

MARKETBEAT ST. LOUIS

Retail Q4 2023

CUSHMAN &
WAKEFIELD

YoY Chg 12-Mo. Forecast

5.9%

Vacancy Rate



349 K

YTD Net Absorption, SF



\$14.25

NNN Asking Rent, PSF



Source: CoStar

ECONOMIC INDICATORS Q4 2023

YoY Chg 12-Mo. Forecast

1.4M

St. Louis
Employment



3.4%

St. Louis
Unemployment Rate



3.7%

U.S.
Unemployment Rate



4.0%

U.S. Retail Sales
Growth*



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

ECONOMIC OVERVIEW

St. Louis's unemployment rate ended the fourth quarter of 2023 at 3.4%, a 50 basis-point (bps) increase year-over-year (YOY). St. Louis has outpaced the national unemployment rate in each quarter of 2023, despite a challenging economic environment. The Federal Reserve has held interest rates steady at a 5.2%-5.5% target rate since July 2023. This has led to optimism that 2024 may hold the first rate decrease since the Fed began rate hikes in March 2022

COMMUNITY CENTER PRODUCT TYPE: Continues Strength Through End of Year

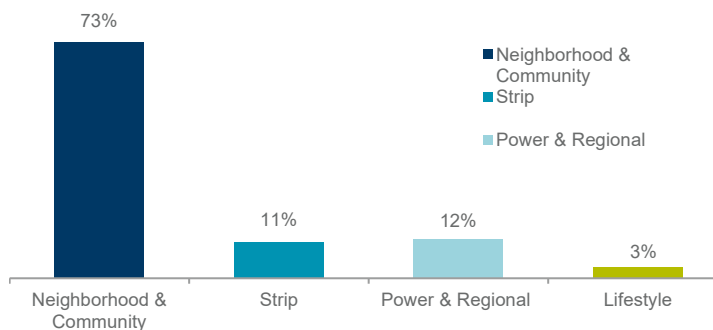
The St. Louis retail sector recorded nearly 310,000 square feet (sf) of positive absorption in Q4, marking the strongest quarter of occupancy gains since Q2 2017. This strong finish to 2023 brought the year-to-date (YTD) absorption total to roughly 350,000 sf and capped off two straight years of positive absorption. Strong demand has placed upward pressure on overall average asking rents which closed Q4 at \$14.25 per square foot (psf), an 8.0% increase year-over-year (YOY) and the highest rate on record.

The Neighborhood & Community Center product type continued to be a key driver in the St. Louis retail market. This product type experienced 181,551 sf of positive absorption in Q4, bringing its YTD absorption total to nearly 260,000 sf. Vacancy within Community Centers closed 2023 at 6.6%, a 40-bps decrease quarter-over-quarter (QOQ) and its lowest vacancy rate on record. The strong performance of the Community Center product type has driven overall vacancy in the St. Louis retail sector to a record low of 5.9% at the close of 2023. The overall market has experienced six consecutive quarters below the historical average vacancy rate of 7.7%.

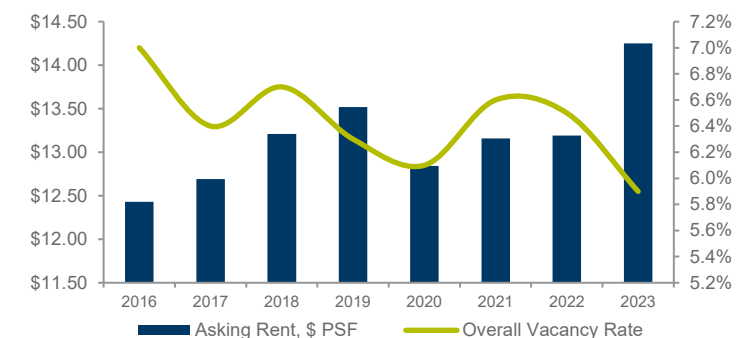
DEVELOPMENT: Strong Year for Construction Activity

The St. Louis retail construction pipeline remained robust in 2023, with over 42,000 sf delivered and 247,000 sf still under construction at the close of Q4. St. Louis currently sits at its highest level of new development under construction since early 2017. The current pipeline consists solely of the Neighborhood & Community Center product type and is concentrated in the three submarkets: Illinois (185,000 sf), Mid-County (3,600 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	153,987	5.6%	0	9,818	0	\$9.73
Illinois	12,725,221	6,557	922,518	7.3%	-29,839	49,325	185,000	\$13.11
Mid-County	6,695,119	0	91,465	1.4%	72,755	124,352	3,600	\$23.74
North County	9,627,596	0	860,092	8.9%	63,210	61,343	0	\$12.97
South County	12,946,508	5,108	605,202	4.7%	111,586	98,762	58,400	\$13.68
St. Charles County	11,156,670	0	462,125	4.1%	15,498	22,552	0	\$16.08
West County	10,823,753	35,424	775,071	7.5%	76,465	-17,296	0	\$17.23
ST. LOUIS TOTALS	66,747,820	47,089	3,870,460	5.9%	309,675	348,856	247,000	\$14.25

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	43,337,118	40,332	2,838,150	6.6%	181,551	257,665	247,000	\$13.98
Lifestyle Centers	1,332,863	0	126,999	9.5%	10,953	13,249	0	N/A
Power/Regional Center	13,480,809	0	469,449	3.5%	46,559	-22,213	0	\$16.52
Unanchored Strip Center	8,597,030	6,757	435,862	5.1%	70,649	100,155	0	\$14.63
ST. LOUIS TOTALS	66,747,820	47,089	3,870,460	5.9%	309,675	348,856	247,000	\$14.25

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

KEY LEASE TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
100-110 Carlyle Plaza Dr	Metro East	O'Reilly Auto Parts	43,324	New
3200-3256 Laclede Station Rd	Mid County	Painted Tree	27,337	New
1220 N Price Rd	Mid County	The Padel + Pickleball Club	42,000	New
2393-2435 N Highway 67	North County	American Freight	38,060	New

KEY SALES TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	SELLER BUYER	SF	PRICE \$ PSF
1530 W Hwy 50	Metro East	Washington Prime Group Niki Group	15,944	\$13.2 M \$349
3551 Nameoki Rd. (Portfolio)	Metro East	KNA Family LLC Penmark Management	82,757	\$10.4 M \$67

Source: CoStar, Real Capital Analytics

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