

MARKETBEAT ST. LOUIS

CUSHMAN &
WAKEFIELD

Multifamily Q3 2023

YoY Chg 12-Mo. Forecast

10.1%

Vacancy Rate



2.0%

Rent Growth, YOY



\$1.35

Effective Rent, PSF



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

ECONOMIC INDICATORS Q3 2023

YoY Chg 12-Mo. Forecast

1.4M

St. Louis Employment



3.0%

St. Louis Unemployment Rate



3.7%

U.S. Unemployment Rate



Sources: BLS, Moody's Analytics, St. Louis Business Journal
2023Q3 statistics are based on latest available data

ECONOMIC OVERVIEW

The Federal Reserve announced rates would remain unchanged in the most recent September 2023 meeting, marking two consecutive pauses in rate hikes. The target interest rate currently sits at 5.2%-5.5%, as the Fed maintained a commitment to reducing inflation. The increased cost of capital continues to play a major role across commercial real estate sectors, with the resulting slowdown in demand and capital environment creating pockets of distress throughout the industry. As ongoing recession fears loom, St. Louis employment remained steady in Q3 2023, recording a slight uptick in unemployment to 3.0%.

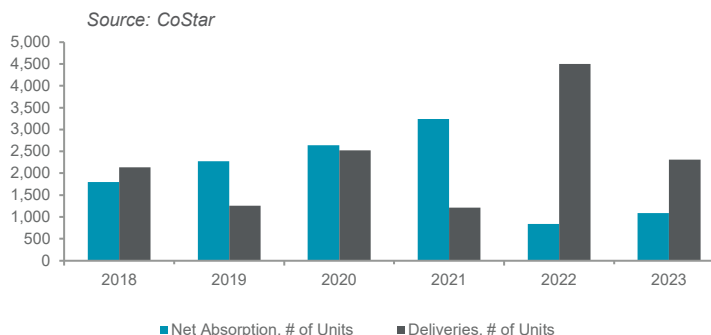
DEMAND: Effective Rent Growth Slowdown Continues

For a fifth consecutive quarter, the St. Louis multifamily sector recorded positive absorption of 466 units in Q3, bringing the year-to-date (YTD) total to over 1,000 units. The market's ongoing delivery of new space continues to place downward pressure on effective rent, which closed at \$1.35 per square foot (psf) for the second straight quarter. Year-over-year (YOY) effective rent growth has decreased over six straight quarters to 2.0% as of Q3 2023, marking the lowest YOY growth figure since Q4 2020. As the market works to absorb this newly delivered product, vacancy within the region has reached its highest total since Q1 2006, closing Q3 at 10.1%.

DEVELOPMENT: Construction Pipeline Continues Momentum

The development pipeline remains strong within the St. Louis multifamily market with 2,312 units delivered YTD, and an additional 3,331 units under construction throughout the region. Since Q1 2020, the market has seen over 10,000 new units deliver, while recording nearly 8,000 units of positive absorption over that same time. Out of the 17 multifamily submarkets, 11 currently have projects under construction. The submarkets with the most units under construction include Olivette (513 units), Central West End (449 units), and St. Charles County (476 units).

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & EFFECTIVE RENT



MARKETBEAT ST. LOUIS

Multifamily Q3 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	6,193	204	3.4%	226	15	6.3%	370	\$1,342	\$1.39	2.9%
Central West End	7,733	0	0.0%	449	78	8.0%	-320	\$1,541	\$1.76	1.7%
Chesterfield	3,913	0	0.0%	336	-35	5.6%	180	\$1,544	\$1.59	-0.5%
Downtown CBD	4,228	0	0.0%	148	-5	11.8%	-170	\$1,398	\$1.51	-1.1%
Downtown Clayton	1,062	0	0.0%	237	6	5.7%	230	\$2,496	\$2.67	2.6%
Jefferson County	10,848	210	2.0%	0	-5	6.5%	260	\$1,063	\$1.23	3.5%
Kirkwood South	5,307	0	0.0%	152	-30	6.0%	220	\$1,127	\$1.35	4.0%
Maryland Heights / Creve Coeur	9,984	106	1.1%	269	-34	5.9%	140	\$1,318	\$1.43	5.9%
Metro East	12,147	240	2.1%	0	-2	7.1%	200	\$1,148	\$1.17	5.5%
Mid-Town	3,509	440	14.3%	196	-7	30.1%	1,850	\$1,148	\$1.31	1.7%
North County	15,106	0	0.0%	0	28	16.8%	140	\$868	\$0.98	3.2%
North St. Louis City	4,131	0	0.0%	60	-22	14.1%	-390	\$806	\$0.90	0.9%
Olivette	2,549	181	7.6%	513	1	8.7%	160	\$1,533	\$1.72	-4.7%
Richmond Heights	1,970	0	0.0%	0	-7	3.9%	40	\$1,422	\$1.81	2.4%
South St. Louis City	6,582	206	3.2%	269	196	14.6%	-520	\$1,355	\$1.68	0.6%
St. Charles County	18,646	725	4.0%	476	340	8.4%	20	\$1,333	\$1.40	-0.9%
University City	5,651	0	0.0%	0	-51	11.2%	230	\$857	\$1.08	5.2%
ST. LOUIS TOTALS	119,559	2,312	2.0%	3,331	466	10.1%	130	\$1,220	\$1.35	2.0%

KEY SALES TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	UNITS	PRICE \$ UNIT
Cedar Creek Lodge	South St. Louis City	228	\$15.7 M \$68,860
Lofts at Forest Park	South St. Louis City	200	\$52.0 M \$260,000

KEY DELIVERIES Q3 2023

PROPERTY	SUBMARKET	UNITS	OWNER DEVELOPER
The Jewel at Whispering Oaks	Metro East	240	Triple Lakes Farm
The Clover	Olivette	181	Keat Properties

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