

YoY Chg 12-Mo. Forecast

4.5%
Vacancy Rate



3.2M
YTD Net Absorption, SF



\$5.25
Asking Rent, PSF

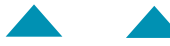


Overall, Net Asking Rent

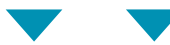
ECONOMIC INDICATORS Q3 2021

YoY Chg 12-Mo. Forecast

1.3M
St. Louis Employment



4.6%
St. Louis Unemployment Rate



5.2%
U.S. Unemployment Rate



Source: BLS, Moody's Analytics
2021Q3 data are based on latest available data

ECONOMIC OVERVIEW

St. Louis's unemployment rate ended the third quarter of 2021 at 4.6%, a 250 basis-point (bps) reduction since September 2020. While moving in the right direction, the amount of people within the St. Louis labor force is still well below levels at the start of 2020, as total employment is 95.9% of pre pandemic levels as of August 2021. The U.S. unemployment rate ended the third quarter of 2021 at 5.2%, 60 bps above the unemployment rate in St. Louis.

SUPPLY AND DEMAND: Future Availability with Elevated Levels of Speculative Development

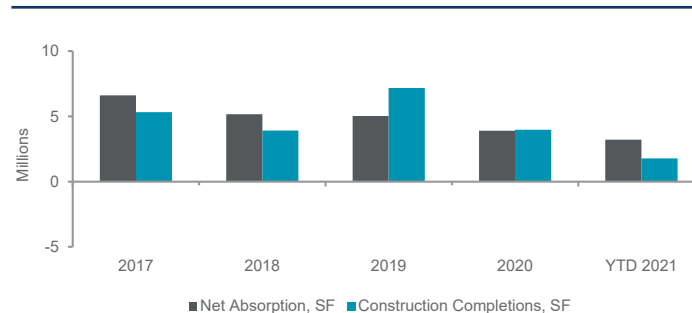
The end of the third quarter of 2021 marked the third consecutive quarter overall vacancy remained below 5.0% for the first time in recorded history. The continued low level of vacancy is the result of strong leasing fundamentals and increased occupier demand. Year-to-date leasing, which ended the quarter at 7.7 million square feet (msf), has already surpassed 2019 and 2020's year-end levels, by 34.7% and 4.0% respectively. Finding space in this market has become a challenge for occupiers as only six of the 37 buildings delivered since 2019 have available space. Of these six buildings, only three can satisfy a requirement of 100,000 sf or greater.

Developers have taken notice, as is evident with current levels of speculative construction. Speculative development accounted for 72.0% of all properties under construction as of the end of the quarter, totaling nearly 3.5 msf. Panattoni Development Company, one of St. Louis's largest developers, has started construction on six speculative modern bulk buildings totaling nearly 1.4 msf across the St. Louis Metro area.

PRICING: Rates Over \$5.00, the New Normal

Year-over-year overall triple net asking rates rose 9.6%, ending the third quarter of 2021 at \$5.25 per-square-foot (psf). This marks the first time that rates have eclipsed the \$5.00-mark for three consecutive quarters. The continued increase in rates have been driven by supply shortages combined with elevated asking rates on new construction. Aggressive development delivering by year-end in 2021 will hit the market with triple net rates ranging from \$3.85 to \$9.95 psf across all product types.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



North County

Over 1.4 msf of new construction has started in North County since the beginning of 2021. Developers such as NorthPoint Development, CRG, and Panattoni Development Company have begun shifting land inventories into production. Aggressive construction plans to further finish the Aviator and Hazelwood Tradeport industrial parks from Panattoni and NorthPoint has resulted in speculative construction accounting for over 81.0% of the market's pipeline. In addition to elevated levels of speculative construction, occupier demand in the submarket remained robust as of the third quarter with year-to-date absorption tracking positive 1.2 msf. The combination of strong demand and increased rates from new quality inventory have driven overall average triple-net asking rates for North County to increase by 11.6% year-over-year, ending the third quarter at \$4.80 psf. Expect rates to increase further, as the final three buildings within the Aviator industrial park will deliver in 2022, where several deals since 2020 are being signed above \$5.00 psf triple-net. The delivery of the three Aviator buildings will complete the nine-property industrial park, totaling more than 2.6 msf. Major moves include; Neshor Pharmaceuticals' 124,000-sf move-out at 13910 St Charles Rock Road, and Core & Main's 60,000-sf occupancy at 10 Athletic Drive.

Metro East

Quarter-end vacancy for the Metro East market bumped upwards to 5.9%, a 116-bps increase quarter-over-quarter to 5.9%. The increase is largely in part from new supply as NorthPoint Development finished construction on its 624,000-sf Gateway Tradeport III building. Expect vacancy to fluctuate over the short-term as new deals and new construction shift the balance of vacant inventory in the submarket. Occupier demand for the submarket remains elevated, as is evident with year-to-date absorption ending the third quarter at positive 1.2 msf. Major move-ins include; IMC Outdoor Living's 326,000-sf occupancy at 1201 Tradeport Parkway, and Jung Transportation's 86,000-sf occupancy at 1201 West First Street.

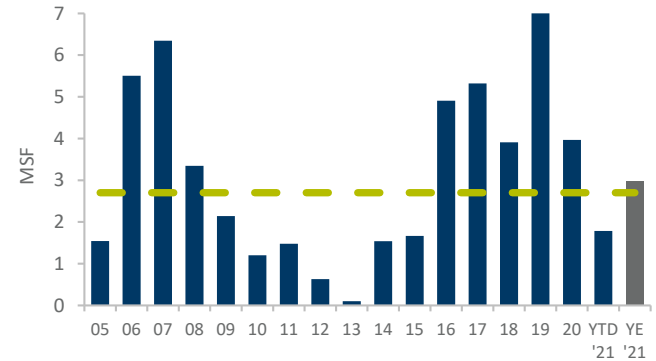
St. Charles County

St. Charles County's year-to-date absorption ended the quarter at positive 145,000-sf. Vacancy fell 46 bps to 2.2%, marking the sixth consecutive quarter St. Charles County's overall vacancy was below 3.0%. Expect vacancy to rise in the near-term as the market has over 1.2 msf under construction, with 21.8% pre-leased. The market's current development pipeline is drastically different from years past, with speculative construction now accounting for 82.6%. The shift towards more speculative properties is largely due to Panattoni Development Company's rapid development of its newly acquired land inventory at Premier 370. Major move-ins include: an e-commerce user's 142,000-sf occupancy on Spencer Road, and eTrailer's 118,00-sf occupancy at 3651 New Town Boulevard.

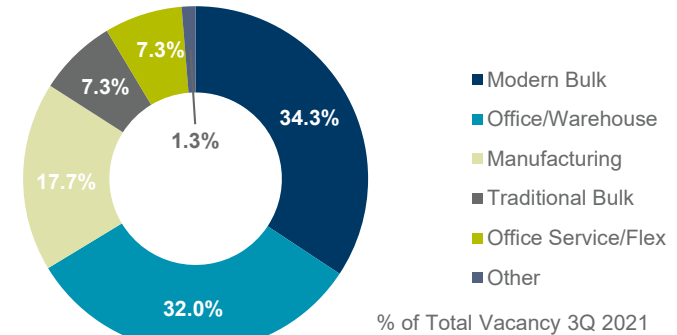
Outlook

- Low vacancy rates and heightened leasing velocity will continue to put upward pressure on rental rates.
- Expect further activity from logistics and e-commerce occupiers looking to solidify their regional omni-channel strategy and expand operations to match the shift in consumer behavior towards online purchases.
- 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.

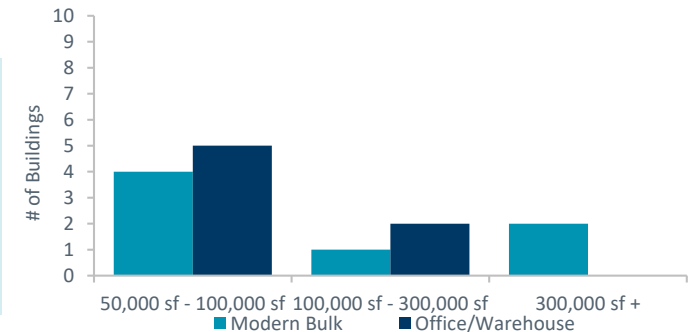
NEW SUPPLY



VACANT SPACE BY PRODUCT TYPE



BLOCKS OF CLASS A CONTIGUOUS SPACE



MARKETBEAT ST. LOUIS

Industrial Q3 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	62,212,100	2,904,321	4.7%	116,894	238,446	0	0	\$3.50	\$3.50	\$5.23
Metro East	261	37,500,078	2,228,374	5.9%	157,386	1,195,170	1,310,000	624,346	N/A	N/A	\$4.42
Mid County	550	23,103,678	578,643	2.5%	-38,229	-42,921	244,000	0	N/A	\$6.69	\$4.98
North County	524	56,724,303	3,425,087	6.0%	-173,824	1,185,620	1,421,246	821,698	\$4.60	\$6.56	\$4.61
South County	448	20,598,925	638,446	3.1%	50,531	456,913	224,000	195,000	N/A	\$8.96	\$7.42
St. Charles	454	33,669,283	723,511	2.2%	293,305	144,696	1,213,395	142,600	N/A	\$8.75	\$5.82
West County	523	22,236,430	1,101,879	5.0%	-103,985	40,127	481,680	0	N/A	\$10.37	\$5.97
ST. LOUIS TOTALS	3,934	256,044,797	11,600,261	4.5%	302,078	3,218,051	4,894,321	1,783,644	\$4.52	\$7.39	\$4.97

*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	123	51,878,295	3,977,306	7.8%	31,958	1,270,227	4,061,071	1,036,896	\$4.14
Traditional Bulk	252	34,912,890	851,890	2.4%	243,231	1,362,517	0	0	\$4.81
Office/Warehouse	2,714	98,090,755	3,716,650	3.8%	-40,801	607,879	833,250	700,548	\$6.56
Other	80	2,615,737	150,405	5.8%	55,144	55,144	0	0	\$5.00
Warehouse/Distribution	3,169	187,497,677	8,696,251	4.6%	289,532	3,295,767	4,894,321	1,737,444	\$4.97
Manufacturing	472	55,361,140	2,056,653	3.7%	-69,340	-122,404	0	46,200	\$4.52
Office Service/Flex	296	13,185,980	847,357	6.4%	81,886	44,688	0	0	\$7.39
ST. LOUIS TOTALS	3,937	256,044,797	11,600,261	4.5%	302,078	3,218,051	4,894,321	1,783,644	\$5.25

KEY LEASE TRANSACTIONS YTD 2021

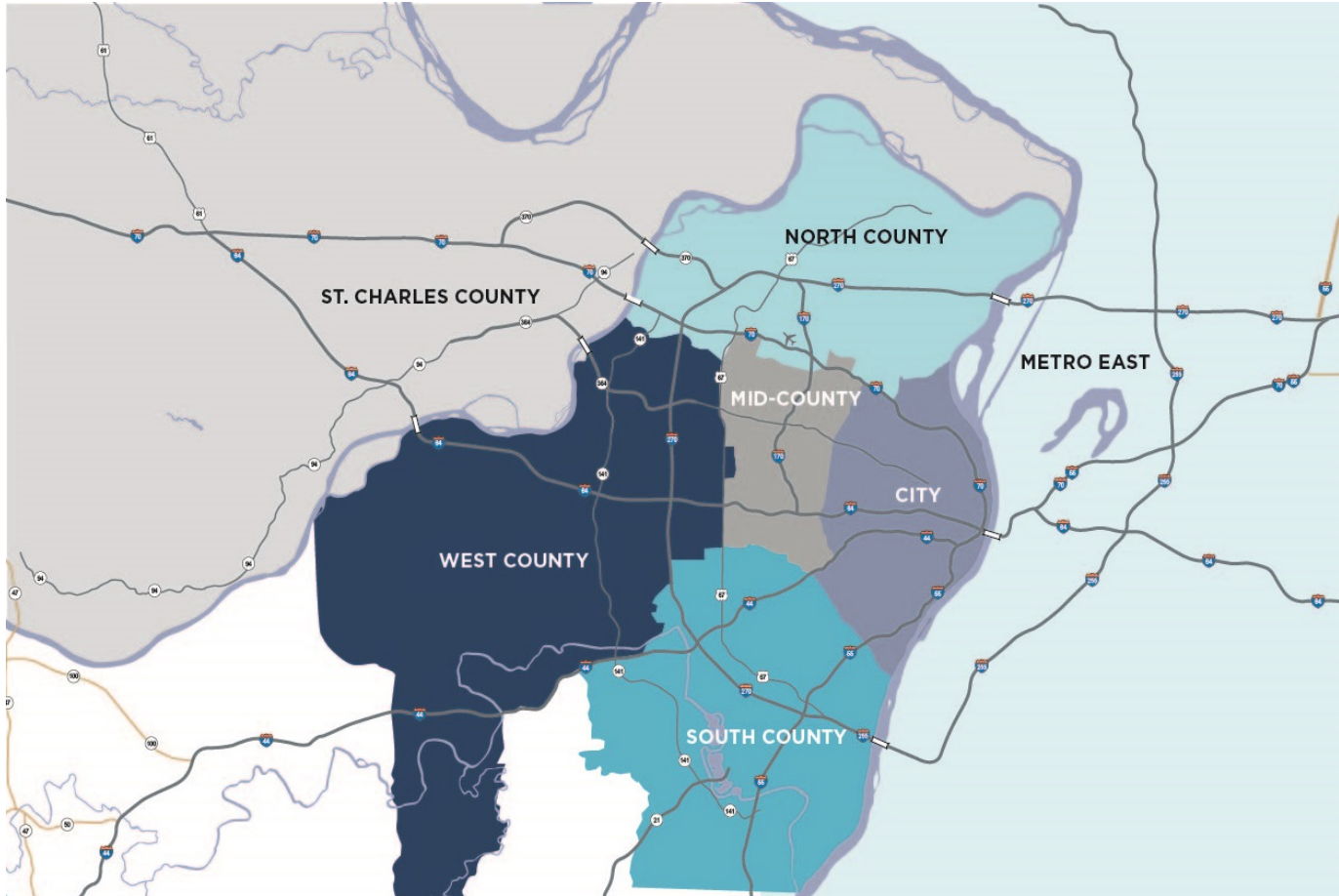
PROPERTY	SUBMARKET	TENANT	RSF	TYPE
1201 Tradeport Parkway	Edwardsville	IMC Outdoor Living	325,994	New
13330 Lakefront Dr.	Earth City	ITF	315,600	New
4801 Tradeport Access Blvd.	Hazelwood	8th Avenue Foods	252,272	New
13330 Lakefront Dr.	Earth City	Tightline	227,000	New

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS YTD 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
3728 Market St.	City South	Raven Development Green Street	1,077,041	N/A N/A

INDUSTRIAL SUBMARKETS



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