
RESEARCH 4Q24

St. Louis Capital Markets



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

Industrial | Earth Business Park – Trade Center III
319,800 SF GLA – Sold for \$27,000,000 (\$84/SF)
North County | 3740-3780 Rider Trail S

Industrial/Flex | Eastport Tech Center Portfolio
202,510 SF GLA – Sold for \$23,000,000 (\$114/SF)
Metro East | 1601, 1605, 1607, 1609 Eastport Plaza Drive

Multifamily | Falcon Place Townhomes
144 Units – Sold for \$22,300,000 (\$154,861/Unit)
Metro East | 9740 Luan Drive

Office (Medical) | St. Louis Heart & Vascular Building
22,100 SF GLA – Sold for \$8,838,000 (\$400/SF)
North County | 3550 McKelvey Road

Retail | Belleview Crossing Portfolio
86,390 SF GLA – Sold for \$6,500,000 (\$75/SF)
Metro East | 5801 Belleview Crossing Street

Capital Markets

ST. LOUIS MARKET OVERVIEW

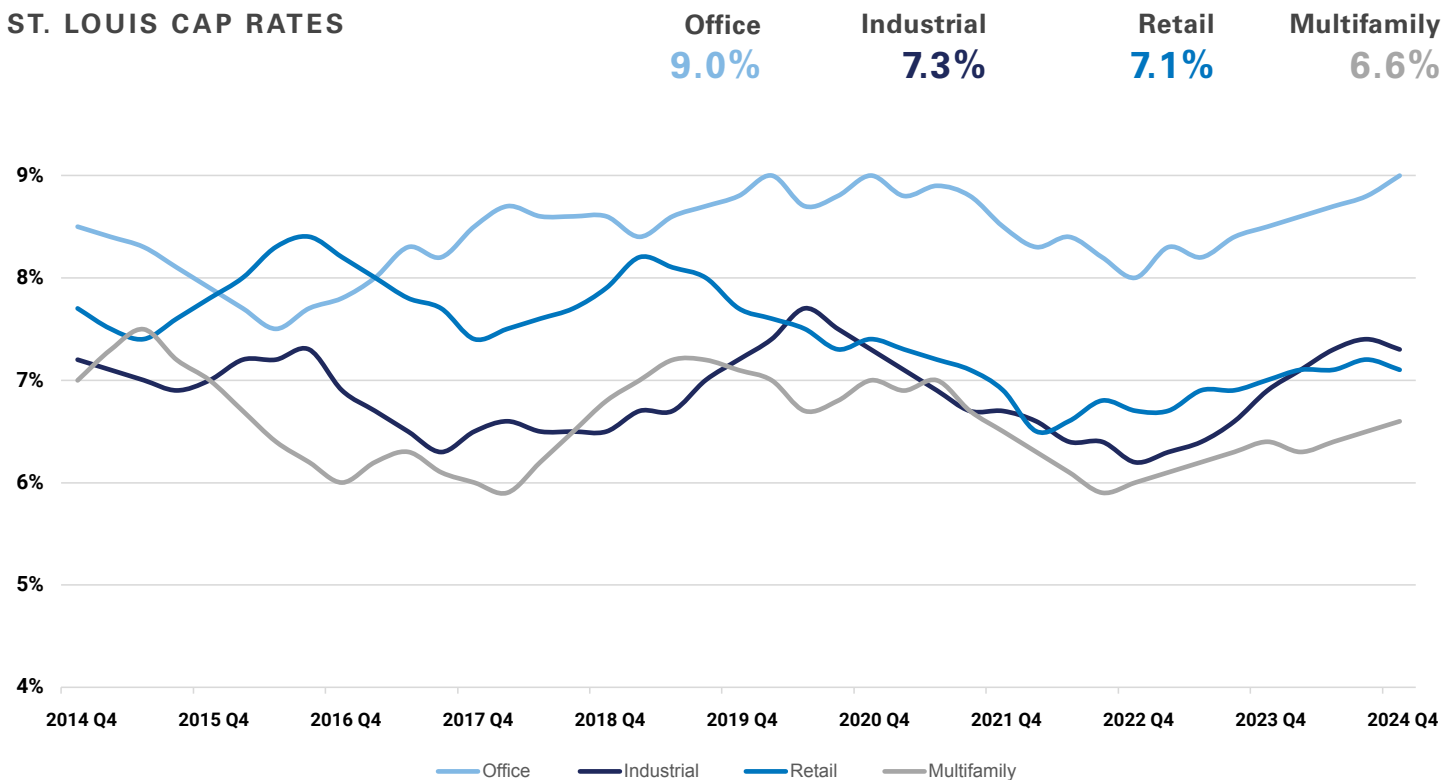
The pace of investment activity in the St. Louis market slowed during the past four quarters, with sales volume totaling \$2.1 billion, a decrease of 32.7% compared with the prior five-year average. As a leading second-tier market, the St. Louis Metropolitan area ranked seventh out of the largest 13 Midwest markets in total sales volume during the past 12 months, with multifamily and retail assets combining for 62.0% of the Metro's activity.

Capitalization rates increased by 11 basis points compared with the past 12 months, registering 7.3% in the fourth quarter of 2024. Net absorption across the industrial, office, and retail sectors totaled 2.8 million SF over the past four quarters, an increase of 1.4% compared with the preceding year. The multifamily sector realized 2,835 units of net absorption during the past four quarters, an increase of 112.4% over a similar period a year ago. The industrial sector tightened during the quarter, registering 181,615 SF of net absorption and continuing four consecutive years of robust demand totaling 19.0 million SF. Vacancy for industrial properties remained flat at 4.6%, while asking rental rates decreased to \$5.78/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 during 2024, with retail properties registering a new record high of \$14.95/SF in the quarter. Vacancy in the office sector decreased by 40 bps to 13.5%, while retail vacancy decreased by 10 bps to 3.6% compared with the prior quarter. Vacancy in the multifamily sector increased by 30 bps to 10.2% during the same period.

The Newmark Zimmer Midwest Capital Markets team anticipates an increase in sales volume throughout 2025, as buyers and sellers begin to adjust to the current market conditions and the interest rate environment stabilizes. 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



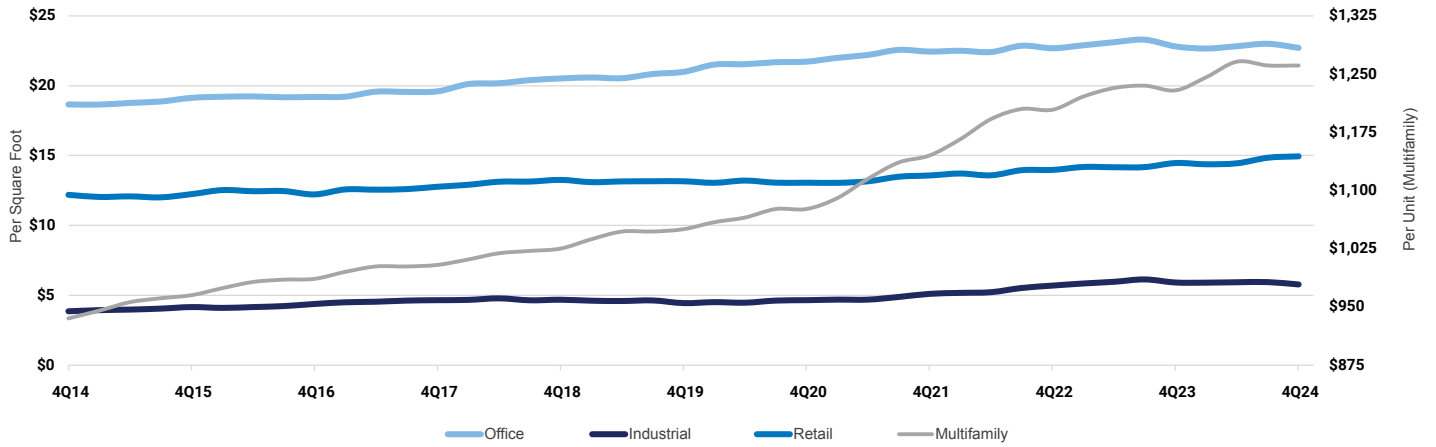
Source: Newmark Zimmer Research, CoStar, Real Capital Analytics

4Q24 St. Louis

MARKET ANALYSIS

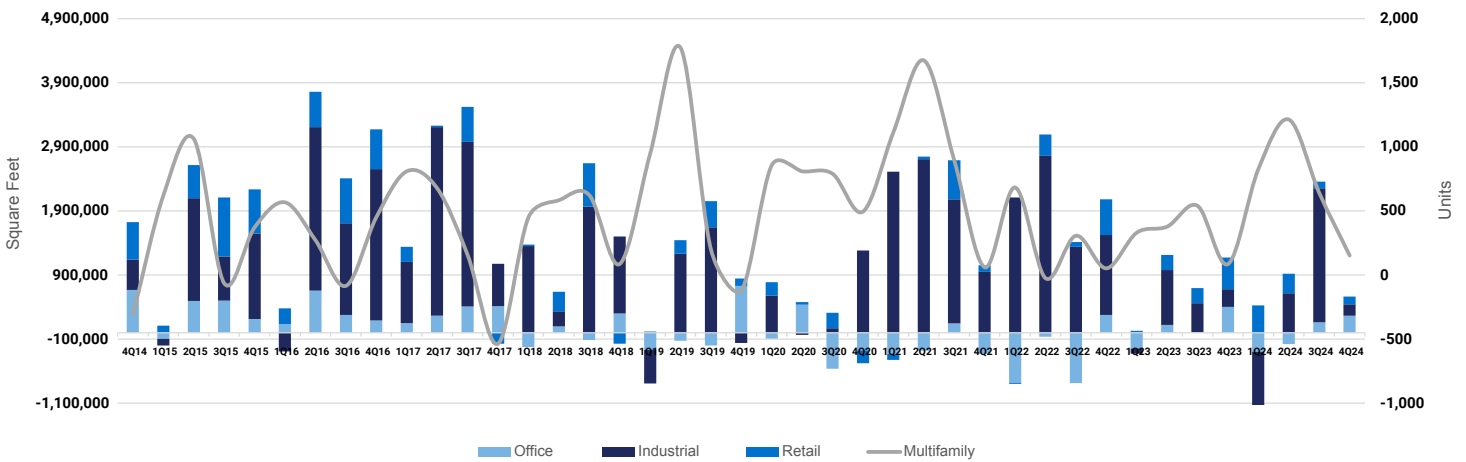
AVERAGE ASKING RENT

Office **\$22.71** Industrial **\$5.78** Retail **\$14.95** Multifamily **\$1,261**



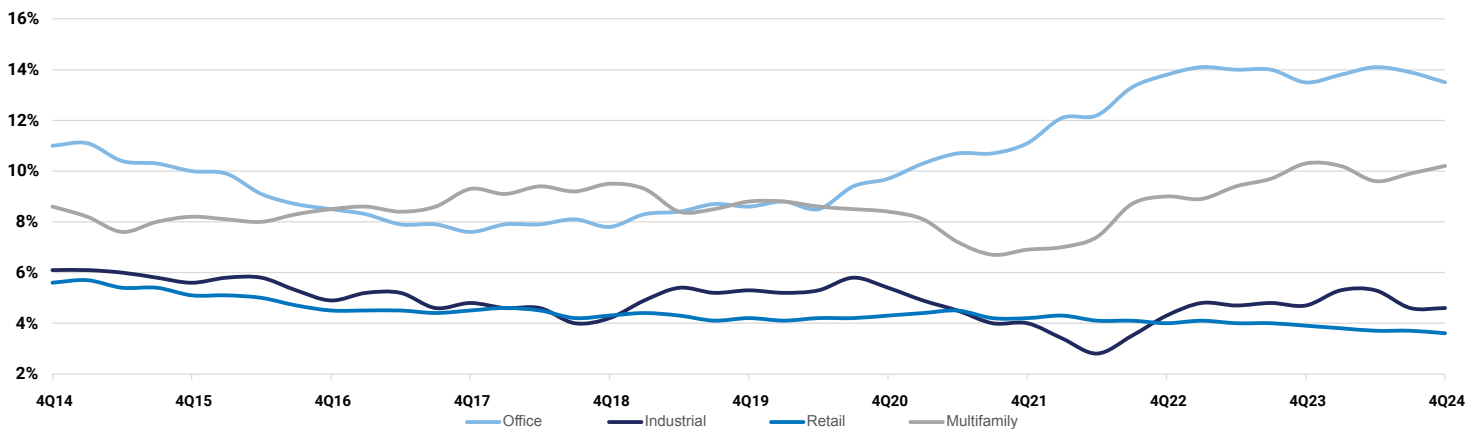
NET ABSORPTION

Office **264,183 SF** Industrial **181,615 SF** Retail **121,470 SF** Multifamily **153 Units**



VACANCY RATE

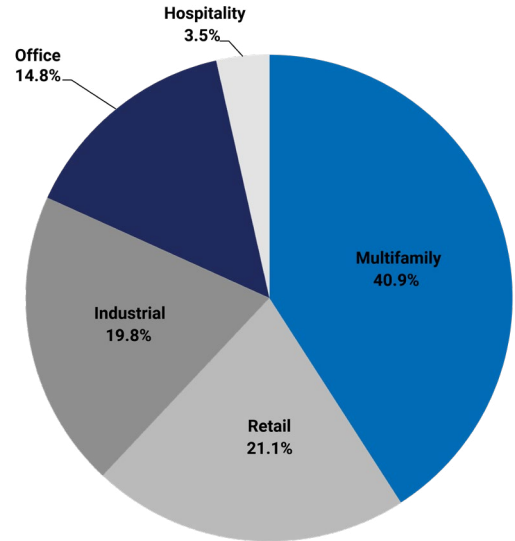
Office **13.5%** Industrial **4.6%** Retail **3.6%** Multifamily **10.2%**





SALES VOLUME BY PROPERTY TYPE

KANSAS CITY; 12-MONTH TOTALS



| Property Type | Volume | # of Properties |
|---------------|---------------|-----------------|
| Multifamily | \$863.0 M | 52 |
| Retail | \$445.0 M | 47 |
| Industrial | \$417.2 M | 51 |
| Office | \$311.3 M | 41 |
| Hospitality | \$73.4 M | 12 |
| TOTAL | \$2.1B | 203 |

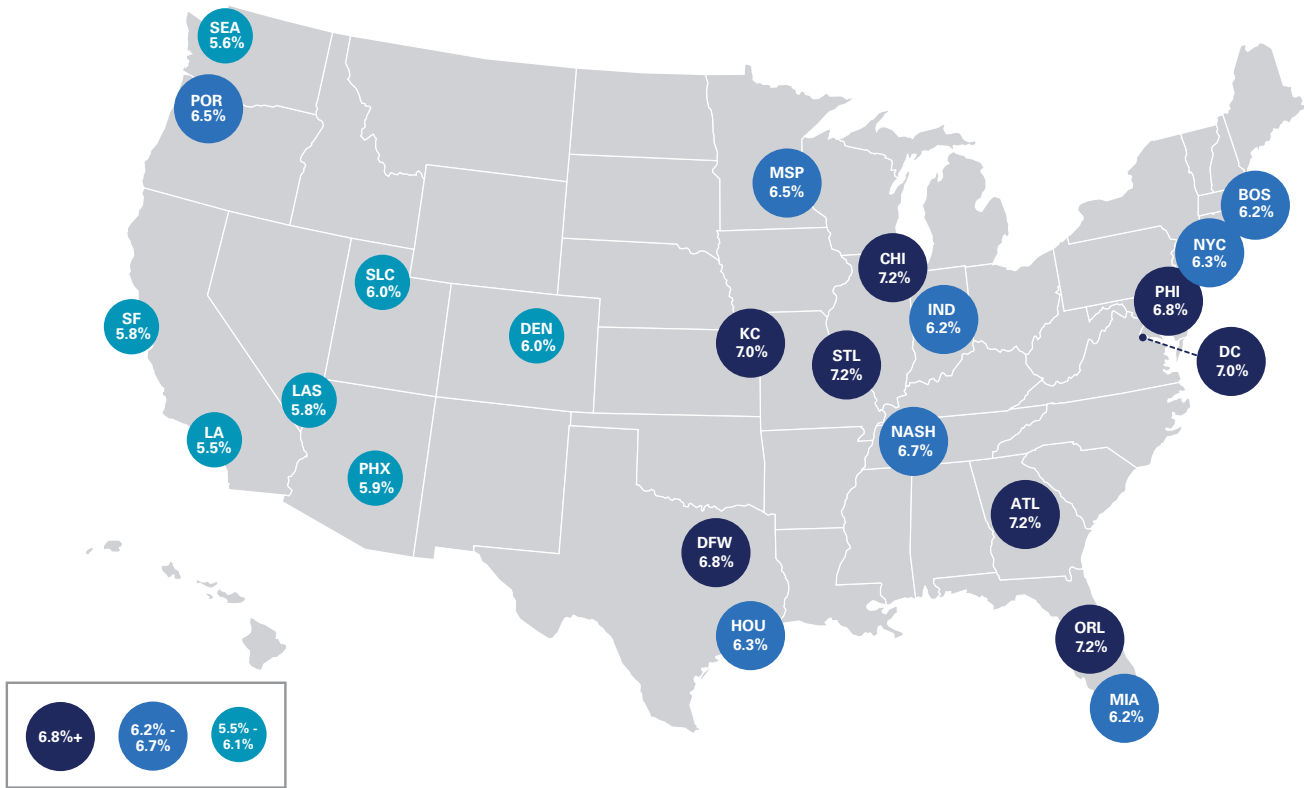
SELECT SALES TRANSACTIONS | FOURTH QUARTER OF 2024

| Sector | Building | Submarket | Sale Price | Price Per SF/Unit ¹ | SF/Units ² |
|-----------------|--|---------------------|--------------|--------------------------------|-----------------------|
| Multifamily | Portfolio (2)- Spencer Creek Apts. & Amber Court Apts. | St. Charles County | \$26,250,000 | \$80,522 | 326 |
| Industrial/Flex | 18092 Chesterfield Airport Road | West County | \$10,677,000 | \$153 | 70,000 |
| Industrial | 2100 State Road Z | Jefferson County | \$10,500,000 | \$88 | 119,500 |
| Industrial | Portfolio (4)- Frost Electric | Multiple Submarkets | \$8,500,000 | \$75 | 113,160 |
| Retail | 2161 Adams Street | Metro East | \$6,000,000 | \$76 | 79,100 |
| Retail | Walgreens 9801 Manchester Road | Mid County | \$5,102,000 | \$344 | 14,820 |
| Multifamily | 1040-1070 University Drive | Metro East | \$4,800,000 | \$133,333 | 36 |
| Office/Medical | Troy Professional Building 91 Troy Square | Lincoln County | \$4,400,000 | \$176 | 24,950 |
| Retail | Ellisville Shopping Center 15434-15448 Manchester Road | West County | \$3,925,000 | \$33 | 118,080 |
| Hospitality | Hampton Inn- Fairview Heights STL 150 Ludwig Drive | Metro East | \$3,096,000 | \$50,754 | 61 |

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.

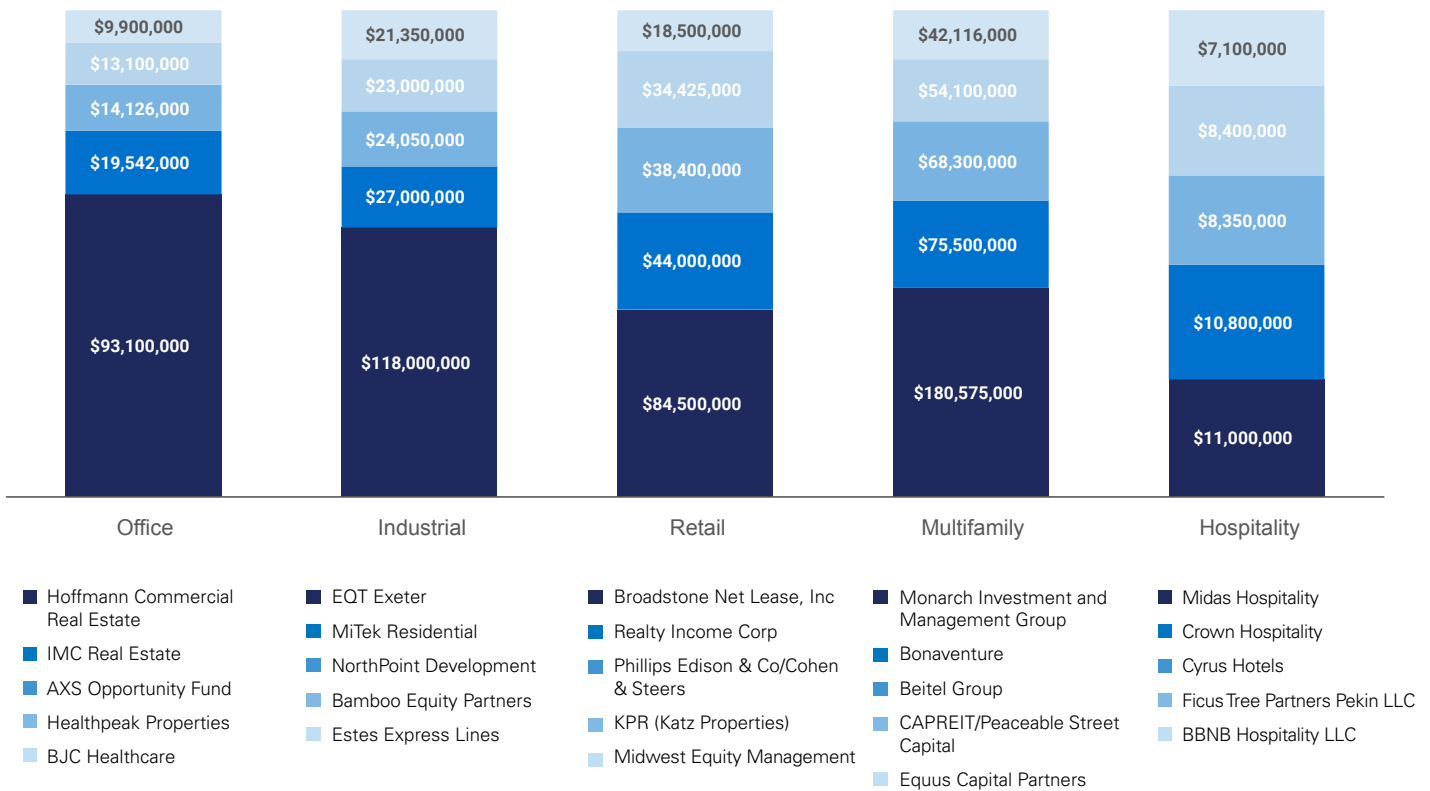
CAP RATES | ALL PROPERTY TYPES

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



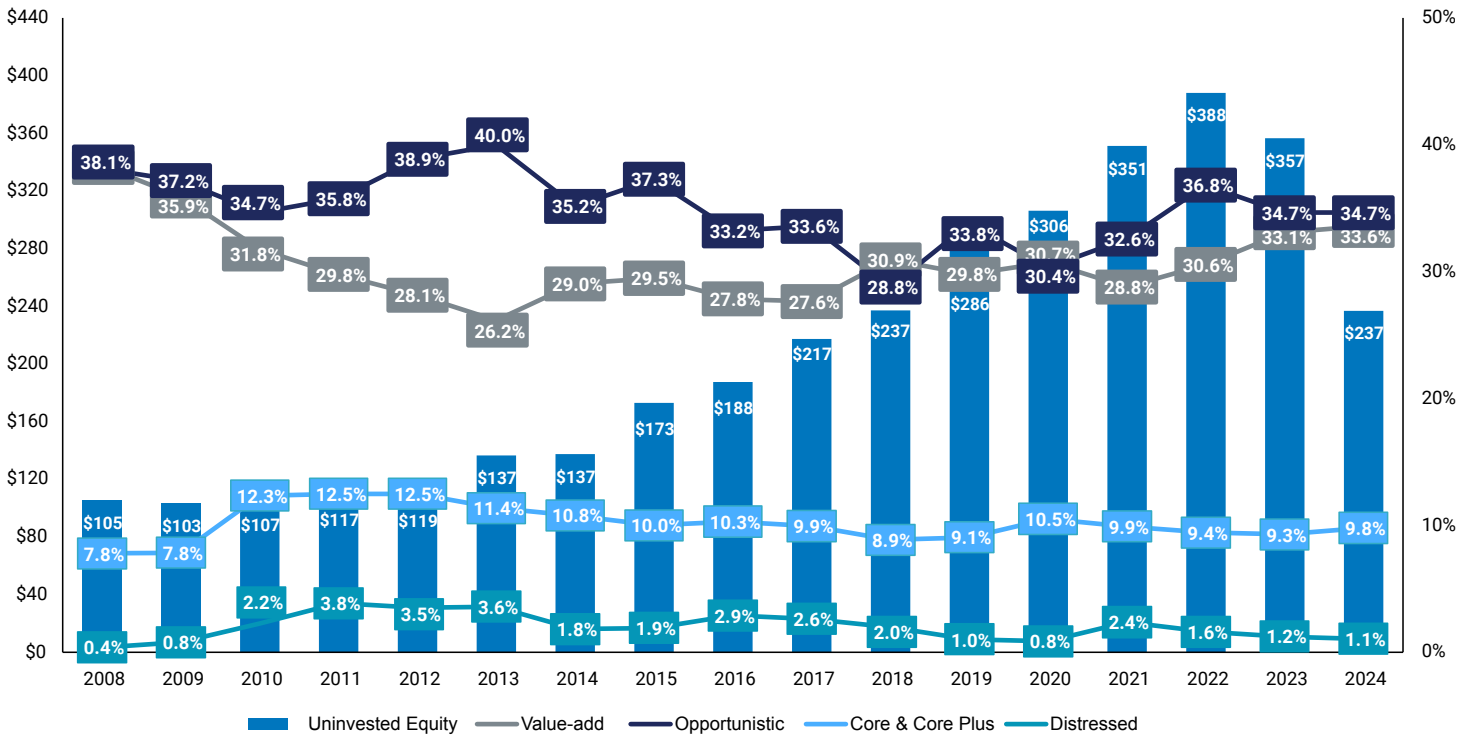
SELECT ACTIVE BUYERS IN THE ST. LOUIS MARKET BY ASSET TYPE

12-MONTH TOTALS



DRY POWDER

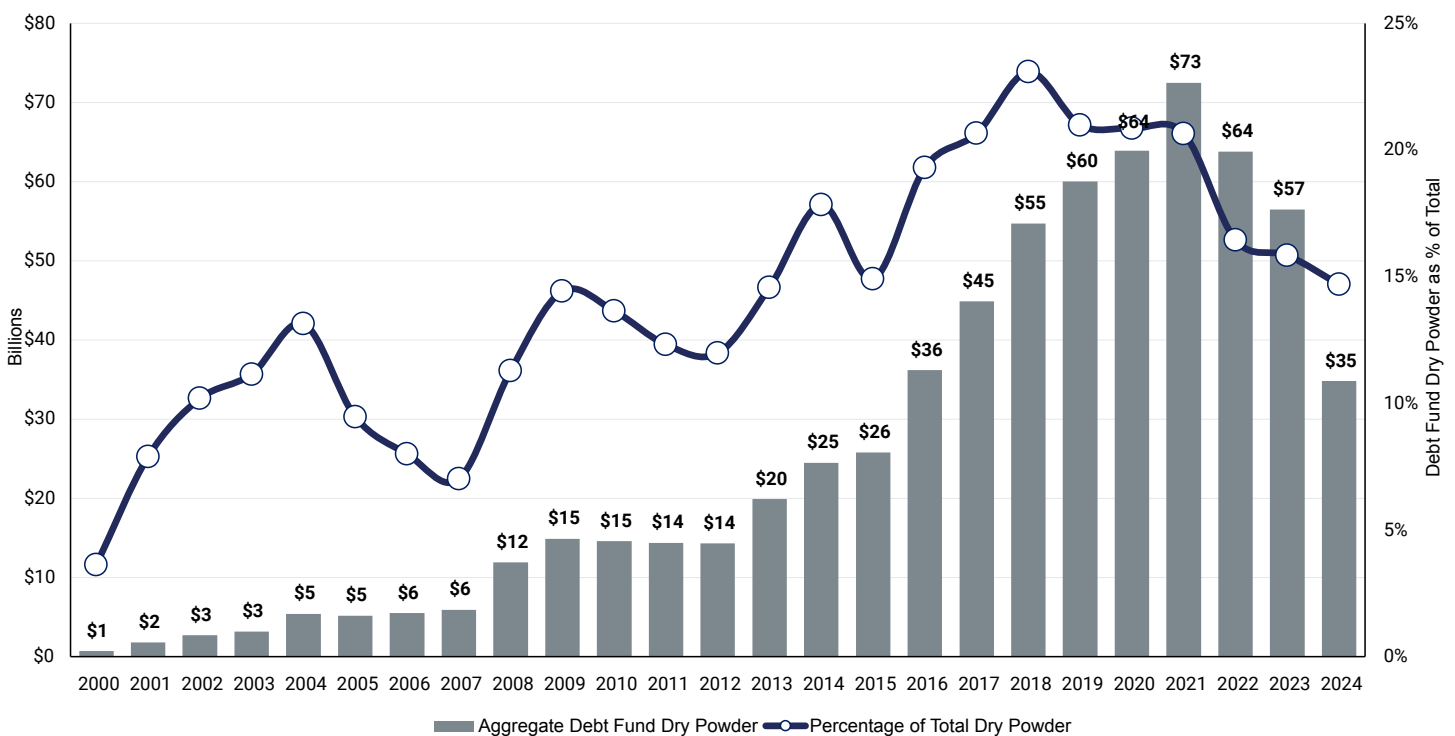
Uninvested equity decreased significantly to 237 billion in 2024. Dry powder allocated to value-add deals increased significantly 480 bps from 28.8% in 2021 to 33.6% in 2024. Opportunistic strategies increased 430 bps from 30.4% in 2020 to 34.7% in 2024.



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

Source: Newmark Research, Preqin

DEBT FUND DRY POWDER



Source: Newmark Research, Preqin

For more information:

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



Michael VanBuskirk, SIOR, CCIM, CRE

Vice Chairman, Principal

mvanbuskirk@nzimmer.com
816-512-1010

Chris Robertson, CCIM

Executive Managing Director, Principal

crobertson@nzimmer.com
816-512-1014

Raegen Root, CCIM

Senior Financial Analyst

rroot@nzimmer.com
816-512-1005

Andrew Garten

Senior Director, Research

agarten@nzimmer.com
816-256-4288

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