

# MARKETBEAT ST. LOUIS

## Retail Q2 2023

CUSHMAN &  
WAKEFIELD

YoY Chg 12-Mo. Forecast

**6.6%**

Vacancy Rate



**-73K**

YTD Net Absorption, SF



**\$13.59**

NNN Asking Rent, PSF



Source: CoStar

### ECONOMIC INDICATORS Q2 2023

YoY Chg 12-Mo. Forecast

**1.4M**

St. Louis  
Employment



**2.7%**

St. Louis  
Unemployment Rate



**3.6%**

U.S.  
Unemployment Rate



**1.6%**

U.S. Retail Sales  
Growth\*



Source: U.S. Bureau of Labor  
Statistics, U.S. Department of  
Commerce, \*May 2023

### ECONOMIC OVERVIEW

After ten consecutive interest rate 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 and continues to play a major role in occupier real estate decisions. 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%.

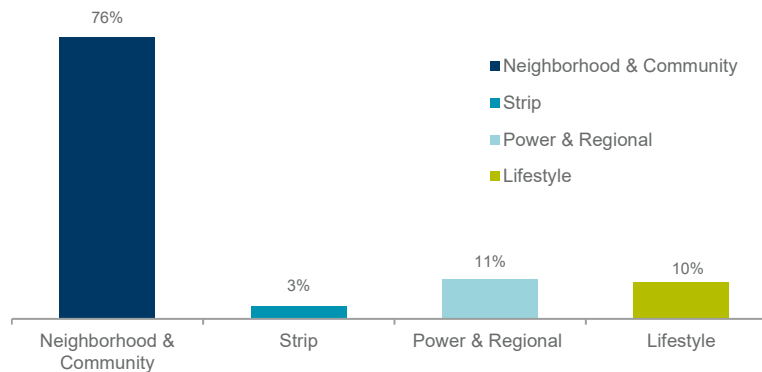
### COMMUNITY CENTER PRODUCT TYPE: Vacancy Remains Steady

Vacancy within the neighborhood/community center product type proved stable in Q2 2023 closing the quarter at 7.7%, a 10-bps increase quarter-over-quarter (QOQ). Nearly 65.0% of the St. Louis retail inventory is comprised of neighborhood/community center product, therefore the occupancy trends within this space are a key driver of the overall market's performance. The market has recorded more than 600,000 square feet (sf) of leasing in the first half of 2023, with roughly 76.0% completed in neighborhood/community center space. Neighborhood and community centers in St. Louis have a 10-year average vacancy of 7.9%, and a 10-year absorption total of more than 1.5 million square feet (msf).

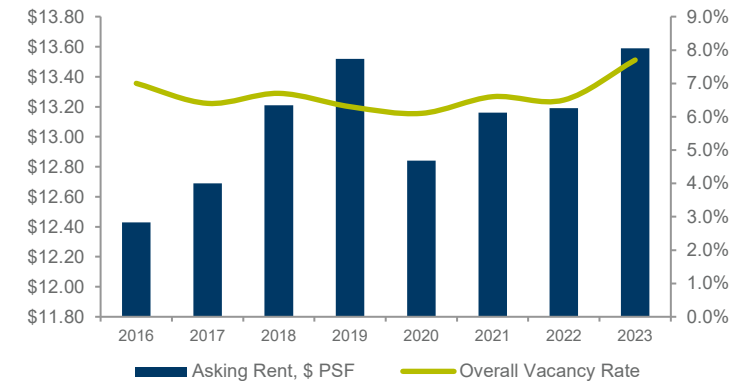
### DEVELOPMENT: New Development Momentum Grows

The St. Louis retail construction pipeline remains robust with over 30,000 sf of space delivered in 2023, and more than 255,000 sf currently under construction. As of Q2 2023, there is nearly 600,000 sf of retail space proposed, of which more than 80.0% is part of planned development phases. The market's construction pipeline is concentrated in three submarkets including: Illinois (185,000 sf), Mid-County (12,000 sf), and South County (58,400 sf).

### AVAILABILITY BY PRODUCT TYPE



### RENT / VACANCY RATE



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### MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	QTR OVERALL NET ABSORPTION	YTD OVERALL NET ABSORPTION (SF)	UNDER CONSTRUCTION (SF)	OVERALL AVG ASKING RENT (NNN)*
City	2,752,953	0	151,666	5.5%	43,908	12,139	0	\$10.13
Illinois	12,725,437	6,557	849,506	6.7%	39,871	123,537	185,000	\$13.67
Mid-County	6,667,125	0	160,463	2.4%	634	43,354	12,000	\$19.86
North County	9,647,404	4,997	1,006,814	10.5%	-41,917	-191,170	0	\$10.95
South County	13,072,629	5,108	932,838	7.2%	54,047	-24,815	58,400	\$13.55
St. Charles County	11,137,501	0	453,111	4.1%	25,086	31,566	0	\$14.08
West County	10,827,219	23,159	837,879	8.0%	-47,417	-67,839	0	\$17.06
<b>ST. LOUIS TOTALS</b>	<b>66,830,268</b>	<b>39,821</b>	<b>4,392,277</b>	<b>6.6%</b>	<b>74,212</b>	<b>-73,228</b>	<b>255,400</b>	<b>\$13.59</b>

PRODUCT TYPES	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	QTR OVERALL NET ABSORPTION	YTD OVERALL NET ABSORPTION (SF)	UNDER CONSTRUCTION (SF)	OVERALL AVG ASKING RENT (NNN)*
Neighborhood & Community Centers	43,539,020	38,417	3,330,548	7.7%	-12,561	-41,832	255,400	\$13.81
Lifestyle Centers	1,350,193	0	145,994	10.8%	-5,446	-5,446	0	N/A
Power/Regional Center	13,339,095	0	479,777	3.6%	13,668	-136,772	0	\$10.52
Unanchored Strip Center	8,601,960	1,404	435,958	5.1%	78,551	110,822	0	\$14.67
<b>ST. LOUIS TOTALS</b>	<b>66,830,268</b>	<b>39,821</b>	<b>4,392,277</b>	<b>6.6%</b>	<b>74,212</b>	<b>-73,228</b>	<b>255,400</b>	<b>\$13.59</b>

\*Rental rates reflect NNN asking \$psf/year  
Source: Costar

### KEY LEASE TRANSACTIONS Q2 2023

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
1350-1398 Clarkson Clayton Ctr	West County	Salt + Smoke	12,000	New
10936 Manchester Rd	Mid-County	Kirkwood Train & Play	10,600	New
799 Clark Ave	City	Katie's Pizza and Pasta	10,000	New
2898-2900 Highway K	St. Charles	X Golf	7,560	New

### KEY SALES TRANSACTIONS Q2 2023

PROPERTY	SUBMARKET	SELLER   BUYER	SF	PRICE   \$ PSF
550 Mid Rivers Mall Cir	St. Charles County	Portage Kahan, LLC   Long Term Rentals LLC	45,190	\$6.9 M   \$153
15382 -15418 Manchester Rd	West County	KMHM Funding LLC   Town & Country Motel Inc.	32,757	\$4.1 M   \$125

**Luke Partridge**  
Research Manager  
[luke.partridge@cushwake.com](mailto:luke.partridge@cushwake.com)

**Jacob Cottrell**  
Research Analyst  
[jacob.cottrell@cushwake.com](mailto:jacob.cottrell@cushwake.com)

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