NEWMARK
ZIMMER

3Q26 St. Louis Industrial Market:
Market Overview

3Q26



St. Louis Market Observations

Labor Markets

- The region's labor market tightened by 20 basis points during the quarter as macroeconomic conditions shifted. August's unemployment rate registered 3.7%, 40 basis points below the national average of 4.1%.
- Year-over-year, job growth was strongest in the Construction sector, followed by Business and Professional. Financial Activities and Other Services sectors posted the largest job losses over the past 12 months.
- Industrial firms are recalibrating their workforce needs. Locally, annual employment increased in two out of three key industrial sectors: Construction by 13.8% and Manufacturing by 1.3%. The Trade/Transportation/Utilities sector remained flat year-over-year.

Leasing Market Fundamentals

- The St. Louis industrial market recorded 324,662 SF of positive net absorption in 3Q26, although trailing four-quarter absorption remained negative at 1.6 MSF.
- Average asking NNN rents increased 2.9% year over year to $6.10/SF. The construction pipeline totaled 4.7 MSF, with 91% of space designated as build-to-suit, helping limit additional speculative supply.
- Vacancy climbed 80 basis points to 5.8% year-over-year. Although vacancy recently peaked at 5.9%, the market has enjoyed relative stability since 1Q23, supporting future rental rate growth fundamentals and spurring developers to explore select development options.
- Class A warehouse space accounted for 64.2% of total leasing volume through 3Q26, up from an average of 45.0% during 2015–2019.

Major Transactions

- Procter & Gamble signed one of the largest leases in the St. Louis market in 2026 to date, totaling 806,400 SF. Following the completion of lease negotiations with EQT Real Estate, the company is scheduled to take immediate occupancy in October 2026.
- Thyssen Krupp Supply Chain renewed its 600,000-SF lease and will expand into an additional 169,500 SF of space to occupy the entire 769,500-SF Lakeview V in Edwardsville, IL.
- TerraVista Foods signed a 10-year lease with NorthPoint Development for the entire 324,440-SF facility at 15195 Logistic Center St. Construction is scheduled to begin in 4Q26, with delivery expected by May 2027.
- Digital Products International renewed its 179,710-SF lease and will expand into an additional 77,370 SF of space to occupy 257,080 SF at St. Louis Commerce Center II. The firm extended the lease for an additional 10-year term.
- World Wide Technology signed a lease for 188,030 SF of the 376,000-SF building developed by Panattoni at 2601 Westway Dr. in Edwardsville, IL.

Outlook

- Uncertainty in the macroeconomic outlook continues, prompting occupiers and investors to approach transactions cautiously, dampening leasing and investment activity.
- Vacancy is expected to remain stable around 5.5% to 5.9% over the next four quarters, as limited speculative deliveries align with a modest leasing pace. Unlike many markets, St. Louis has avoided oversupply both during and after the pandemic, positioning it favorably.
- Rental rates are projected to slowly rise in 2027. Liquidity constraints led landlords to lower rents rather than offer larger concession packages. Marquee submarkets with limited availability are expected to continue to maintain prime rent levels with annual rental rate increases expected to range from 3.0% to 4.0%.

Table of Contents

Economy 04

Leasing Market Fundamentals 08

Submarket Statistics 20

01

Economy

3Q26 ST. LOUIS INDUSTRIAL MARKET OVERVIEW

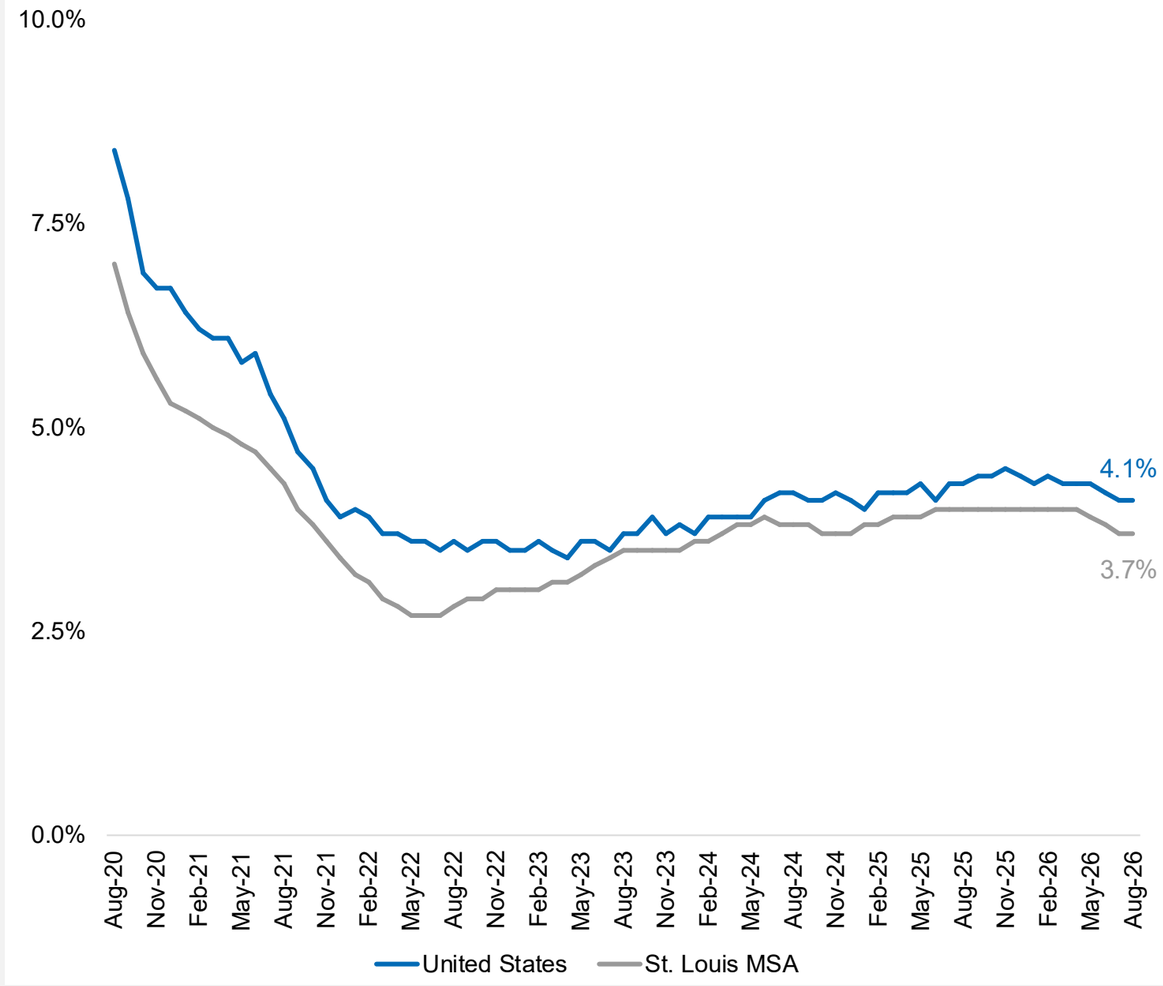
NMRKZIMMER.COM



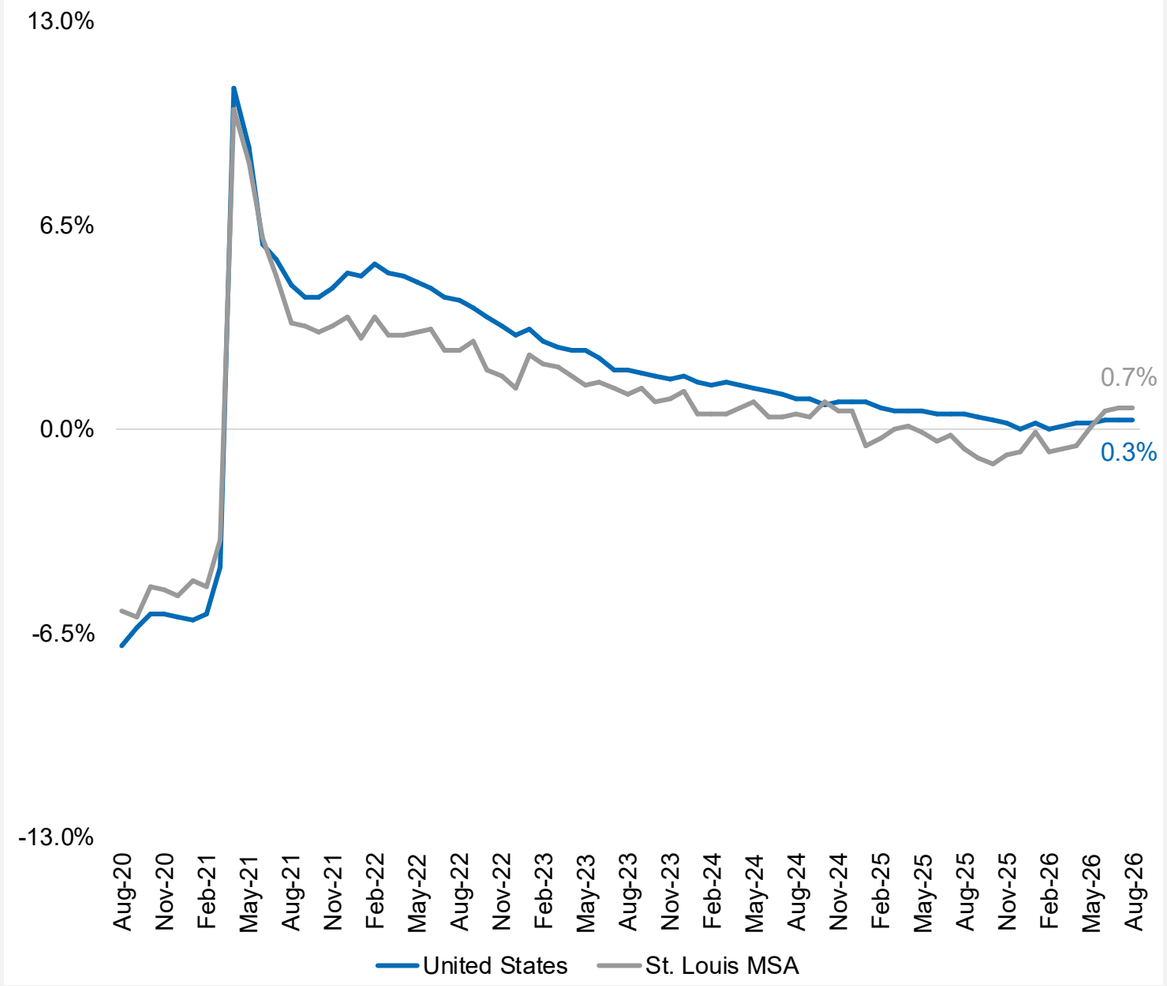
St. Louis Unemployment Rate Remains Below The National Average

The St. Louis region's labor market tightened by 20 basis points as unemployment registered 3.7% in August 2026. The regional unemployment rate now stands 40 basis points below the national average, signaling comparative economic strength. Nonfarm payroll employment year-over-year percentage change in the region is above the national average at 0.7%. According to the Kansas City Fed Labor Market Conditions Indicators (LMCI), activity increased from 0.20 to 0.31, while momentum decreased from 0.39 to 0.25 in August 2026.

Unemployment Rate, Non-Seasonally Adjusted



Nonfarm Payroll Employment, Non-Seasonally Adjusted, 12-Month % Change

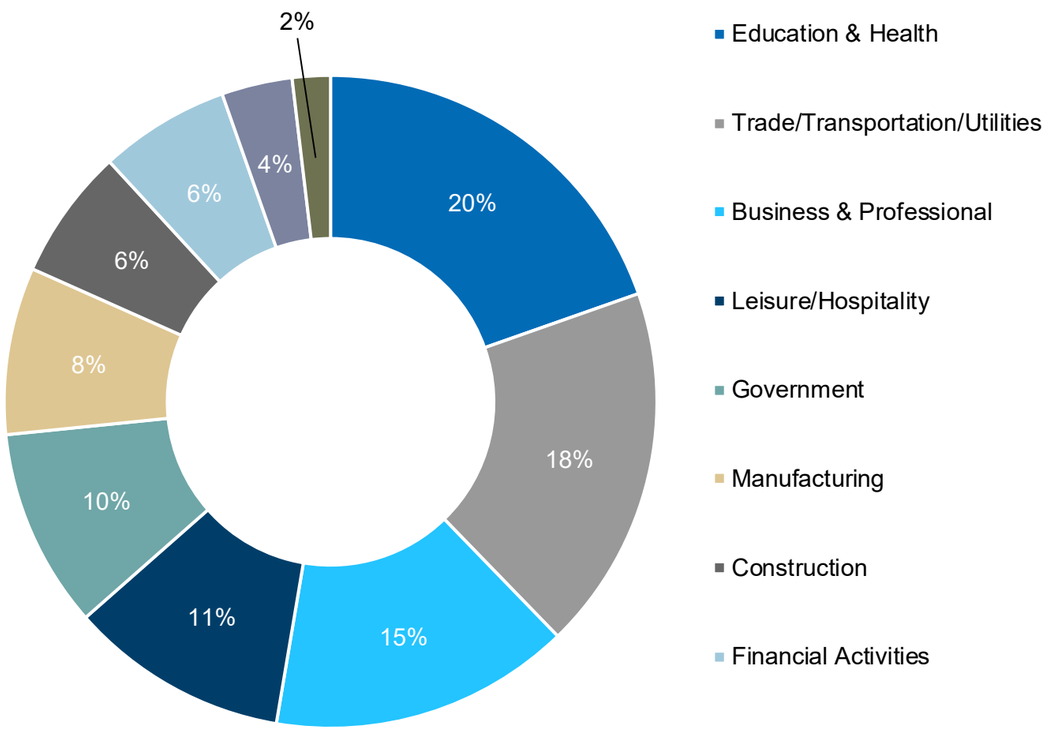


Source: U.S. Bureau of Labor Statistics, Newmark Research, FRED, Federal Reserve Bank of Kansas City

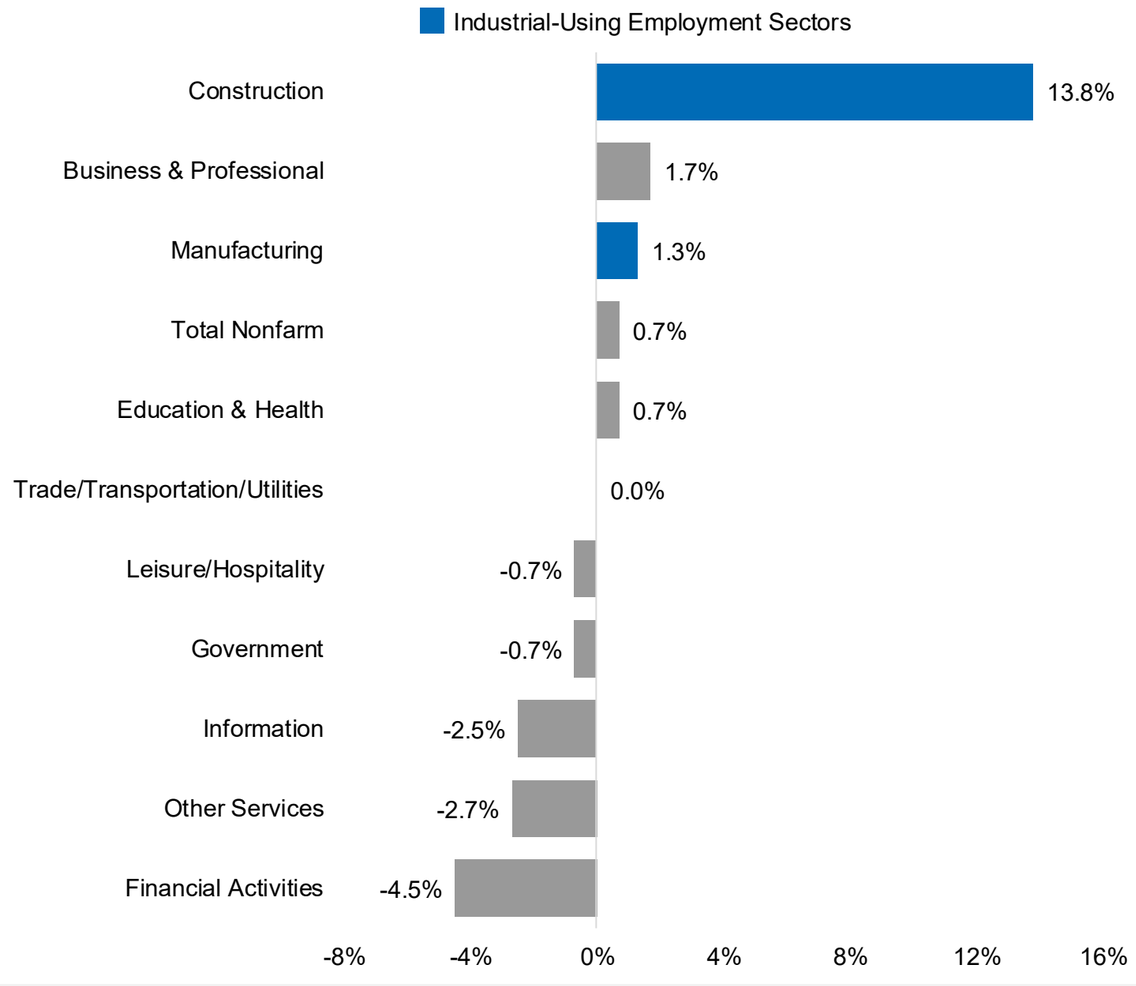
Industrial Employment Expanded In Two Out Of Three Sectors

The Construction sector led regional annual job growth, followed by Business and Professional. The Financial Activities and Other Services sectors posted the largest job losses, with declines of 4.5% and 2.7%, respectively. Employment increased in two out of three key industrial sectors year over year: Construction at 13.8%; Manufacturing at 1.3% and Trade/Transportation/Utilities remained flat at 0.0%.

Employment by Industry, August 2026



Employment Growth by Industry, 12-Month % Change, August 2026

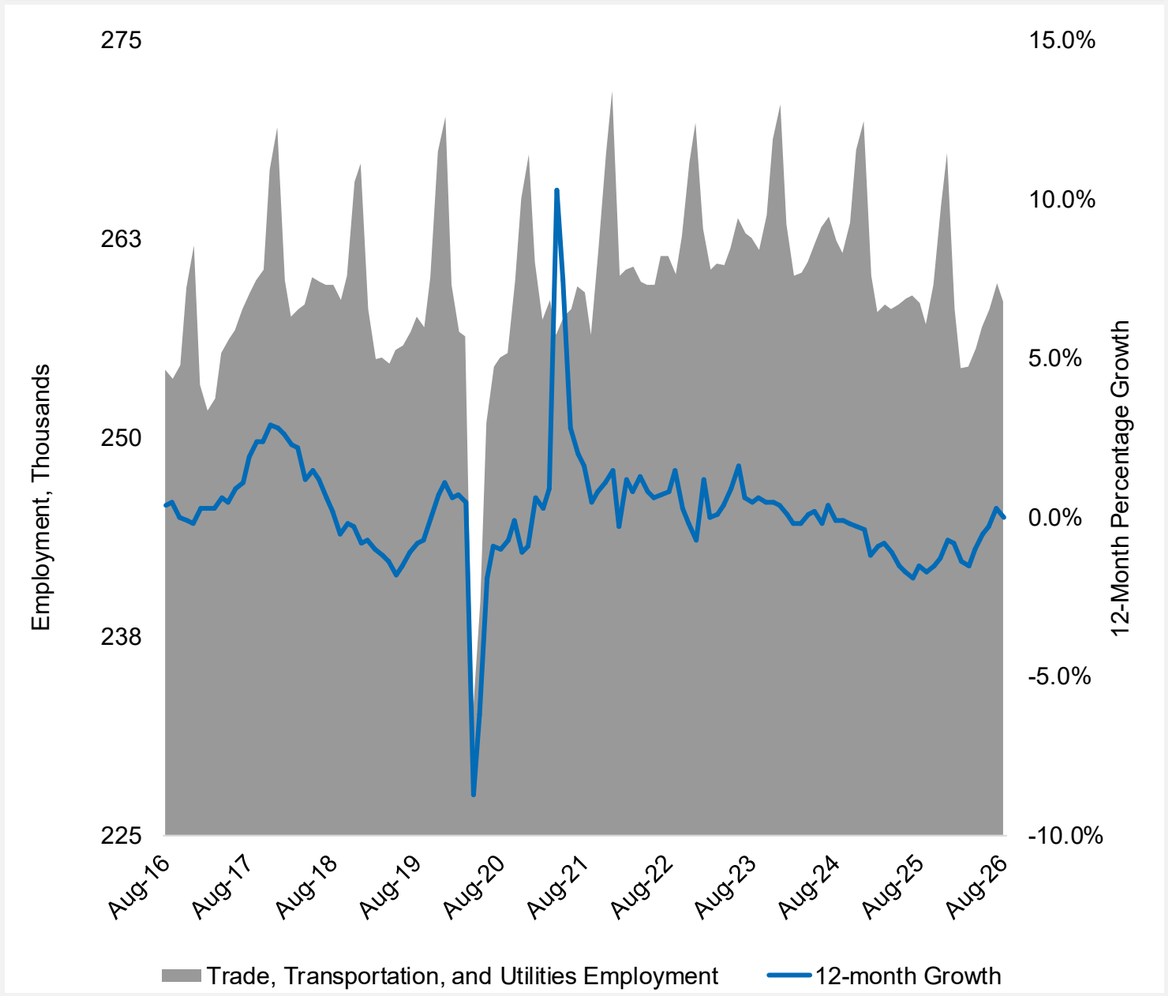


Source: U.S. Bureau of Labor Statistics, Newmark Research – St. Louis MSA

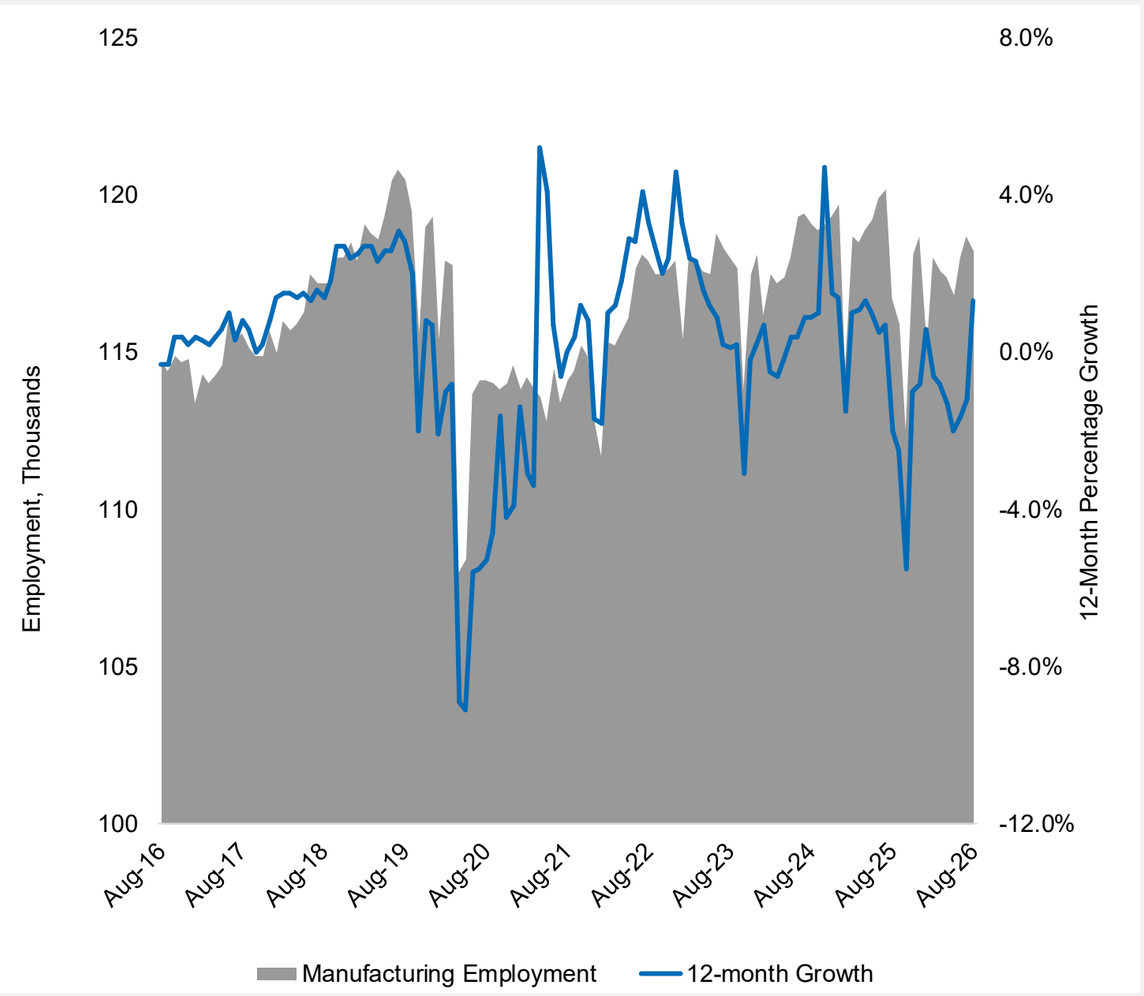
Industrial Employment Falls Below Pre-Pandemic Levels

Industrial employment has fallen below pre-pandemic levels for both the Trade/Transportation/Utilities and Manufacturing sectors. While a slight seasonal dip is typical at the start of each year, the region's industrial employment has returned to levels comparable to those recorded in 3Q19 and 4Q19.

Total Employment and 12-Month Growth Rate, Trade/Transportation/Utilities



Total Employment and 12-Month Growth Rate, Manufacturing



Source: U.S. Bureau of Labor Statistics, St. Louis MSA

02

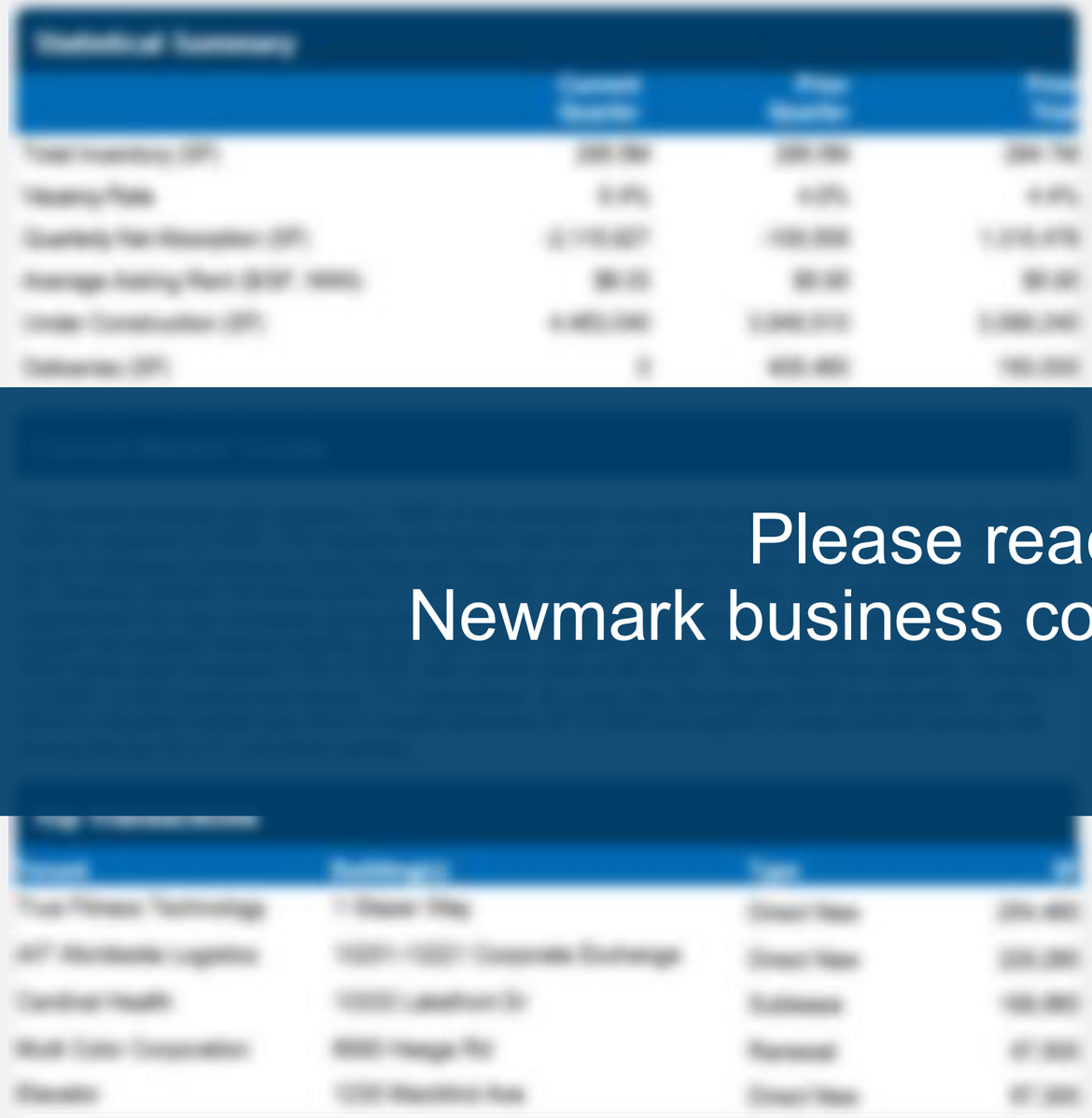
Leasing Market Fundamentals

3Q26 ST. LOUIS INDUSTRIAL MARKET OVERVIEW

NMRKZIMMER.COM



Market Overview





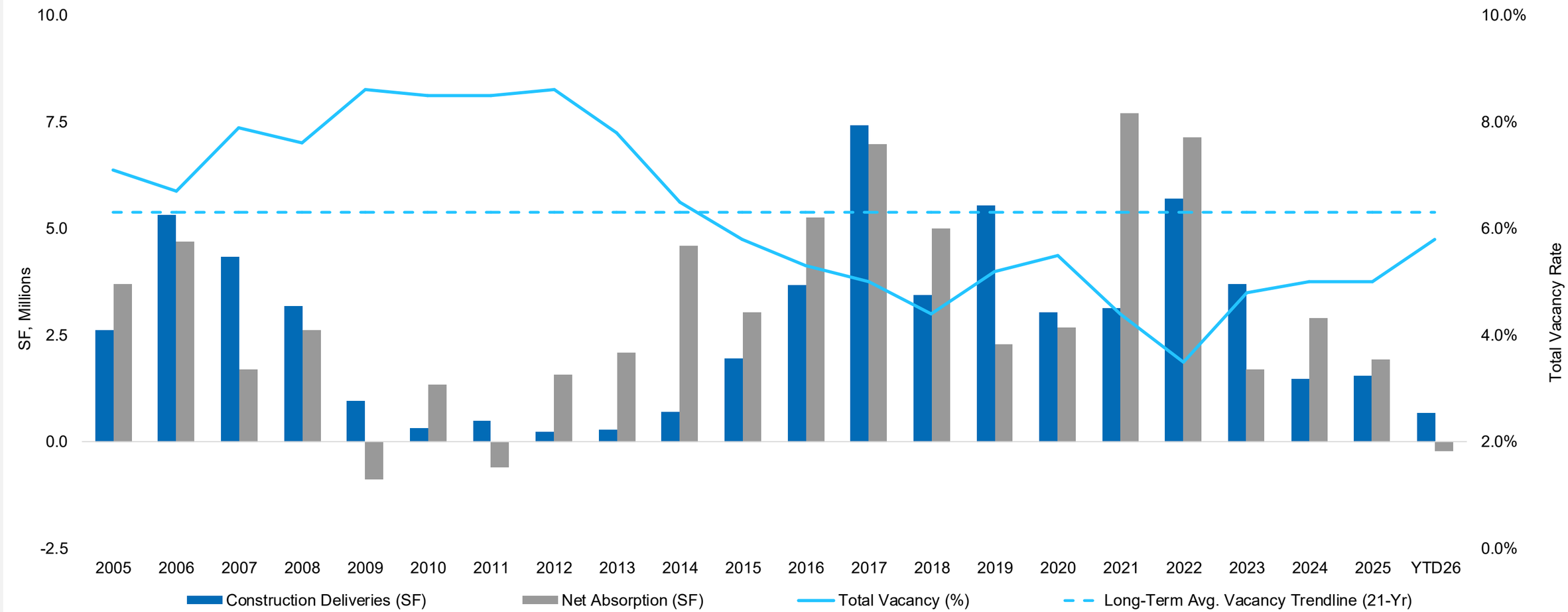
Please reach out to your
Newmark business contact for this information

Source: Newmark Research, CoStar

Limited Deliveries Temper Vacancy As Net Absorption Remains Negative In 2026

Vacancy increased 80 basis points year over year to 5.8%, as bulk warehouse tenants reassessed their space requirements, particularly in Metro East. Over the past five years, developers have increasingly favored build-to-suit projects, helping temper new speculative supply. Leasing activity is expected to accelerate over the next two quarters, with improving momentum anticipated among mid-sized and large industrial users.

Historical Construction Deliveries, Net Absorption, and Vacancy

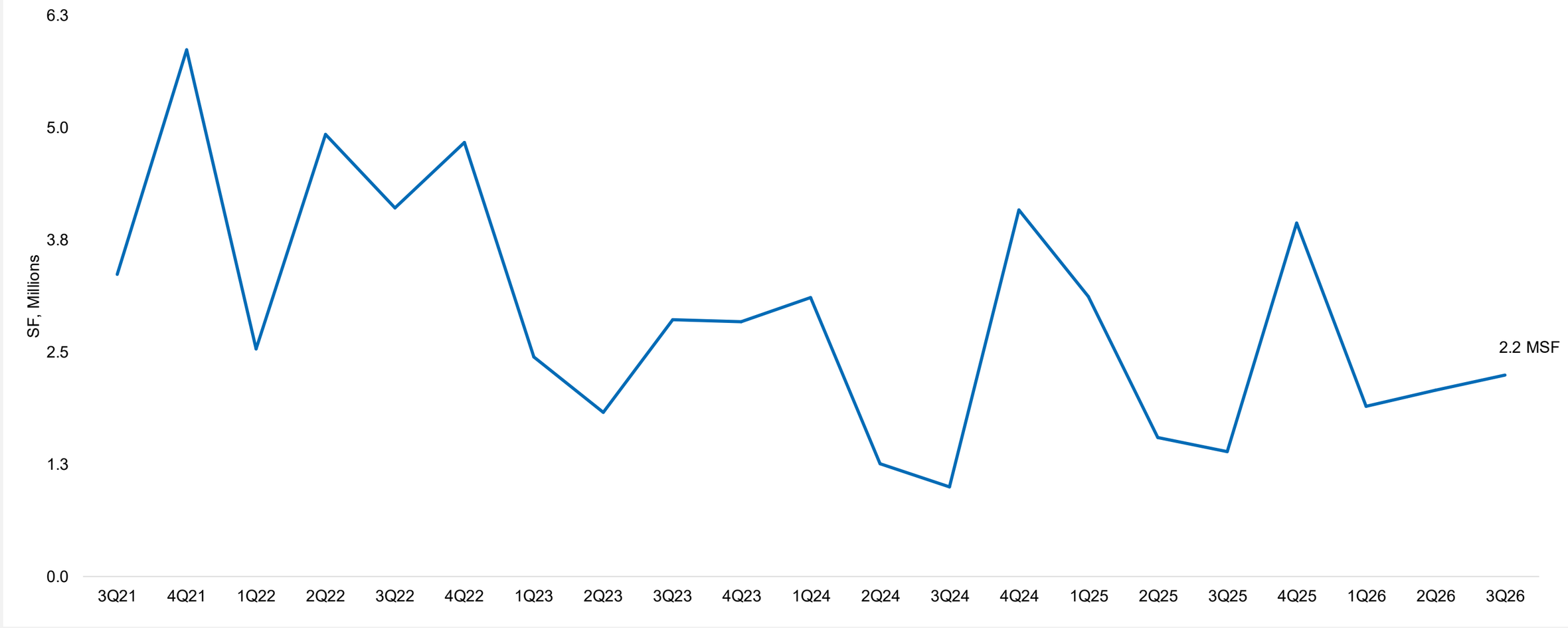


Source: Newmark Research, CoStar

Industrial Leasing Activity Totals 2.2 Million SF In 3Q26

Industrial space demand totaled 2.2 million SF in the third quarter of 2026. In 2024 and 2025, activity in large bulk buildings slowed significantly, while midsized and small-bay industrial spaces remained resilient. Tenant leasing velocity and rent growth in the Class A bulk segment are expected to strengthen over the next four quarters.

Total Leasing Activity (MSF)

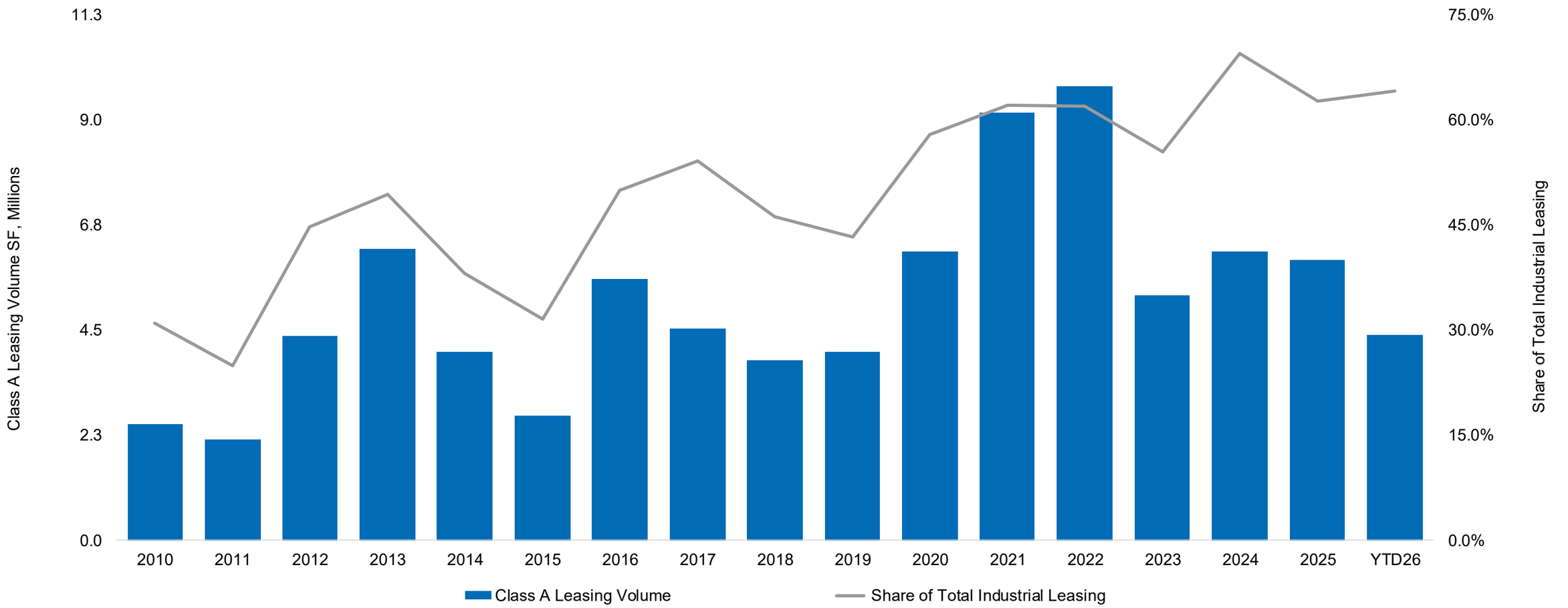


Source: Newmark Research, CoStar

Class A Warehouses Account For 64.2% Of YTD Industrial Leasing

Secondary markets such as St. Louis have seen a slower developer response to rising occupier demand for modern Class A warehouse space. However, accelerated development over the past five years has driven notable growth in Class A leasing activity. As of the third quarter of 2026, Class A warehouse leasing accounted for 64.2% of overall activity; up significantly from the 45.0% average recorded from 2015 through 2019.

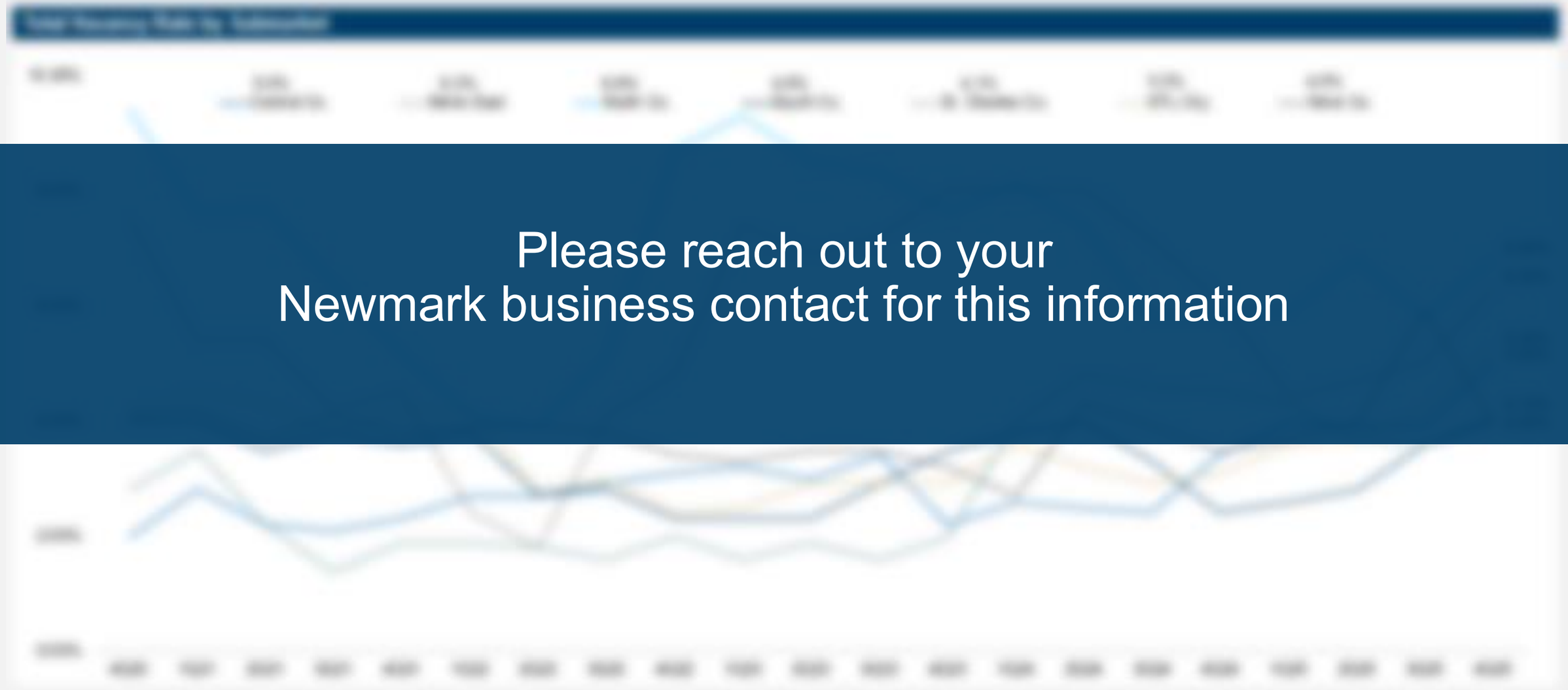
Industrial Class A Leasing Volume and Percentage of Total Warehouse Leasing Volume



Source: Newmark Research, CoStar

Industrial Vacancy Rises Across All Seven Submarkets Over Five Years

Vacancy rates declined in three of seven industrial submarkets in St. Louis over the past five years. Central County recorded the largest vacancy increase, rising 310 basis points, while Florrissant/Hazelwood County saw the greatest decline, falling 240 basis points. As 2022, the overall market increased by 137 basis points while vacancy increases occurring across six of seven submarkets.



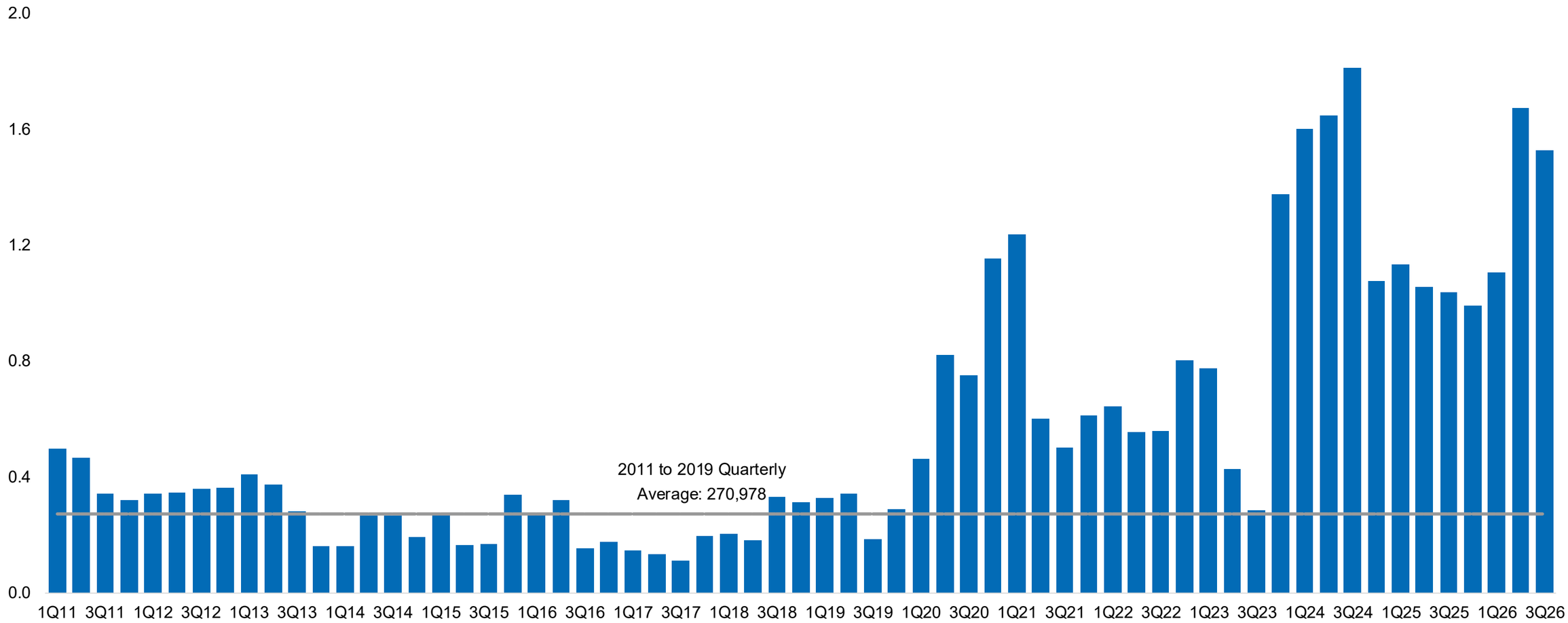
Please reach out to your
Newmark business contact for this information

Source: Newmark Research, CoStar

Vacant Sublease Availability At 1.5 MSF; Only 0.5% Of Market

Vacant sublease availability has declined from a peak of 1.8 million SF in the third quarter of 2024 to 1.5 million SF in the third quarter of 2026. Sublease additions are projected to range between 1.3 million SF and 1.6 million SF in the next four quarters. Vacant sublease space remains limited, representing just 0.5% of the St. Louis market, well below levels seen in other U.S. markets.

Vacant Available Industrial Sublease Volume (MSF)

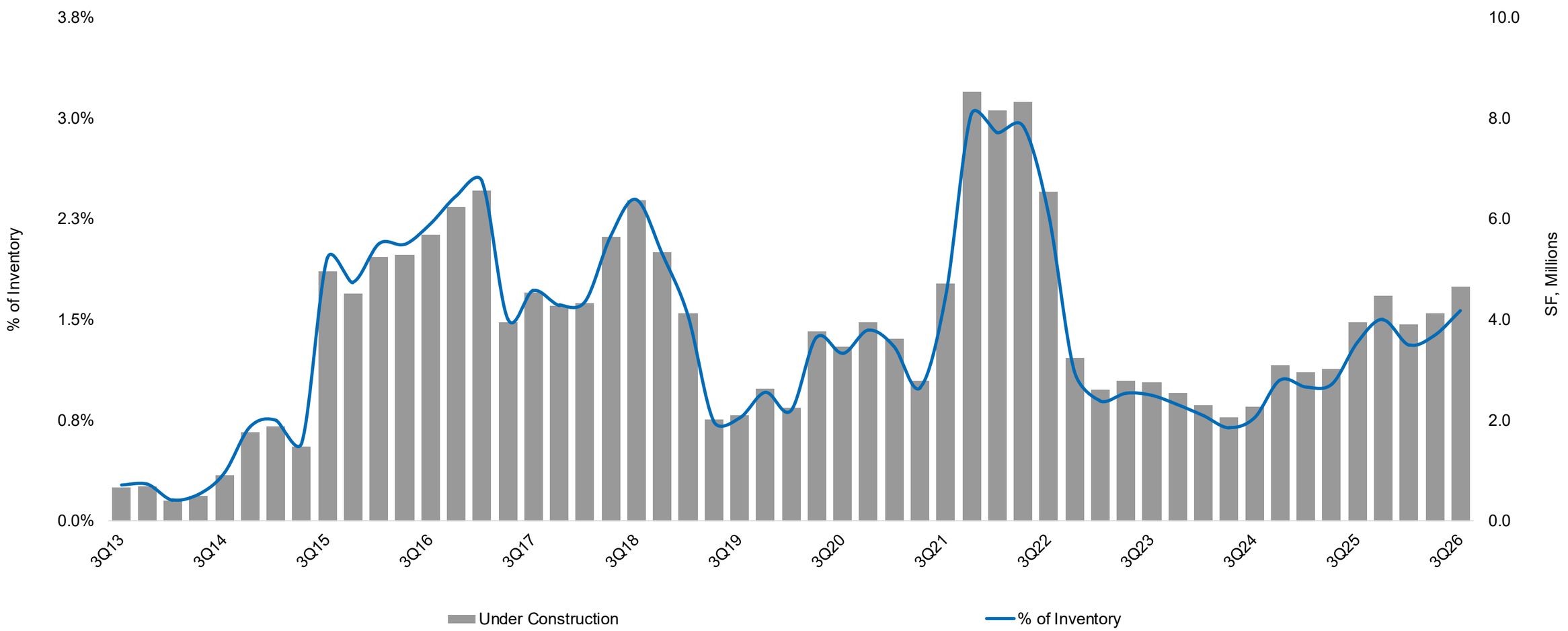


Source: Newmark Research, CoStar

Industrial Supply Pipeline Dominated By Build-to-Suit Projects

The industrial construction pipeline has declined significantly from its peak of 8.5 million SF in the fourth quarter of 2021, now totaling 4.7 million SF. Build-to-suit projects account for 91% of current development. Speculative construction is expected to remain limited in the next two quarters; however, developers are reassessing paused projects and evaluating potential land acquisitions as leasing activity for mid-sized users gains momentum.

Industrial Under Construction and % of Inventory

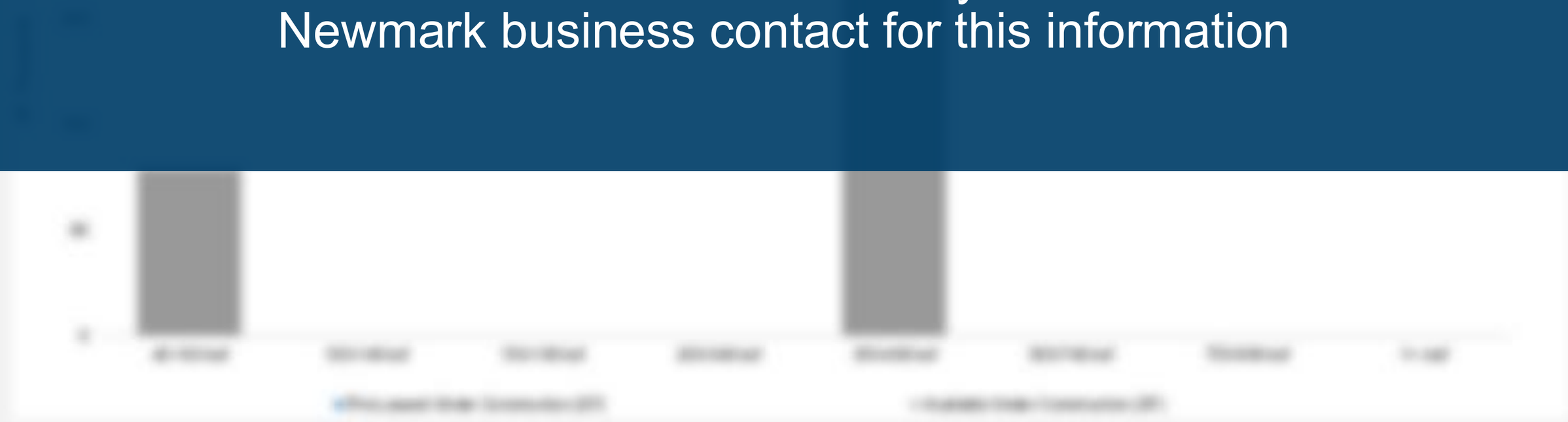


Source: Newmark Research, CoStar

Limited Speculative Construction Targets Small- and Mid-Sized Facilities

The speculative construction pipeline has contracted significantly, driven by elevated construction financing costs. Looking ahead, speculative projects are expected to focus on excellent, small- and medium-sized facilities designed for one to three users, as well as large-box facilities of 100,000 SQFT or more accommodating two to four tenants. These developments will feature enhanced storage capacity, advanced automation capabilities, and deep truck courts to assist evolving tenant requirements.

Total Speculative Construction by Size Segment



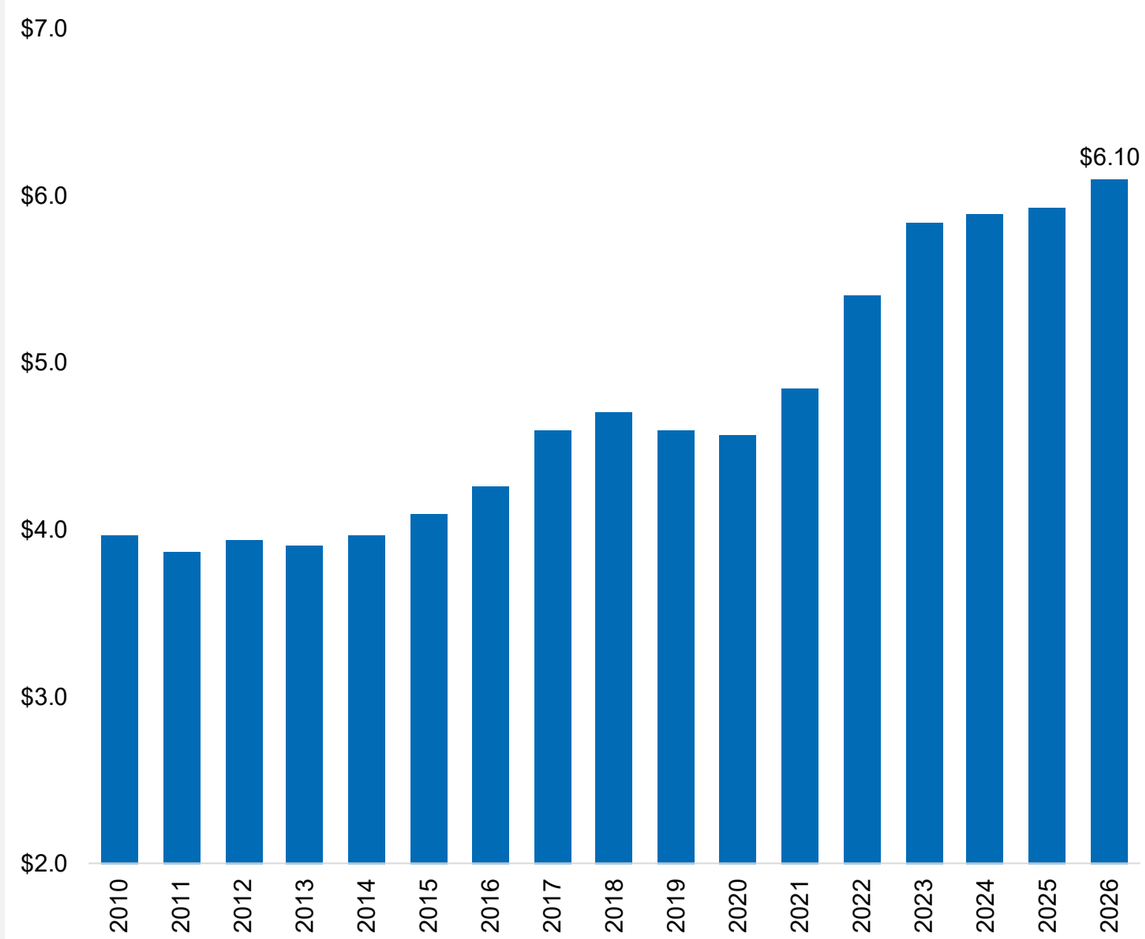
Please reach out to your
Newmark business contact for this information

Source: Newmark Research, CoStar

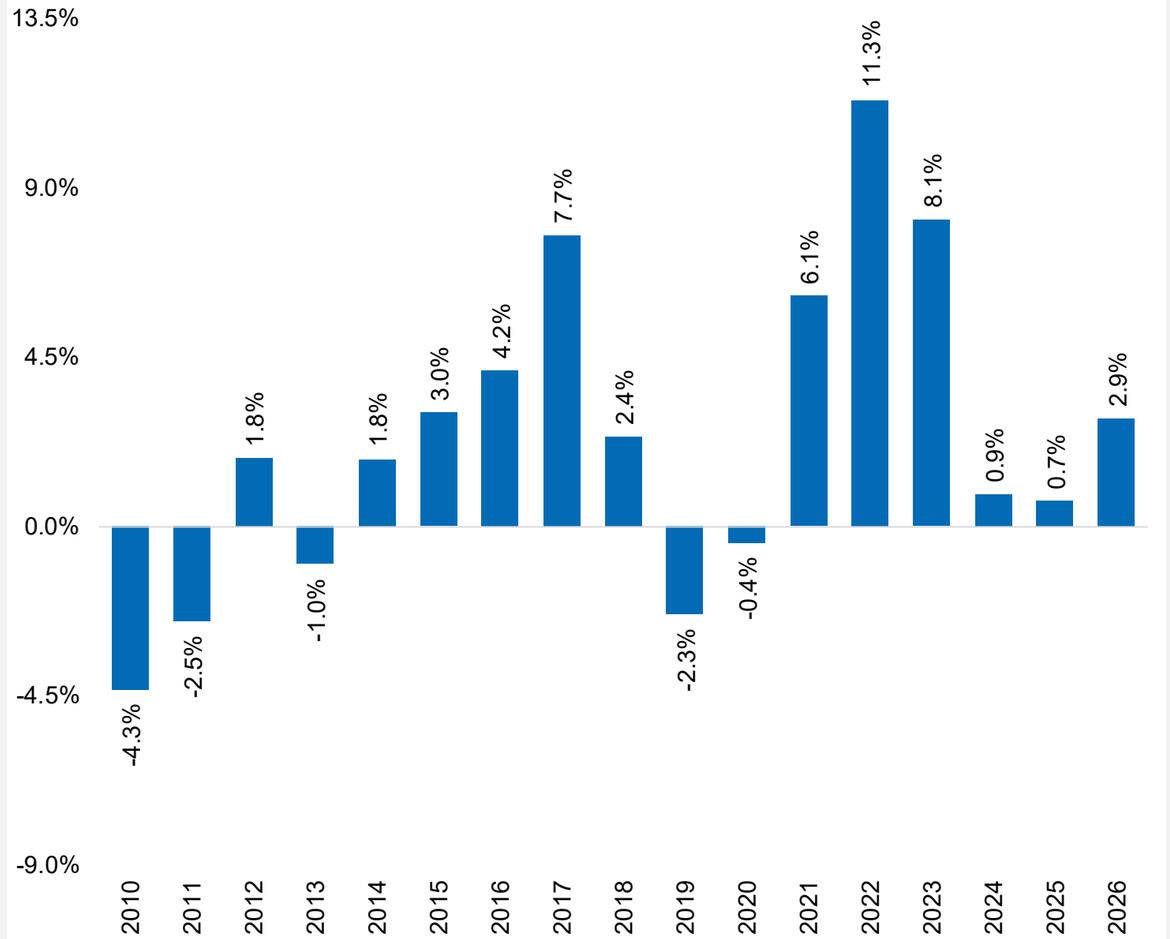
Industrial Asking Rents Reach A Record $6.10/SF

Aggregate asking rents increased 31.8% over the past six years. More recently, limited new deliveries, slower leasing activity, and landlord liquidity constraints amid elevated concession packages have moderated rent growth. Asking rents increased 4.5% from 2023 to 3Q26. Rent growth is expected to range from 3.25% to 3.95% over the next four quarters.

Industrial Average Asking Rent, $/SF, NNN



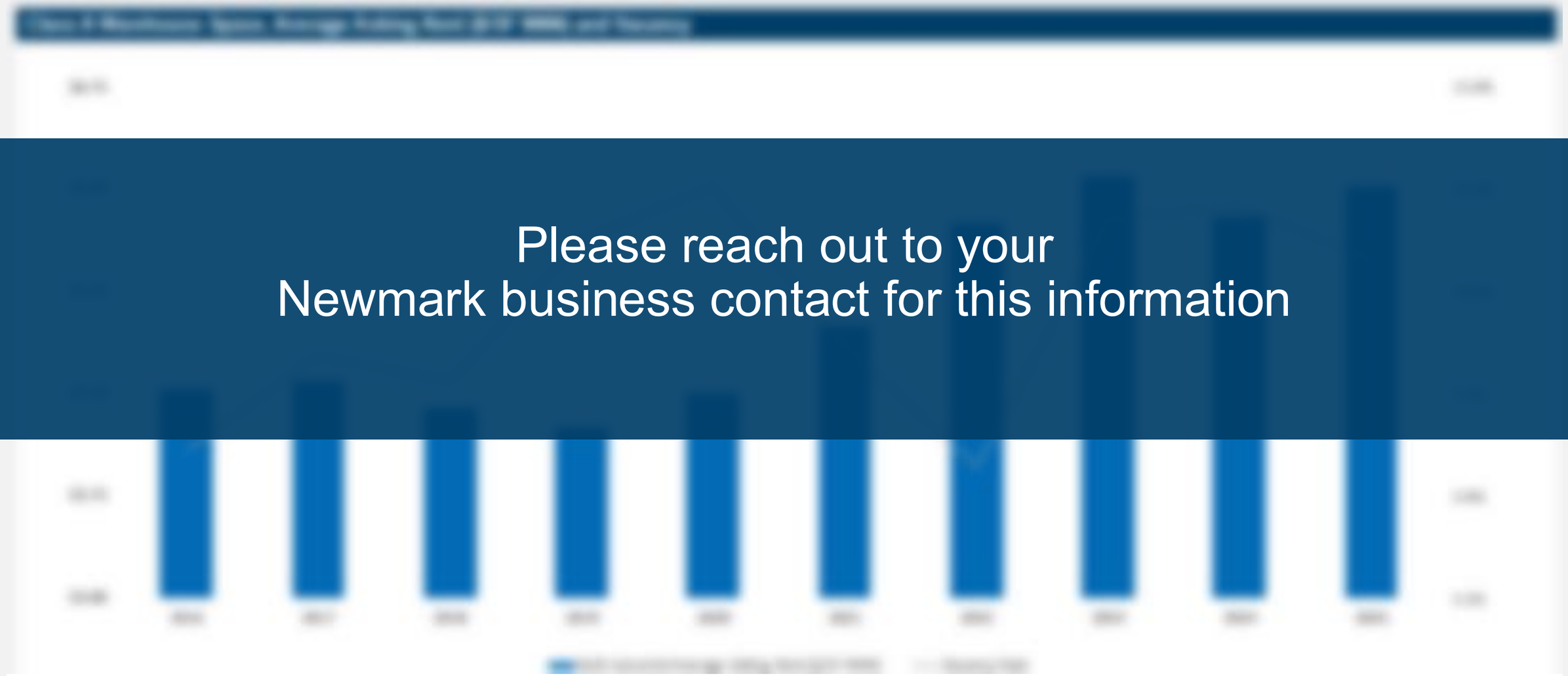
Year-Over-Year Asking Rent Growth Rate



Source: Newmark Research, CoStar

Class A Bulk Warehouse Rents Reach $6.14/SF Amid Strong Demand

The Class A bulk industrial warehouse segment has recorded strong rental rate growth since 2018, with rates reaching $6.14/SF as of the fourth quarter of 2021. Modern and efficient Class A small- and medium-sized warehouse space remains the most sought-after segment in the St. Louis Metro. As recently delivered speculative inventory leases up, the current construction cycle is expected to offer limited alternatives, further tightening vacancy, which currently stands at 11.0% for bulk warehouse space.



Please reach out to your
Newmark business contact for this information

Source: Newmark Research, CoStar

3Q26 Notable News & Leasing Activity

The market recorded negative 1.6 million SF of net absorption over the past four quarters, compared to 687,490 SF of new deliveries during the same period. Leasing activity over the next four quarters is expected to be driven by the North County, Metro East, and St. Charles County submarkets. Over the past five years, these submarkets achieved net absorption of 4.5 million SF in North County, 2.9 million SF in Metro East, and 1.6 million SF in St. Charles County, supported by strong leasing momentum and competitive rental rates.

Select News & Lease Transactions

Tenant	Building(s)	Submarket	Type	Square Feet
Procter & Gamble	3 Gateway Commerce Center Drive East	Metro East	Direct New	806,400
Procter & Gamble signed one of the largest leases in the St. Louis market in 2026 to date, totaling 806,400 SF. Following the completion of lease negotiations with EQT Real Estate, the company is scheduled to take immediate occupancy in October 2026.				
Thyssen Krupp Supply Chain	3919 Lakeview Corporate Drive	Metro East	Renewal/Expansion	769,500
Thyssen Krupp Supply Chain renewed its 600,000-SF lease and will expand into an additional 169,500 SF of space to occupy the entire 769,500-SF Lakeview V in Edwardsville, IL.				
TerraVista Foods	15195 Logistic Center Street	North County	Direct New	324,440
TerraVista Foods signed a 10-year lease with NorthPoint Development for the entire 324,440-SF facility at 15195 Logistic Center St. Construction is scheduled to begin in 4Q26, with delivery expected by May 2027.				
Digital Products International	1020 N 23rd Street	St. Louis City	Renewal/Expansion	257,080
Digital Products International renewed its 179,710-SF lease and will expand into an additional 77,370 SF of space to occupy 257,080 SF at St. Louis Commerce Center II. The firm extended the lease for an additional 10-year term.				
World Wide Technology	2601 Westway Drive	Metro East	Direct New	188,030
World Wide Technology signed a lease for 188,030 SF of the 376,000-SF building developed by Panattoni at 2601 Westway Dr. in Edwardsville, IL. The firm is anticipated to move in by April 2027.				

Source: Newmark Research

03

Submarket Statistics

3Q26 ST. LOUIS INDUSTRIAL MARKET OVERVIEW

NMRKZIMMER.COM



Submarket Statistics

3Q26 (Page 1 of 3)

Submarket Statistics – All

Submarket	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Net Absorption (SF)	Past 4 Qtrs Net Absorption (SF)	WH/Dist Asking Rent (Price/SF)	R&D/Flex Asking Rent (Price/SF)	Total Asking Rent (Price/SF)
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Submarket Statistics

3Q26 (Page 2 of 3)

Submarket Statistics – Warehouse, Flex, All

Submarket	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Net Absorption (SF)	Past 4 Qtrs Net Absorption (SF)	Total Asking Rent (Price/SF)
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Please reach out to your
Newmark business contact for this information

Source: Newmark Research

Submarket Statistics

3Q26 (Page 3 of 3)

Submarket Statistics – Warehouse, Flex, All

Submarket	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Net Absorption (SF)	Past 4 Qtrs Net Absorption (SF)	Total Asking Rent (Price/SF)
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Please reach out to your
Newmark business contact for this information

Source: Newmark Research

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, 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.