterly absorption for the South County market reached positive 139,000 sf, bringing the market's vacancy rate to 3.7% and falling by 216 bps year-over-year. At current, 419,000 sf of development is underway and expected to deliver by year end. South County is expected to see more absorption through the remainder of the year as the market's current pipeline is 100% pre-leased. Major move-ins this quarter include: B.A.S.F.'s 39,000-sf occupancy at 2098 Fenton Logistics Park Boulevard, Curology Incorporated's 37,000-sf occupancy at 2060 Fenton Logistics Parkway, and ReSort Solutions' relocation-expansion to 2091-2099 Corporate 44 Drive for 135,000 sf.

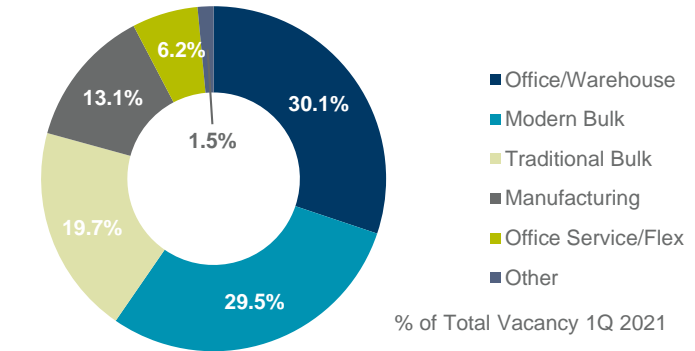
Outlook

- Record low vacancy rates and heightened leasing velocity will put upward pressure on rental rates.
- Developers will continue to break ground on land inventories based on current demand in addition to actively seeking additional land sites that will benefit from the market's rapid industrial growth.
- Investor demand will increasingly compete with owner-users looking to expand their operational footprint as the industrial asset class continues to be the commercial real estate industry's crown jewel.

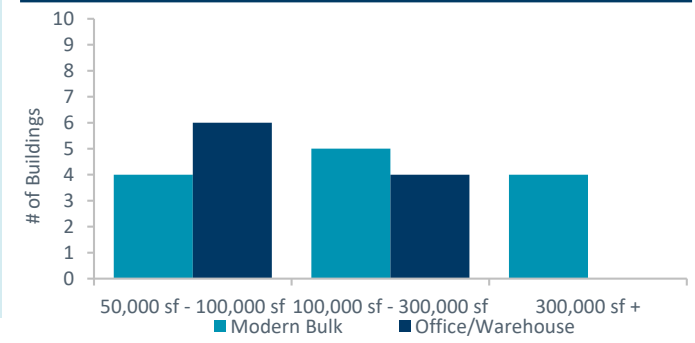
NEW SUPPLY



VACANT SPACE BY PRODUCT TYPE



BLOCKS OF CLASS A CONTIGUOUS SPACE



MARKETBEAT

ST. LOUIS



Industrial Q1 2021

MARKET STATISTICS

SUBMARKET	Total Buildings	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	YTD CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
City	1,174	62,101,371	2,996,883	4.8%	145,884	145,884	0	0	\$5.22	\$3.50	\$4.63
Metro East	261	36,875,448	2,531,111	6.9%	267,806	267,806	624,346	0	N/A	\$8.85	\$3.87
Mid County	550	23,210,168	713,779	3.1%	-147,837	-147,837	0	0	N/A	\$7.36	\$5.57
North County	524	56,125,015	3,192,796	5.7%	903,473	903,473	1,111,376	297,272	\$4.60	\$6.46	\$4.24
South County	448	20,394,165	761,251	3.7%	138,957	138,957	419,000	0	\$4.02	\$8.67	\$5.88
St. Charles	454	33,481,183	764,008	2.3%	-38,401	-38,401	142,600	0	N/A	N/A	\$5.01
West County	523	22,236,547	954,582	4.3%	187,424	187,424	0	0	N/A	\$10.25	\$6.54
ST. LOUIS TOTALS	3,934	254,423,897	11,914,410	4.7%	1,457,306	1,457,306	2,297,322	297,272	\$4.55	\$7.58	\$4.73

*Rental rates reflect weighted net asking \$psf/year

MF = Manufacturing OS = Office Service/Flex W/D = Warehouse/Distribution

PRODUCT TYPE	TOTAL BUILDINGS	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	YTD CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT
Modern Bulk	122	50,841,118	3,089,518	6.1%	402,330	402,330	0	0	\$3.93
Traditional Bulk	252	34,913,527	1,531,045	4.4%	683,920	683,920	0	0	\$4.17
Office/Warehouse	2,712	97,453,516	4,218,172	4.3%	421,079	421,079	2,251,122	297,272	\$6.25
Other	80	2,615,737	215,532	8.2%	0	0	0	0	\$4.00
Warehouse/Distribution	3,166	185,823,898	9,054,267	4.9%	1,507,329	1,507,329	2,251,122	297,272	\$4.73
Manufacturing	472	55,412,519	1,937,169	3.5%	-49,120	-49,120	46,200	0	\$4.55
Office Service/Flex	296	13,187,480	922,974	7.0%	-903	-903	0	0	\$7.58
ST. LOUIS TOTALS	3,934	254,423,897	11,914,410	4.7%	1,457,306	1,457,306	2,297,322	297,272	\$5.05

KEY LEASE TRANSACTIONS YTD 2021

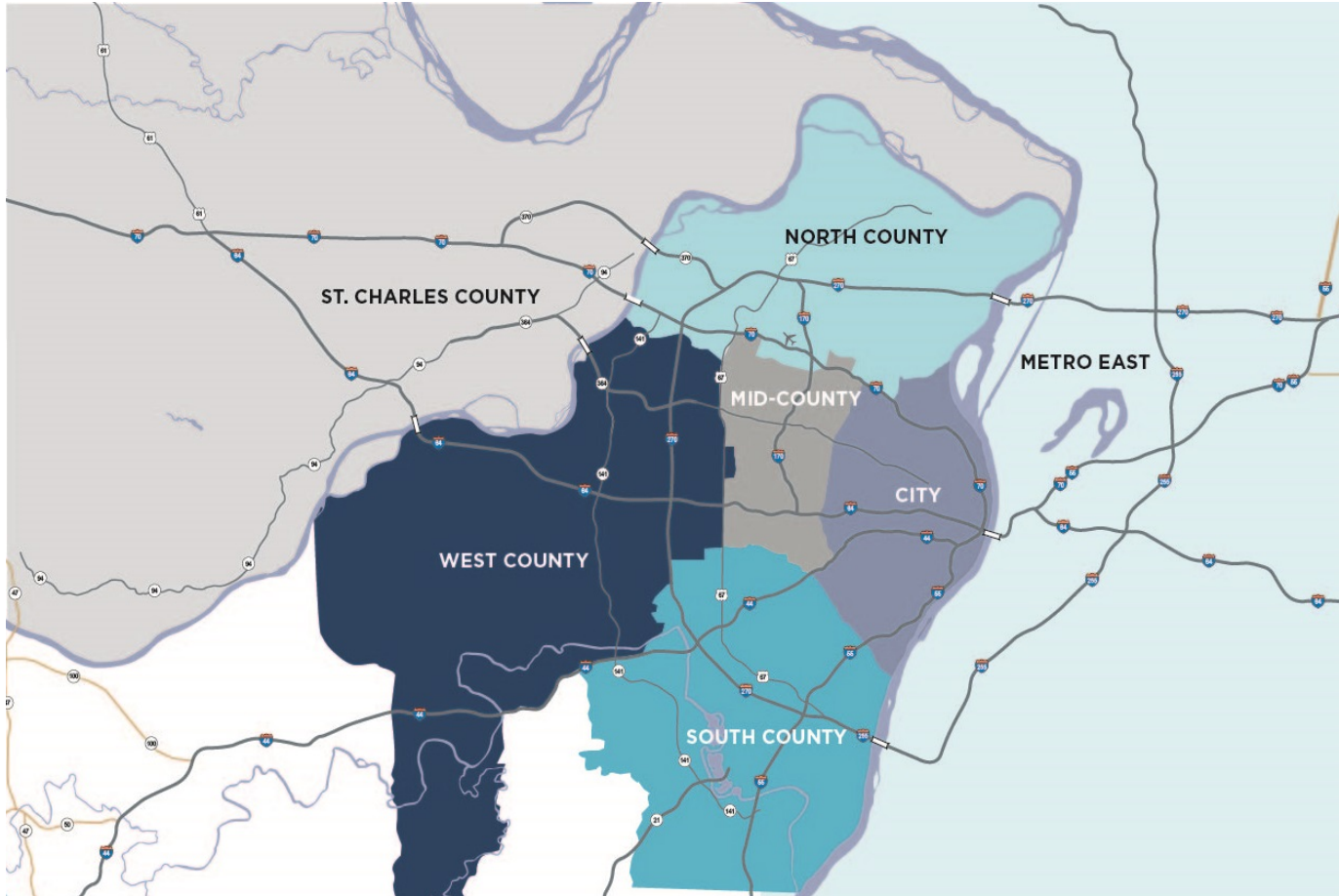
PROPERTY	SUBMARKET	TENANT	RSF	TYPE
3919 Lakeview Corporate Dr.	Edwardsville	FedEx (Unilever)	768,678	New
14 W. Gateway Commerce Center Dr.	Edwardsville	Geodis	406,497	Renewal*
12949-12955 Enterprise Way	Hazelwood	Goodwill Industries	378,000	New
State Route 111 & Tradeport Parkway	Edwardsville	QPSI	217,746	New

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS YTD 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
Premier 370 Pkwy	St. Charles	Duke Realty / Axiom Plastics	775,368	N/A

INDUSTRIAL SUBMARKETS



David Hoebbel

Director of Research

Tel: +1 314 236 0176

david.hoebbel@cushwake.com

Greg Nelson

Analyst

Tel: +1 314 925 3177

greg.nelson@cushwake.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 50,000 employees in over 400 offices and 60 countries. In 2020, the firm had revenue of \$7.8 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

©2021 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.

cushmanwakefield.com