
RESEARCH 4Q23

St. Louis Retail Report

NEWMARK
ZIMMER



Executive Summary

Newmark Zimmer is constantly monitoring market indicators, tracking and analyzing supply and demand drivers, cyclical patterns and industry trends. The following quarterly research report examines the multifaceted St. Louis retail market.

Newmark Zimmer research and analytics has established a system of data flow unique in our industry. Rather than rely on third party data sources, our data acquisition efforts involve inputs from advisors in the field, analysts and brokers executing transactions. Newmark Zimmer research converts market data and analysis into knowledge that creates value for our clients.

Our clients include market-leading landlords and distinguished institutions in and around the St. Louis area and the Midwest. Our market knowledge continues to expand as the market progresses and evolves.



Select Market Transactions

Nameoki Commons Portfolio (7) | Granite City, IL

155,410 SF GLA – SOLD FOR \$10,608,000 (\$68/SF)

Metro East | 3401-3551 Nameoki Road

8031 Hawk Ridge Trail | Lake Saint Louis, MO

9,820 SF GLA – SOLD FOR \$4,652,500 (\$474/SF)

St. Charles County | 8031 Hawk Ridge Trail

Sugar Pines Shopping Center | Florissant, MO

32,790 SF GLA – SOLD FOR \$4,450,000 (\$136/SF)

North County | 3501-3533 Dunn Road

Lakeland Square/Troy Plaza Portfolio (2) Fairview Heights/Troy, IL

34,800 SF GLA – SOLD FOR \$3,500,000 (\$101/SF)

Metro East | 4515-4545 N Illinois Street, 547 Bargraves Boulevard

Sunnyside Square | Ballwin, MO

9,130 SF GLA – SOLD FOR \$1,997,000 (\$219/SF)

West County | 15008 Manchester Road

Retail

ST. LOUIS MARKET OVERVIEW

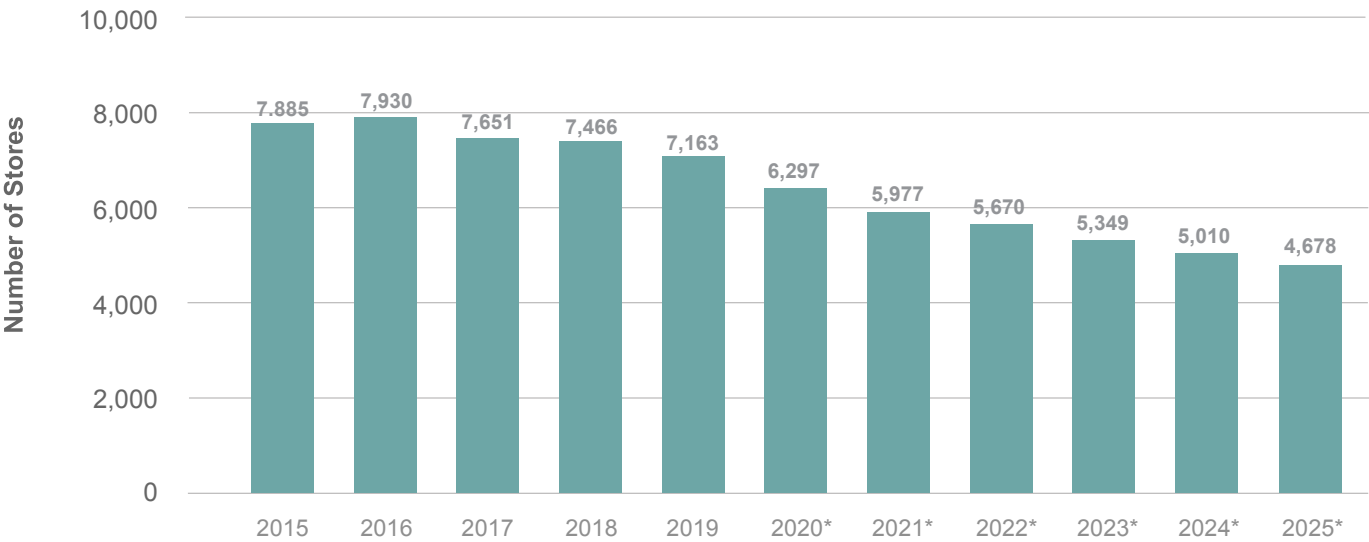
In the fourth quarter of 2023, St. Louis continued to see average asking rents climb as total vacancy rate remained low with small shop space averaging 2.0% and big box averaging 4.7% vacancy. Small shop space continues to see a wide variety of interest from service-based retailers (salon, nail, massage, etc.), boutique fitness, and fast casual food type users. Fitness, entertainment, and grocery have been the most active players in backfilling big box space. Drive-thru space, whether freestanding or end-cap, continues to be highly sought after by brands. In addition, QSR concepts are continuing to look for opportunities to convert or relocate spaces to a drive-thru concept.

Market News

- Pennsylvania-based Pennmark Management Company purchased a seven-building portfolio of retail properties located in Granite City, Illinois. Located at the 155,410-SF Nameoki Commons shopping center, the transaction at auction totaled \$10.61 million, equating to \$68/SF. Anchor tenant Ollie’s Bargain Outlet opened its first store in the Metro at the center in 2023. Additional tenants at the center include Dollar Tree, Family Dollar, CATO, Applebee’s, Arby’s, Smoothie King, Verizon, AT&T and Cricket Wireless.
- One of the world’s largest indoor pickleball facilities will open its doors at the end of February 2024. Located at 1220 North Price Rd. in Olivette, the Padel + Pickle Club is expected to total 42,000 SF and will offer eight pickleball courts, six padel courts, a bar and lounge and a merchandise store.
- El Morelia Super Mercado will occupy 42,000 SF, backfilling the former Sports Authority space located at 11982 St. Charles Rock Rd. in Bridgeton. The grocer will expand significantly from its current 9,000-SF space at 12005 St. Charles Rock Rd. and expects to move into the new building by July 2024.

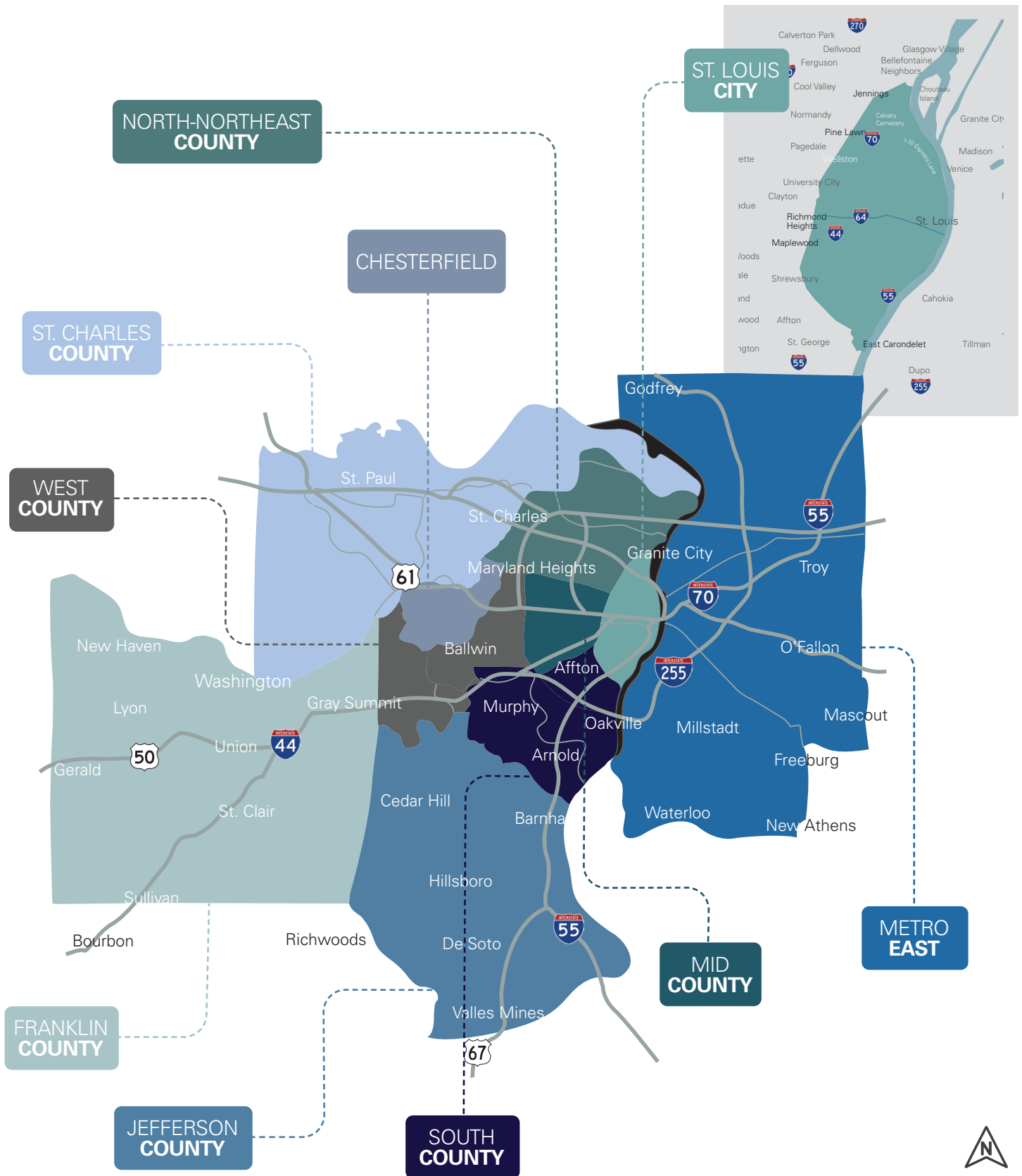
The average size of retail leases in the U.S. has significantly decreased over the past two decades with retail spaces averaging only 3,200 SF in the fourth quarter of 2023, according to CoStar. The long-term shift can be attributed to changing consumer habits which resulted in the exodus of department store offerings, an overall reduction of stand-alone ‘big-box’ spaces, along with closures of multiple discount retailers due to competition from e-commerce offerings. Conversely, demand for smaller, flexible, and efficient spaces is at an all-time high. In 2024, retailers will need to offer adjustable spaces that can be transformed for different uses and customized experiences. Creating events, establishing consumer connections, and engaging with the community at a brick-and-mortar store, inaccessible via e-commerce, will be paramount to the fast-paced retail environment.

Department Store Decline in the U.S.



Submarket Maps

DOWNTOWN & SUBURBS



This map was produced using reliable private and government sources.
This information is provided without representation or warranty.

4Q23 St. Louis

RETAIL MARKET STATISTICS TABLE

	Type	# of Buildings	Total Inventory (SF)	Total Vacancy Rate	Qtr Absorption (SF)	Past 4 Qtrs. Absorption (SF)	Total Asking Rent (NNN)
CHESTERFIELD	All	192	5,532,999	7.00%	-114,279	-153,003	\$20.42
	Small Shop	94	489,204	0.00%	0	1,814	\$22.15
	Big Box	98	5,043,795	7.70%	-114,279	-154,817	\$20.35
FRANKLIN COUNTY	All	579	5,990,606	2.00%	584	104,284	\$12.12
	Small Shop	419	1,719,348	1.00%	10,850	11,571	\$14.61
	Big Box	160	4,271,258	2.30%	-10,266	92,713	\$11.53
JEFFERSON COUNTY	All	446	4,646,629	1.40%	66,416	50,150	\$13.24
	Small Shop	317	1,247,293	0.80%	3,416	12,116	\$16.39
	Big Box	129	3,399,336	1.60%	63,000	38,034	\$12.47
METRO EAST	All	2,724	31,686,800	4.20%	103,931	161,024	\$13.25
	Small Shop	2,011	7,614,234	2.10%	-6,292	7,249	\$16.65
	Big Box	713	24,072,566	4.70%	110,223	153,775	\$12.61
MID COUNTY	All	1,102	17,536,656	1.40%	101,621	204,115	\$22.47
	Small Shop	737	2,952,463	2.30%	6,840	44,914	\$20.22
	Big Box	365	14,584,193	1.30%	94,781	159,201	\$23.40
NORTH-NORTHEAST COUNTY	All	1,660	20,729,064	5.50%	164,501	276,736	\$12.12
	Small Shop	1,190	4,373,074	1.40%	12,706	31,806	\$13.49
	Big Box	470	16,355,990	6.60%	151,795	244,930	\$11.97
ST. CHARLES COUNTY	All	1,678	23,619,290	3.70%	1,385	-1,779	\$17.05
	Small Shop	1,159	4,761,553	2.50%	-7,013	19,922	\$19.21
	Big Box	519	18,857,737	4.00%	8,398	-21,701	\$16.18
ST. LOUIS CITY	All	2,468	21,422,035	4.00%	-30,796	50,292	\$15.45
	Small Shop	1,957	7,341,502	2.40%	-7,458	-19,807	\$16.73
	Big Box	511	14,080,533	4.80%	-23,338	70,099	\$15.14
SOUTH COUNTY	All	1,315	20,746,494	4.90%	24,615	216,440	\$13.29
	Small Shop	887	3,536,963	1.30%	5,582	16,808	\$23.38
	Big Box	428	17,209,531	5.70%	19,033	199,632	\$12.69
WEST COUNTY	All	650	12,098,303	6.00%	12,074	3,840	\$15.84
	Small Shop	381	1,624,417	3.20%	-4,124	4,147	\$19.21
	Big Box	269	10,473,886	6.40%	16,198	-307	\$15.42
TOTALS	All	12,814	164,008,876	4.10%	330,052	912,099	\$14.80
	Small Shop	9,152	35,660,051	2.00%	14,507	130,540	\$18.00
	Big Box	3,662	128,348,825	4.70%	315,545	781,559	\$14.22

Small Shop: Retail buildings in which GLA is 9,000 square feet or less. **Big Box:** Retail buildings in which GLA is 9,001 square feet or more.

Examination and calculation of supply and demand determinants by building size uncovered statistically significant inflection points consistently at the 9,000-square-foot building size. For this reason, the division between small-shop and big-box occurs at 9,000 square feet.

Market Indicators

VACANCY RATE, ASKING RENT & NET ABSORPTION

ST. LOUIS CITY

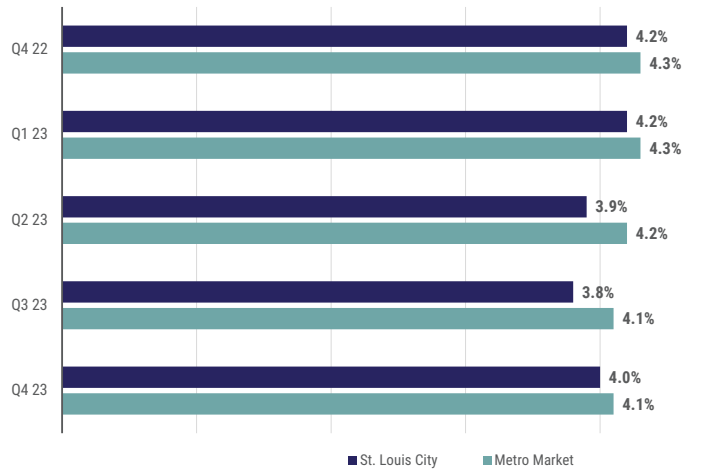
VACANCY RATE

The St. Louis City vacancy rate displayed a downward trend, decreasing **20** basis points over the past year.

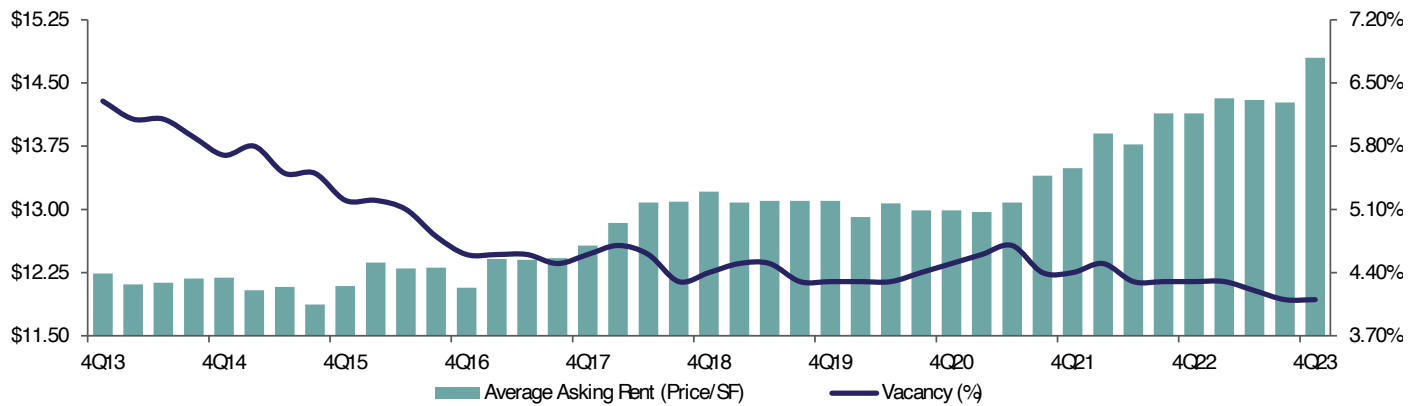
METRO MARKET

VACANCY RATE

The metro market vacancy rate displayed a downward trend, decreasing **20** basis points over the past year.

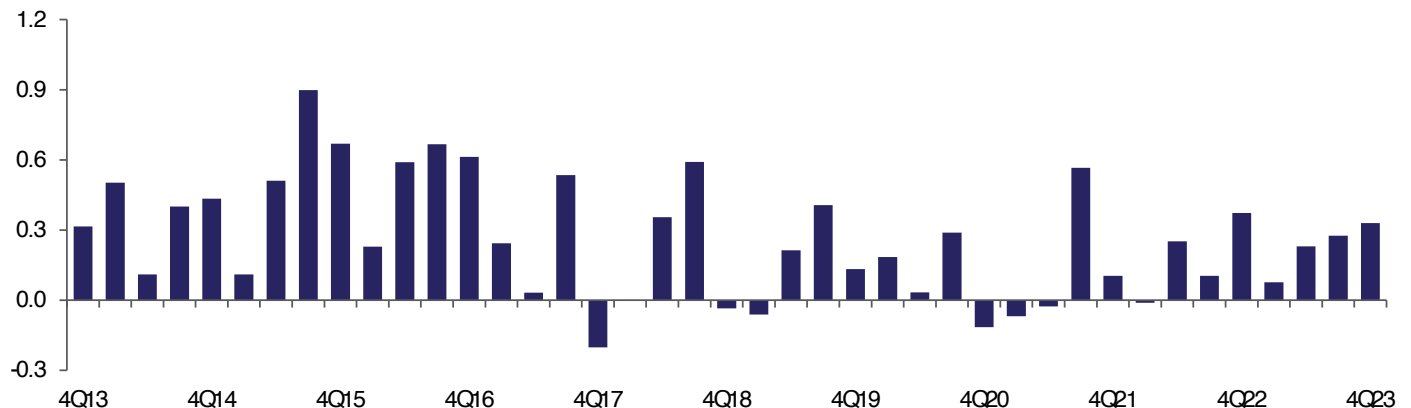


ASKING RENT AND VACANCY



NET ABSORPTION

SQUARE FEET, MILLIONS





4Q23 St. Louis

SUBMARKET VACANCY RATE

CHESTERFIELD VACANCY RATE

Worsened by **280 basis points** over the past year.

7.0%

4Q23

4.2%

4Q22

Small shop space is hard to find in Chesterfield as vacancy in this niche is 0.0%, the lowest in the market.

METRO EAST VACANCY RATE

Improved by **10 basis points** over the past year.

4.2%

4Q23

4.3%

4Q22

Metro East displayed the fourth highest amount of total net absorption in the market during the year.

MID COUNTY VACANCY RATE

Improved by **100 basis points** over the past year.

1.4%

4Q23

2.4%

4Q22

Mid County displayed the highest average asking rental rate in the market.

WEST COUNTY VACANCY RATE

Worsened by **20 basis points** over the past year.

6.0%

4Q23

5.8%

4Q22

West County displayed the second highest vacancy rate in the market during the quarter.

For more information:

St. Louis, MO

1001 Highlands Plaza Drive, Suite 250
St. Louis, MO 63110
314-254-4600

Kansas City, MO

1220 Washington Street, Suite 300
Kansas City, MO 64105
816-474-2000

Eastern Jackson County

1485 SW Market Street
Lee's Summit, MO 64081
816-474-2000

nmrkzimmer.com



Mike Carlson, SIOR, CCIM

Executive Managing Director, Principal

t 314-628-0438
mcarlson@nmrkzimmer.com

Andrew Garten

Director, Research

t 816-256-4288
agarten@nmrkzimmer.com

We transform untapped potential into limitless opportunity.

We don't just adapt to what our partners need—we adapt to what the future demands.

Since our start, we've faced forward, predicting change and pioneering ideas. Almost a century later, the same strategic sense and audacious thinking still guide our approach. Today our integrated platform delivers seamlessly connected services tailored to every type of client, from owners to occupiers, investors to founders, and growing startups to leading companies.

Tapping into smart tech and smarter people, we bring ingenuity to every exchange and transparency to every relationship.

We think outside of boxes, buildings and business lines, delivering a global perspective and a nimble approach. From reimagining spaces to engineering solutions, we have the vision to see what's next and the tenacity to get there first.

TERMS AND DEFINITIONS

Gross Leasable Area (GLA) – Expressed in square feet. It is the total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines. It is the standard measure for determining the size of retail spaces, specifically shopping centers, where rent is calculated based on GLA occupied. There is no real difference between RBA (Rentable Building Area) and GLA except that GLA is used when referring to retail properties while RBA is used for other commercial properties.

Vacancy Rate – The vacancy rate is the amount of physically vacant space divided by the inventory and includes direct and sublease vacant.

Net Absorption – The net change in physically occupied space over a period of time.

Average Asking Rent – The dollar amount asked by landlords for available space expressed in dollars per square foot per year. Retail rents are expressed as triple net where all costs including, but not limited to, real estate taxes, insurance and common area maintenance are borne by the tenant on a prorata basis. The asking rent for each building in the market is weighed by the amount of available space in the building.

DISCLAIMER

All information contained in this publication (other than that published by Newmark) is derived from third party sources. Newmark (i) has not independently verified the accuracy or completeness of any such information, (ii) does not make any warranties or representations, express or implied, concerning the same and (iii) does not assume any liability or responsibility for errors, mistakes or inaccuracies of any such information. Further, the information set forth in this publication (i) may include certain forward-looking statements, and there can be no guarantee that they will come to pass, (ii) is not intended to, nor does it contain sufficient information, to make any recommendations or decisions in relation to the information set forth therein and (iii) does not constitute or form part of, and should not be construed as, an offer to sell, or a solicitation of any offer to buy, or any recommendation with respect to, any securities. Any decisions made by recipient should be based on recipient's own independent verification of any information set forth in this publication and in consultation with recipient's own professional advisors. Any recipient of this publication may not, without the prior written approval of Newmark, distribute, disseminate, publish, transmit, copy, broadcast, upload, download, or in any other way reproduce this publication or any of the information it contains with any third party. This publication is for informational purposes only and none of the content is intended to advise or otherwise recommend a specific strategy. It is not to be relied upon in any way to predict market movement, investment in securities, transactions, investment strategies or any other matter. If you received this publication by mistake, please reply to this message and follow with its deletion, so that Newmark can ensure such a mistake does not occur in the future.

RESEARCH

Newmark Zimmer research reports are also available at nmrkzimmer.com