

YoY Chg 12-Mo. Forecast

2.9%

Vacancy Rate



1.8M

YTD Net Absorption, SF



\$5.52

Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC OVERVIEW

The unemployment rate in St. Louis ended the first quarter of 2022 at 4.1%, a 40 basis-point (bps) reduction since March 2021. The labor force is nearing full recovery from the COVID-19 pandemic, with the size of the St. Louis labor force being about 30,000 workers larger than it was at the end of 2021. As of the most recent observation from March 2022, the St. Louis labor force has risen to over 99.0% of its pre-pandemic size. The U.S. unemployment rate ended the first quarter of 2022 at 3.6%, 50 bps below the unemployment rate in St. Louis.

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

Overall vacancy ended the quarter at a historic 2.9%, marking the fifth consecutive quarter overall vacancy remained below 5.0%. The continued low level of vacancy is the result of strong leasing fundamentals and increased occupier demand. Finding space in this market has become a challenge for occupiers as only four of the 42 buildings delivered since 2019 have available space. Of these four buildings, only one can satisfy a requirement of 100,000 square feet (sf) or greater.

ECONOMIC INDICATORS Q1 2022

YoY Chg 12-Mo. Forecast

1.4M

St. Louis Employment



4.1%

St. Louis Unemployment Rate



3.6%

U.S. Unemployment Rate



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

Developers have taken notice of increased occupier demand, as is evident with current levels of speculative construction. Speculative development accounted for 97.5% of all properties under construction as of the end of the quarter, totaling nearly 8.3 msf. NorthPoint Development, a major developer in the St. Louis region, has started construction on eight speculative modern bulk buildings totaling over 3.7 msf across the St. Louis market.

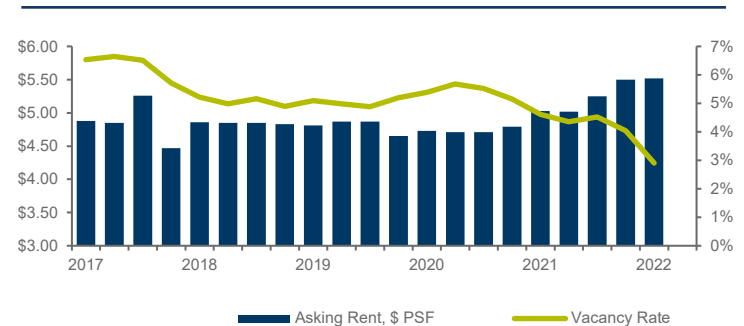
PRICING: Rates Over \$5.00 Becoming the New Normal

Overall triple-net asking rates have risen 9.7% year-over-year, ending the first quarter of 2022 at \$5.52 per square foot (psf). This marks the fifth consecutive quarter that rates have eclipsed the \$5.00-mark. 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 \$9.75 psf across all product types.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



North County

Over 3.4 msf of new construction is currently underway in North County and is expected to deliver by the end of 2022. Developers such as NorthPoint Development 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 nearly 2.6 msf of the submarket's 3.4 msf construction pipeline. In addition to elevated levels of speculative construction, occupier demand in the submarket remained robust with roughly 1.2 msf of leasing activity in first quarter of 2022. 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 12.1% year-over-year, ending the first quarter at \$5.09 psf. Expect rates to increase further as intense competition for limited new inventory expected to deliver by year-end will drive top-tier rates. The delivery of the final three Aviator buildings in 2022 will complete the nine-property industrial park, totaling more than 2.6 msf. Key Transactions: Quiet Logistics' 422,000-sf renewal-expansion at 422 Hazelwood Logistics Center Dr. and Marson Foods' 147,000-sf new lease at 1600 Tradeport Dr.

Metro East

Quarter-end vacancy for the Metro East market declined to 2.5%, a 430-bps decrease year-over-year. The decline in vacancy can largely be explained by the minimal amount of delivered space in 2021 and early 2022. 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 first quarter at positive 1.4 msf. The market's current construction pipeline has 2.6 msf of speculative space scheduled to deliver in 2022. Major Move-ins: Sensient Technologies' 300,000-sf occupancy at 1659 Sauget Industrial Blvd. and Anheuser Busch's 240,000-sf build-to-suit delivery on Enterprise Dr.

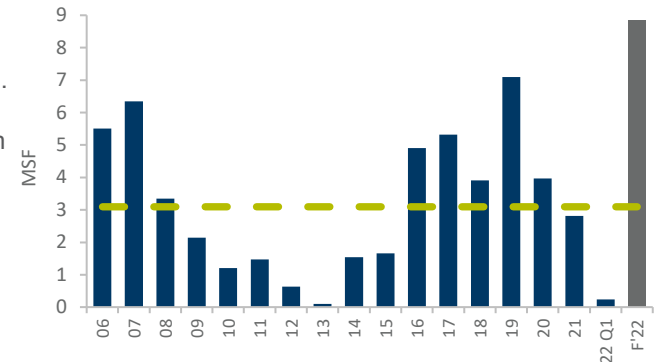
St. Charles County

St. Charles county ended the quarter with a 1.8% vacancy rate, marking the eighth 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 construction is largely due to Panattoni's rapid development of its newly acquired land inventory at Premier 370 and Commerce Park West's (an affiliate of Cat5 Commerce), development in Dardenne Prairie, MO. Key Transactions: Trane's 423,000-sf new lease at 6001 Premier Pkwy.

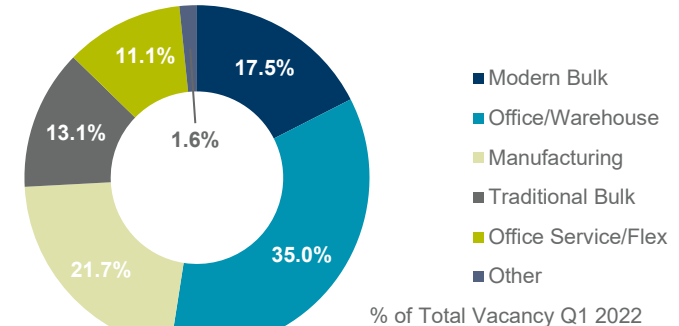
Outlook

- 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.

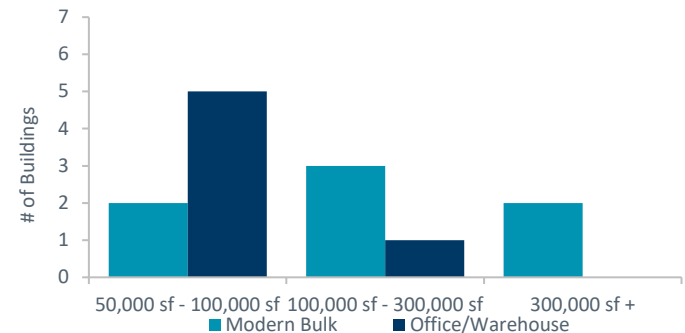
NEW SUPPLY



VACANT SPACE BY PRODUCT TYPE



AVAILABLE BLOCKS OF CLASS A CONTIGUOUS SPACE



MARKETBEAT ST. LOUIS

Industrial Q1 2022



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	1,174	62,187,185	2,321,988	3.7%	26,239	26,239	0	0	N/A	\$3.50	\$4.25
Metro East	263	37,740,078	938,191	2.5%	1,475,733	1,475,733	2,703,736	240,000	N/A	N/A	\$4.46
Mid County	549	23,103,678	521,561	2.3%	-9,135	-9,135	244,000	0	N/A	\$6.78	\$5.80
North County	526	56,679,303	1,493,265	2.6%	441,290	441,290	3,446,332	0	N/A	\$6.89	\$4.76
South County	450	20,822,925	466,510	2.2%	79,902	79,902	0	0	N/A	\$8.84	\$9.14
St. Charles	457	34,080,318	611,505	1.8%	-207,557	-207,557	1,477,400	0	N/A	\$8.75	\$4.43
West County	524	22,322,286	1,122,823	5.0%	1,405	1,405	606,677	0	N/A	\$10.35	\$6.97
ST. LOUIS TOTALS	3,943	256,935,773	7,475,843	2.9%	1,807,877	1,807,877	8,838,145	240,000	N/A	\$7.46	\$5.16

*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	129	53,298,569	1,308,216	2.4%	1,773,124	1,773,124	7,706,345	240,000	\$4.32
Traditional Bulk	252	34,912,890	981,670	2.8%	-153,675	-153,675	70,000	0	\$5.01
Office/Warehouse	2,716	97,674,617	2,613,945	2.7%	162,307	162,307	866,800	0	\$6.90
Other	80	2,615,737	122,000	4.6%	28,400	28,400	0	0	N/A
Warehouse/Distribution	3,177	188,501,813	5,025,831	2.7%	1,810,156	1,810,156	8,643,145	240,000	\$5.16
Manufacturing	470	55,207,980	1,621,652	2.9%	8,755	8,755	120,000	0	\$4.95
Office Service/Flex	296	13,225,980	828,360	6.3%	-11,034	-11,034	75,000	0	\$7.46
ST. LOUIS TOTALS	3,943	256,935,773	7,475,843	2.9%	1,807,877	1,807,877	8,838,145	240,000	\$5.52

KEY LEASE TRANSACTIONS YTD 2022

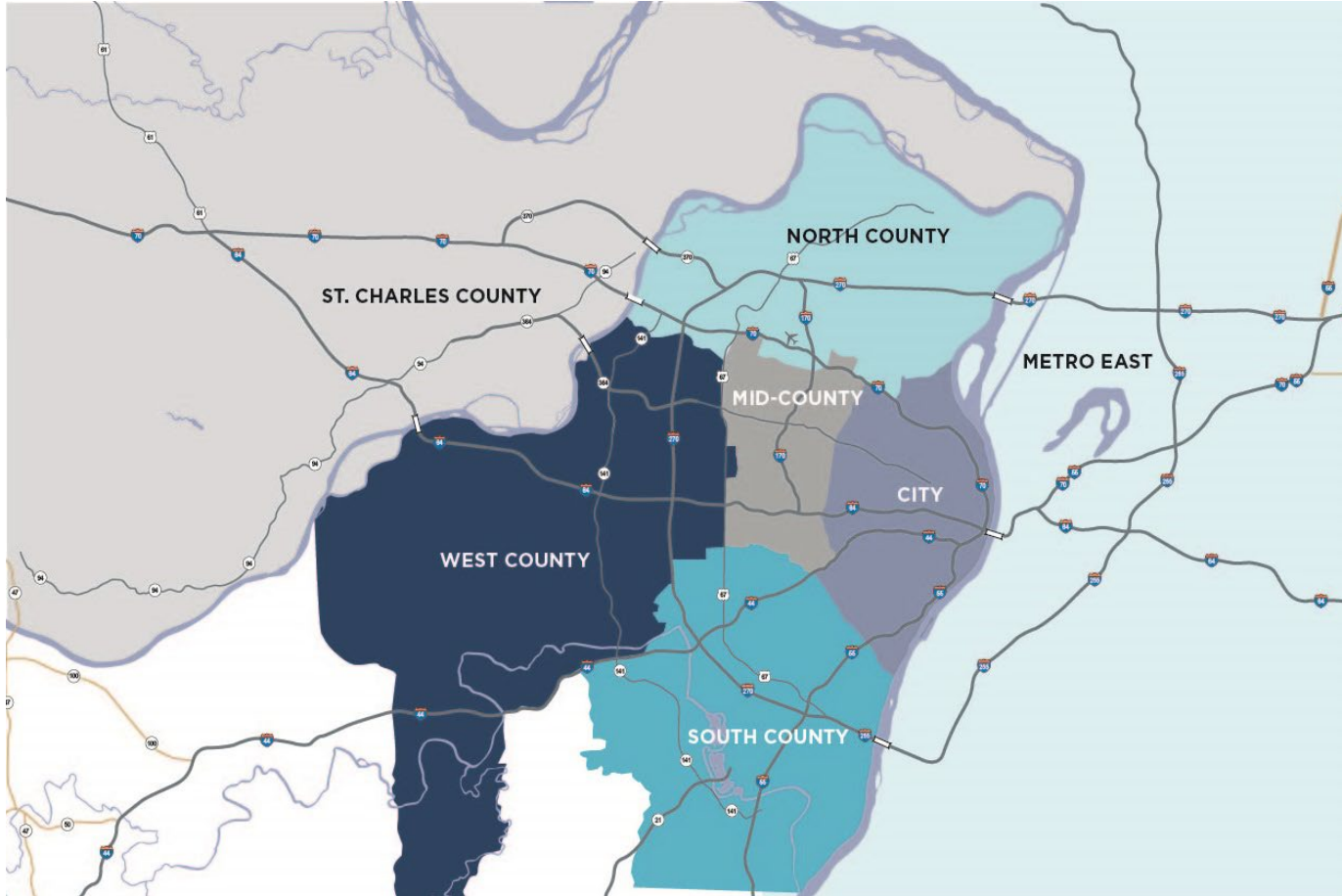
PROPERTY	SUBMARKET	TENANT	RSF	TYPE
6001 Premier Parkway	St. Charles	Trane	423,000	New
422 Hazelwood Logistics Center Dr	Hazelwood	Quiet Logistics	421,800	Renewal/Expansion
3100-3140 Corporate Exchange	Earth City	Forms Distribution Corp	163,680	Renewal
4774 Park 370 Blvd	Bridgeton	Graphic Packaging International	143,600	New

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS YTD 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
4702 Park 370	Hazelwood	Transwestern Sarofim	494,333	\$33.8M \$68

INDUSTRIAL SUBMARKETS



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