

RESEARCH 3Q24

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

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.

Fountain Plaza | Ellisville, MO

104,520 SF GLA – SOLD FOR \$18,500,000 (\$177/SF)

West County | 15808-15881 Fountain Plaza Drive

AMC Theatres 12 | Creve Coeur, MO

39,800 SF GLA – SOLD FOR \$9,550,000 (\$240/SF)

St. Charles County | 10465 Olive Boulevard

Cabela's | Hazelwood, MO

128,710 SF GLA – SOLD FOR \$4,650,000 (\$36/SF)

North County | 5555 Saint Louis Mills Boulevard

Former Goedeker's | Ballwin, MO

39,800 SF GLA – SOLD FOR \$4,585,000 (\$115/SF)

West County | 13850 Manchester Road

Retail

ST. LOUIS MARKET OVERVIEW

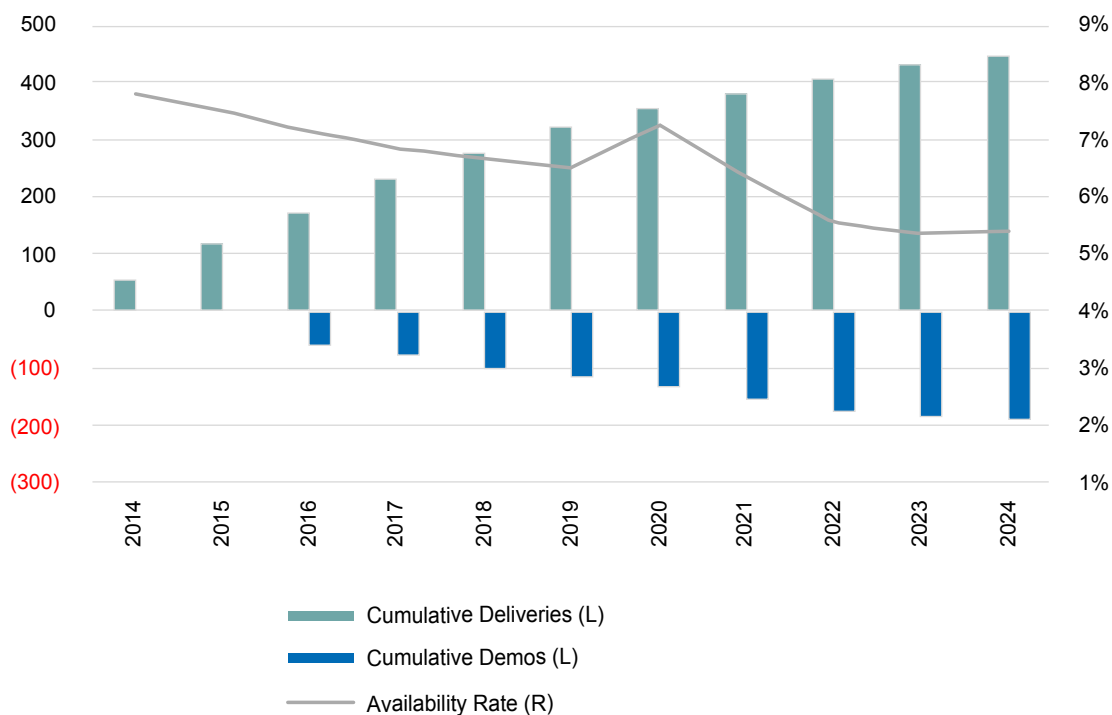
In the third quarter of 2024, vacancy continues to be tight with limited supply leading retailers to reevaluate their real estate space and prototypes as they look to the future. The Kansas City retail market is anticipating several large-scale retail projects and redevelopment in the pipeline extending across state lines in both Kansas and Missouri.

Market News

- Target announced it will co-anchor space at the Market at Olive redevelopment. Target will occupy 148,000 SF adjacent to Costco in the 47-acre project. The retailer is expected to open by spring 2026.
- Demolition officially started on the Chesterfield Mall. The Staenberg Group plans to redevelop the 96-acre former mall into a \$2.0 billion mixed-use project, "Downtown Chesterfield" over the next 10 years.
- Burlington and Golf Galaxy will backfill the former Bed, Bath and Beyond store at 6611 North Illinois St. in Fairview Heights, Illinois. The two new retailers will join both DSW and Ulta Beauty, which occupy space nearby. Burlington is expected to open in October 2024.
- Park North Golf Club, a new golf entertainment facility, is expected to open by summer 2025. Located next to Plummer Family Park in Edwardsville, Illinois, the development will include a 40-bay climate-controlled driving range, an 18-hole mini golf course, and a restaurant and sports bar.

Consumer habits combined with market demands for retail space will continue to be a driving force behind the acquisition and use of space. Location has always been a dominating factor in site selection, but a lack of desirable locations is leading to more flexibility in prototypes. Retailers are adjusting to smaller formats both in the food service and soft goods retail sectors. They are also moving away from a strict template as far as size and store frontage width, and stressing design of the space and how it translates to the brand, marketing and relevance among social media and consumers. We anticipate this continues to be a priority for retail and restaurants as vacancy will remain tight for the foreseeable future.

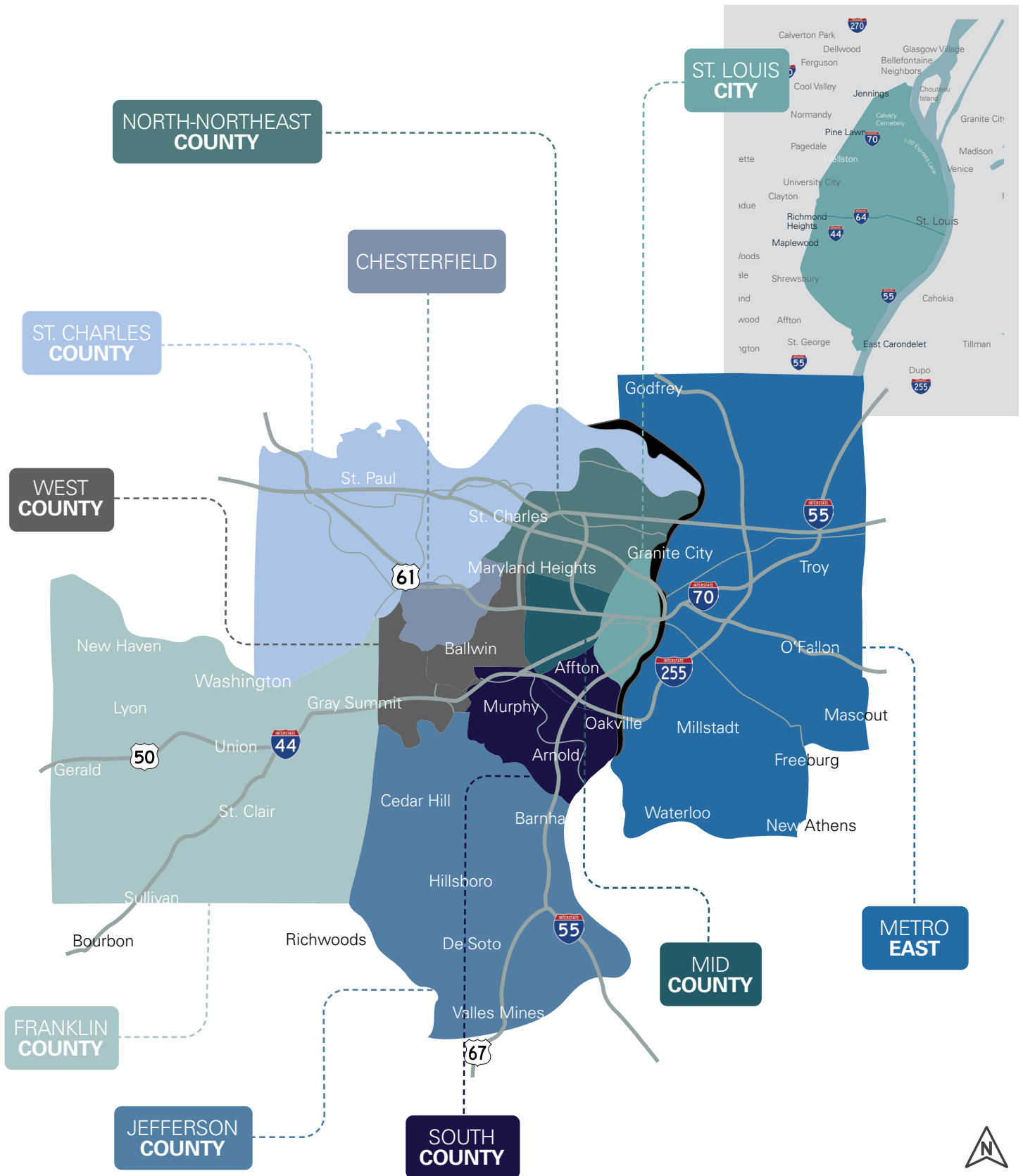
Retail Deliveries and Demolitions, Cumulatively, in Millions of SF, and % Availability



Source: Costar, Newmark Research

Submarket Maps

DOWNTOWN & SUBURBS



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3Q24 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)
	All	193	5,640,476	5.60%	17,105	-17,832	\$20.45
CHESTERFIELD	Small Shop	95	495,260	0.30%	-1,400	-1,400	\$22.15
	Big Box	98	5,145,216	6.10%	18,505	-16,432	\$20.25
	All	592	6,102,898	1.80%	-2,884	11,370	\$11.15
FRANKLIN COUNTY	Small Shop	429	1,754,863	1.60%	-5,384	961	\$12.39
	Big Box	163	4,348,035	1.80%	2,500	10,409	\$10.74
	All	463	4,759,477	0.80%	20,681	105,554	\$12.52
JEFFERSON COUNTY	Small Shop	329	1,283,628	0.50%	7,369	7,087	\$16.39
	Big Box	134	3,475,849	0.90%	13,312	98,467	\$10.58
	All	2,796	32,771,867	3.60%	-17,833	221,132	\$13.67
METRO EAST	Small Shop	2,066	7,849,438	1.60%	17,120	70,176	\$19.66
	Big Box	730	24,922,429	4.20%	-34,953	150,956	\$12.36
	All	1,123	17,807,251	1.80%	-10,006	127,871	\$24.26
MID COUNTY	Small Shop	754	3,023,117	3.10%	-623	19,957	\$26.78
	Big Box	369	14,784,134	1.50%	-9,383	107,914	\$23.18
	All	1,685	20,575,924	4.50%	-21,542	214,628	\$12.56
NORTH-NORTHEAST COUNTY	Small Shop	1,214	4,449,889	1.40%	18,637	12,469	\$14.58
	Big Box	471	16,126,035	5.40%	-40,179	202,159	\$12.27
	All	1,722	24,373,171	3.40%	31,549	304,050	\$16.84
ST. CHARLES COUNTY	Small Shop	1,196	4,928,141	2.20%	14,881	36,046	\$20.32
	Big Box	526	19,445,030	3.70%	16,668	268,004	\$15.47
	All	2,510	22,039,403	4.10%	30,578	23,177	\$12.58
ST. LOUIS CITY	Small Shop	1,985	7,438,522	2.30%	-7,358	8,832	\$15.54
	Big Box	525	14,600,881	5.00%	37,936	14,345	\$11.31
	All	1,329	20,735,643	4.50%	-3,355	188,749	\$13.86
SOUTH COUNTY	Small Shop	898	3,570,683	1.90%	-7,849	-5,727	\$17.20
	Big Box	431	17,164,960	5.00%	4,494	194,476	\$13.57
	All	651	12,118,116	4.50%	87,813	165,819	\$16.04
WEST COUNTY	Small Shop	379	1,612,048	2.20%	-5,929	15,533	\$17.71
	Big Box	272	10,506,068	4.90%	93,742	150,286	\$15.92
TOTALS	All	13,064	166,924,226	3.60%	132,106	1,344,518	\$14.82
	Small Shop	9,345	36,405,589	1.90%	29,464	163,934	\$18.27
	Big Box	3,719	130,518,637	4.10%	102,642	1,180,584	\$14.07

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

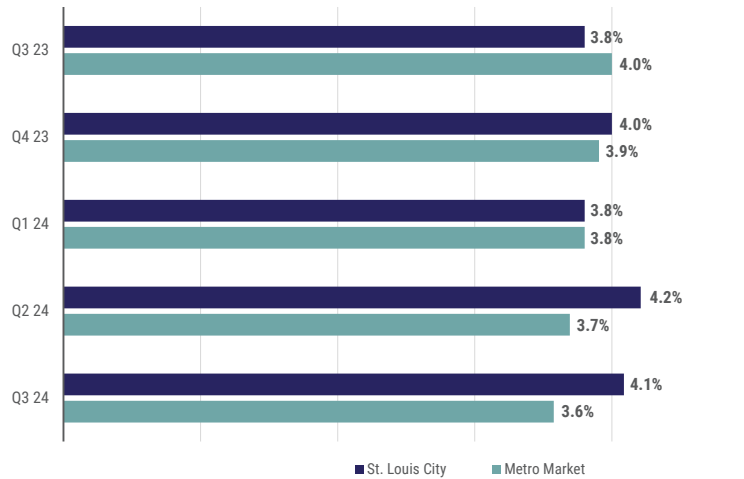
VACANCY RATE

The St. Louis City vacancy rate displayed an upward trend, increasing **30 basis points** compared to the past year.

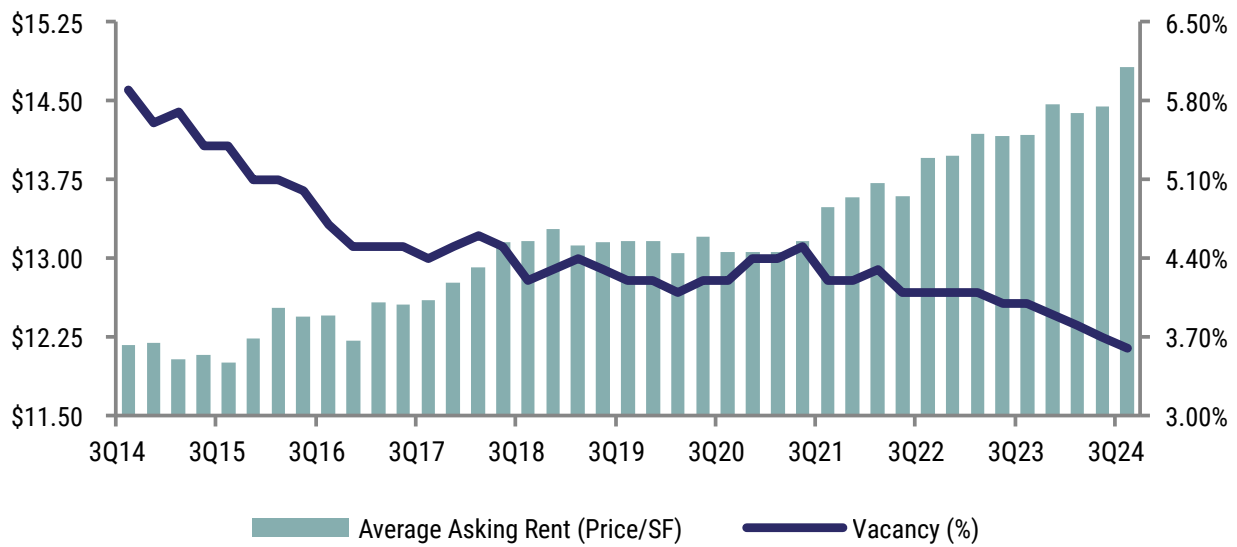
METRO MARKET

VACANCY RATE

The metro market vacancy rate displayed a downward trend, decreasing **40 basis points** compared to the past year.

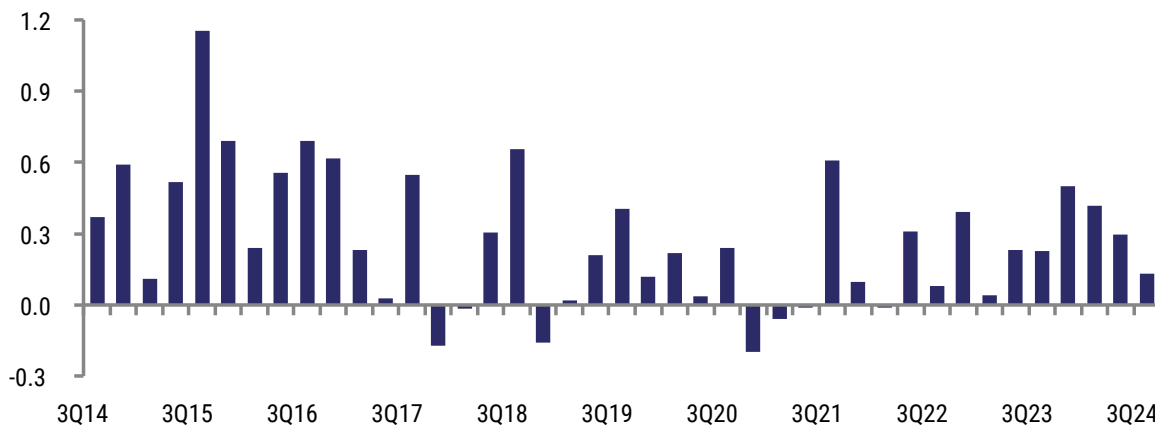


ASKING RENT AND VACANCY



NET ABSORPTION

SQUARE FEET, MILLIONS





3Q24 St. Louis

SUBMARKET VACANCY RATE

CHESTERFIELD VACANCY RATE

Worsened by
70 basis points
compared to the
past year.

5.6%

3Q24

4.9%

3Q23

Small shop space is hard to find in Chesterfield as vacancy in this niche is 0.3%.

METRO EAST VACANCY RATE

Improved by
40 basis points
compared to the
past year.

3.6%

3Q24

4.0%

3Q23

Metro East displayed the second highest amount of total net absorption in the market during the past four quarters.

MID COUNTY VACANCY RATE

Improved by
20 basis points
compared to the
past year.

1.8%

3Q24

2.0%

3Q23

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

WEST COUNTY VACANCY RATE

Improved by
140 basis points
compared to the
past year.

4.5%

3Q24

5.9%

3Q23

West County displayed the highest net absorption in the market during the quarter.

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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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