
RESEARCH 3Q24

St. Louis Capital Markets

NEWMARK
ZIMMER



Executive Summary

Newmark Zimmer is continuously 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 investment 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 investors 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

Multifamily | Avenue64

316 Units – Sold for \$75,500,000 (\$238,924/Unit)
St. Charles County | 1000 Watermark Drive

Multifamily | Vicino on the Lake I & II

359 Units – Sold for \$58,850,000 (\$163,928/Unit)
Mid County | 1003 Mariners Point Drive

Retail | Des Peres Corners Portfolio

124,590 SF GLA – Sold for \$38,400,000 (\$308/SF)
Mid County | 12332, 12340-12360 Manchester Rd.; 1052-1090 N Ballas Rd.

Retail | Fountain Plaza

104,520 SF GLA – Sold for \$18,500,000 (\$177/SF)
West County | 15808-15881 Fountain Plaza Drive

Hospitality | Holiday Inn Express & Suites St. Peters

81 Rooms – Sold for \$10,800,000 (\$133,333/Room)
North County | 50 Richmond Center Boulevard

Capital Markets

ST. LOUIS MARKET OVERVIEW

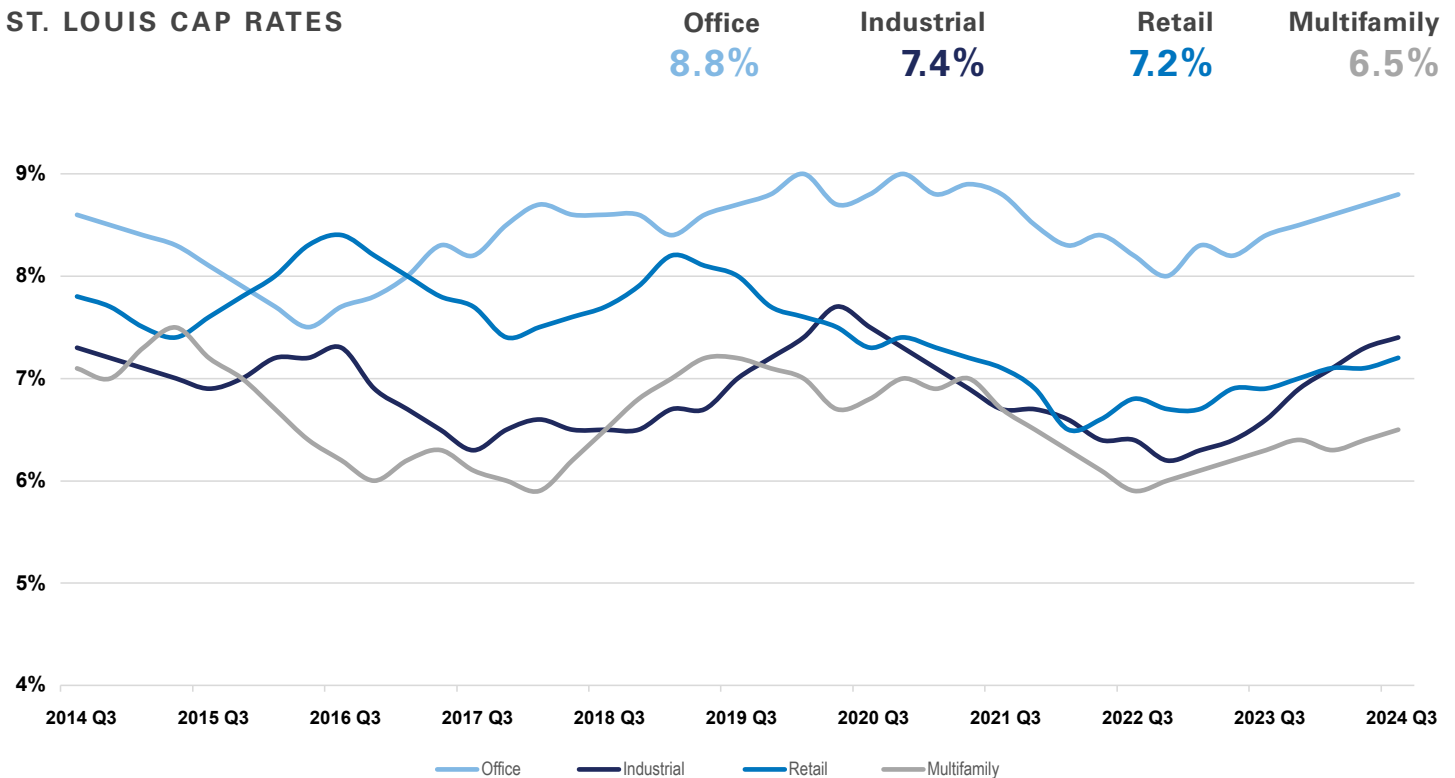
The pace of investment activity in the St. Louis market slowed during the past four quarters, with sales volume totaling \$2.4 billion, a decrease of 23.1% compared with the prior five-year average. As a leading second-tier market, the St. Louis Metropolitan area ranked fifth out of the largest 13 Midwest markets in total sales volume during the past 12 months, with multifamily and retail assets combining for 66.0% of the Metro's activity. Capitalization rates increased by four basis points compared with the past 12 months, registering 7.3% in the third quarter of 2024.

Net absorption across the industrial, office, and retail sectors totaled 3.3 million SF over the past four quarters, an increase of 0.7% compared with the preceding year. The multifamily sector realized 2,909 units of net absorption during the past four quarters, an increase of 155.2% over a similar period a year ago. The industrial sector tightened during the quarter, registering 2.0 million SF of net absorption and continuing four consecutive years of robust demand totaling 20.3 million SF. Vacancy for industrial properties decreased by 60 bps to 4.7%, while asking rental rates increased to \$5.95/SF during the quarter. With development kept in check over the past

five years and additional incentives offered to lock tenants in for longer lease terms, rental rates trended upward for the remaining three property sectors, with retail properties registering a new record high of \$14.82/SF in the quarter. Vacancy in the office sector increased by 20 bps to 14.6%, while multifamily vacancy increased by 20 bps to 9.8% compared with the prior quarter. Vacancy in the retail sector decreased by 10 bps to 3.6% during the same period.

The Newmark Zimmer Midwest Capital Markets team anticipates an increase in sales volume throughout the remainder of 2024, as buyers and sellers adjust to the current market conditions and the interest rate environment improves. Allocations for commercial real estate investment continue to remain steady for industrial, neighborhood retail, multifamily and medical office with strong operating fundamentals. We continue to monitor the impact of lending conditions on leveraged buyers' return expectations and valuations.

ST. LOUIS CAP RATES



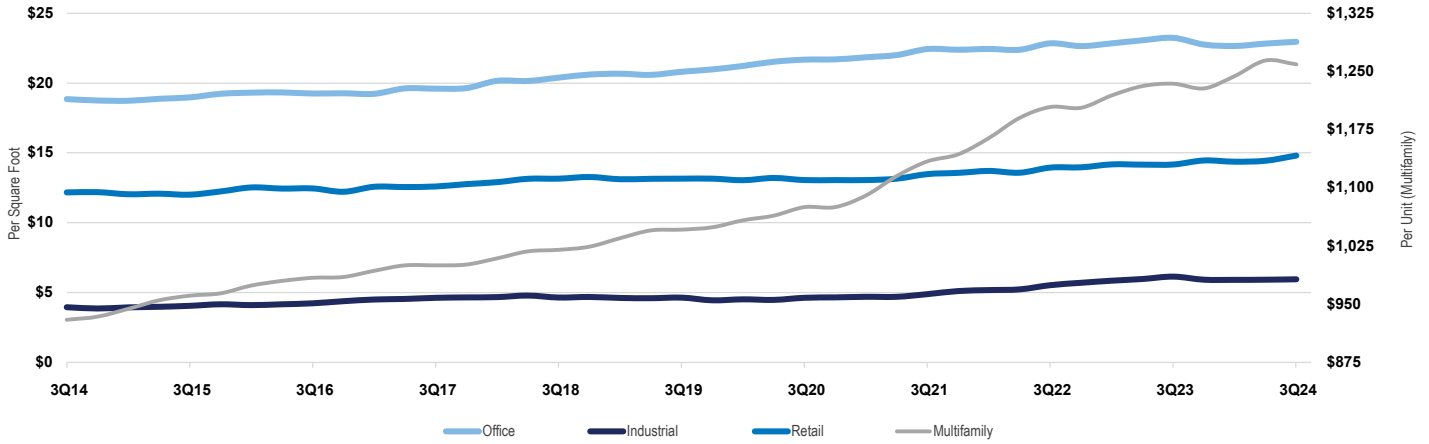
Source: Newmark Zimmer Research, CoStar, Real Capital Analytics

3Q24 St. Louis

MARKET ANALYSIS

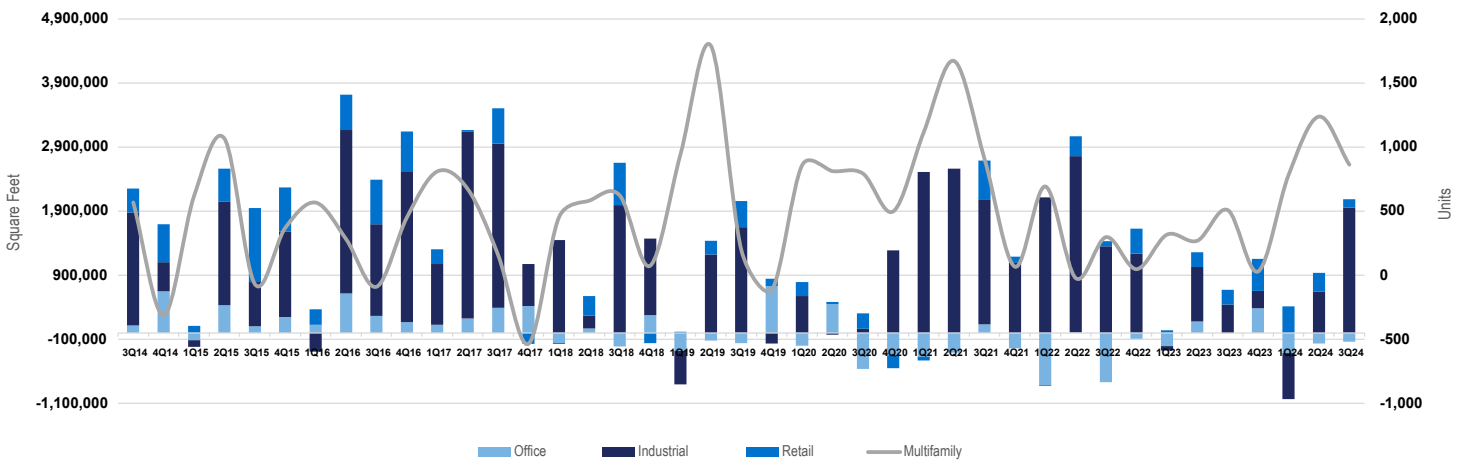
AVERAGE ASKING RENT

Office **\$22.96** Industrial **\$5.95** Retail **\$14.82** Multifamily **\$1,259**



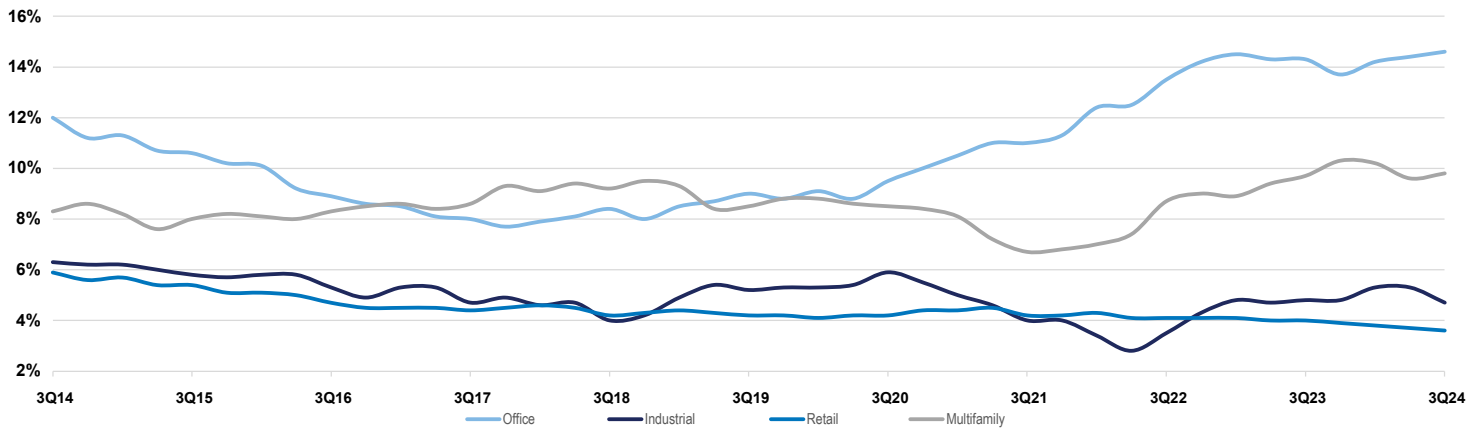
NET ABSORPTION

Office **-134,891 SF** Industrial **1,952,398 SF** Retail **132,106 SF** Multifamily **862 Units**



VACANCY RATE

Office **14.6%** Industrial **4.7%** Retail **3.6%** Multifamily **9.8%**





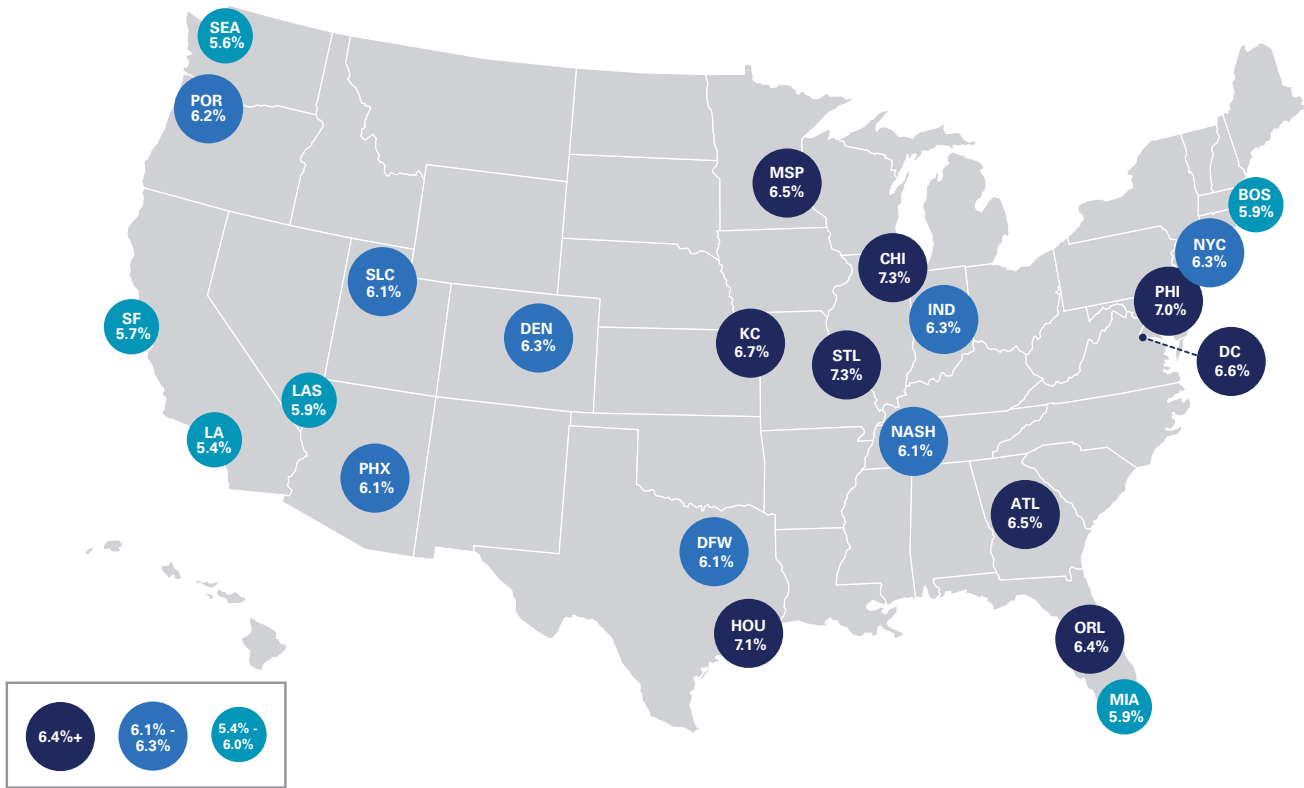
SELECT SALES TRANSACTIONS | THIRD QUARTER OF 2024

Sector	Building	Submarket	Sale Price	Price Per SF/Unit ¹	SF/Units ²
Multifamily	The District 633 N McKnight Road	St. Louis City	\$54,750,000	\$127,921	428
Multifamily	Westpark Apartments & Townhomes 11409 Tivoli Lane	Mid County	\$32,000,000	\$150,943	212
Industrial	Elm Point Business Park- Sysco 3850 Mueller Road	St. Charles County	\$13,195,000	\$60	220,150
Retail	AMC Theatres 12 10465 Olive Boulevard	St. Charles County	\$9,550,000	\$240	39,800
Hospitality	Hampton Inn- STL-Columbia 165 Admiral Trost Drive	Metro East	\$8,400,000	\$109,091	77
Office	300 Hunter Avenue	Clayton	\$8,250,000	\$116	70,910
Office	2300 Locust Street	Downtown/ CBD	\$7,300,000	\$46	160,590
Industrial/ Showroom	675 Spirit Valley Central Drive	West County	\$5,500,000	\$153	36,000
Retail	Cabela's 5555 Saint Louis Mills Boulevard	North County	\$4,650,000	\$36	128,710
Industrial	1402-1412 Sachs Business Parkway	St. Charles County	\$4,350,000	\$80	54,580

¹ The price per unit/room is displayed for the Multifamily and Hospitality sectors. ² The number of total units/rooms is displayed for the Multifamily and Hospitality sectors.

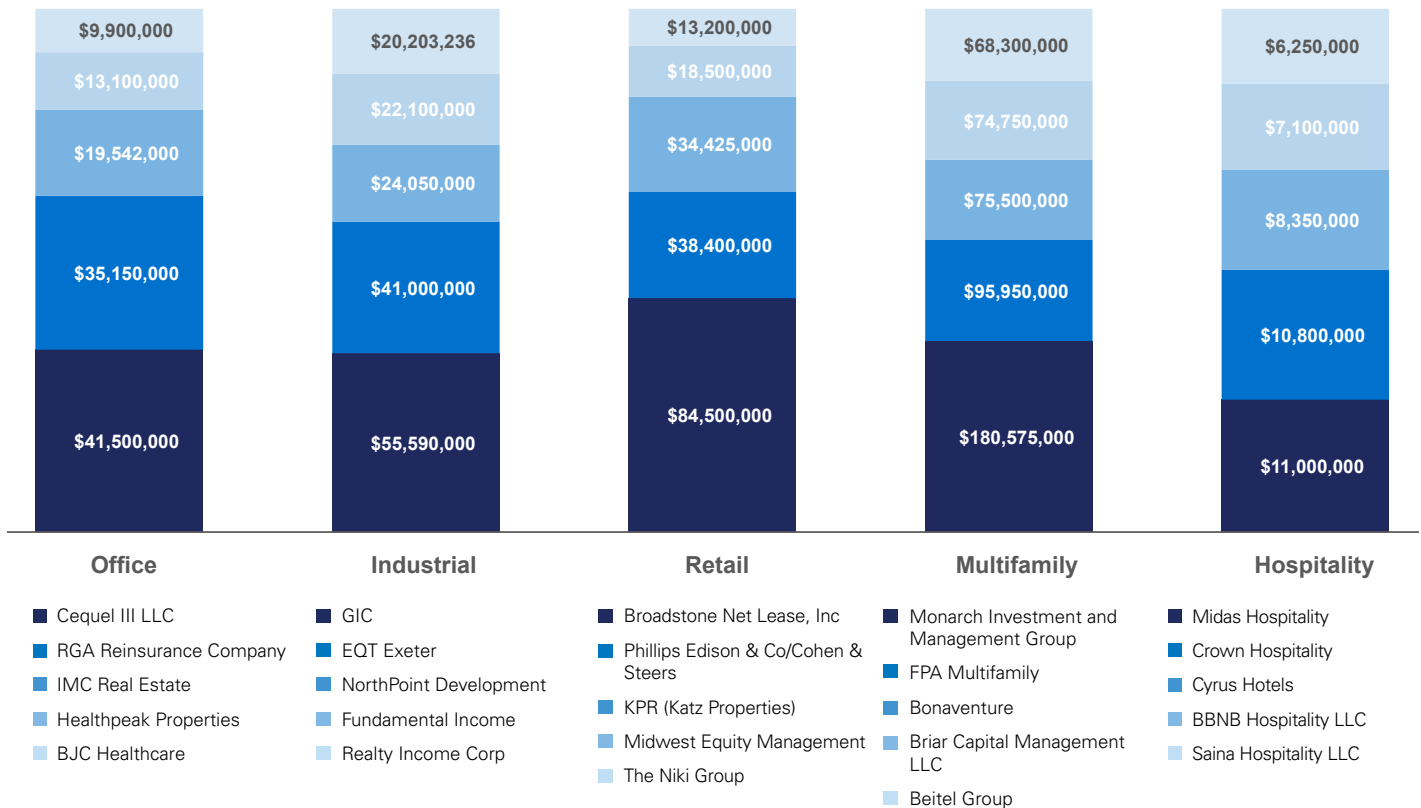
CAP RATES | ALL PROPERTY TYPES

12-MONTH AVERAGE, INCLUDES PROPERTY OR PORTFOLIO SALES \$2.5 MILLION OR GREATER



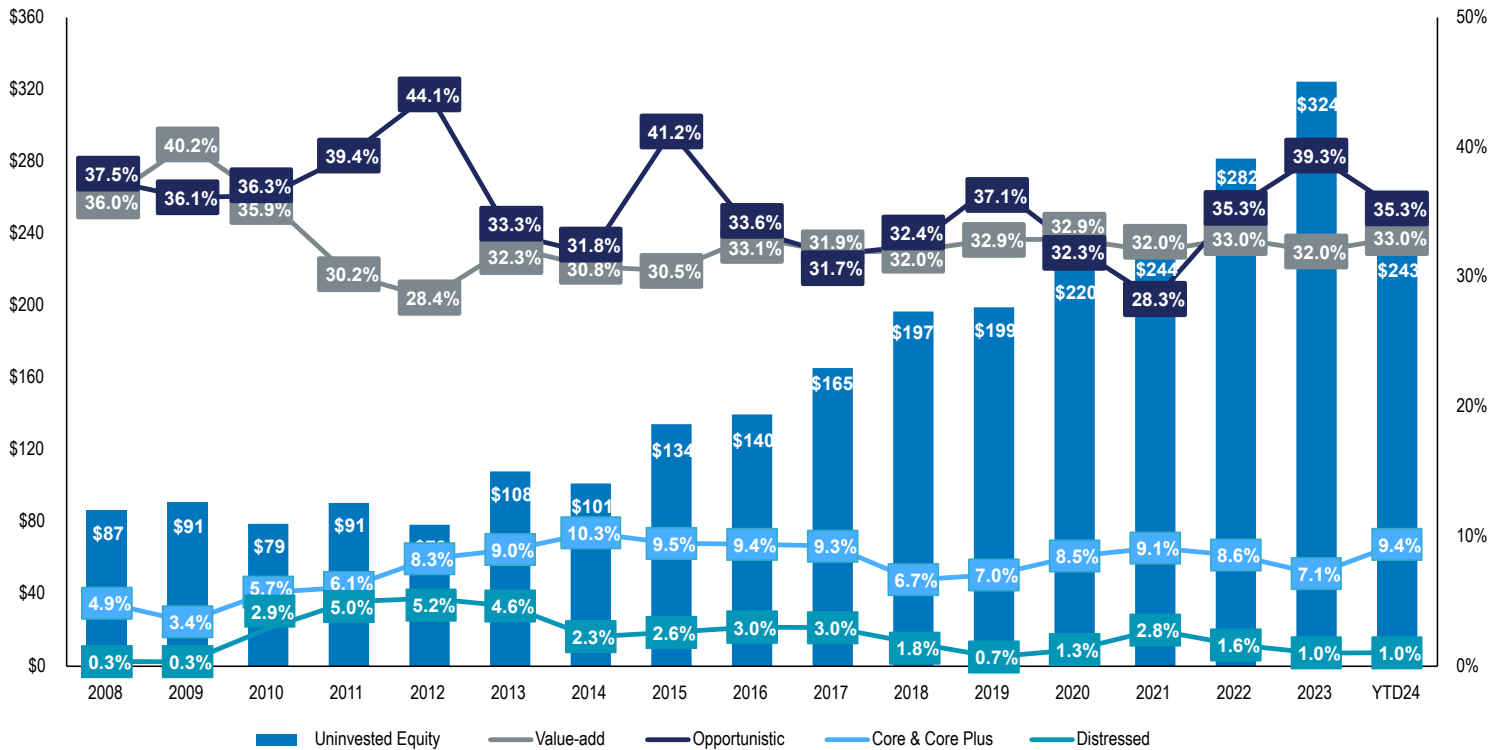
SELECT ACTIVE BUYERS IN THE ST. LOUIS MARKET BY ASSET TYPE

12-MONTH TOTALS



DRY POWDER

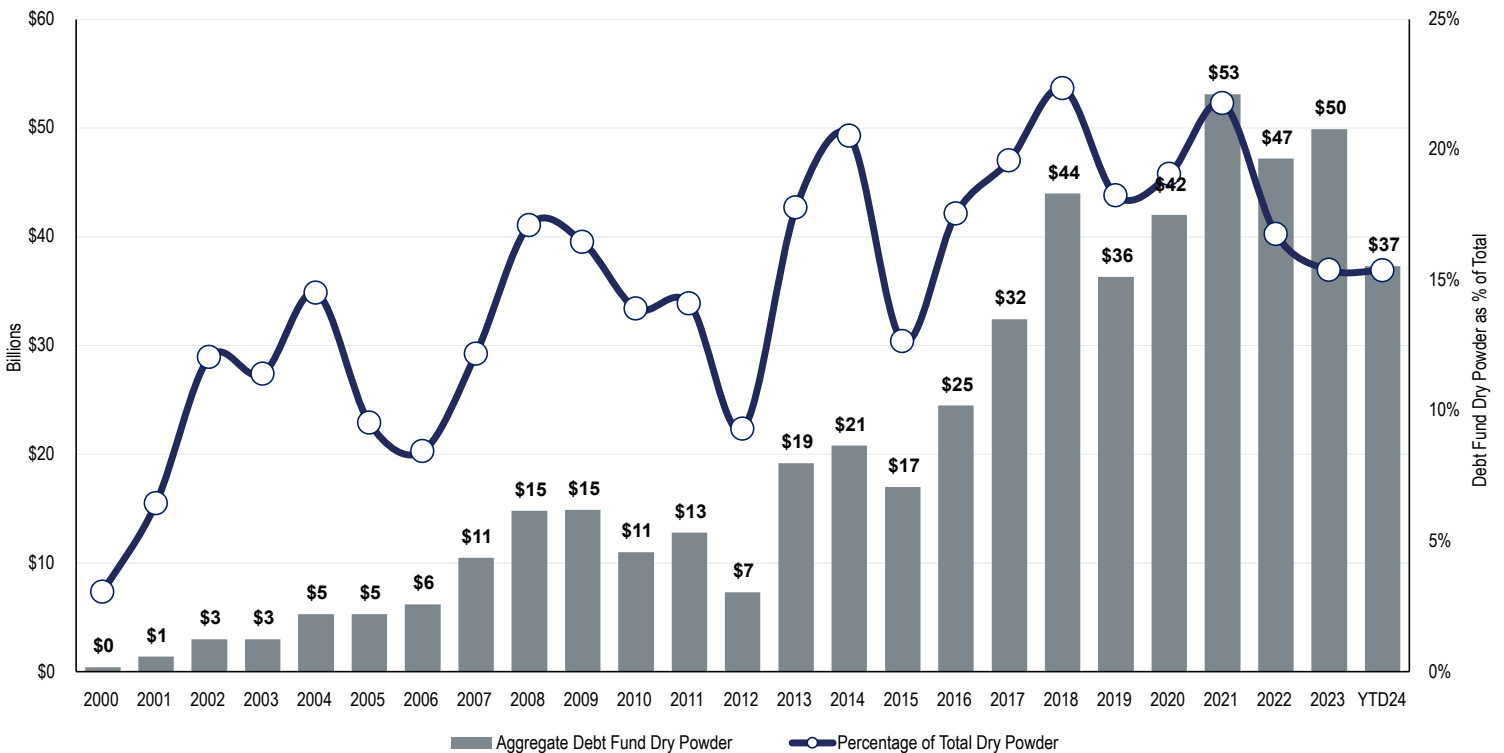
With high levels of dry powder, expect creative approaches to deploy capital. Dry powder allocated to opportunistic deals increased significantly 700 bps from 28.3% in 2021 to 35.3% in 2Q24. Value-add strategies have remained stable during the past 10 years, ranging from 30.5% in 2015 to 33.1% in 2016.



Note: Excludes Debt Funds, Secondaries, Fund of Funds, Co-Investment

Source: Newmark Research, Prequin

DEBT FUND DRY POWDER



Source: Newmark Research, Prequin

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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.

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