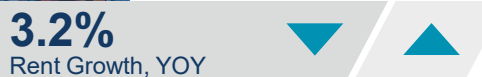
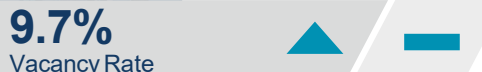


MARKETBEAT ST. LOUIS



Multifamily Q2 2023

YoY Chg 12-Mo. Forecast



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

ECONOMIC INDICATORS Q2 2023

YoY Chg 12-Mo. Forecast



Sources: BLS, Moody's Analytics, St. Louis Business Journal
2023Q2 statistics are based on latest available data

ECONOMIC OVERVIEW

After ten consecutive hikes, the Federal Reserve paused interest rate increases in their June 2023 meeting for the first time since March 2022. The increased cost of capital has resulted in a slowdown in sales volume across sectors. This pause is being viewed as an assessment period with increases likely to continue during the second half of 2023. St. Louis continues to see record-low unemployment figures, closing Q2 2023 at 2.7%, 90 basis points (bps) below the national unemployment rate of 3.6%.

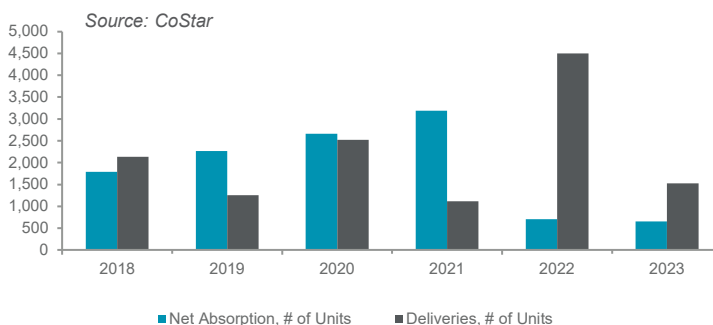
DEMAND: Effective Rent Growth Slows Amid New Supply

The average effective rent in the St. Louis multifamily sector remained steady in the second quarter of 2023, as the market continued to absorb the more than 6,000 new units delivered over the last six quarters. Effective rent closed Q2 2023 at \$1.35 per square foot (psf), a \$0.02 increase quarter-over-quarter (QOQ). The pace of rent growth has slowed closing Q2 2023 at 3.2%, compared to an annual rent growth of 8.6% in Q2 2022. Overall vacancy within the St. Louis multifamily market closed Q2 2023 at 9.7%, a 50-bps increase QOQ. This rise in vacancy marks the third-consecutive quarter above of 9.0% and the highest quarter of vacancy since Q4 2018. The market has recorded net absorption above 300 units in both Q1 and Q2 2023, which is a sign of strength despite slower rent growth and elevated supply. Absorption in Q2 2023 was strongest in the following submarkets: Downtown CBD (151 units), South St. Louis City (189 units), and St. Charles County (300 units).

DEVELOPMENT: Construction Pipeline Remains Strong

Construction remains robust within the St. Louis multifamily market with 1,529 units delivered in the first half of 2023, and an additional 4,108 units under construction throughout the region. Since Q1 2020, the market has seen nearly 10,000 new units deliver, while recording more than 7,000 units of positive absorption over that same time period. Out of the 17 multifamily submarkets, 12 currently have projects under construction. The highly-touted Butler Brothers Building redevelopment in Mid-Town, "The Victor," completed construction in Q2 2023, bringing 384 units and top-tier amenities to the market. The submarkets with the most units under construction include South St. Louis City (347 units), Olivette (694 units), and St. Charles County (673 units).

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & EFFECTIVE RENT



MARKETBEAT ST. LOUIS

Multifamily Q2 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%	226	-1	3.5%	140	\$1,311	\$1.35	3.9%
Central West End	7,702	0	0.0%	272	28	8.6%	110	\$1,517	\$1.78	0.7%
Chesterfield	3,573	0	0.0%	336	-12	4.0%	60	\$1,588	\$1.62	-1.1%
Downtown CBD	4,231	0	0.0%	148	151	11.6%	100	\$1,406	\$1.51	-1.1%
Downtown Clayton	1,062	0	0.0%	237	-10	5.7%	30	\$2,493	\$2.67	3.4%
Jefferson County	10,438	0	0.0%	210	-9	4.7%	110	\$1,065	\$1.23	5.5%
Kirkwood South	5,687	330	5.8%	0	-30	5.5%	310	\$1,075	\$1.29	5.4%
Maryland Heights / Creve Coeur	9,984	106	1.1%	269	70	5.1%	20	\$1,291	\$1.40	4.5%
Metro East	11,545	0	0.0%	240	-13	5.1%	0	\$1,134	\$1.14	6.2%
Mid-Town	3,438	384	11.2%	252	-89	26.0%	1,540	\$1,175	\$1.34	4.0%
North County	15,342	0	0.0%	0	-201	17.9%	280	\$866	\$0.98	6.1%
North St. Louis City	4,131	0	0.0%	0	-25	13.4%	-440	\$807	\$0.91	3.8%
Olivette	2,368	0	0.0%	694	-23	7.2%	140	\$1,578	\$1.77	-1.9%
Richmond Heights	1,970	0	0.0%	0	19	3.5%	40	\$1,399	\$1.80	1.6%
South St. Louis City	6,361	128	2.0%	347	189	17.4%	1,120	\$1,376	\$1.72	3.5%
St. Charles County	18,868	581	3.2%	673	300	9.5%	380	\$1,339	\$1.41	1.9%
University City	5,733	0	0.0%	0	-1	10.3%	120	\$838	\$1.06	6.8%
ST. LOUIS TOTALS	118,882	1,529	1.3%	4,108	340	9.7%	240	\$1,215	\$1.35	3.2%

KEY SALES TRANSACTIONS Q2 2023

PROPERTY	SUBMARKET	UNITS	PRICE \$ UNIT
Oxford Hills	Creve Coeur	480	\$55.2 M \$114,896
Courtland Manor	South St. Louis City	56	\$55.6 M \$89,381

KEY DELIVERIES Q2 2023

PROPERTY	SUBMARKET	UNITS	OWNER DEVELOPER
The Victor	Mid-Town	384	Developer Services Group
Chapter At The Streets	St. Charles County	245	CRG

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