

YoY Chg 12-Mo. Forecast

2.7%

Vacancy Rate



3.4M

YTD Net Absorption, SF



\$6.30

Asking Rent, PSF



Overall, Net Asking Rent, asking rates weighted on vacant space

ECONOMIC INDICATORS Q3 2022

YoY Chg 12-Mo. Forecast

1.4M

St. Louis Employment



2.9%

St. Louis Unemployment Rate



3.5%

U.S. Unemployment Rate



Sources: BLS, Moody's Analytics, St. Louis Business Journal
2022Q3 statistics are based on latest available data

ECONOMIC OVERVIEW

The unemployment rate in St. Louis ended Q3 2022 at 2.9%, a 160 basis-point (bps) reduction since Q3 2021. The U.S. unemployment rate ended Q3 2022 at 3.5%, 60-bps above the unemployment rate in St. Louis. Despite the solid labor market, growing recession concerns within the United States persist as the Federal Reserve continues to increase interest rates, attempting to corral inflation back towards their target goal of 2.0%. This contractionary monetary policy is also associated with a negative impact on GDP. Real GDP has already experienced two-quarters of negative growth to start the year.

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

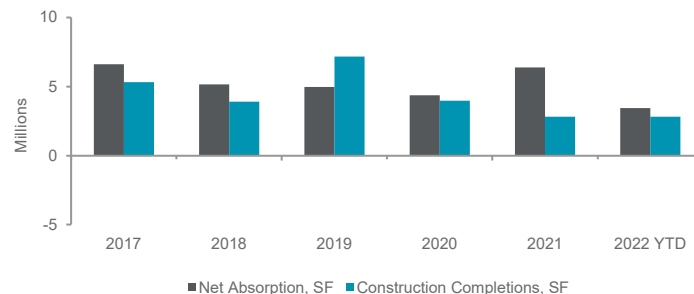
Overall vacancy ended Q3 2022 at 2.7%, marking the third consecutive quarter below 3.0%. The continued low vacancy is due to increased occupier demand. Finding space in the St. Louis market has become a challenge for occupiers, as only six of the 49 buildings delivered since 2019 have available space. Of these six buildings, one can satisfy an immediate requirement of 100,000 square feet (sf) or greater.

Developers noticed the uptick in demand, as is evident with current levels of speculative construction. Speculative development accounted for 96.9% of all new construction as of the end of the quarter, totaling over 6.5 million square feet (msf). NorthPoint Development and Panattoni Development Company spearhead the current construction efforts in St. Louis, as their developments total 67.6% of the 6.5 msf of speculative industrial space coming to market.

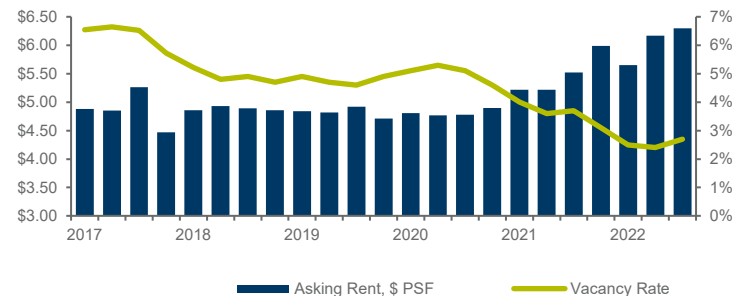
PRICING: Rates Over \$6.00 Becoming the New Normal

Overall triple-net asking rates have risen 14.1% year-over-year (YOY), ending the third quarter of 2022 at \$6.30 per square foot (psf). This marks the second consecutive quarter rental rates have stood above \$6.00 psf and the seventh successive quarter of asking rents exceeding \$5.00 psf. Supply shortages combined with new construction asking rates drive the continued surge in rental rates. Aggressive development delivering by year-end in 2022 will hit the market with triple-net asking rates ranging from \$4.45 to \$8.50 psf across all product types.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



North County

Over 2.4 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 finish Panattoni's Aviator and NorthPoint's Hazelwood Tradeport and Riverport Trade Center industrial parks have resulted in over 2.3 msf of the submarket's 2.4 msf construction pipeline. In addition to elevated levels of speculative construction, occupier demand in the submarket remained robust with roughly 2.2 msf of leasing activity in 2022. The combination of strong demand and increased rates from new quality inventory has driven overall average triple-net asking rates in North County to increase, ending the third quarter at \$5.62 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 within the North County submarket include; Kasey Page Logistics' 123,000-sf sublease at 5801-2895 N. Lindbergh Blvd and ReLink Medical's 53,959-sf new lease at 352 Hazelwood Logistics Center Dr.

Metro East

Quarter-end vacancy for the Metro East market rose to 4.3%, a 110-bps increase from Q2 2022. The minor swings in vacancy can largely be explained by the minimal amount of delivered space in 2021 and 2022. Expect vacancy to fluctuate over the short term as new deals and construction shift the balance of vacant inventory in the submarket. Demand for the submarket remains elevated, as is evident with year-to-date absorption ending the third quarter at positive 1.7 msf. The market's current construction pipeline includes 1.6 msf of speculative space scheduled to deliver by Q1 2023. Key Transactions in the Metro East submarket include; Proctor & Gamble's 1,157,934-sf renewal at 3101 Westway Dr and 961,518-sf renewal at 3049 West Way Dr.

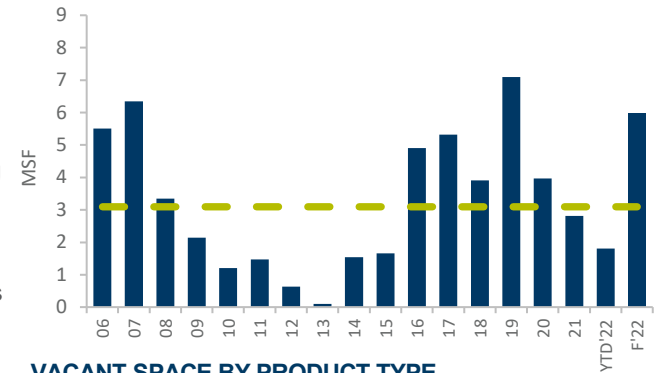
St. Charles County

St. Charles county ended the quarter with a 1.7% vacancy rate, marking the fifth consecutive quarter below 2.0%. The market's current development pipeline is drastically different from years past with speculative construction now accounting for 95.7%. The shift towards more speculative construction is largely due to Panattoni's rapid development of its newly acquired land inventory at Premier 370 and NorthPoint Development's at Lakeside 370. Key Transactions in the St. Charles County submarket include; Lawn & Garden's 249,000-sf new lease at 1010 Tuner Blvd and Almo Distribution's 64,000-sf expansion at 121 Fountain Lakes Industrial Blvd.

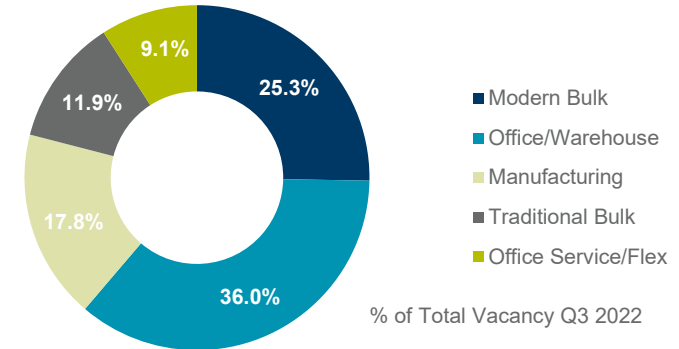
Outlook

- 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.

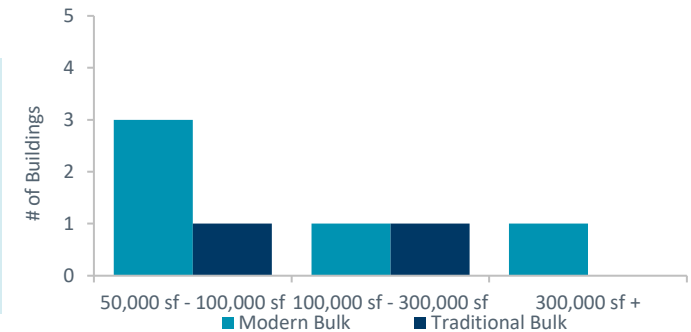
NEW SUPPLY



VACANT SPACE BY PRODUCT TYPE



AVAILABLE BLOCKS OF CLASS A CONTIGUOUS SPACE



MARKETBEAT ST. LOUIS

Industrial Q3 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	1,169	61,315,895	1,768,543	2.9%	-39,987	49,969	360,000	0	\$2.51	\$9.21	\$5.72
Metro East	264	38,750,078	1,646,309	4.3%	568,086	1,710,115	1,693,736	1,250,000	\$3.00	N/A	\$5.16
Mid County	549	23,142,335	547,063	2.4%	-120,606	-104,904	244,000	0	\$4.50	\$7.96	\$5.30
North County	529	57,708,397	1,174,105	2.0%	162,346	1,247,432	2,485,466	961,196	N/A	\$5.49	\$5.64
South County	449	20,800,966	279,742	1.3%	-7,916	202,467	0	0	N/A	\$8.85	\$7.43
St. Charles	457	34,316,813	573,722	1.7%	11,792	-132,092	1,801,400	210,000	\$3.30	\$7.25	\$6.04
West County	526	22,711,705	1,014,393	4.5%	484,047	476,094	440,215	389,230	\$8.75	\$9.84	\$9.27
ST. LOUIS TOTALS	3,943	258,746,189	7,003,877	2.7%	1,057,762	3,449,081	7,024,817	2,810,426	\$3.62	\$8.50	\$6.32

*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
Manufacturing	467	54,405,980	1,243,894	2.3%	0	-137,112	100,000	0	\$3.62
Office Service/Flex	296	13,227,896	633,868	4.8%	65,235	159,862	75,000	0	\$8.50
Warehouse/Distribution	3,180	191,112,313	5,126,115	2.7%	992,527	3,426,331	6,849,817	2,810,426	\$6.32
Modern Bulk	135	55,658,995	1,774,325	3.2%	1,136,655	3,256,361	6,116,017	2,600,426	\$5.14
Traditional Bulk	252	34,912,890	832,410	2.4%	-70,167	-221,327	70,000	0	\$5.66
Office/Warehouse	2,793	100,540,428	2,519,380	2.5%	-73,961	391,297	663,800	210,000	\$6.89
ST. LOUIS TOTALS	3,943	258,746,189	7,003,877	2.7%	1,057,762	3,449,081	7,024,817	2,810,426	\$6.30

KEY LEASE TRANSACTIONS Q3 2022

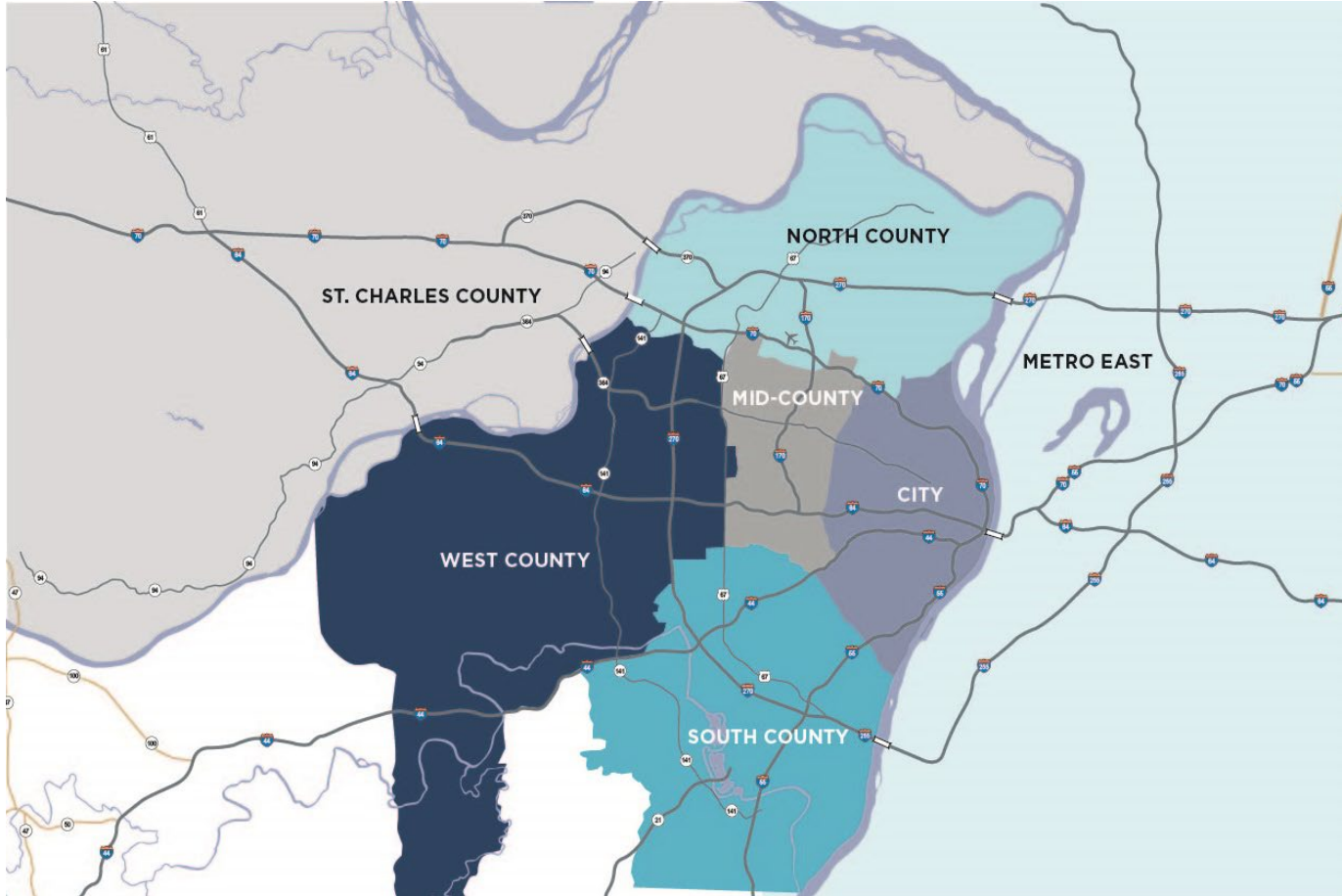
PROPERTY	SUBMARKET	TENANT	RSF	TYPE
3901 Westway Dr	Metro East	Proctor & Gamble	1,157,934	Renewal
1010 Turner Blvd.	St. Charles	Lawn & Garden	248,635	New
13965 Riverport Dr	North County	Chick-Fil-A	132,499	New
15720 Westport Commerce Dr	West County	Ferguson Plumbing Supply	80,080	New

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
13910 St Charles Rock Rd.	North County	New Mill Capital Meridian Pharmaceutical	124,000	\$11M / \$88.71

INDUSTRIAL SUBMARKETS



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