

3Q26 St. Louis Office Market: **Market Overview**

3Q26

St. Louis Market Observations



Labor Markets

- The region's labor market tightened by 20 basis points 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.
- Professional business and technology firms are reassessing their workforce needs, with local employment decreasing in two out of three office-occupying sectors compared to the prior year.



Leasing Market Fundamentals

- Market conditions softened during the quarter, with negative net absorption of 307,036 SF, bringing trailing four-quarter net absorption to negative 1.3 MSF. This marks five consecutive 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 40 basis points to 15.7% in the quarter; an increase of 180 basis points year-over-year. Vacancy is expected to range from 15.8% to 16.8% in the next four quarters.
- Average asking rental rates increased \$0.29/SF to \$22.52/SF in the quarter. Rates are projected to range between \$22.50/SF and \$23.50/SF in the next four quarters.



Major Transactions

- The U.S. GSA signed a lease for 32,960 SF on the second floor of Pine View Pointe at 1825 Fern Ridge Pkwy. in Creve Coeur, MO. An anticipated move-in is scheduled for December 2026.
- The East-West Gateway Council of Governments (EWGCOG) signed a lease for 26,650 SF on the seventh floor of 701 Market Street in Downtown. An anticipated move-in is scheduled for April 2027.
- Royal Canin signed a lease for 14,860 SF on the first floor of the 53,930-SF property at 500 Fountain Lakes Blvd. in St. Charles, MO. An anticipated move-in is scheduled for November 2026.
- St. Luke's Hospital signed a lease for 12,450 SF on the third floor of the 85,510-SF Lakeview Office Building located at 14500 S Outer 40 Rd. in Chesterfield, MO.
- Quanta Infrastructure Solutions Group (QISG) signed a three-year lease for 5,630 SF of space on the third floor of the 129,380-SF, multi-tenant Drury Corporate Center in Des Peres, MO.



Outlook

- Macroeconomic uncertainty continues to influence market dynamics, prompting occupiers and investors to approach transactions with greater caution, impacting both leasing and investment activity. The market presents selective opportunities to acquire underperforming assets at attractive valuations and reposition them to meet growing demand for higher-quality, amenity-rich office space.
- Hybrid work strategies remain a key driver of market shifts. Tenants retain significant negotiating leverage across most metro submarkets, 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 rise 2.0% in the next four 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

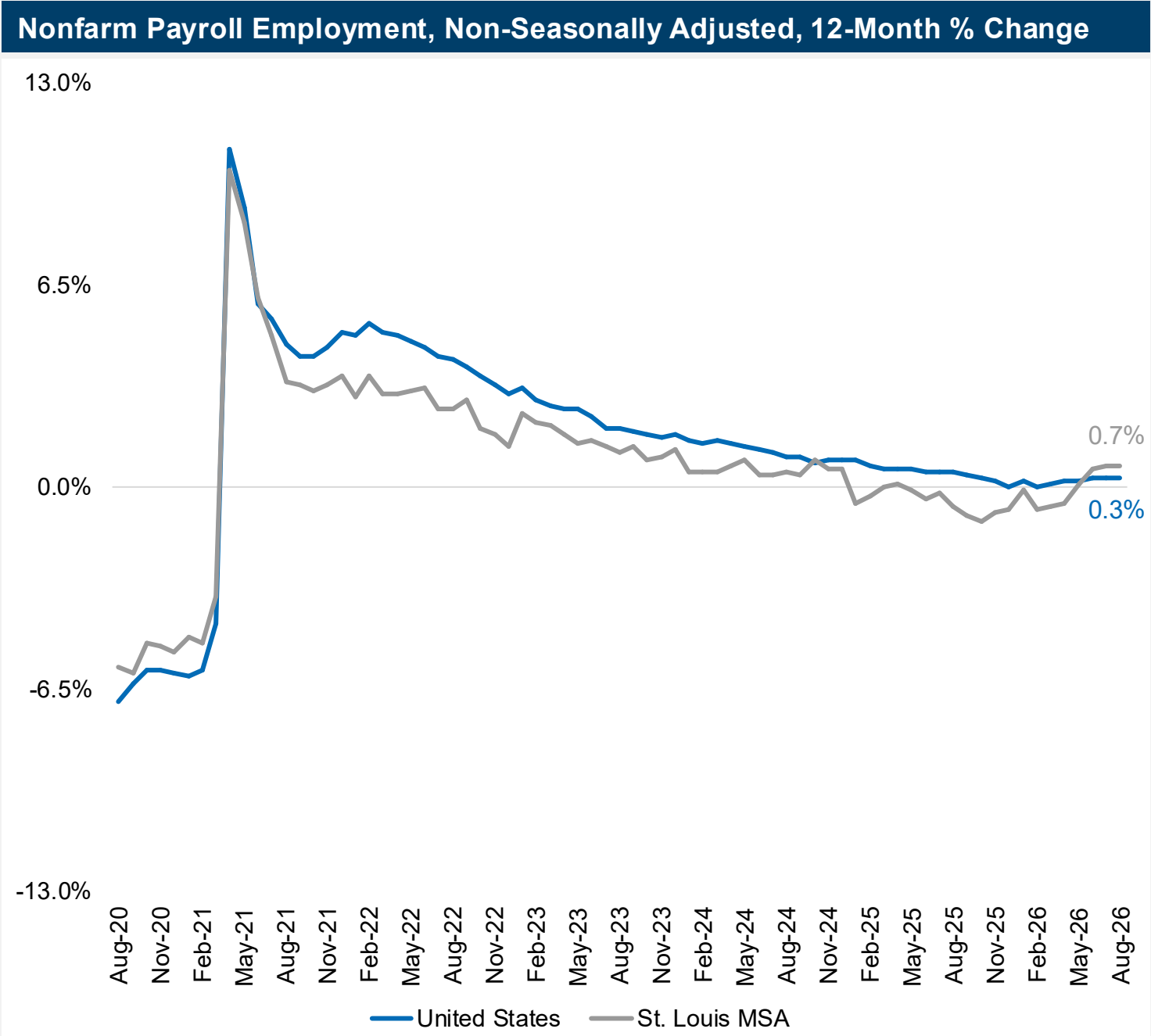
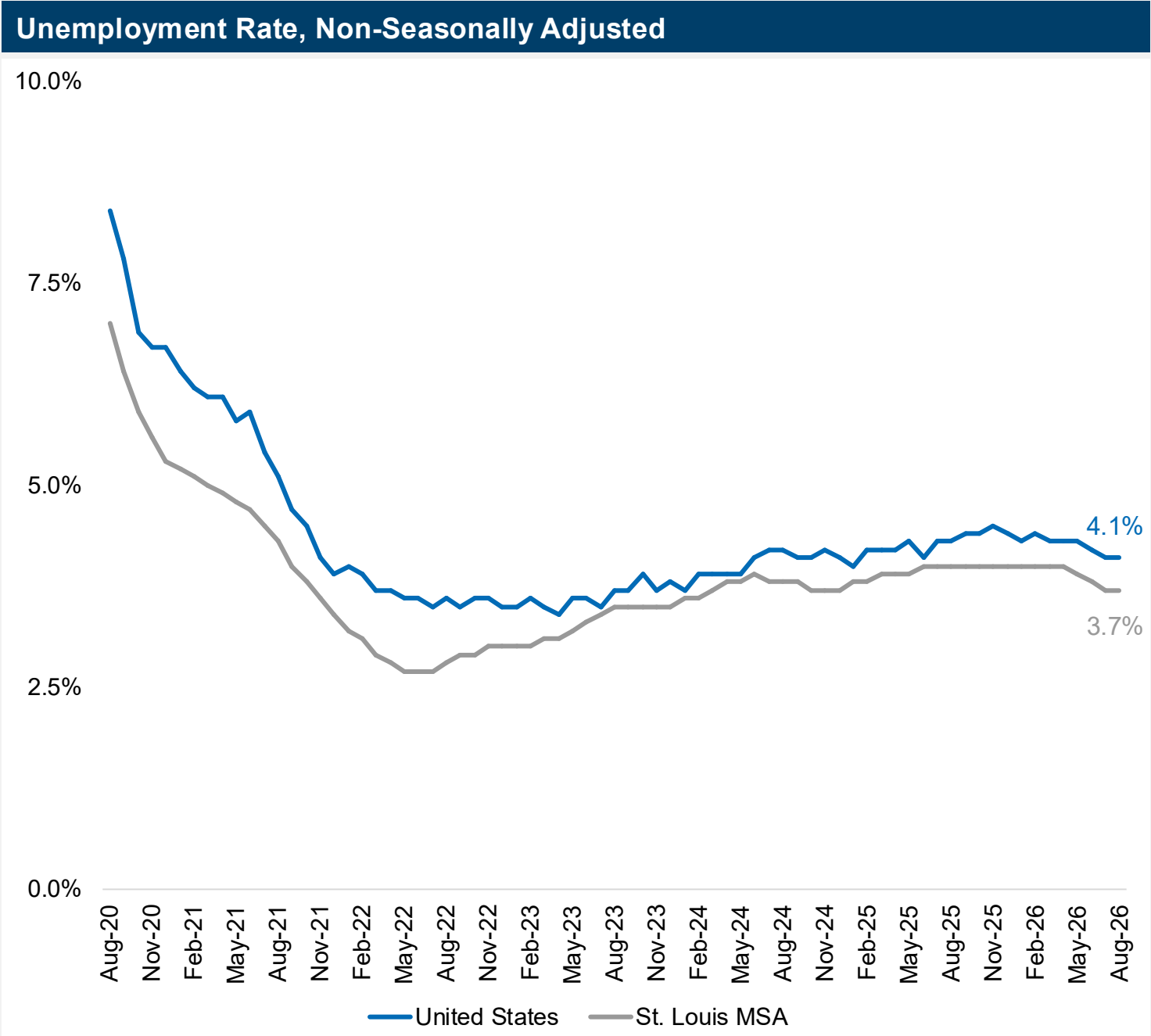
3Q26 ST. LOUIS OFFICE MARKET OVERVIEW

NMRKZIMMER.COM



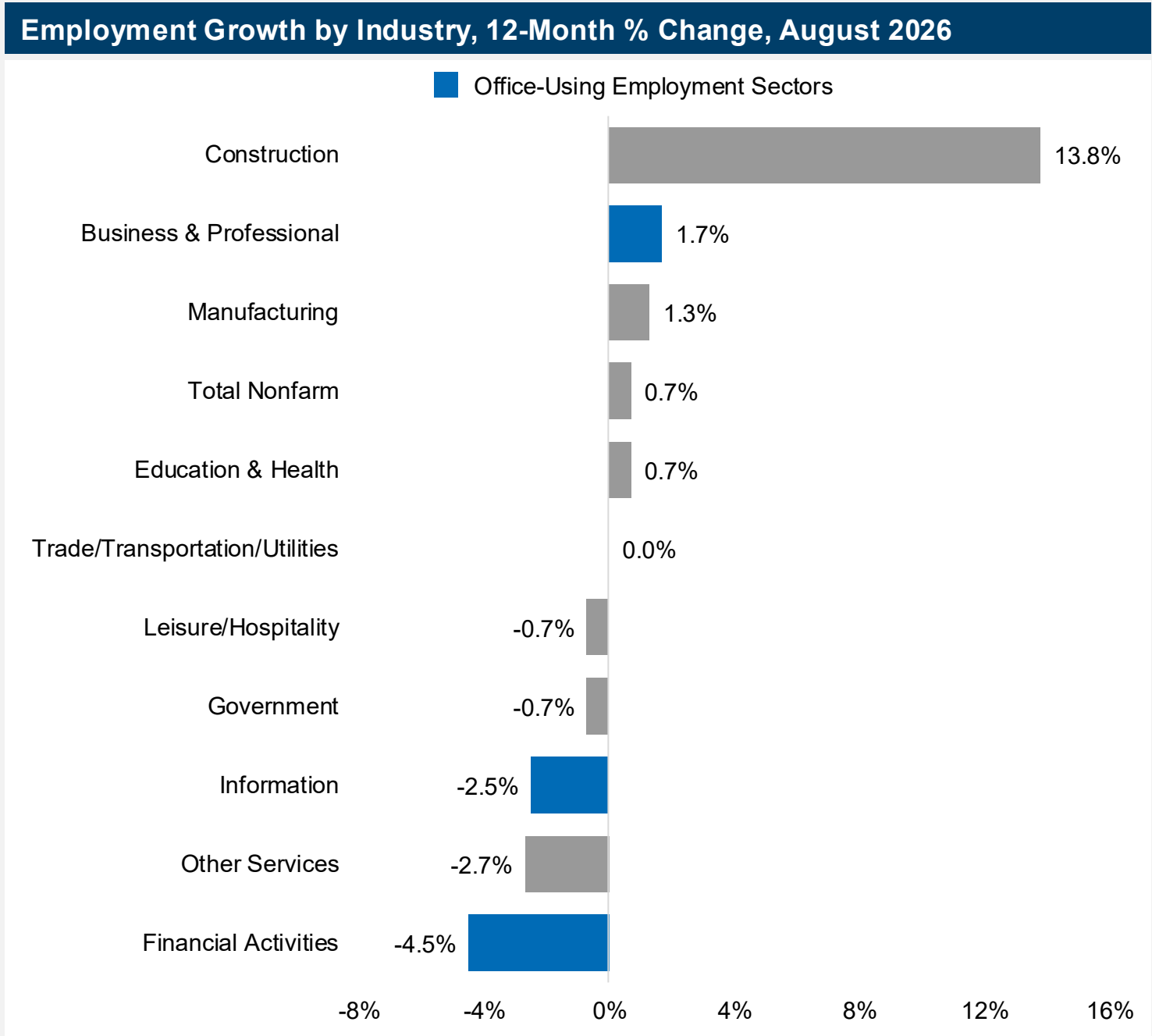
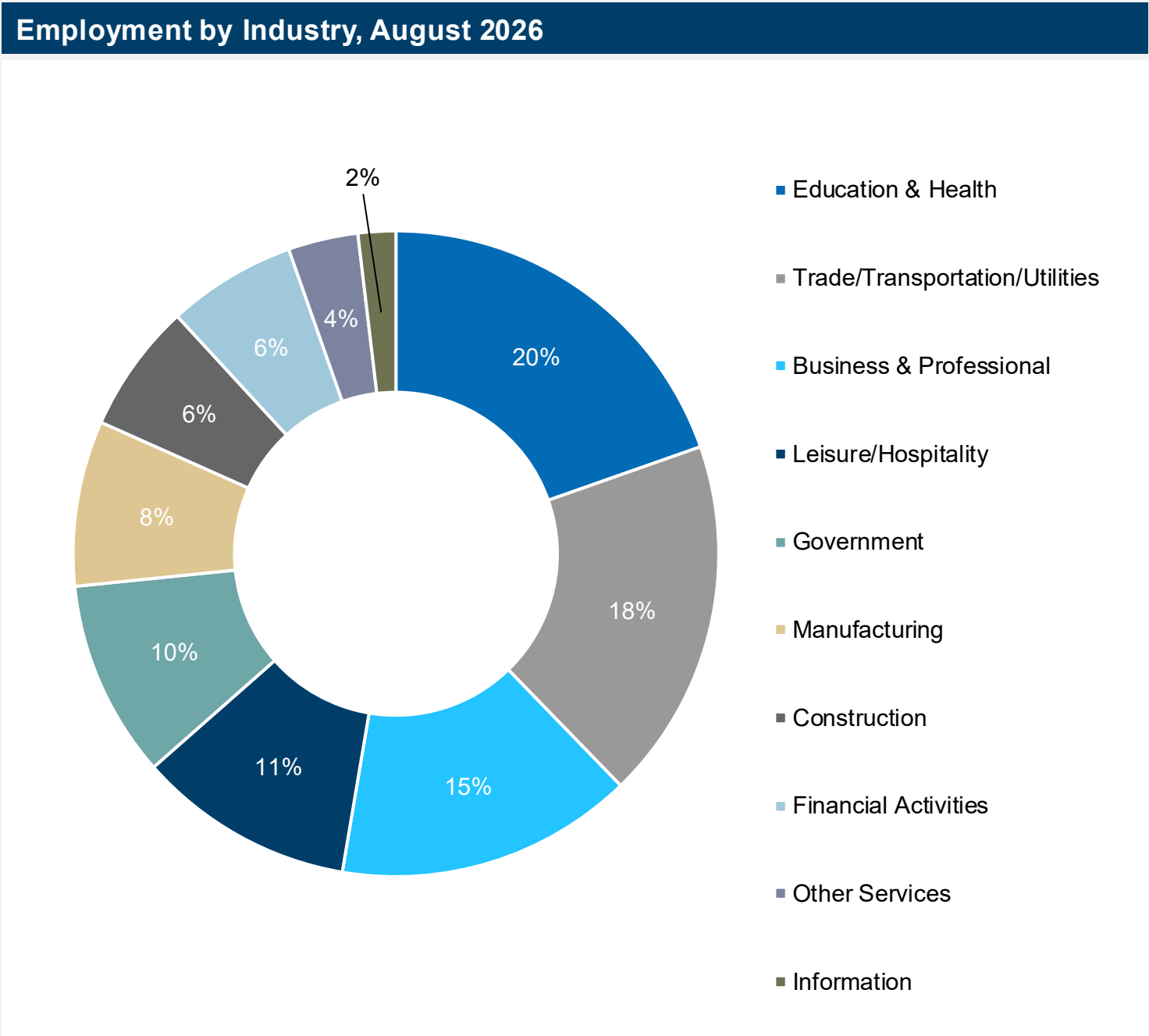
Metro Unemployment Rate Below National Average

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. Year-over-year nonfarm payroll employment growth in the region was 0.7%, above the national average. 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.



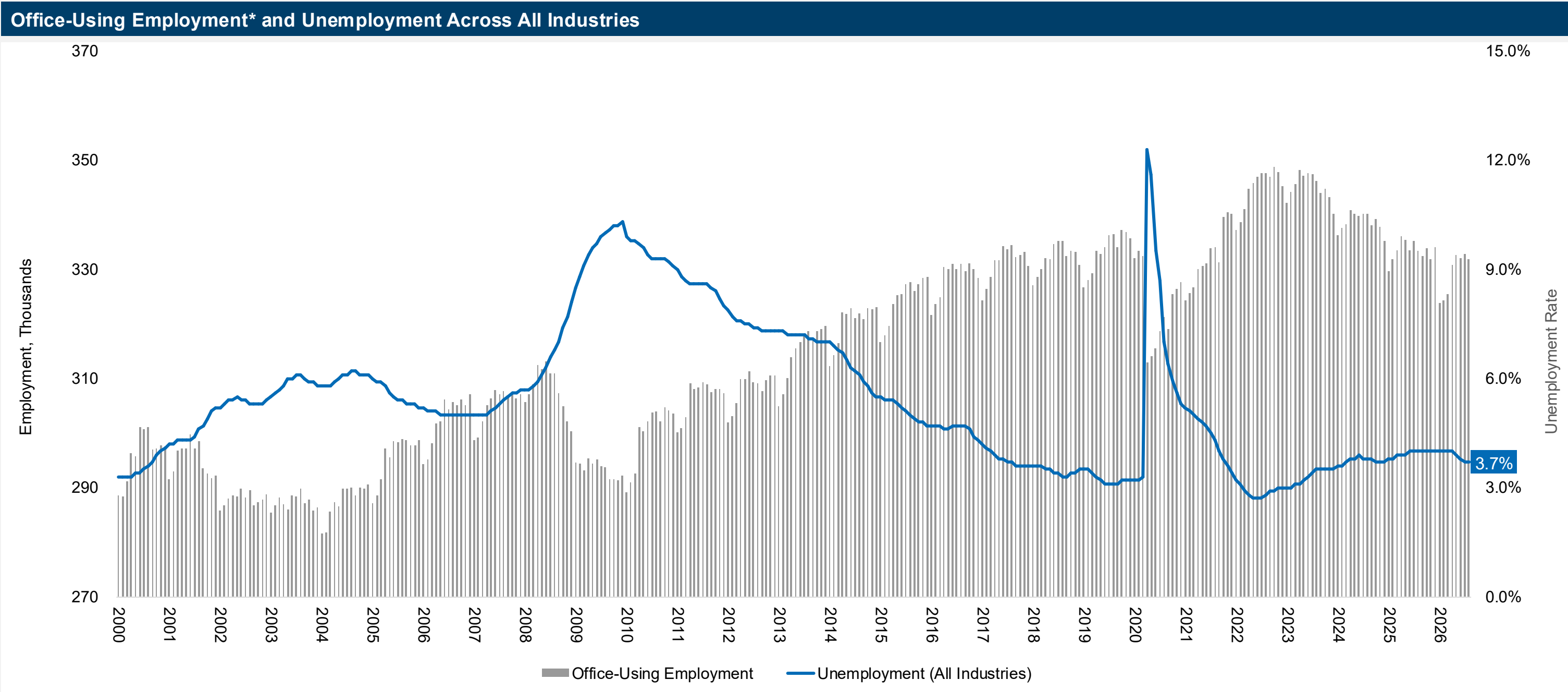
Office-Using Employment Contracts In Two Of Three Sectors

The construction sector led regional job growth over the past 12 months, followed by the professional and business services sector. The financial activities and other services sectors posted the largest job losses, with declines of 4.5% and 2.7%, respectively. Among the three key office-using sectors, professional and business services employment increased 1.7% year over year, while employment in information and financial activities declined 2.5% and 4.5%, respectively.



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 over the next four quarters.



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

3Q26 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	\$150	\$150	\$150
Units Sold	8,000	7,333	6,667
Inventory (Units)	0	0	0



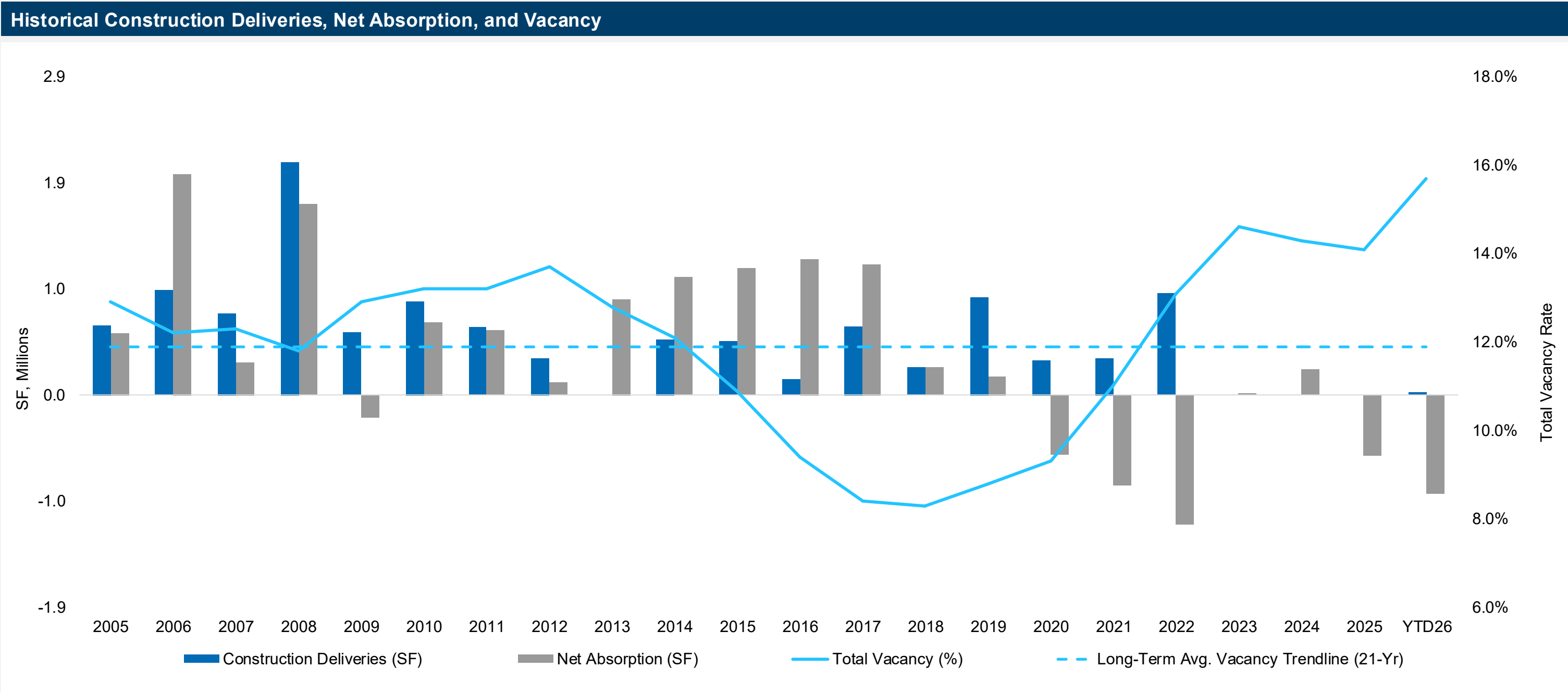
Please reach out to your
Newmark business contact for this information

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	\$150	\$150	\$150
Units Sold	8,000	7,333	6,667
Inventory (Units)	0	0	0



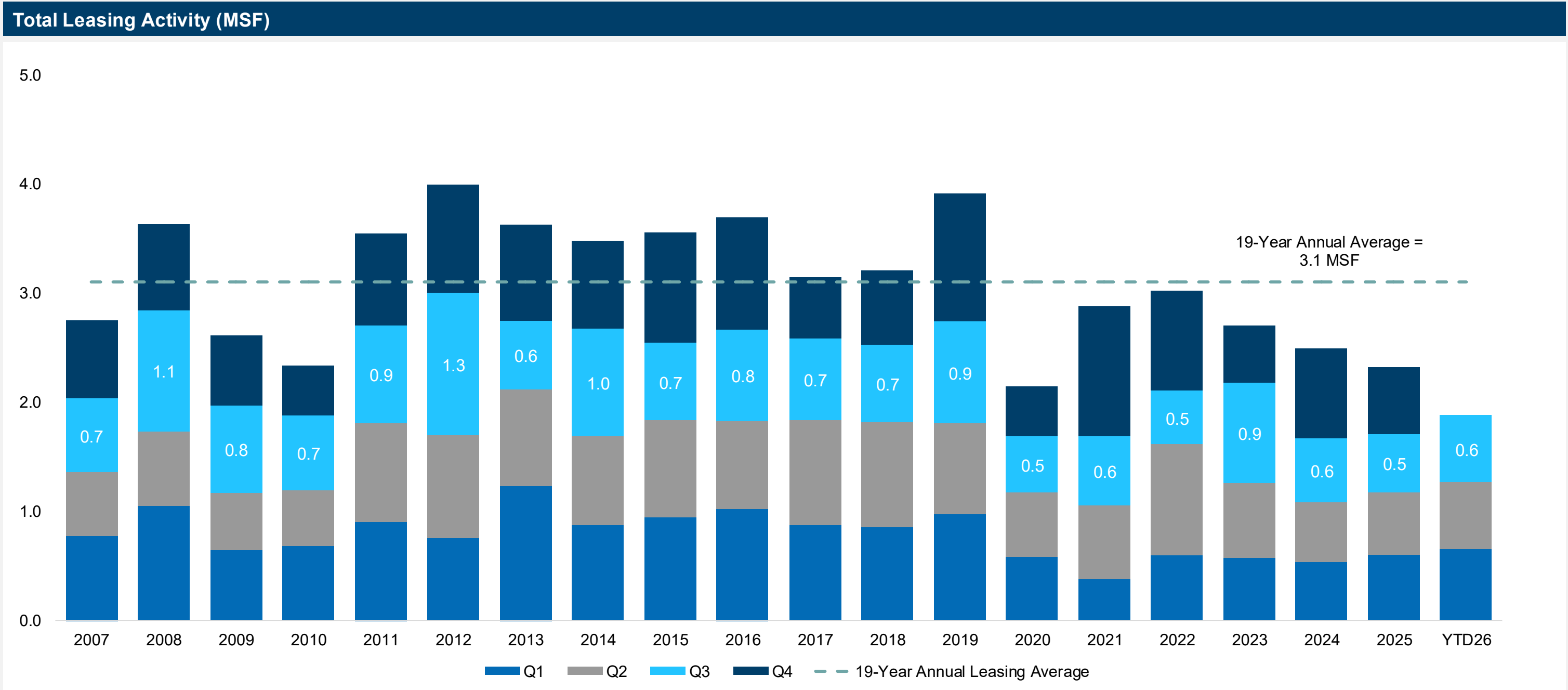
Office Rightsizing Continues As Tenants Reassess Long-Term Space Needs

Vacancy increased 180 basis points year over year to 15.7% as tenants adjusted to hybrid work models and reassessed space needs. Five-year leases signed around the pandemic in 2021 are now coming up for renewal, potentially leading tenants to reduce their office footprints. 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 next four quarters. 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 third quarter of 2026 totaled 609,755 SF, a 0.7% decrease compared to the third-quarter average from 2020 to 2025. Over the past four quarters, activity remained 19.8% 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, 400 leases were signed, a 25.7% drop from the 537 leases signed 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 uncertainties in the market.



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, managers often prioritize the office space in the market as a strategic, long-term investment, despite the current market conditions.

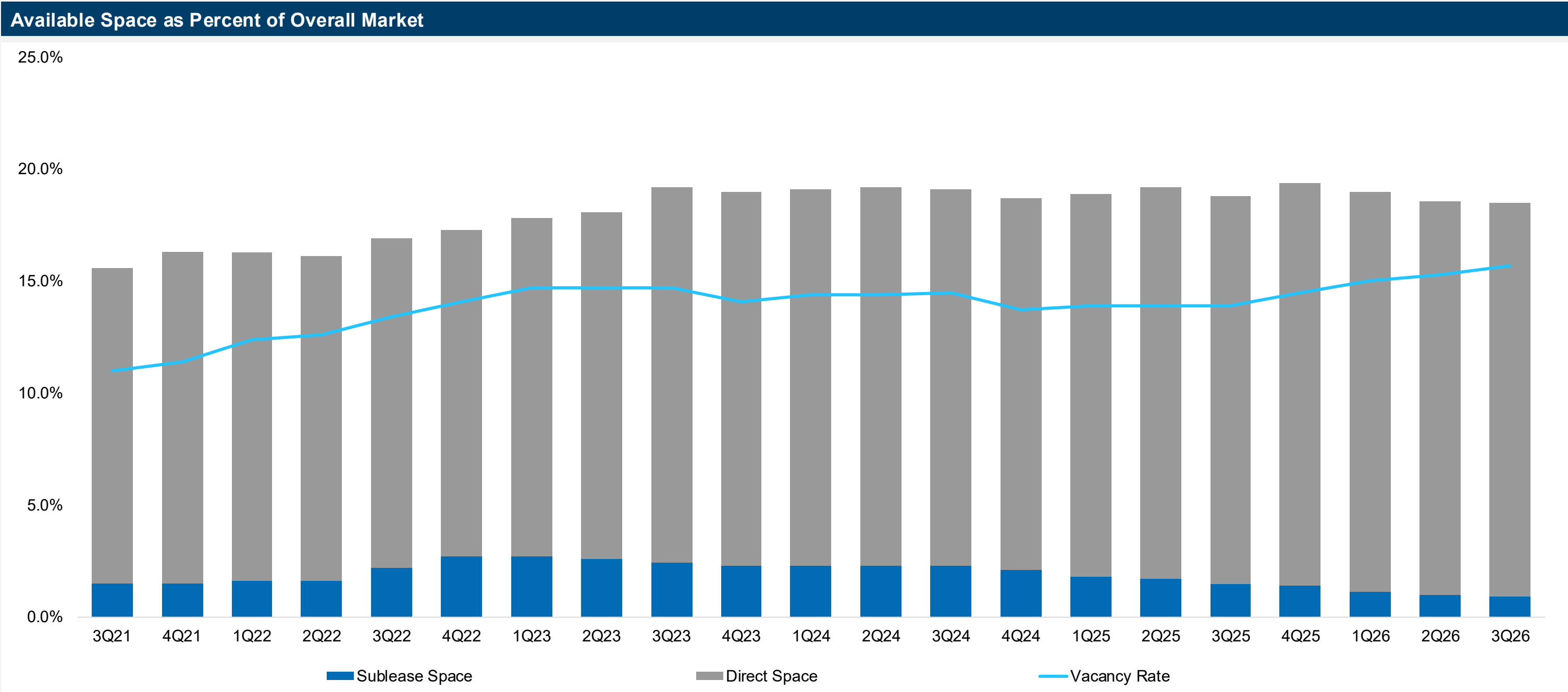


Please reach out to your Newmark business contact for this information



Sublease Availability Declines To 0.9%

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 flatten over the next four quarters.



St. Charles County Experiences Largest Availability Rate Decrease Year Over Year

Availability rates have been up in flux of course throughout the past few years. As of the fourth quarter of 2023, St. Charles County saw the largest decrease in availability, with availability dropping from 11.7% to 10.4%. In contrast, St. Charles County recorded the greatest decline, with availability falling from 11.7% to 10.4% over the same period. St. Charles County experienced the largest availability rate decrease in 2023, dropping from 11.7% to 10.4% while St. Charles County also recorded the greatest decline over the same period, falling 1.3 percentage points from 11.7%.

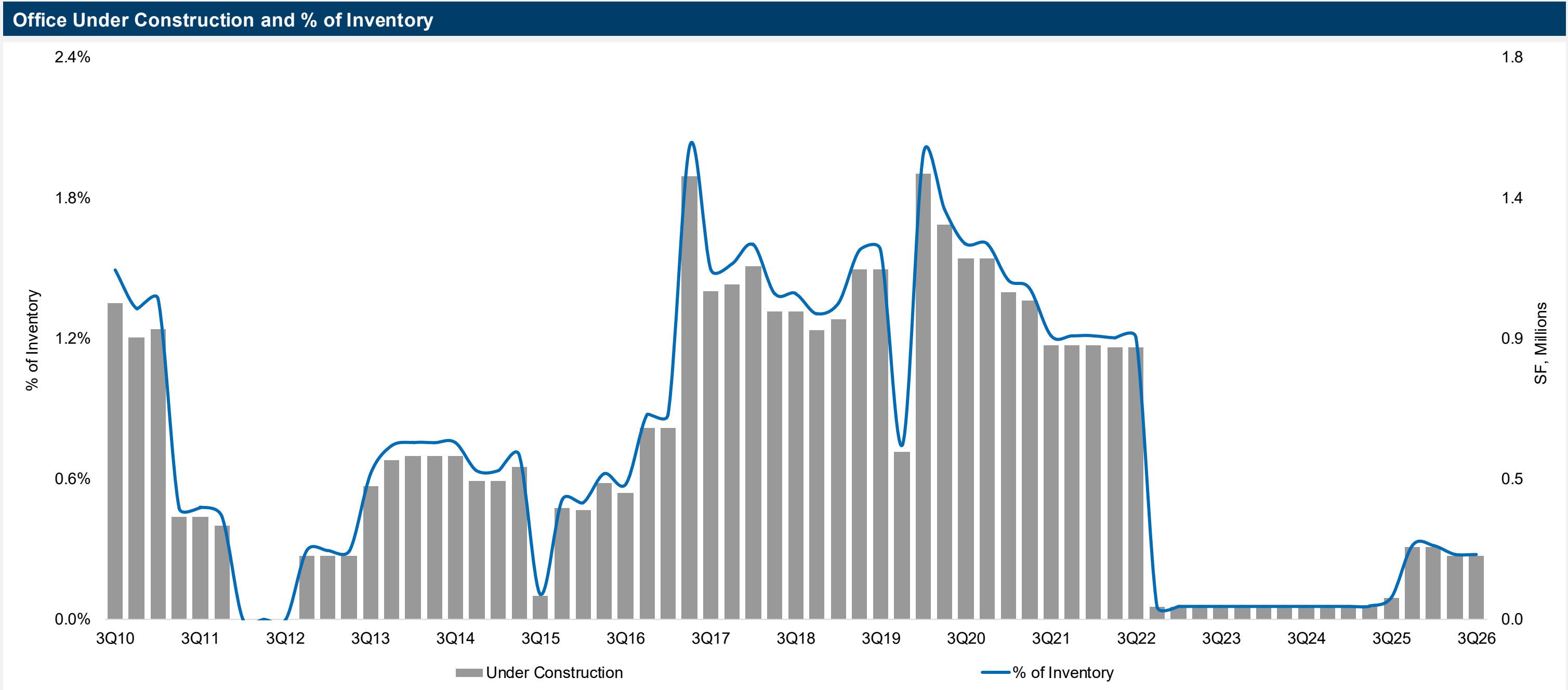


Please reach out to your Newmark business contact for this information



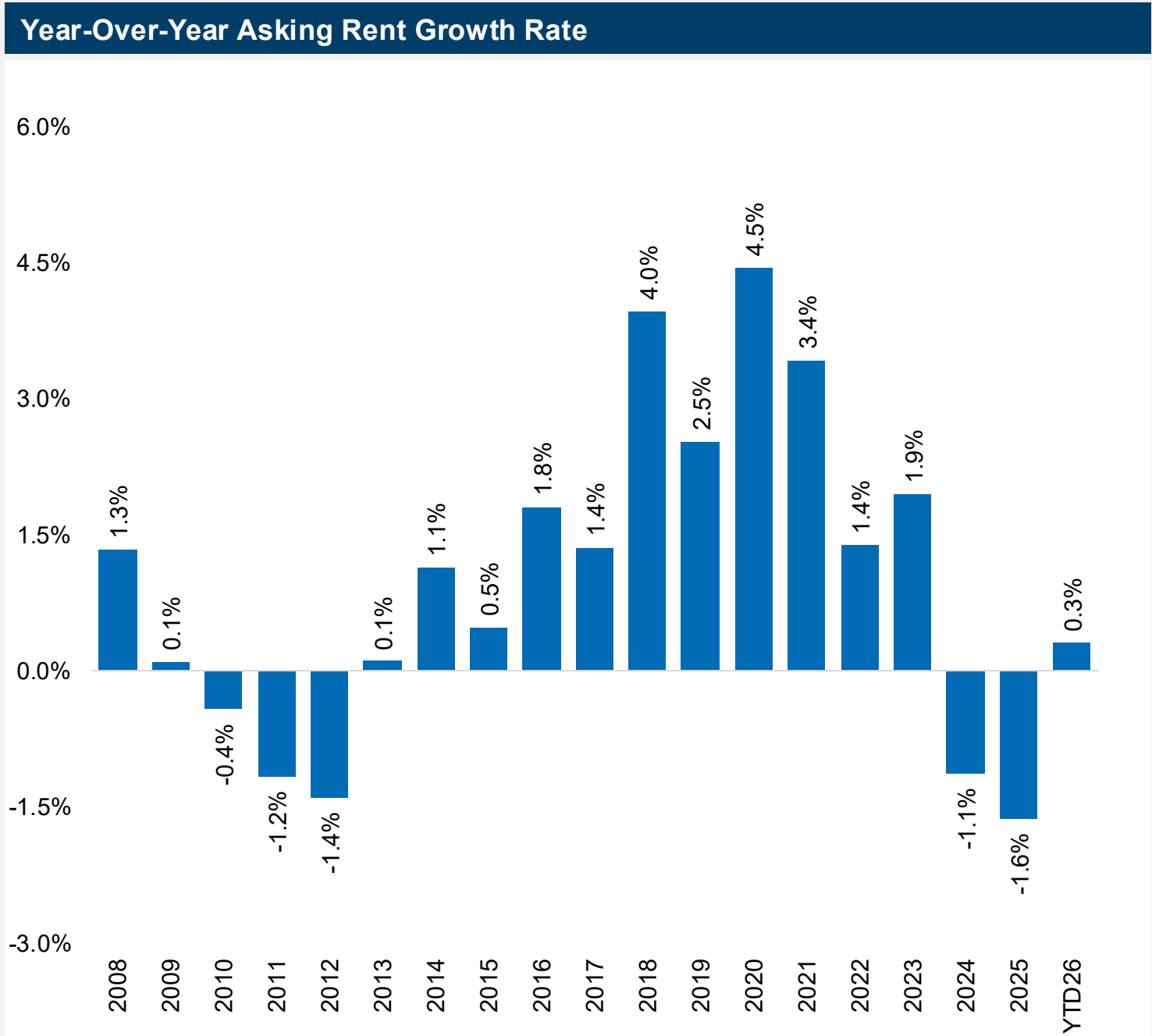
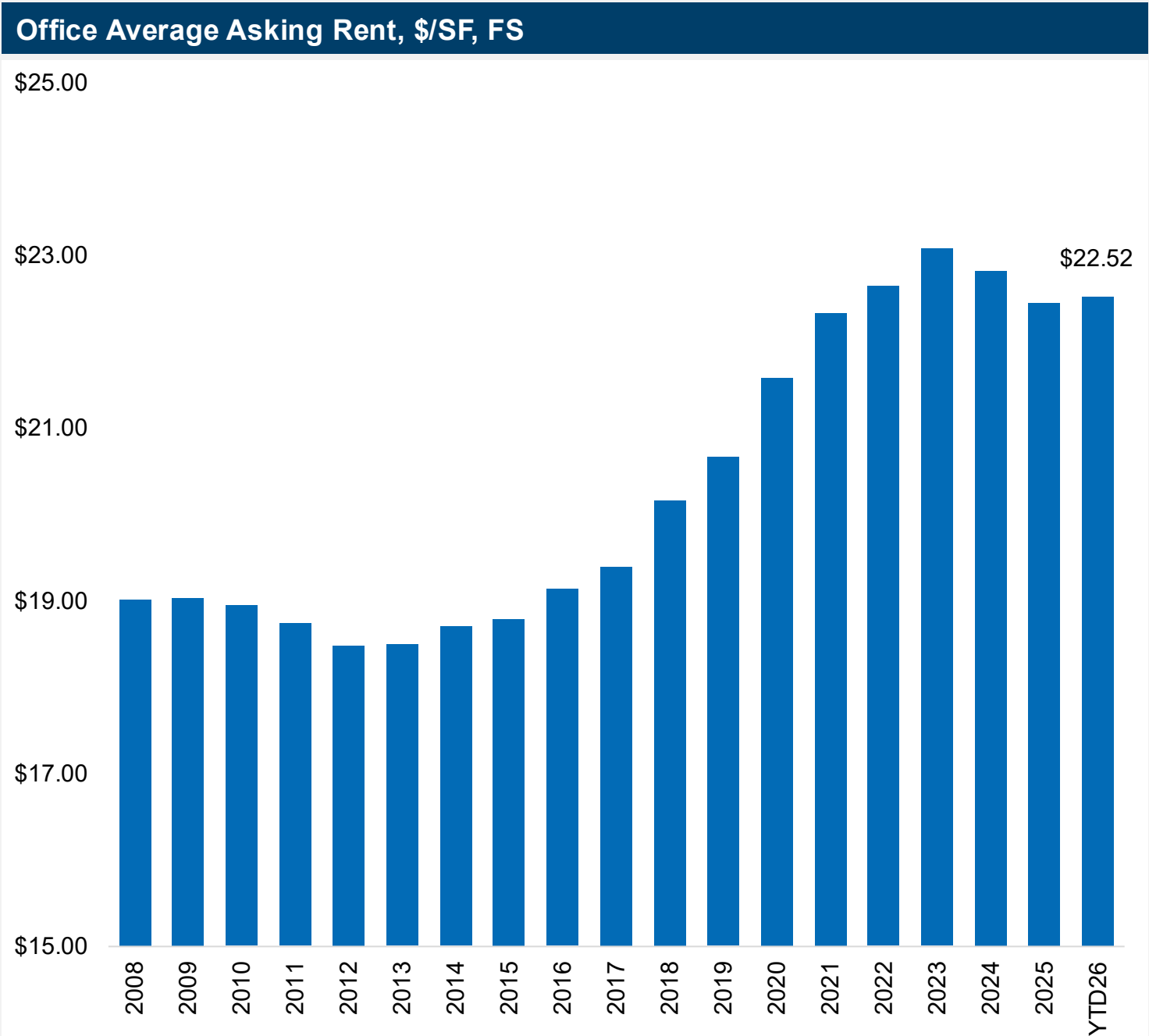
New Construction Remains Limited While Vacancy Registers 15.7%

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 15.7% continues to suppress speculative development.



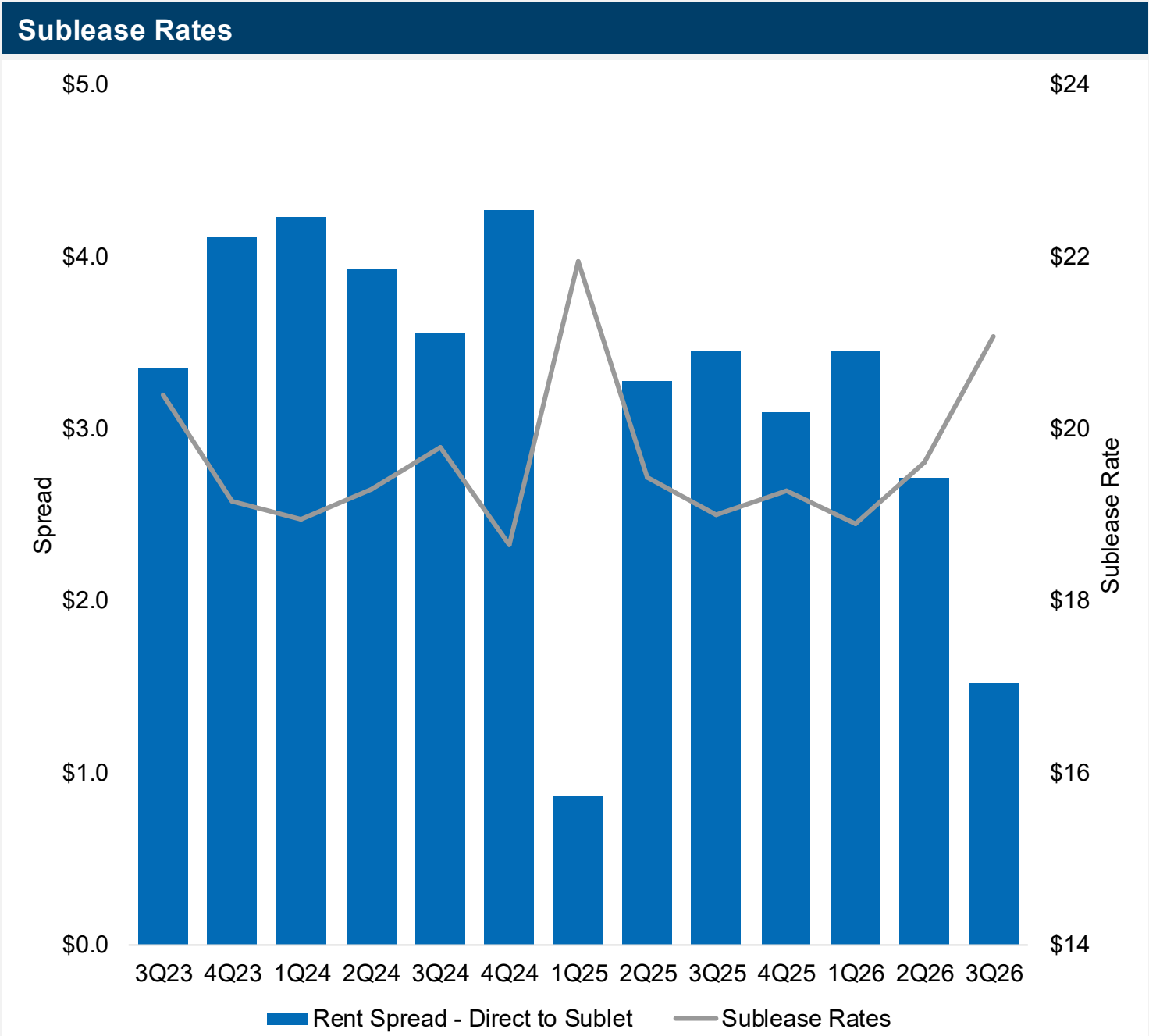
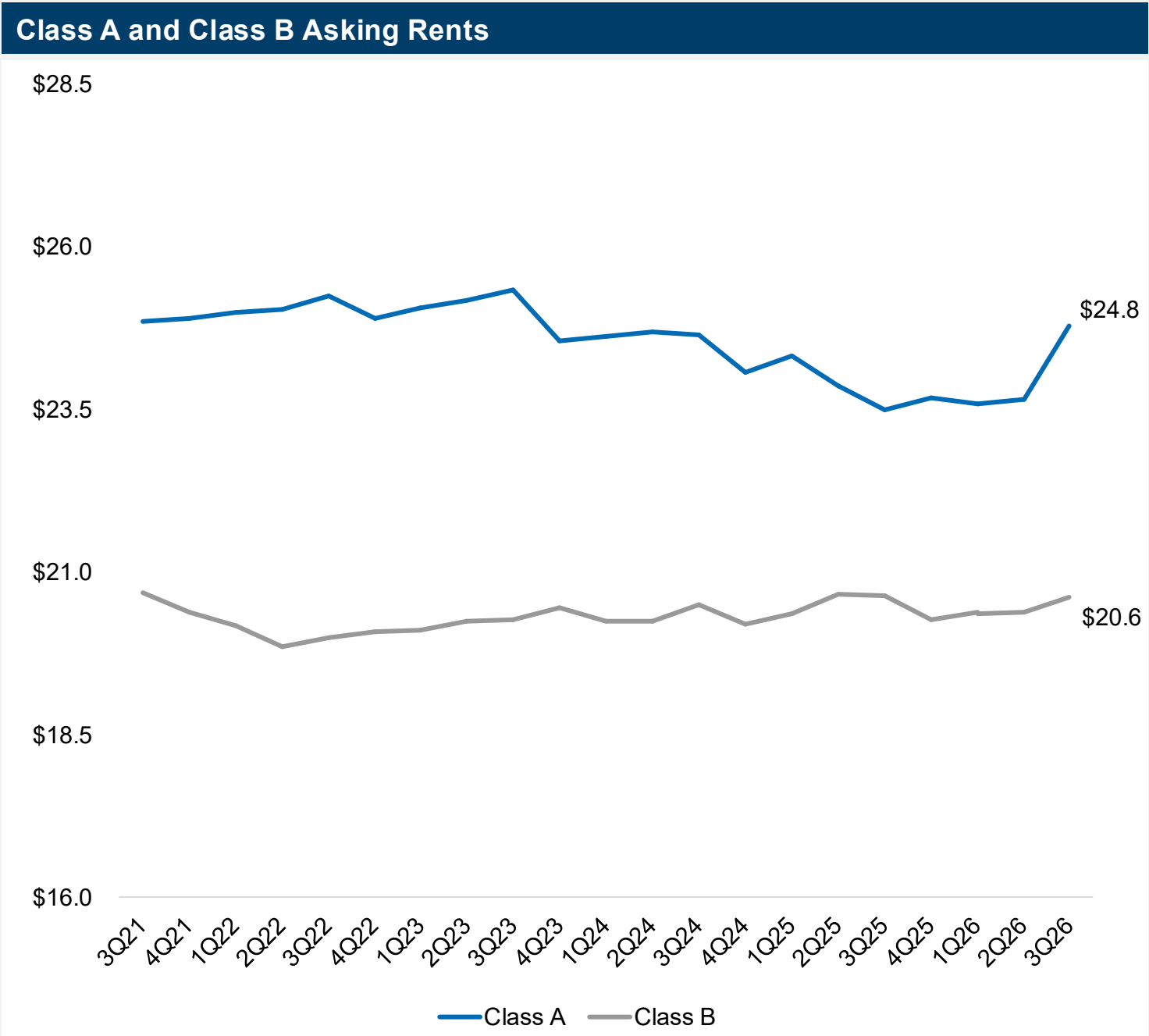
Asking Rents Edge Higher As Landlords Manage Liquidity Challenges

Overall asking rents increased year over year to \$22.52/SF and are expected to increase slightly over the next four quarters. Limited liquidity is prompting some landlords to lower rents rather than expand concession packages. After adjusting for inflation, office asking rents have experienced no real growth during the past three years.



Class A Rents Climb To \$24.79/SF

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 \$21.08/SF in the third quarter of 2026, narrowing the rent spread to \$1.52/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 renter satisfaction recorded at 70%.



Please reach out to your Newmark business contact for this information



3Q26 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. Tenant relocations from outdated office space and ongoing conversions to multifamily and hospitality uses are expected to support market stabilization. The vacancy rate stood at 15.7% in 3Q26.

Select News & Lease Transactions				
Tenant	Building(s)	Submarket	Type	Square Feet
U.S. General Services Administration	1825 Fern Ridge Parkway	Mid County	Direct Lease	32,960
The U.S. GSA signed a lease for 32,960 SF on the second floor of Pine View Pointe at 1825 Fern Ridge Pkwy. in Creve Coeur, MO. An anticipated move-in is scheduled for December 2026.				
EWGCOG	701 Market Street	Downtown	Direct Lease	26,650
The East-West Gateway Council of Governments (EWGCOG) signed a lease for 26,650 SF on the seventh floor of 701 Market Street in Downtown. An anticipated move-in is scheduled for April 2027.				
Royal Canin	500 Fountain Lakes Boulevard	St. Charles County	Direct Lease	14,860
Royal Canin signed a lease for 14,860 SF on the first floor of the 53,930-SF property at 500 Fountain Lakes Blvd. in St. Charles, MO. An anticipated move-in is scheduled for November 2026.				
St. Luke's Hospital	14500 S Outer 40 Road	West County	Direct Lease	12,450
St. Luke's Hospital signed a lease for 12,450 SF on the third floor of the 85,510-SF Lakeview Office Building located at 14500 S Outer 40 Rd. in Chesterfield, MO.				
Quanta Infrastructure Solutions Group	13075 Manchester Road	West County	Direct Lease	5,630
Quanta Infrastructure Solutions Group (QISG) signed a three-year lease for 5,630 SF of space on the third floor of the 129,380-SF, multi-tenant Drury Corporate Center in Des Peres, MO. QISG will move-in by October 2026.				

03

Submarket Statistics

3Q26 ST. LOUIS OFFICE MARKET OVERVIEW

NMRKZIMMER.COM



Submarket Statistics

3Q26 (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

3Q26 (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

3Q26 (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

3Q26 (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	\$17.00	\$15.00	\$17.00
Submarket B	1,000,000	0	11.8%	11,000	44,000	\$17.00	\$15.00	\$17.00

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.