



## MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
<b>3.6%</b> Vacancy Rate	▲	▼
<b>1.3M</b> YTD Net Absorption, SF	▲	▲
<b>\$5.47</b> Asking Rent, PSF <i>(Overall, Net Asking Rent)</i>	▲	▬

## ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
<b>1.5M</b> St. Louis Employment	▲	▲
<b>3.9%</b> St. Louis Unemployment Rate	▲	▲
<b>4.1%</b> U.S. Unemployment Rate	▲	▼

Source: BLS

## ECONOMY

Though the St. Louis unemployment rate remained below the national average of 4.1%, it rose 30 basis-points (bps) from last quarter to 3.9% in Q3 2024. Despite this, the St. Louis labor market continued to improve overall, with non-farm employment recording a 210-bps increase year-over-year (YOY). The Federal Reserve recently brought down benchmark interest rates to a range of 4.75% to 5.0%, marking the first cut in over four years with more expected over the next two years.

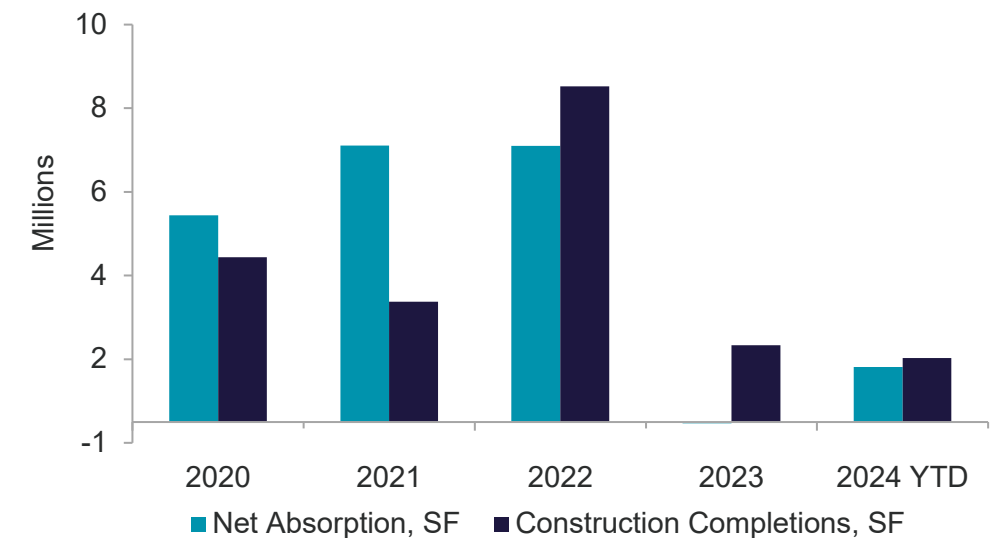
## SUPPLY AND DEMAND: LEASING ACTIVITY TOPS 2.5 MSF

Overall vacancy in the St. Louis industrial market closed Q3 at 3.6%, a 10-bps increase from last quarter. St. Louis' vacancy rate has risen just 70 bps since the end of 2022, making it the only major Midwestern industrial market to see vacancy growth below 100 bps during that time span. The market continued to report positive occupancy movement into the second half of the year, recording 184,300 square feet (sf) of net absorption in Q3. St. Louis closed the quarter with 335,963 sf of new leasing activity, bringing the year-to-date (YTD) total to just over 2.5 million square feet (msf). While multiple new construction projects are expected to break ground by the end of 2024, St. Louis has maintained a disciplined approach to new supply with just under 1.0 msf of new construction currently underway.

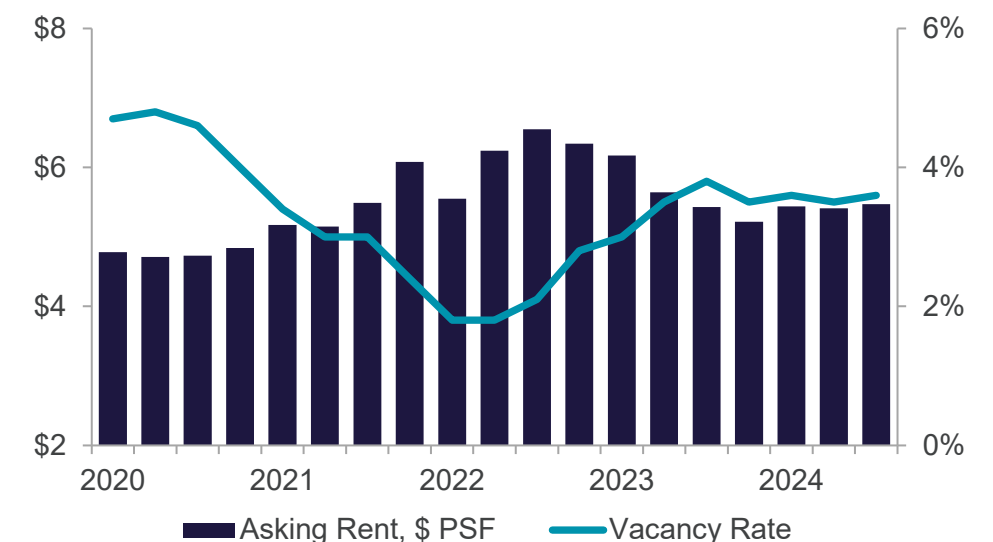
## PRICING: RENTS INCREASE SLIGHTLY IN Q3

Overall triple-net asking rents (NNN) in St. Louis recorded a small increase in Q3, ending the quarter at \$5.47 per square foot (psf), a \$0.06 psf jump quarter-over-quarter (QOQ). Overall asking rents have remained above \$5.40 psf in each of the last three quarters as the market continued to absorb newly delivered speculative inventory. St. Louis has delivered over 2.3 msf of speculative development since Q1 2023, of which, just 50.0% were occupied at the close of Q3. The Metro East and North County submarkets remain the only two industrial submarkets with overall asking rents below \$5.00 psf, accounting for approximately 52.0% of the market's vacant inventory between them.

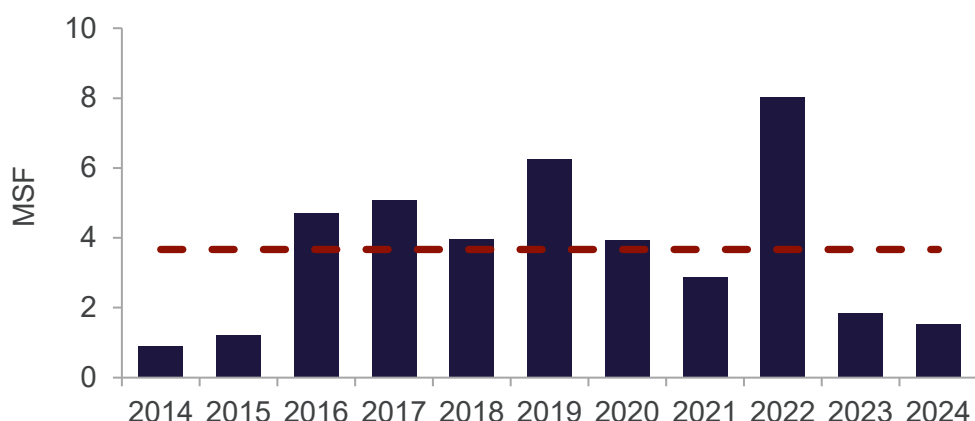
## SPACE DEMAND / DELIVERIES



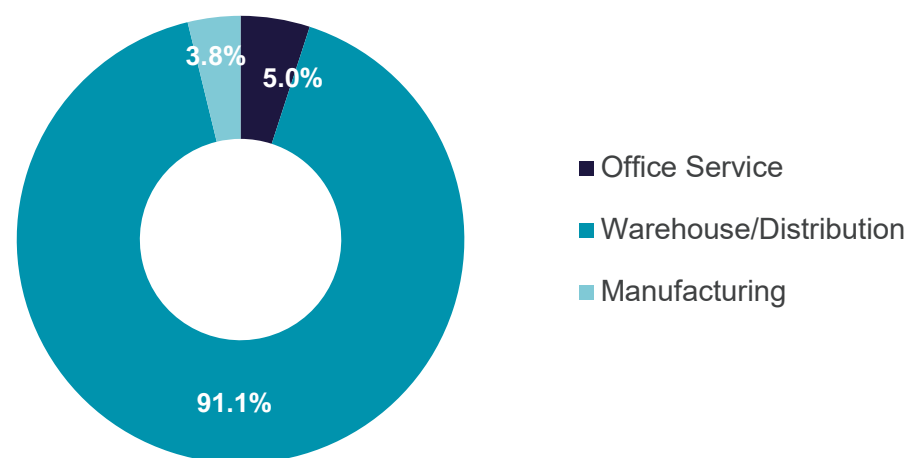
## OVERALL VACANCY & ASKING RENT



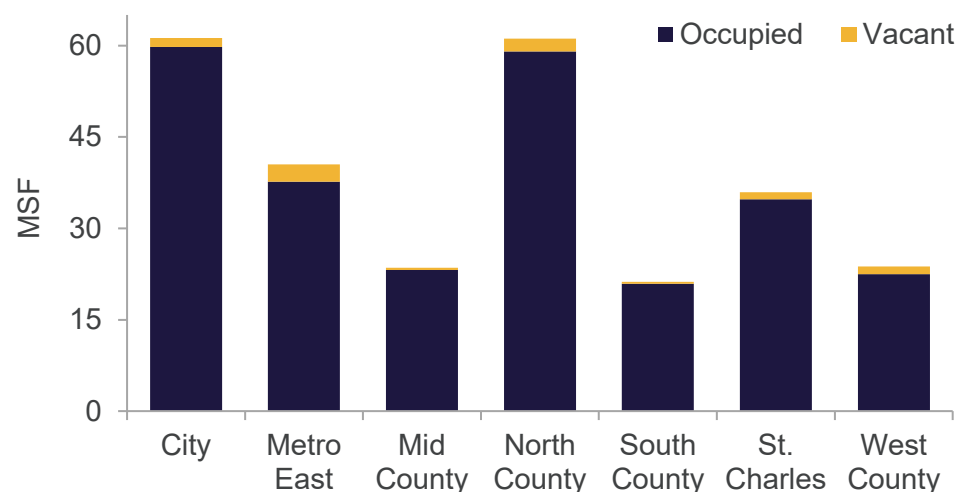
NEW SUPPLY



VACANT SPACE BY PRODUCT TYPE



SUBMARKET COMPARISON



NORTH COUNTY

Overall vacancy in North County has remained below 4.0% for three consecutive quarters, ending Q3 2024 at 3.4%. This marked a 10-bps increase QOQ but a 90-bps decrease YOY. The submarket currently leads St. Louis in new leasing activity with 1.3 msf of space leased YTD, more than all other industrial submarkets in the region combined. North County reported 77,223 sf of positive net absorption for the quarter and led the St. Louis industrial market with 811,778 sf of overall net absorption YTD. Key lease transactions for the quarter included: Graphic Packaging International, LLC (143,600 sf) at 4774 Park 370 Boulevard and Dive Bomb Industries, LLC (128,697 sf) at 5555 Saint Louis Mills Circle. The submarket currently has one BTS property under construction, a 450,000-sf facility by Davidson Logistics, that is expected to deliver in Q4 2024.

METRO EAST

Though the Metro East contains the majority of St. Louis' vacant industrial space, overall vacancy has continued to decline in the submarket through Q3, ending the quarter at 7.0%. This marked a 120-bps decrease from the beginning of the year and an even larger 230-bps decrease YOY. The market recorded two large vacancies in Q3 2023, spurring overall vacancy to peak to 9.3% that quarter. Overall asking rents in the Metro East have remained stable throughout 2024 at \$4.01 psf, the lowest asking rents within the St. Louis industrial market. The submarket has recorded 463,900 sf of positive net absorption YTD. With no inventory under construction, it is expected that the Metro East will continue to see positive occupancy shifts through the end of the year.

WEST COUNTY

The West County submarket has now recorded 10 consecutive quarters of positive occupancy movement, and led market in quarterly net absorption. The submarket ended Q3 with 160,975 sf of positive net absorption for a YTD total of 296,206 sf. Overall vacancy in the submarket rose to 5.3% in Q3, marking an 80-bps increase YOY. This rise in vacant space was due primarily to the delivery of two 256,024-sf speculative warehouse buildings in Westport Commerce Center in Q3, which also marked the completion of the six-building industrial park. The submarket currently has one property under construction, a 357,056-sf speculative warehouse building within the River Valley Logistics Center, which is expected to deliver in Q1 2025. West County is expected to see multiple new projects break ground in 2025.

OUTLOOK

- A slowdown in development activity and steady leasing fundamentals will keep the market's vacancy healthy over the short term.
- Tenant right-sizing is expected to continue as occupiers reevaluate space needs, especially those occupying second generation space. As a result, vacant second generation space is expected to rise in the coming quarters.
- The total share of build-to-suit (BTS) construction will rise as speculative development remains disciplined.

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CONSTRUCTION (SF)	CONSTRUCTION COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT*
City	61,234,054	1,478,794	2.4%	-31,000	-22,500	195,501	0	0	\$5.50
Metro East	40,517,560	2,849,601	7.0%	8,000	463,900	507,100	0	0	\$4.01
Mid County	23,518,880	374,468	1.6%	0	156,037	90,149	0	76,750	\$7.08
North County	61,117,961	2,072,613	3.4%	77,223	811,778	1,339,892	450,000	450,000	\$4.84
South County	21,246,231	337,341	1.6%	-25,363	-39,526	117,243	0	0	\$9.20
St. Charles	35,951,109	1,198,824	3.3%	-5,535	-353,229	181,174	151,800	490,365	\$6.73
West County	23,737,475	1,247,862	5.3%	160,975	296,206	119,223	357,056	512,048	\$7.81
<b>ST. LOUIS TOTALS</b>	<b>267,323,270</b>	<b>9,559,503</b>	<b>3.6%</b>	<b>184,300</b>	<b>1,312,666</b>	<b>2,550,282</b>	<b>958,856</b>	<b>1,529,163</b>	<b>\$5.47</b>

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Manufacturing	54,788,151	365,693	0.70%	0	-2,004	74,742	0	0	\$4.72
Office Service	13,312,746	482,300	3.60%	-72,428	-2,809	57,123	0	76,750	\$9.14
Warehouse/Distribution	199,222,373	8,711,510	4.40%	256,728	1,317,479	2,418,417	958,856	1,452,413	\$5.26
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\*Rental rates reflect weighted net asking \$psf/year

\*\*Renewals not included in leasing statistics

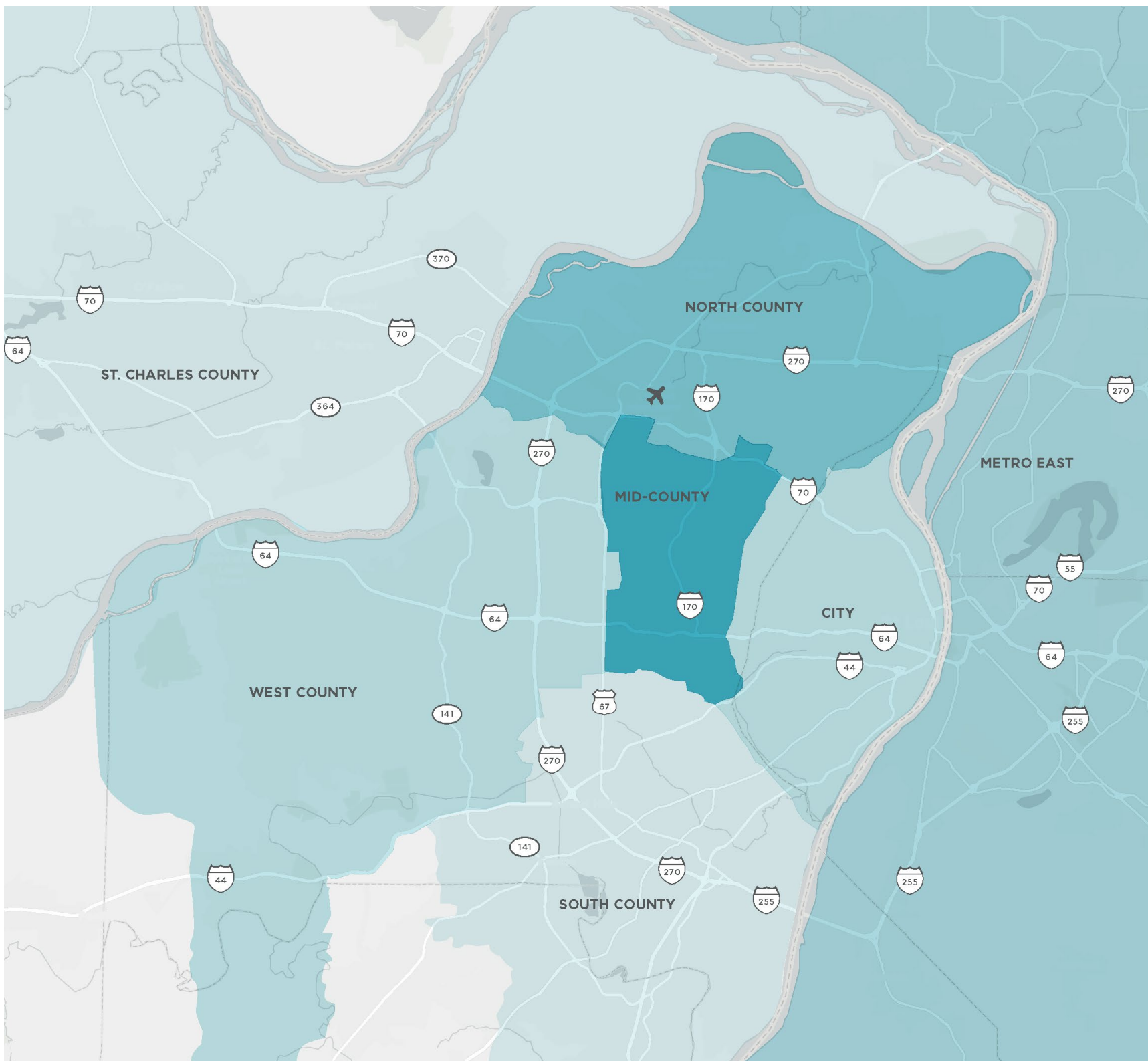
KEY LEASE TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
4774 Park 370 Blvd.	Hazelwood	Graphic Packaging International, LLC	143,600	Renewal*
5555 Saint Louis Mills Circle	Hazelwood	Dive Bomb Industries, LLC	128,697	New
1 American Eagle Plaza	Earth City	Epsilon Data Management, LLC	116,783	Renewal*
1601-1609 Park 370 Pl.	Hazelwood	Potter Electric Signal	103,317	Renewal*
9150 Latty Ave.	Hazelwood	Cabinets & Granite Corporation	100,000	New

KEY SALES TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	SELLER   BUYER	SF	PRICE   \$ PSF
570 Rudder Rd.	Fenton	Lawlor Land Company   Hampton-Merlin, LLC	39,845	\$4.2M   \$105
45 Progress Pkwy.	West Port	O'Fallon Brewery   Commercial Van Interiors	38,500	\$3.5 M   \$91
2070 & 2100 North Lark	Fenton	2Shy, LLC   R&K Holding Company, LLC	23,450	\$1.6M   \$66
10426-10450 Baur Blvd.	Olivette	Baur 10452, LLC   Yolo Baur, LLC	14,658	\$1.4M   \$92

INDUSTRIAL SUBMARKETS



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