

2Q26 St. Louis Office Market: **Market Overview**

2Q26

St. Louis Market Observations



Labor Markets

- The region's labor market remained flat as macroeconomic conditions shifted. May's unemployment rate registered 4.0%, 30 basis points below the national average of 4.3%.
- Year-over-year, job growth was strongest in the Construction sector, followed by Education and Health. Financial Activities and Leisure and Hospitality sectors posted the largest job losses over the past 12 months.
- Professional business and technology firms are reassessing their workforce needs, with local employment decreasing in all three office-occupying sectors compared to the prior year.



Leasing Market Fundamentals

- The market loosened during the quarter with negative 229,887 SF of net absorption, bringing the past four-quarter total to negative 1.1 MSF. This marks nine out of the past 10 quarters with negative absorption, as tenants continue to reassess market conditions.
- The construction pipeline has remained inactive since the third quarter of 2022, with 203,870 SF currently under construction.
- Vacancy increased 20 basis points to 15.2% in the quarter; an increase of 140 basis points year-over-year. Vacancy is expected to range from 15.0% to 15.5% in the remainder of 2026.
- Average asking rental rates increased \$0.01/SF to \$22.21/SF in the quarter. Rates are projected to remain flat in the second half of the year.



Major Transactions

- ARCO National Construction signed a 10-year lease for 35,310 SF on the second and third floors of Clayton Executive Center I at 7930 Clayton Rd. An anticipated move-in is scheduled for October 2026.
- TW Constructors will expand into 24,000 SF of office, collaboration and training space as part of Phase II of its campus plan. The firm will relocate all five subsidiaries into one headquarters campus in August 2026.
- MO Center for Oral Surgery & Implants signed a lease for the entire 21,250-SF property at 1046 Wentzville Pkwy. in Wentzville, MO. An anticipated move-in is scheduled for September 2026.
- Mariner renewed it's 10,050-SF lease in the 174,240-SF Bemiston Tower located at 231 South Bemiston Ave. in Clayton, MO.
- Medica signed a lease for 7,280 SF on the ground floor of the 147,600-SF, multi-tenant Delmar Gardens III building. The non-profit health insurance provider will move in by July 2026.



Outlook

- Macroeconomic uncertainty continues to influence market dynamics, prompting occupiers and investors to approach transactions with greater caution, impacting both leasing and investment activity. Vacancy is expected to hold steady near 15.0% in the remainder of 2026.
- Hybrid work strategies remain a key driver of market shifts. Tenants are expected to maintain strong leverage in lease negotiations, supported by a broad selection of available space. At the same time, the conversion of office properties to alternative uses will help reduce obsolete inventory and limit additional vacancy increases.
- Rental rates are anticipated to ease in the coming quarters, as liquidity constraints lead some landlords to lower rents rather than increase concession packages.

Table of Contents

Economy	04
Leasing Market Fundamentals	08
Submarket Statistics	21

01

Economy

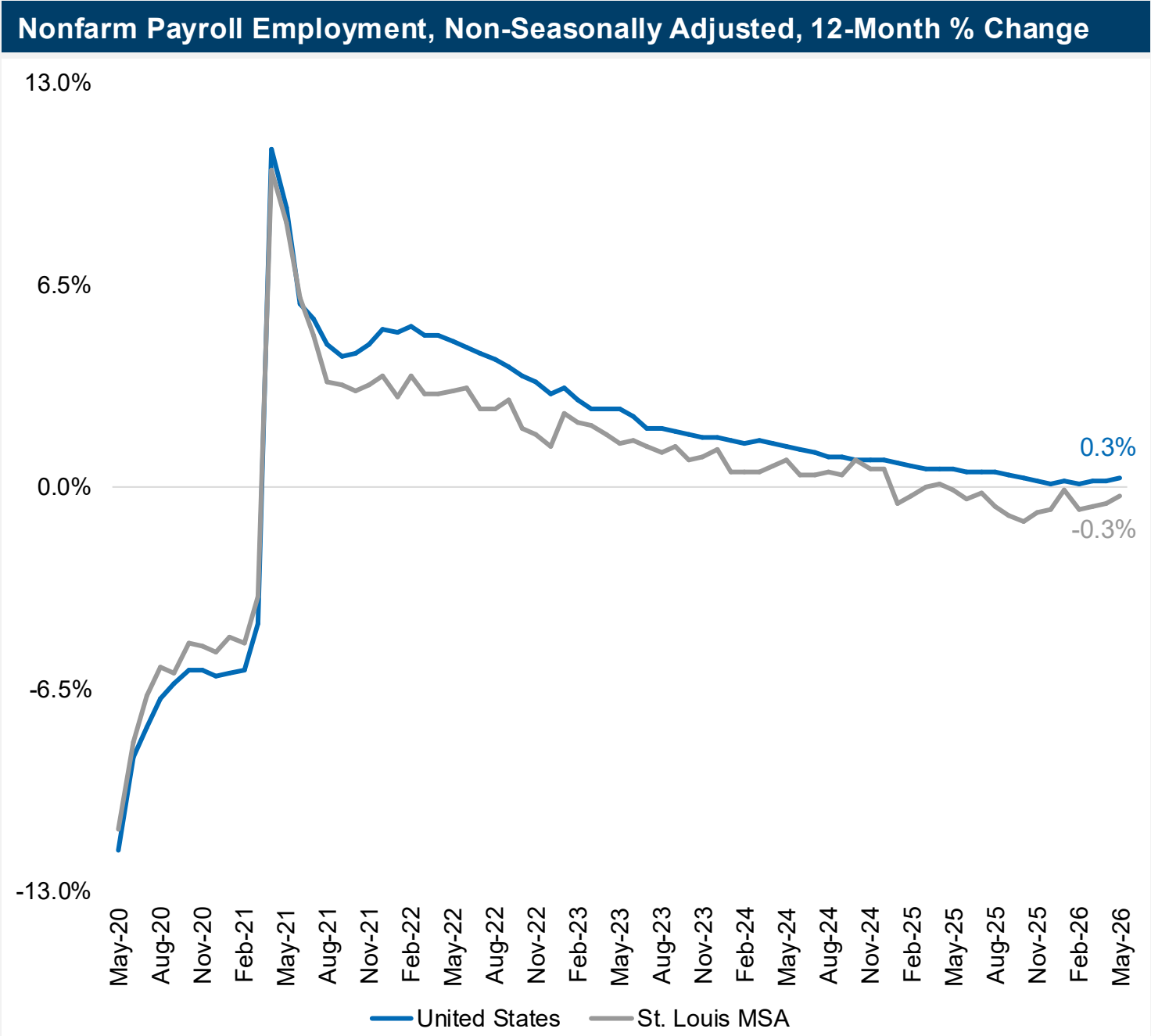
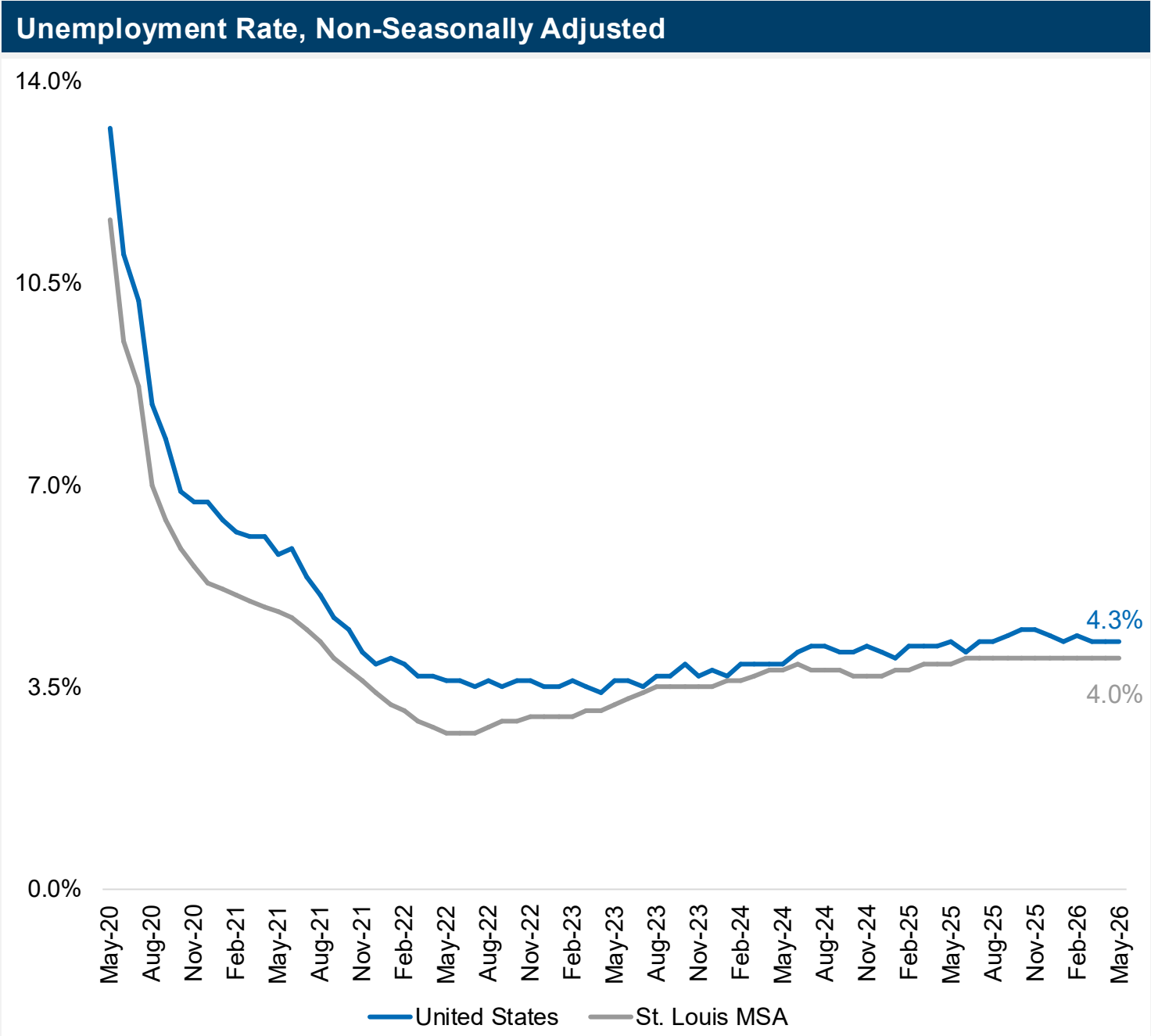
2Q26 ST. LOUIS OFFICE MARKET OVERVIEW

NMRKZIMMER.COM



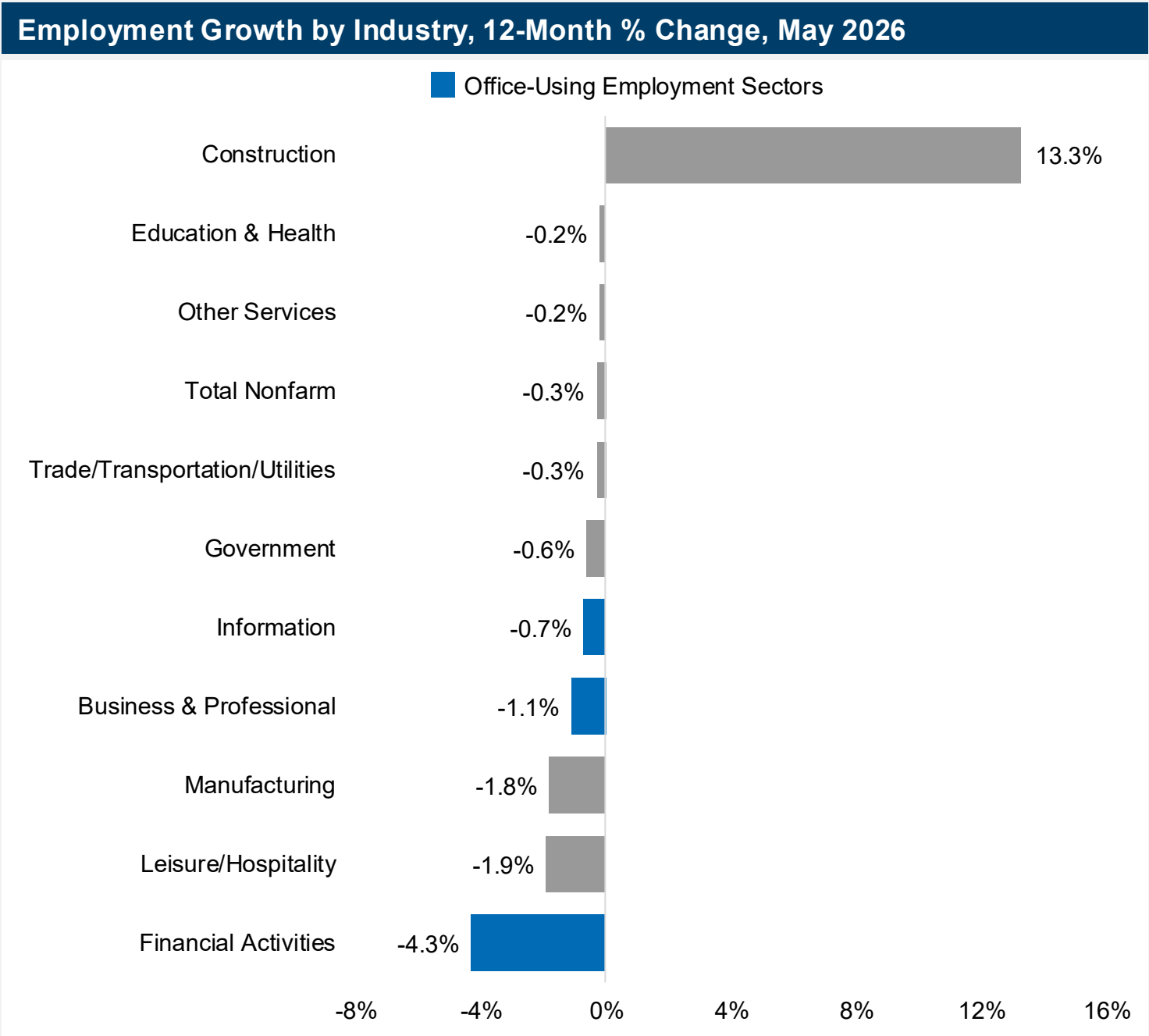
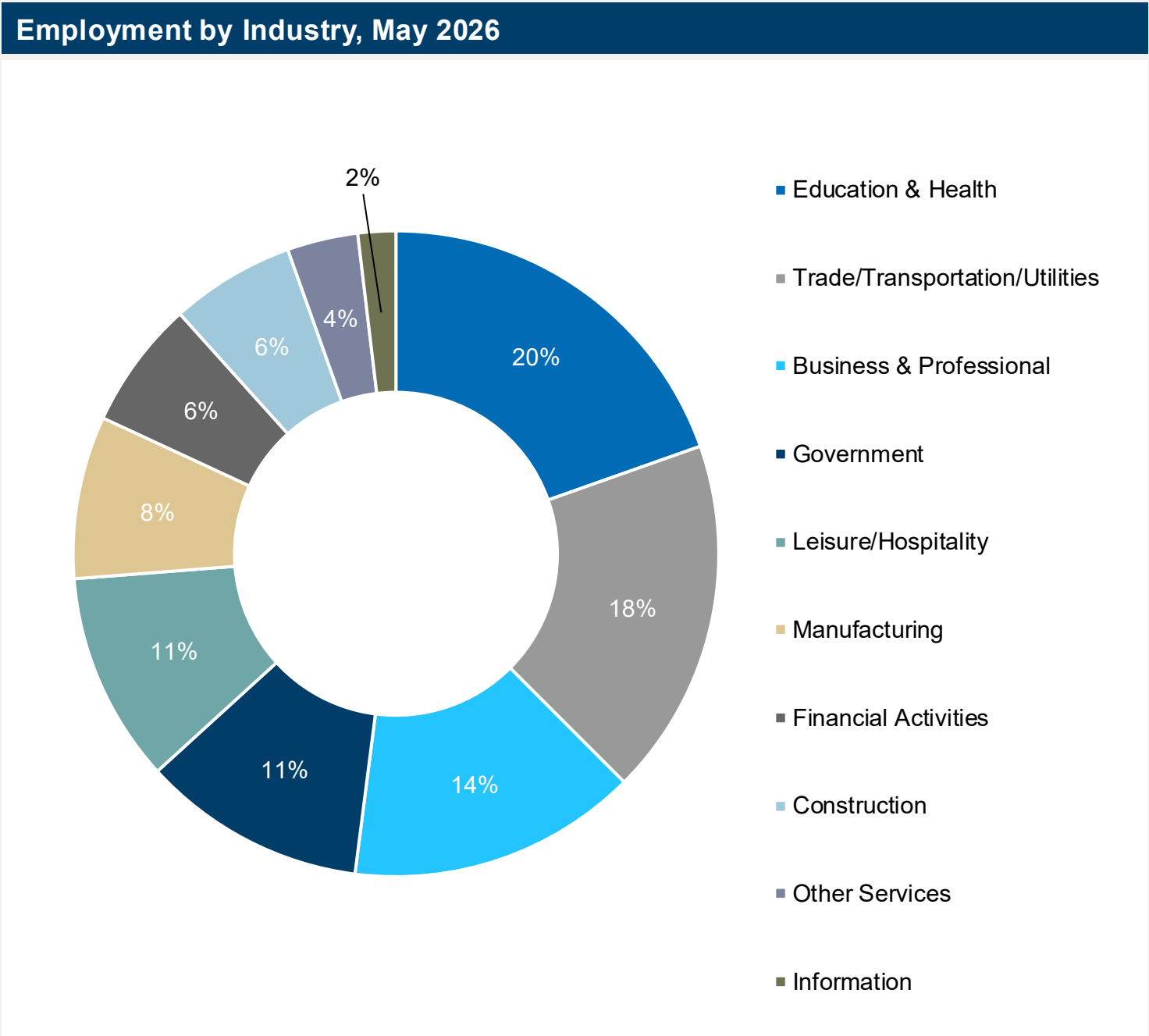
Metro Employment Unemployment Rate Below National Average

The St. Louis region’s labor market remained flat with unemployment registering 4.0% in May 2026. The regional unemployment rate now stands 30 basis points below the national average, signaling comparative economic strength. Nonfarm payroll employment year-over-year percentage change in the region is below the national average at negative 0.3%. According to the Kansas City Fed Labor Market Conditions Indicators, activity in the quarter declined from 0.17 to 0.12, while momentum decreased from 0.02 to 0.01 in May 2026.



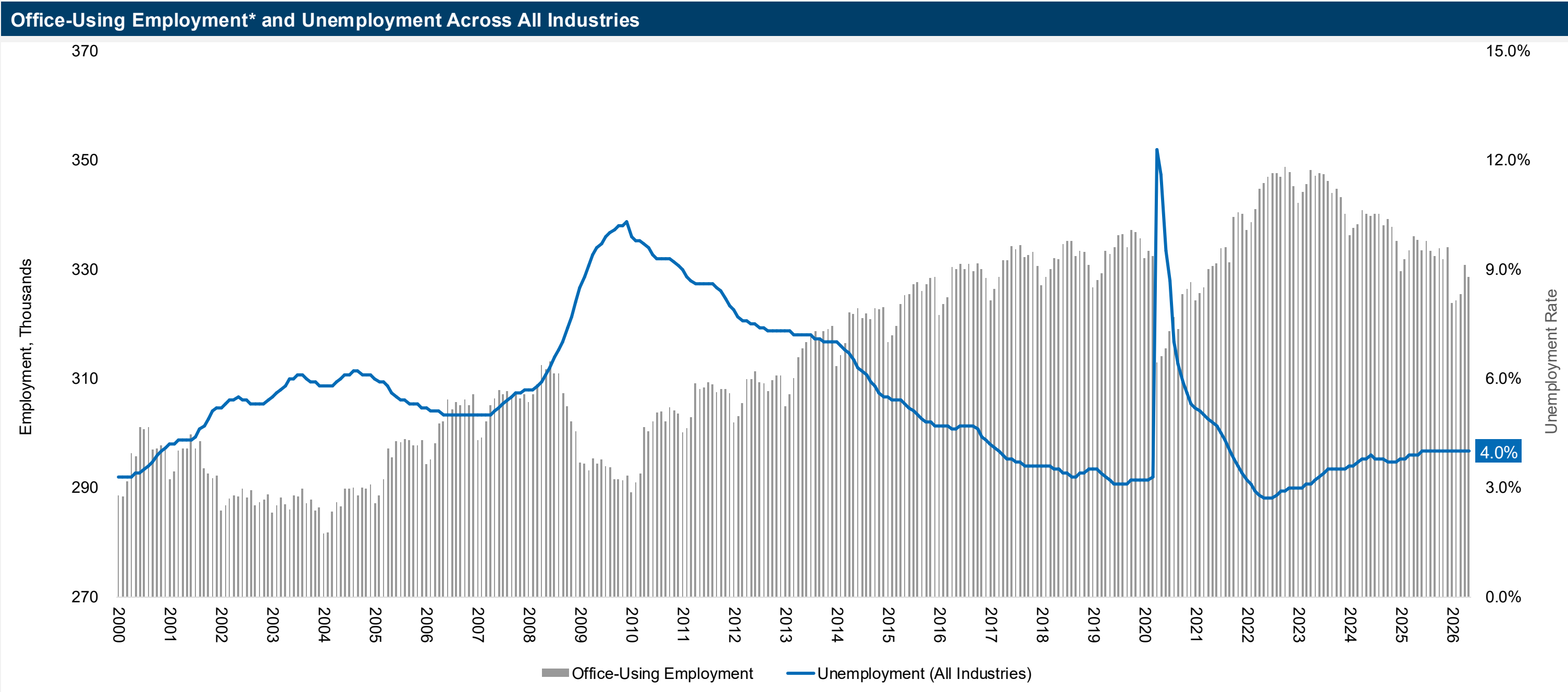
Construction And Education/Heath Sectors Lead Regional Job Gains

The Construction sector led regional annual job growth, followed by Education and Health. The Financial Activities and Leisure/Hospitality sectors posted the largest job losses, with declines of 4.3% and 1.9%, respectively. All three office-occupying industries, reported annual job losses.



Office Employment Trending Downward

Office employment has recovered from its pandemic low but has trended downward since April 2023, now aligning with levels last seen in September 2021. While a slight seasonal dip is typical early in the year, the region is expected to experience a decline in 2026.



Source: U.S. Bureau of Labor Statistics, St. Louis MSA
Note: May 2026 data is preliminary.
*Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information.

02

Leasing Market Fundamentals

2Q26 ST. LOUIS OFFICE MARKET OVERVIEW

NMRKZIMMER.COM



Market Overview

Market Overview			
	2022	2021	2020
Construction Value	\$1.2B	\$1.1B	\$1.0B
Construction Volume	1.2M	1.1M	1.0M
Construction Value per Unit	\$1,000	\$1,000	\$1,000
Average Selling Price (ASP) - \$/sq ft	\$100	\$100	\$100
Units Sold	12,000	11,000	10,000
Inventory (Units)	1	1	1



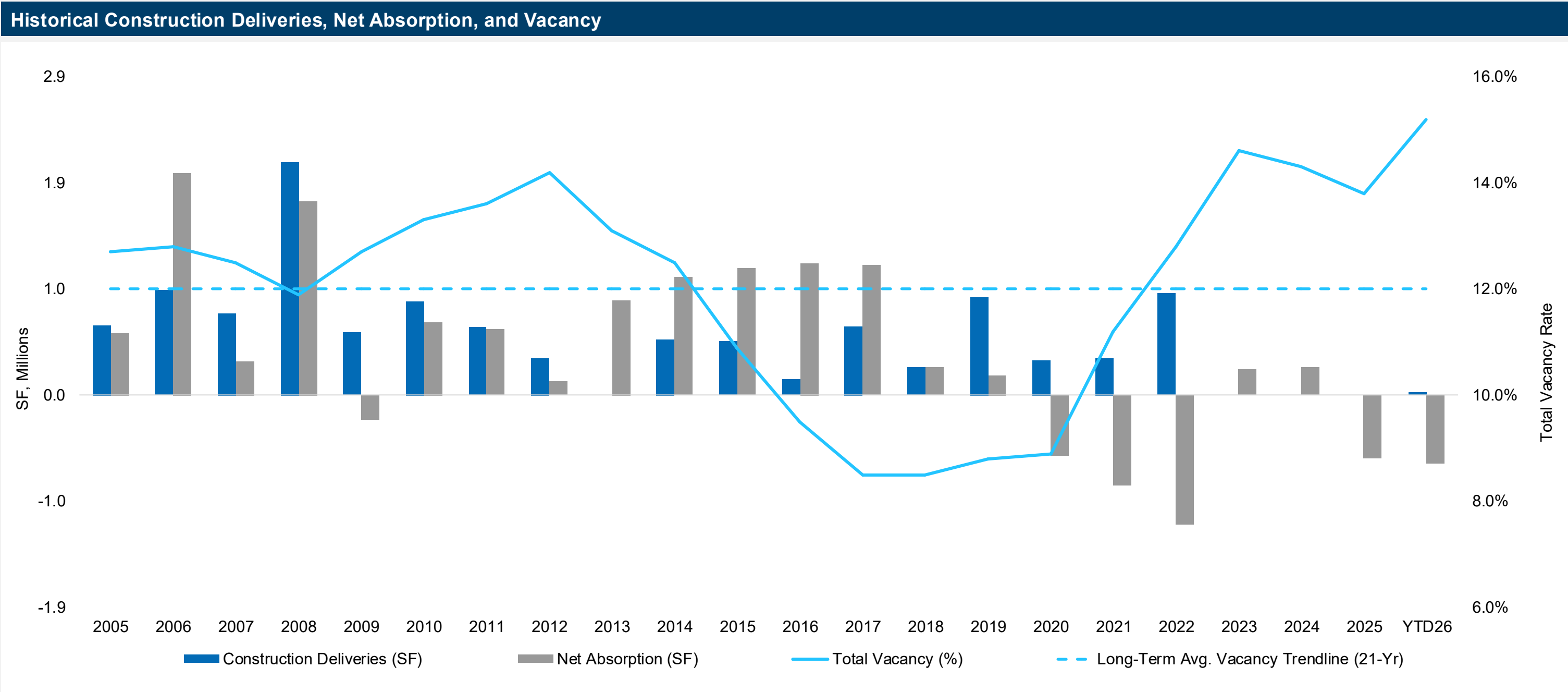
Please reach out to your Newmark business contact for this information

Market Overview			
	2022	2021	2020
Construction Value	\$1.2B	\$1.1B	\$1.0B
Construction Volume	1.2M	1.1M	1.0M
Construction Value per Unit	\$1,000	\$1,000	\$1,000
Average Selling Price (ASP) - \$/sq ft	\$100	\$100	\$100
Units Sold	12,000	11,000	10,000
Inventory (Units)	1	1	1



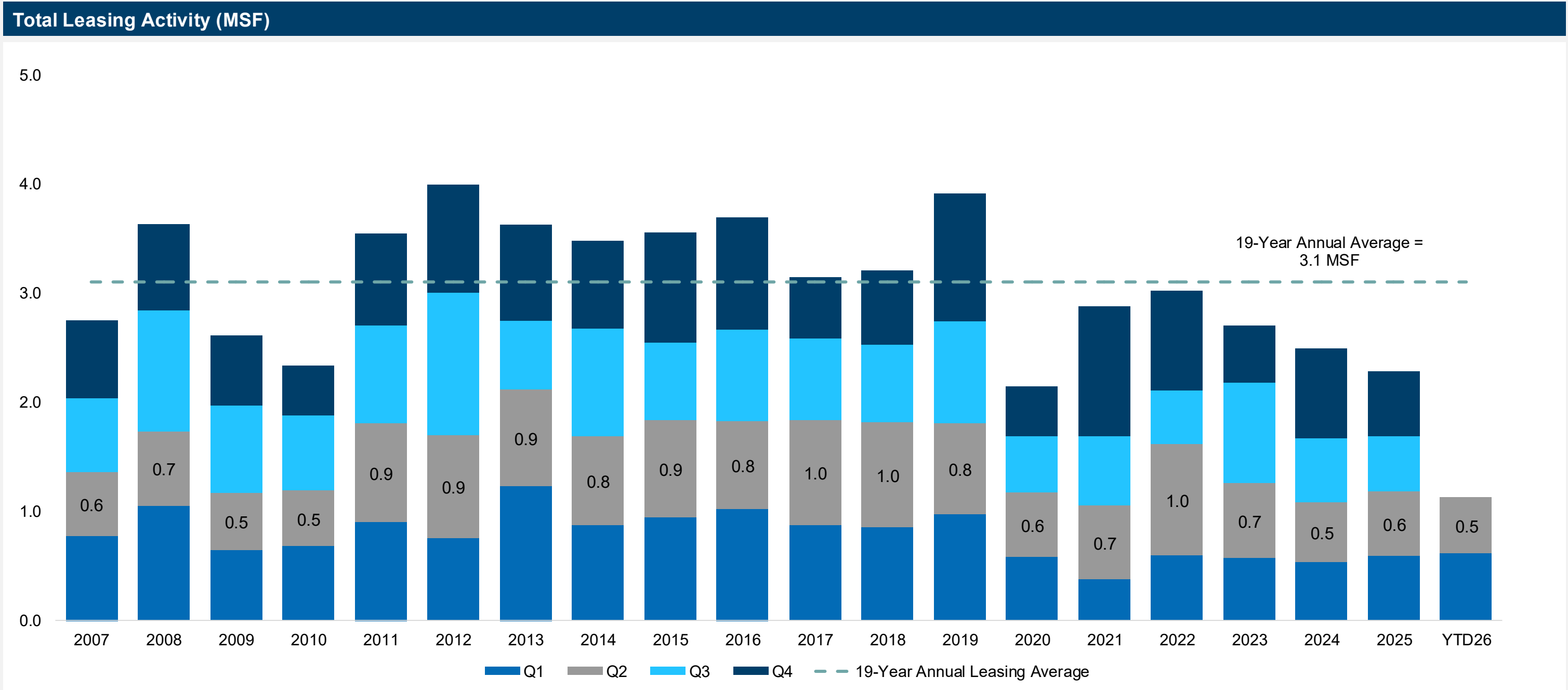
Vacancy Expected To Plateau In 2026 As Market Recalibrates

Vacancy increased 140 basis points year over year to 15.2% as tenants adjusted to hybrid work models and reassessed space needs. Five-year leases signed near the Pandemic in 2021 are now under evaluation and likely to lead to an overall contraction of space needs. Ongoing office conversions to multifamily, hospitality and retail uses, along with limited new deliveries and a rising trend of in-office worker presence, are expected to limit vacancy increases for the remainder of 2026. Tenants will retain leverage across most Metro submarkets, prompting landlords to offer more competitive deal terms. New office development remains largely limited to build-to-suit and owner-occupied projects.



Leasing Activity Remains Muted Across Metro

Leasing activity in the second quarter of 2026 totaled 516,071 SF, a 27.5% decrease compared to the second-quarter average from 2020 to 2025. Over the past four quarters, activity remained 28.3% below the 19-year average.



Macroeconomic Uncertainty And Financing Challenges Reduce Leasing Volume

The number of leases signed has declined as lease concentrations and efforts to controlling costs have become priorities. In the same time, lease conditions have the impact to offer the incentives that previously helped attract tenants. Over the past three quarters, all lease rates signed, a 25.1% drop from the 17-year average of 17%. This is largely due to the impact of the current market conditions, through which tenants have been reluctant to sign new leases with ongoing rent increases. However, the market is still expected to remain strong in the long term.



Please reach out to your
Newmark business contact for this information



Leasing Activity At Pre-Pandemic Levels In Marquee Submarkets

Leasing activity across most of the top 100 submarkets for office space has returned to pre-pandemic levels. However, vacancy rates remain high in the top 100 submarkets, indicating that leasing activity is still below pre-pandemic levels.

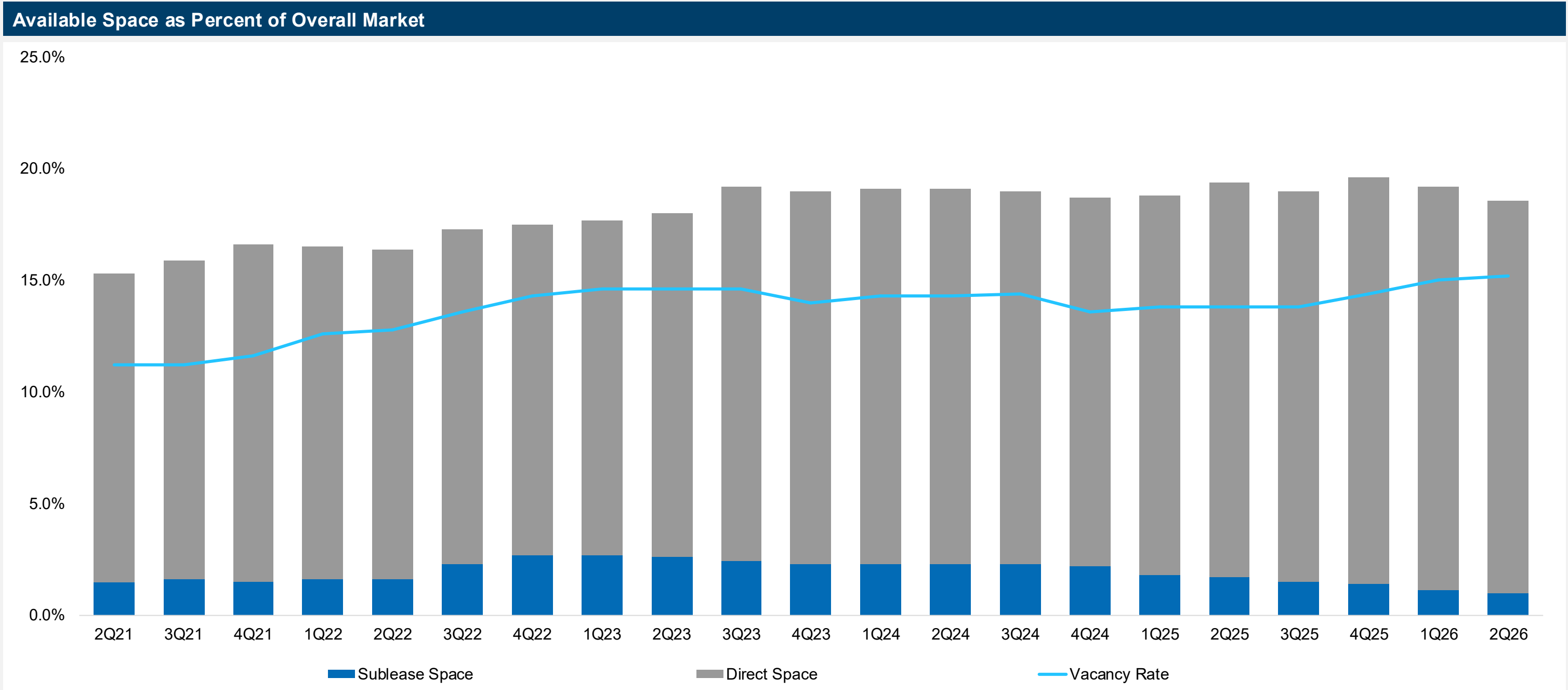


Please reach out to your Newmark business contact for this information



Direct Availability Declines To 17.1%

Prior to the pandemic, many technology firms leased space in anticipation of future headcount growth, aiming to hedge against tightening supply and rising rents. While a significant portion of sublease availability was previously tied to tech firms, sublease space has since returned to pre-pandemic levels. Direct availability is projected to continue declining year over year in the second half of 2026.



North County Experiences Largest Availability Rate Decrease Year Over Year

Availability rates have been up in flux of course throughout the year. As of the fourth quarter of 2023, North County saw the largest decrease in availability, with availability starting from 11.7% to 10.4%. In contrast, North County recorded the greatest decline, with availability falling from 11.7% to 10.4% over the same period. In Orange County, availability saw the largest increase in 2023, starting from 11.7% to 12.4% while North County also recorded the greatest decline over the same period, falling 1.7% from 11.7% to 10.4%.

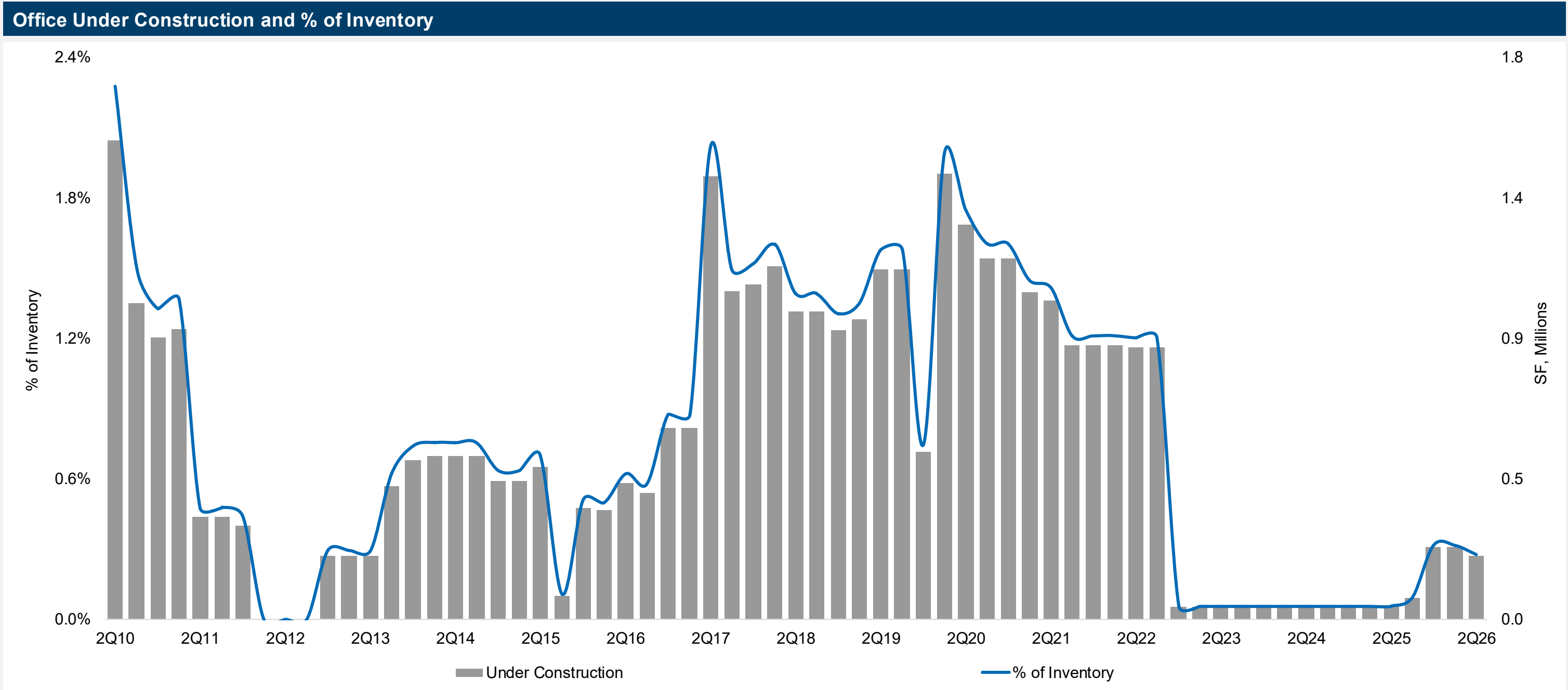


Please reach out to your Newmark business contact for this information



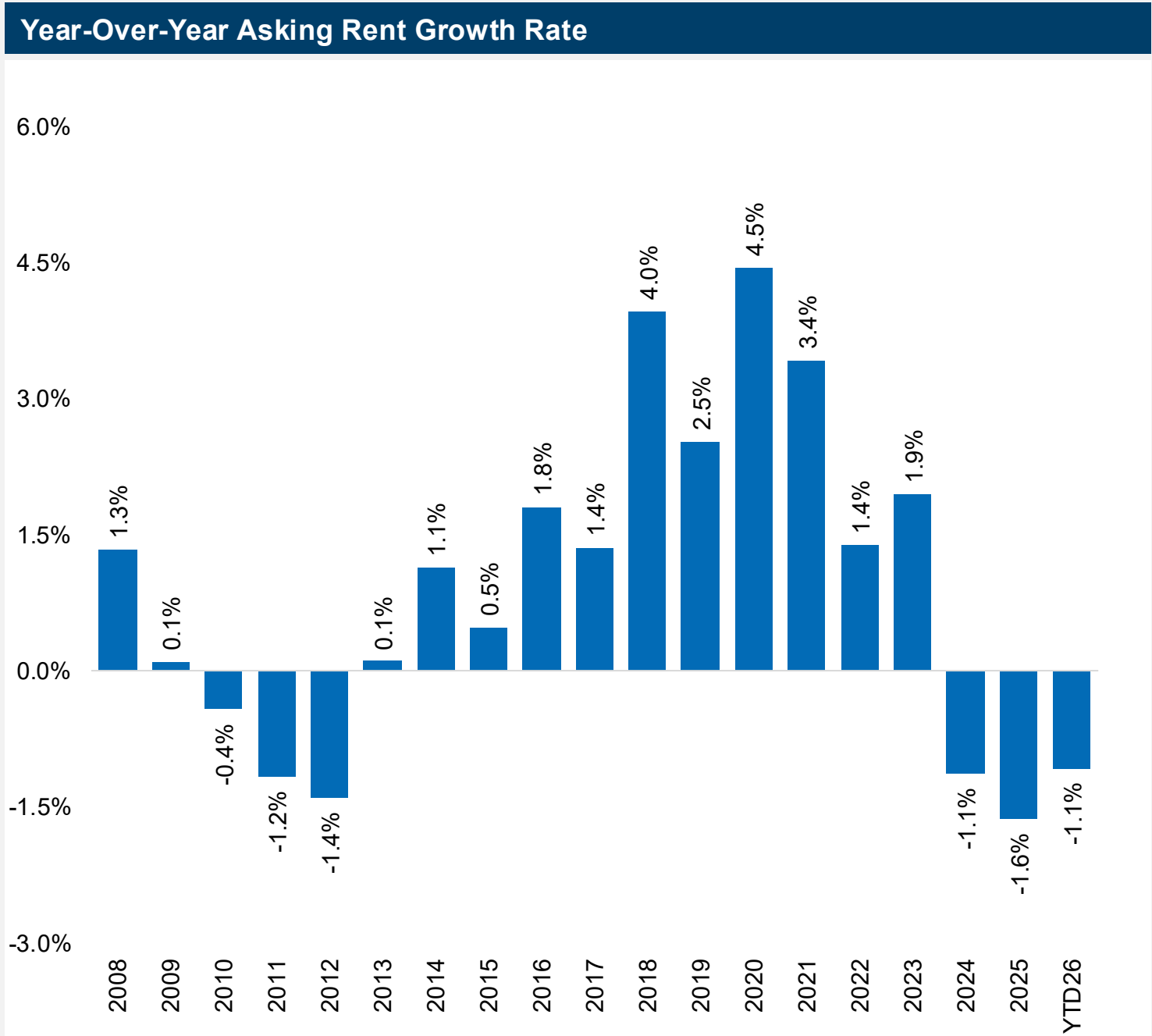
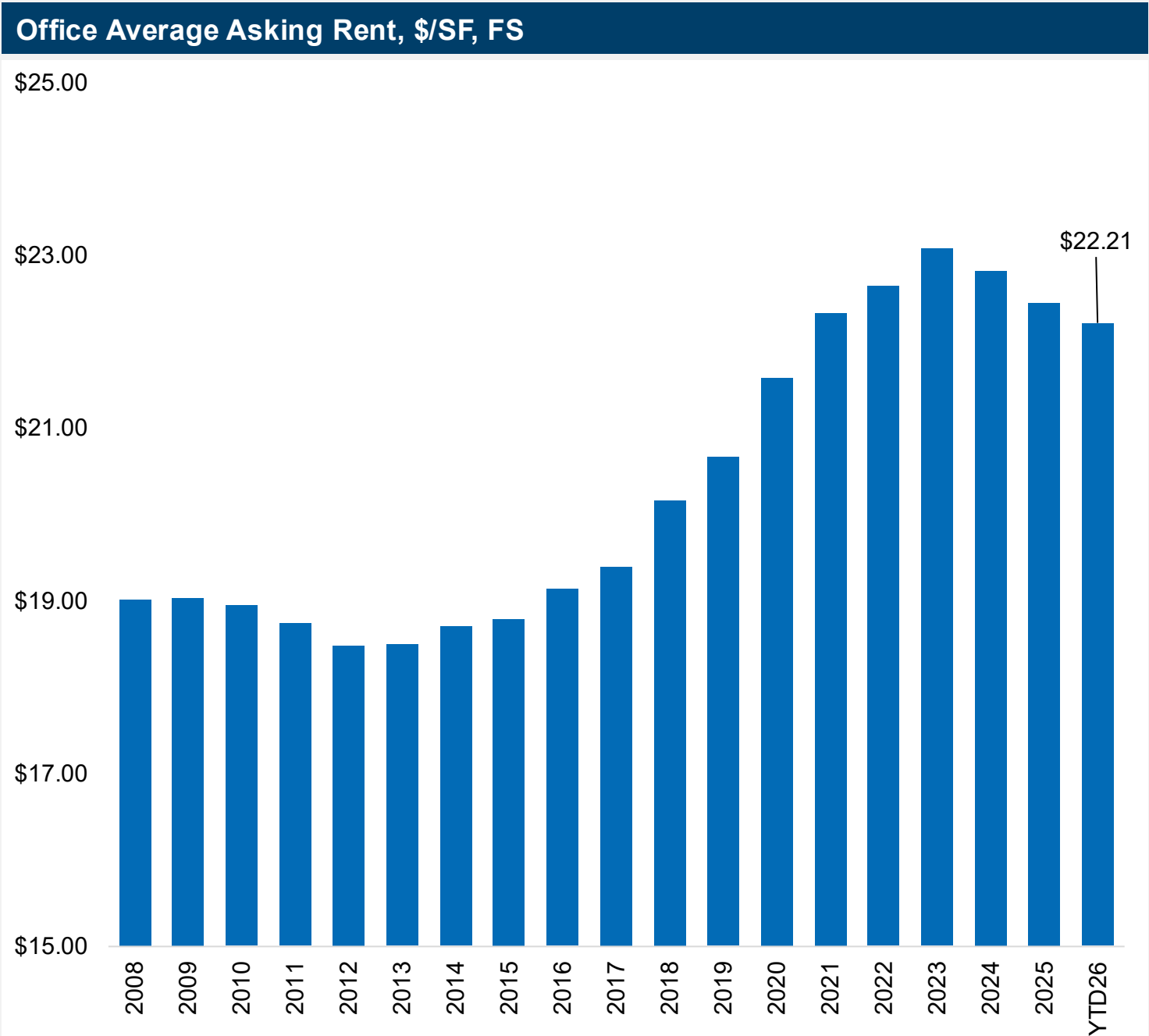
New Construction Remains Limited While Vacancy Registers 15.2%

Since the 2022 deliveries of Commerce Bank Tower and Forsyth Pointe in the Clayton submarket, new construction has declined sharply. Current activity is limited to build-to-suit and owner-occupied projects, as elevated vacancy at 15.2% continues to suppress speculative development.



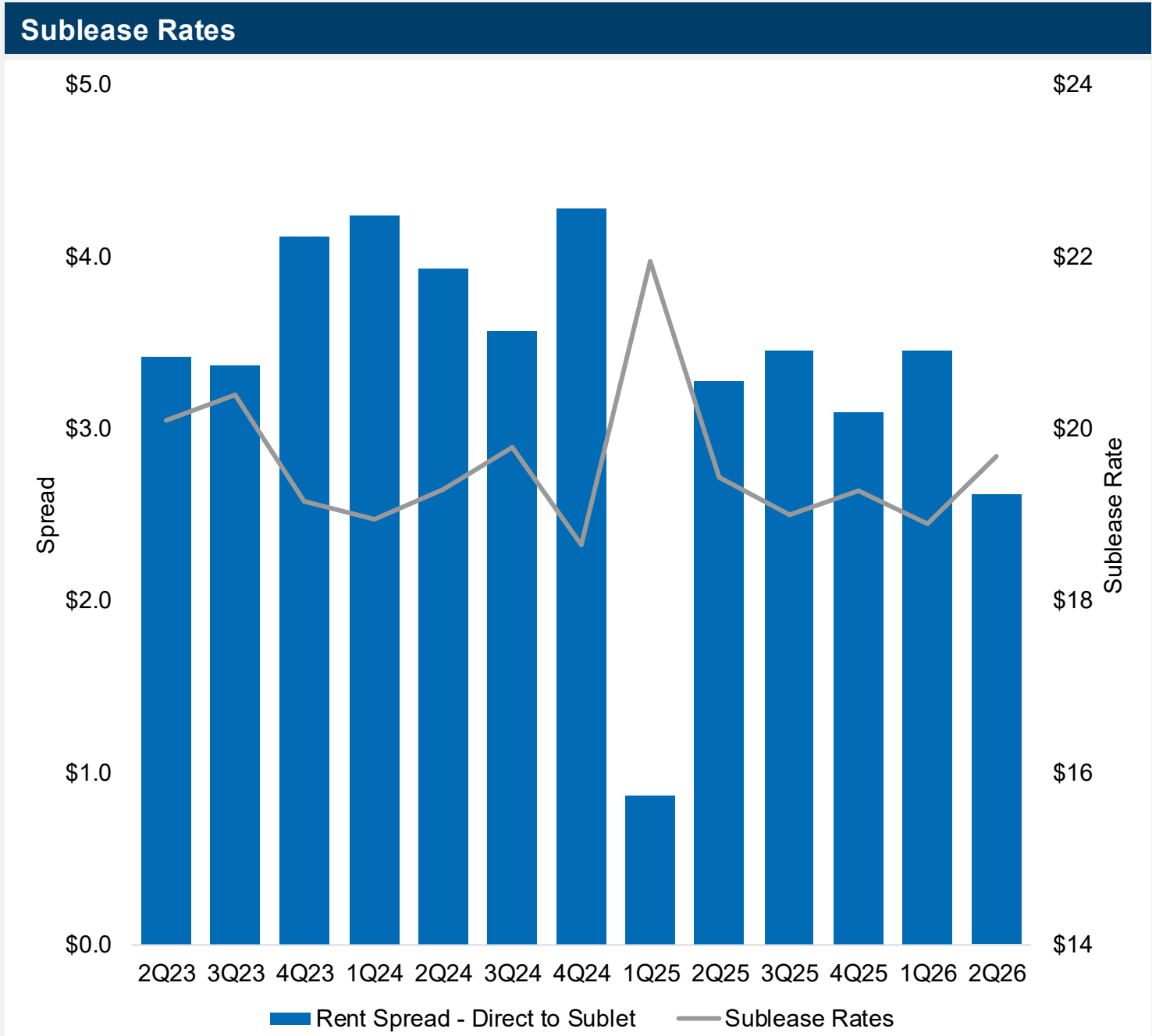
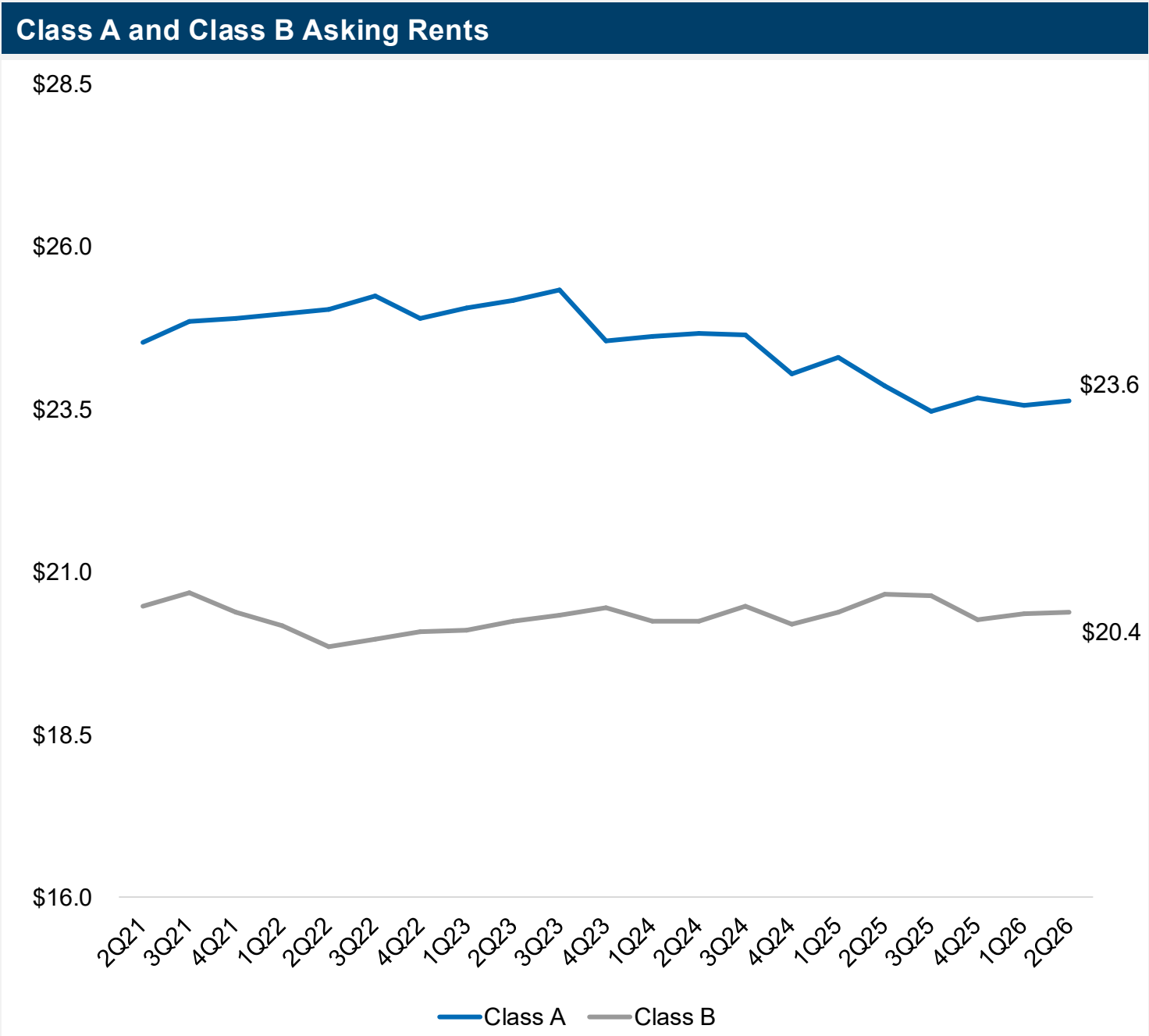
Rents Decline As Landlords Navigate Limited Liquidity

Overall asking rents declined year over year to \$22.21/SF and are expected to remain flat in 2026. Limited liquidity is prompting some landlords to lower rents rather than expand concession packages. With inflation remaining elevated over the past three years, real growth in office asking rents has been largely stagnated.



Class A Rents Compress

Historical trends suggest rents eventually adjust to reflect reduced demand. Overall asking rental rates in both the Class A and Class B segments have declined outright or remained stagnant when adjusted for inflation. Select prime Class A office buildings in the Clayton submarket remain the exception to rent compression as local firms have downsized footprints but upgraded quality. Sublease rents registered \$19.68/SF in the second quarter of 2026, decreasing the rent spread to \$2.62/SF.



Marquee Submarkets See Reversal In Rental Rate Growth

Average asking rents have historically increased across the market, with certain growth in submarkets like Chicago, which offers a higher concentration of prime Class A space. However, over the past year, rents have generally declined in South County, North County and West County, with average declines recorded in each.



Please reach out to your Newmark business contact for this information



2Q26 Notable News & Leasing Activity

Demand for new or newly renovated Class A office space in marquee submarkets, particularly those with premium amenities, is expected to remain strong in 2026. Significant tenant movement out of outdated space and ongoing conversions to multifamily and hospitality will continue to contribute market stabilization, with vacancy at 15.2% as of the second quarter of 2026.

Select News & Lease Transactions				
Tenant	Building(s)	Submarket	Type	Square Feet
ARCO National Construction	7930 Clayton Road	Clayton	Direct Lease	35,310
ARCO National Construction signed a 10-year lease for 35,310 SF on the second and third floors of Clayton Executive Center I at 7930 Clayton Rd. An anticipated move-in is scheduled for October 2026.				
TW Constructors	4500 Earth City Expressway	North County	Expansion	24,000
TW Constructors will expand into 24,000 SF of office, collaboration and training space as part of Phase II of its campus plan. The firm will relocate all five subsidiaries into one headquarters campus in August 2026.				
Missouri Center for Oral Surgery & Implants	1046 Wentzville Parkway	St. Charles County	Direct Lease	21,250
Missouri Center for Oral Surgery & Implants signed a lease for the entire 21,250-SF property at 1046 Wentzville Pkwy. in Wentzville, MO. An anticipated move-in is scheduled for September 2026.				
Mariner	231 S Bemiston Avenue	Clayton	Renewal	10,050
Mariner renewed it's 10,050-SF lease in the 174,240-SF Bemiston Tower located at 231 South Bemiston Ave. in Clayton, MO.				
Medica	14767 N Outer 40 Road	West County	Direct Lease	7,280
Medica signed a lease for 7,280 SF of space on the ground floor of the 147,600-SF, multi-tenant Delmar Gardens III building. The non-profit health insurance provider will move in by July 2026.				

03

Submarket Statistics

2Q26 ST. LOUIS OFFICE MARKET OVERVIEW

NMRKZIMMER.COM



Submarket Statistics

2Q26 (Page 1 of 4)

Submarket Statistics – All Classes								
Submarket	Class	Total Number of Buildings	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Net Absorption (SF)	Past 4 Qtrs Net Absorption (SF)	Total Asking Rent (Price/SF)
Downtown	Office	100	1,000,000	50,000	10%	100,000	400,000	\$20/SF
	Residential	50	500,000	25,000	5%	50,000	200,000	\$15/SF
	Retail	20	200,000	10,000	2%	20,000	80,000	\$10/SF

Please reach out to your Newmark business contact for this information

Midtown	Office	150	1,500,000	75,000	12%	150,000	600,000	\$22/SF
	Residential	75	750,000	37,500	6%	75,000	300,000	\$16/SF
	Retail	30	300,000	15,000	3%	30,000	120,000	\$11/SF
Southside	Office	120	1,200,000	60,000	8%	120,000	480,000	\$18/SF
	Residential	60	600,000	30,000	4%	60,000	240,000	\$14/SF
	Retail	25	250,000	12,500	1%	25,000	100,000	\$9/SF

Submarket Statistics

2Q26 (Page 2 of 4)

Submarket Statistics – All Classes								
Submarket	Class	Total Number of Buildings	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Net Absorption (SF)	Past 4 Qtrs Net Absorption (SF)	Total Asking Rent (Price/SF)
Downtown	Office	15	1,200,000	50,000	12%	150,000	600,000	\$25.00
	Residential	10	800,000	20,000	8%	100,000	400,000	\$18.00
	Retail	5	300,000	10,000	5%	50,000	200,000	\$12.00

Please reach out to your Newmark business contact for this information

Westside	Office	20	1,500,000	60,000	15%	200,000	800,000	\$28.00
	Residential	12	900,000	30,000	10%	120,000	480,000	\$20.00
	Retail	8	400,000	15,000	6%	80,000	320,000	\$15.00
	Industrial	3	200,000	5,000	3%	30,000	120,000	\$10.00
	Mixed-Use	7	600,000	25,000	7%	70,000	280,000	\$16.00

Submarket Statistics

2Q26 (Page 3 of 4)

Submarket Statistics – Class A								
Submarket	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Net Absorption (SF)	Past 4 Qtrs Net Absorption (SF)	Direct Asking Rent (Price/SF)	Sublet Asking Rent (Price/SF)	Total Asking Rent (Price/SF)
Manhattan	1,200,000	250,000	15.0%	150,000	600,000	\$100.00	\$80.00	\$100.00
Midtown	1,500,000	0	12.0%	200,000	800,000	\$120.00	\$90.00	\$120.00

Please reach out to your Newmark business contact for this information

Submarket Statistics

2Q26 (Page 4 of 4)

Submarket Statistics – Class B								
Submarket	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Net Absorption (SF)	Past 4 Qtrs Net Absorption (SF)	Direct Asking Rent (Price/SF)	Sublet Asking Rent (Price/SF)	Total Asking Rent (Price/SF)
Submarket A	1,125,000	0	11.8%	10,000	40,000	\$21.00	\$20.00	\$21.00
Submarket B	1,000,000	0	11.8%	11,000	44,000	\$21.00	\$20.00	\$21.00

Please reach out to your Newmark business contact for this information

Mark Long, CRE, SIOR, CCIM, LEED AP
President & CEO
Newmark Zimmer
mlong@nzimmer.com

Andrew Garten
Senior Director, Research
St. Louis Research
agarten@nzimmer.com

Kansas City
1220 Washington Street, Suite 300
Kansas City, MO 64104
t 816-474-2000

Lee's Summit
1485 SW Market Street
Lee's Summit, MO 64081
t 816-474-2000

Newmark has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents. Newmark Research Reports are available at nmrk.com/insights.

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, upbad, 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.