

MARKETBEAT ST. LOUIS

Multifamily Q4 2021



YoY Chg 12-Mo. Forecast

6.4%

Vacancy Rate



+251

Net Absorption, units



\$1.21

Effective Rent, PSF



(50+ unit developments, excluding senior housing and military) Source: CoStar

ECONOMIC OVERVIEW

Despite ongoing concerns over the virus and new variants, St. Louis's unemployment rate ended the fourth quarter of 2021 at 3.9%, a 130 basis-point (bps) reduction since December 2020, and 30 bps below national unemployment. However, the St. Louis labor force is still 2.8% below the level it was at in January 2020 but continues to trend towards full recovery, which in turn will continue to support demand fundamentals.

DEMAND: Vacancy Falls to Record Low as New Absorption Remains Positive

Vacancy reached another record low in Q4 2021 at 6.4%, a 250 bps drop from Q4 2020. Net absorption equaled 251 units for the fourth quarter, bringing the yearly total to 3,686 units. This is the largest positive net absorption total for a year on record. Both key statistics highlight the incredible growth in the multifamily market and the importance of focusing on this crucial sector. Multifamily is particularly strong in St. Charles County, the second-largest submarket within St. Louis in terms of inventory. St. Charles' Q4 2021 vacancy rate was 2.2%, the lowest vacancy rate of any St. Louis submarket, and net absorption was 79 units, the highest of the submarkets.

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

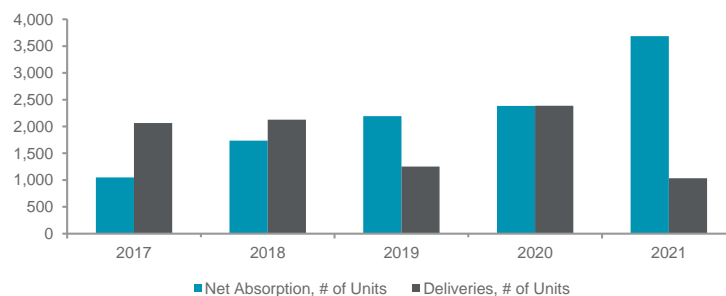


Source: BLS, Moody's Analytics, Federal Reserve Bank of St. Louis

DEVELOPMENT: Under-Construction Units Set a New Record High

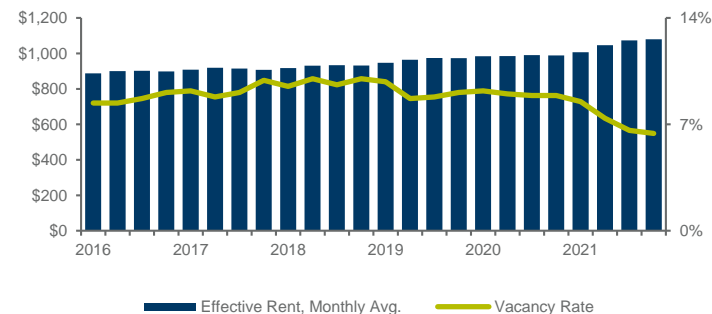
This year was a relatively quiet year for delivered units with only 1,036 units delivered in the calendar year, the lowest yearly total since 2014. In fact, the final two quarters of 2021 lacked a single delivered unit, the first such streak since Q4 2014 and Q1 2015. However, this can be directly attributed to virus-related delays and build up. Under-construction units set a record high of 5,174 units in Q4 2021, surpassing the old record set in 2018 by more than 25%. Expect 2022 to be a record year for unit deliveries, due to the number of units currently under-construction. Of those, 4,000+ units are slated to be delivered in 2022.

SPACE DEMAND / DELIVERIES



Source: CoStar

OVERALL VACANCY & EFFECTIVE RENT



Source: CoStar

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MARKET STATISTICS

SUBMARKET	INVENTORY (UNITS)	2021 DELIVERIES (UNITS)	2021 % INVENTORY GROWTH	UNDER CONSTR (UNITS)	NET ABSORPTION (UNITS)	VACANCY RATE	YOY VACANCY RATE CHANGE (bps)	AVG EFFECTIVE RENT/UNIT	AVG EFFECTIVE RENT PSF	YOY % EFFECTIVE RENT GROWTH
Ballwin	5,540	0	0.0%	0	-1	2.6%	-170	\$1,148	\$1.18	10.0%
Central West End	7,287	152	2.1%	437	57	7.7%	-640	\$1,379	\$1.69	5.4%
Chesterfield	3,913	188	4.8%	266	19	2.7%	-610	\$1,386	\$1.42	15.2%
Downtown CBD	4,227	0	0.0%	224	-22	12.1%	-190	\$1,379	\$1.44	6.7%
Downtown Clayton	1,124	0	0.0%	0	-10	5.6%	-680	\$2,214	\$2.38	11.8%
Jefferson County	9,854	200	2.0%	0	62	3.4%	-70	\$909	\$1.07	10.8%
Kirkwood South	4,394	0	0.0%	0	7	3.0%	-20	\$886	\$1.12	6.2%
Maryland Heights / Creve Coeur	11,805	0	0.0%	483	33	2.7%	-250	\$1,163	\$1.24	10.9%
Metro East	10,420	185	1.8%	0	25	3.3%	-180	\$975	\$1.01	5.9%
Mid-Town	3,736	71	1.9%	177	9	21.3%	-310	\$938	\$1.15	6.3%
North County	15,959	0	0.0%	0	16	12.3%	-80	\$773	\$0.88	6.2%
North St. Louis City	3,073	0	0.0%	0	-14	13.6%	-320	\$768	\$0.86	2.7%
Olivette	342	0	0.0%	151	2	3.3%	-90	\$1,406	\$1.65	12.6%
Richmond Heights	1,849	0	0.0%	0	10	3.2%	-540	\$1,346	\$1.70	6.3%
South St. Louis City	4,587	0	0.0%	1,208	-1	6.3%	-110	\$1,206	\$1.49	7.6%
St. Charles County	15,656	240	1.5%	2,228	79	2.2%	-380	\$1,184	\$1.26	12.7%
University City	5,970	0	0.0%	0	-20	9.7%	-210	\$982	\$1.19	10.0%
ST. LOUIS TOTALS	109,736	1,036	0.9%	5,174	251	6.4%	-250	\$1,080	\$1.21	9.1%

KEY SALES TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	UNITS	PRICE \$ UNIT
Central West End City Apartments	Central West End	401	\$75.5M \$188,279
Two Twelve Clayton	Downtown Clayton	250	\$92.5M \$370,000
Vanguard Crossing	University City	202	\$64.5M \$319,307

KEY CONSTRUCTION COMPLETIONS in 2021

PROPERTY	SUBMARKET	UNITS	OWNER DEVELOPER
The Jewel	St. Charles	240	Vita Residential Property Management Group
Wildhorse	Chesterfield	188	Great Lakes Capital

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