

YoY Chg 12-Mo. Forecast

4.0%
Vacancy Rate



5.5M
YTD Net Absorption, SF



\$5.50
Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC OVERVIEW

St. Louis's unemployment rate ended the fourth quarter of 2021 at 3.9%, a 130 basis-point (bps) reduction since December 2020. While continuing to move in the right direction, the size of the St. Louis labor force is still somewhat below levels seen in January 2020. As of October 2021, the most recent observation at present, the labor force has risen to 97.3% of its pre-pandemic size. The U.S. unemployment rate ended the third quarter of 2021 at 4.2%, 30 bps above the unemployment rate in St. Louis.

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

This quarter marked the fourth 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 activity of 10.1 million square feet (msf) surpassed 2019 and 2020's year-end levels, by 81.9% and 42.5% respectively. Finding space in this market has become a challenge for occupiers as only six of the 41 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 96.1% of all properties under construction as of the end of the quarter, totaling nearly 7.7 msf. NorthPoint Development, one of St. Louis's largest developers, has started construction on eight speculative modern bulk buildings totaling over 3.2 msf across the St. Louis Metropolitan area.

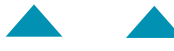
PRICING: Rates Over \$5.00, the New Normal

Year-over-year overall triple-net asking rates rose 14.8%, ending the fourth quarter of 2021 at \$5.50 per square foot (psf). This marks the first time that rates have eclipsed the \$5.00-mark for four consecutive quarters. The continued increase in rates has been driven by supply shortages combined with elevated asking rates on new construction. Aggressive development delivering by year-end in 2022 will hit the market with triple-net rates ranging from \$3.85 to \$9.95 psf across all product types.

ECONOMIC INDICATORS Q4 2021

YoY Chg 12-Mo. Forecast

1.4M
St. Louis Employment



3.9%
St. Louis Unemployment Rate

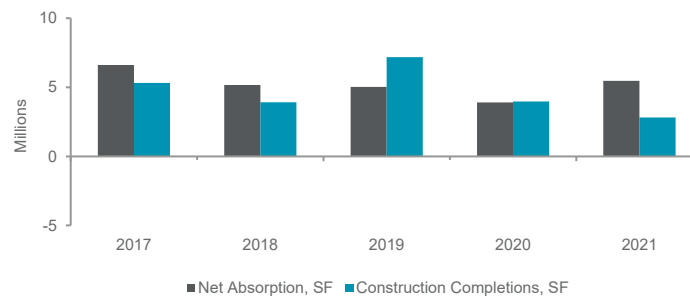


4.2%
U.S. Unemployment Rate



Sources: BLS, Moody's Analytics, Federal Reserve Bank of St. Louis

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



North County

Over 3.5 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 Panattoni's Aviator and NorthPoint's Hazelwood Tradeport industrial parks have resulted in speculative construction accounting for over 96% of the market's pipeline. In addition to elevated levels of speculative construction, occupier demand in the submarket remained robust with positive 2.1 msf at the end of 2021. The combination of strong demand and increased rates from new quality inventory has driven overall average triple-net asking rates for North County to increase by 12.6% year-over-year, ending the fourth quarter at \$4.81 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 final three Aviator buildings in 2022 the nine-property industrial park will be completed, totaling more than 2.6 msf. Major moves include: Graybar's 216,200 sf occupancy at 6202 Aviator Dr. and Dodge Moving's 104,437 sf occupancy at 1500 Tradeport Dr.

Metro East

Quarter-end vacancy for the Metro East market declined to 5.8%, a 350-bps decrease year-over-year. The decline in vacancy can largely be explained by the amount of delivered space in 2021. Expect vacancy to fluctuate over the short-term as new deals and 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 fourth quarter at positive 1.2 msf. The market's current construction pipeline has 2.6 msf of speculative space scheduled to deliver in 2022. Key Transactions: Unilever's 513,474 sf renewal at 9 E Gateway Commerce Center Dr. and Royal Canin's 337,636 sf leasing signing at 5715 Inner Park Drive.

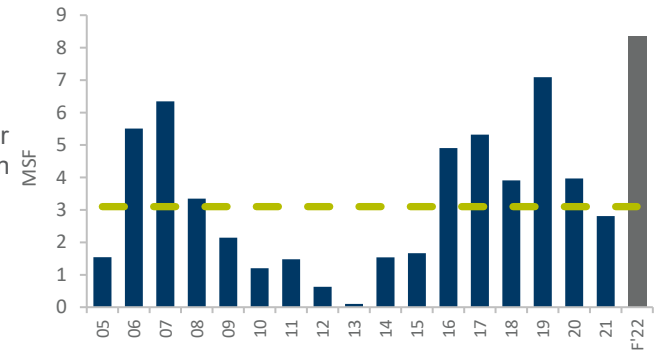
St. Charles County

St. Charles County's year-to-date absorption ended the quarter at positive 589,763 sf. Vacancy fell to 1.2%, marking the seventh consecutive quarter overall vacancy was below 3.0%. The market's current development pipeline is drastically different from years past, with speculative construction now accounting for 93.9%. The shift towards more speculative properties is largely due to Panattoni's rapid development of its newly acquired land inventory at Premier 370. Major move-ins include: We Ship Express 195,000 sf occupancy at 3800 Charbonneau Dr. and Patriot Machine's 163,000 square-foot expansion at 76 Corporate Hills Dr.

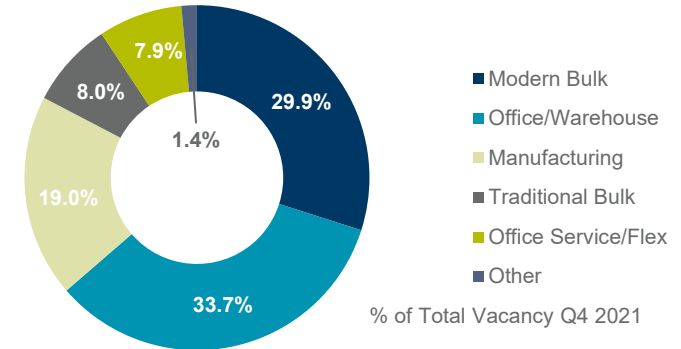
Outlook

- 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.

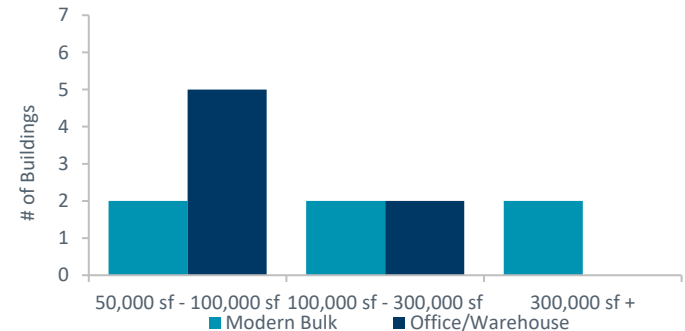
NEW SUPPLY



VACANT SPACE BY PRODUCT TYPE



AVAILABLE BLOCKS OF CLASS A CONTIGUOUS SPACE



MARKETBEAT ST. LOUIS



Industrial Q4 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 CONST (SF)	YTD CONST COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
City	1,175	62,212,100	2,786,295	4.5%	116,723	355,169	0	0	\$3.50	\$3.50	\$5.35
Metro East	262	37,500,078	2,173,924	5.8%	54,450	1,249,620	2,943,736	624,346	N/A	N/A	\$4.70
Mid County	549	23,103,678	559,148	2.4%	19,495	-23,426	244,000	0	N/A	\$6.69	\$5.14
North County	527	56,994,303	2,794,991	4.9%	584,496	2,085,716	3,306,332	1,091,698	\$4.60	\$6.89	\$4.53
South County	450	20,822,925	555,839	2.7%	306,607	763,520	330,000	419,000	N/A	\$8.84	\$7.39
St. Charles	457	34,080,318	403,948	1.2%	549,763	905,454	1,147,400	583,795	N/A	\$8.75	\$6.83
West County	524	22,322,286	1,104,121	5.0%	90,208	130,335	389,230	92,450	N/A	\$10.37	\$6.15
ST. LOUIS TOTALS	3,944	257,035,688	10,378,266	4.0%	1,721,742	5,466,388	8,360,698	2,811,289	\$4.52	\$7.51	\$5.21

*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 CONST (SF)	YTD CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT
Modern Bulk	126	52,359,290	3,106,268	5.9%	876,315	2,673,137	7,708,898	1,517,891	\$4.15
Traditional Bulk	252	34,912,890	832,153	2.4%	18,285	1,380,802	0	0	\$4.87
Office/Warehouse	2,719	98,398,811	3,499,688	3.6%	482,689	1,090,568	526,800	1,016,998	\$6.69
Other	80	2,682,937	150,400	5.6%	67,200	122,344	0	67,200	\$7.07
Warehouse/Distribution	3,177	188,353,928	7,588,509	4.0%	1,444,489	5,266,851	7,895,698	2,602,089	\$5.21
Manufacturing	470	55,455,780	1,972,431	3.6%	247,222	124,818	50,000	209,200	\$4.52
Office Service/Flex	296	13,225,980	817,326	6.2%	30,031	74,719	75,000	0	\$7.51
ST. LOUIS TOTALS	3,943	257,035,688	10,378,266	4.0%	1,721,742	5,466,388	8,360,698	2,811,289	\$5.50

KEY LEASE TRANSACTIONS YTD 2021

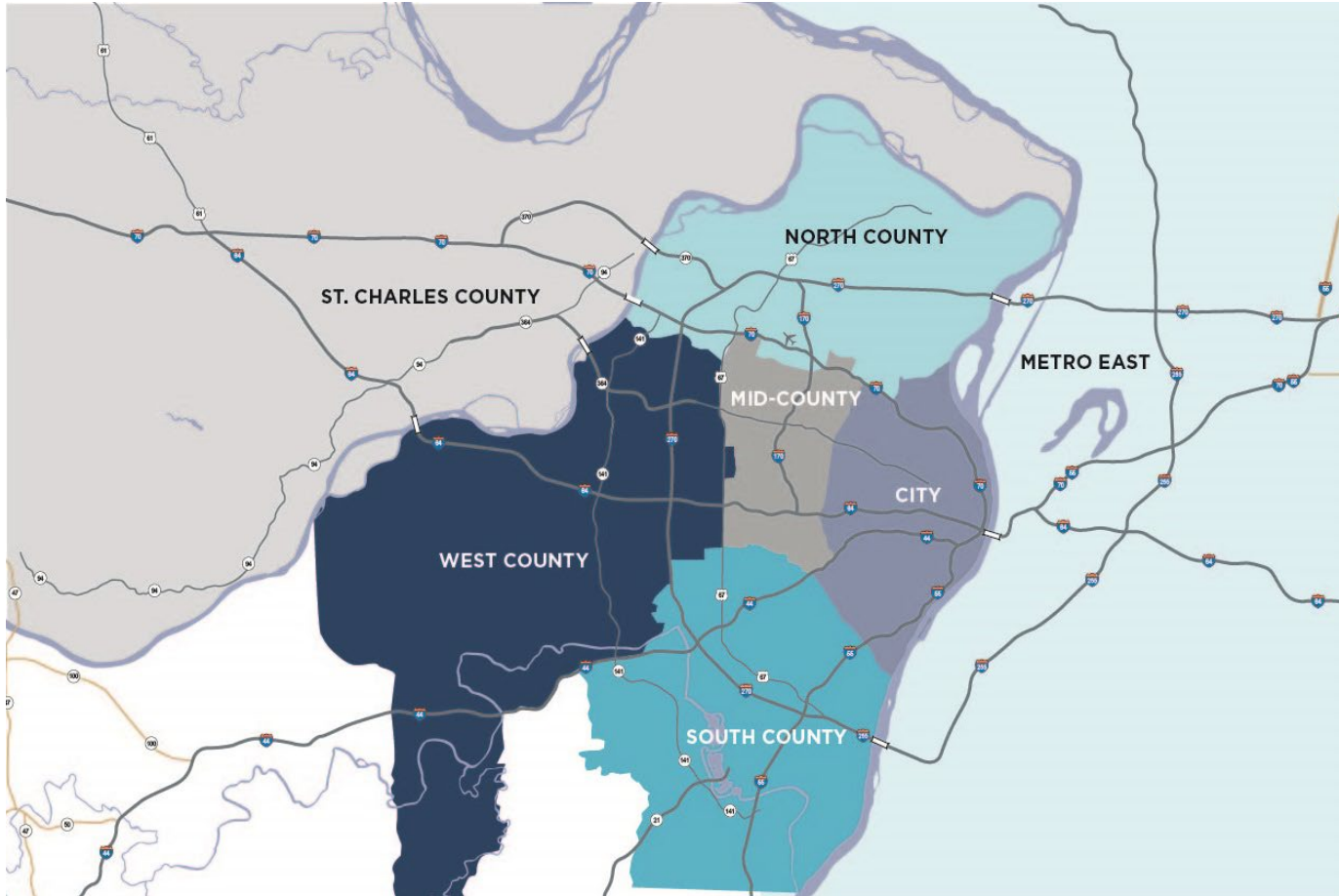
PROPERTY	SUBMARKET	TENANT	RSF	TYPE
1601 Tradeport Drive	Hazelwood	Ryder	412,550	New
5715 Inner Park Drive	Edwardsville	Royal Canin	337,636	New
1659 Sauget Industrial Blvd	East St. Louis	Sensient Technologies Corporation	300,481	New
6202 Aviator Drive	Hazelwood	Graybar	216,200	New

*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



Luke Shaffer

Research Manager

Tel: +1 636 373 8087

luke.shaffer@cushwake.com

Jacob Cottrell

Research Analyst

Tel: +1 314 391 2509

jacob.cottrell@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.

©2022 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