

MARKETBEAT ST. LOUIS

CUSHMAN &
WAKEFIELD

Multifamily Q1 2023

YoY Chg 12-Mo. Forecast

9.1%

Vacancy Rate



4.7%

Rent Growth, YOY



\$1.33

Effective Rent, PSF



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

ECONOMIC INDICATORS Q1 2023

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
2023Q1 statistics are based on latest available data

ECONOMIC OVERVIEW

The first quarter of 2023 brought new concerns to the forefront of the national economic landscape with multiple bank failures and layoff announcements among some of the nation's largest tech conglomerates. Despite these scares, the labor market continued to boast strong employment numbers as the U.S. unemployment rate closed Q1 2023 at 3.5%, while the St. Louis unemployment rate remained below its pre-pandemic low at 2.9%. The Federal Reserve continued its push to raise interest rates by announcing an additional 25-basis point (bps) increase in its March 2023 meeting, resulting in a year-over-year (YOY) increase of 450 bps.

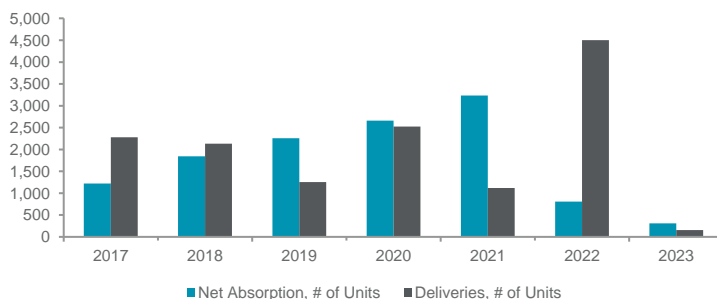
DEMAND: Effective Rents Slow but Remain Elevated

With a record level of new unit delivery in 2022, the market is beginning to experience a slowdown in effective rents. In Q4 2022, the St. Louis multifamily sector recorded its first effective rent decrease since Q4 2020. In the first quarter of 2023, the average effective rent rebounded to \$1.33 per square foot (psf), which is a \$0.02 psf increase quarter-over-quarter (QOQ). However, YOY effective rent growth has remained elevated compared to the 10-year historical average of 3.2%, with Q1 2023 marking the eighth consecutive quarter of YOY effective rent growth above 4.5%. Vacancy in the St. Louis region closed Q1 2023 at 9.1%, a 10-bps decrease QOQ. This marks the first quarter of vacancy decline in six quarters, as the market recorded a net absorption of positive 309 units in Q1 2023. The St. Louis multifamily market remains strong as the influx of new product begins to be absorbed. Absorption was strongest in Q1 2023 in South St. Louis City (100 units) and St. Charles County (361 units). YOY effective rent growth remains the highest in the Kirkwood South and Maryland Heights/Creve Coeur submarkets, with each surpassing 8.0% in Q1 2023.

DEVELOPMENT: Construction Pipeline Continues After Record-Setting Year

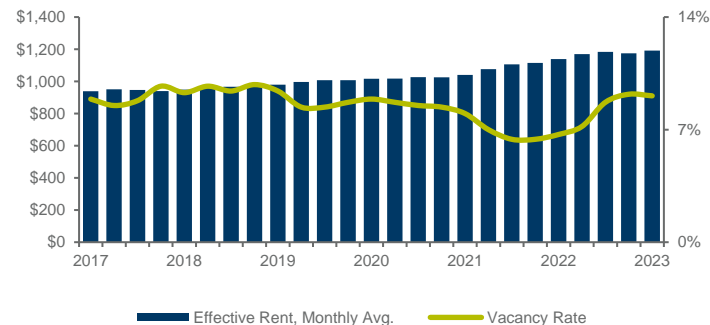
With 4,500 units delivered in 2022, another 4,424 units remain under construction throughout the St. Louis market. Since Q1 2020, the market has seen 8,298 new units deliver, and recorded net absorption of positive 7,012 units during that same time period. Strong leasing fundamentals continue to contribute to the momentum in new construction. The submarkets with the most units under construction include Mid-Town (594 units), Olivette (694 units), and St. Charles County (713 units).

SPACE DEMAND / DELIVERIES



Source: CoStar

OVERALL VACANCY & EFFECTIVE RENT



Source: CoStar

MARKETBEAT ST. LOUIS

Multifamily Q1 2023



MARKET STATISTICS

| SUBMARKET | INVENTORY (UNITS) | YTD DELIVERIES (UNITS) | YTD % 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 | 5,988 | 0 | 0.0% | 0 | -25 | 3.7% | 150 | \$1,300 | \$1.34 | 6.9% |
| Central West End | 7,702 | 0 | 0.0% | 272 | -6 | 9.2% | 210 | \$1,500 | \$1.76 | 1.3% |
| Chesterfield | 3,573 | 0 | 0.0% | 266 | 1 | 3.9% | 70 | \$1,485 | \$1.51 | 1.2% |
| Downtown CBD | 4,221 | 0 | 0.0% | 148 | -16 | 14.6% | 460 | \$1,377 | \$1.48 | -1.2% |
| Downtown Clayton | 1,062 | 0 | 0.0% | 237 | -15 | 5.3% | -30 | \$2,441 | \$2.62 | 5.5% |
| Jefferson County | 10,438 | 0 | 0.0% | 210 | -15 | 4.8% | 100 | \$1,020 | \$1.20 | 7.2% |
| Kirkwood South | 5,357 | 0 | 0.0% | 0 | -14 | 4.9% | 250 | \$1,051 | \$1.26 | 8.5% |
| Maryland Heights / Creve Coeur | 9,878 | 0 | 0.0% | 371 | -12 | 5.0% | -50 | \$1,267 | \$1.37 | 8.2% |
| Metro East | 11,545 | 0 | 0.0% | 240 | 5 | 4.8% | 10 | \$1,106 | \$1.11 | 6.7% |
| Mid-Town | 3,054 | 0 | 0.0% | 594 | -13 | 10.1% | 320 | \$1,189 | \$1.36 | 3.2% |
| North County | 15,342 | 0 | 0.0% | 0 | 0 | 16.4% | 230 | \$849 | \$0.96 | 5.8% |
| North St. Louis City | 4,213 | 0 | 0.0% | 0 | 76 | 11.2% | -510 | \$824 | \$0.93 | 7.4% |
| Olivette | 2,368 | 0 | 0.0% | 694 | 16 | 6.9% | 20 | \$1,589 | \$1.78 | 2.9% |
| Richmond Heights | 1,970 | 0 | 0.0% | 0 | -11 | 4.1% | 110 | \$1,388 | \$1.78 | 3.5% |
| South St. Louis City | 6,297 | 0 | 0.0% | 475 | 100 | 18.4% | 1,270 | \$1,340 | \$1.67 | 3.5% |
| St. Charles County | 17,945 | 156 | 0.9% | 713 | 361 | 9.2% | 530 | \$1,326 | \$1.40 | 3.2% |
| University City | 5,733 | 0 | 0.0% | 0 | -48 | 10.2% | 180 | \$819 | \$1.04 | 6.0% |
| ST. LOUIS TOTALS | 117,106 | 156 | 0.1% | 4,424 | 309 | 9.1% | 240 | \$1,192 | \$1.33 | 4.7% |

KEY SALES TRANSACTIONS Q1 2023

| PROPERTY | SUBMARKET | UNITS | PRICE \$ UNIT |
|-----------------------|--------------------|-------|----------------------|
| Cupples Station Lofts | Downtown CBD | 131 | \$10.8 M \$82,382 |
| Sun River Village | St. Charles County | 388 | \$55.6 M \$143,299 |

KEY DELIVERIES Q1 2023

| PROPERTY | SUBMARKET | UNITS | OWNER DEVELOPER |
|--------------|--------------------|-------|-----------------------|
| The Solstice | St. Charles County | 156 | Mia Rose Holdings LLC |

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