

2015



St. Louis Annual Market Report



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Established in 1948, Gershman Commercial Real Estate is the largest, locally owned commercial real estate firm in the St. Louis, Missouri metro area. We are committed to providing our clients with unparalleled service and support during all stages of a commercial real estate transaction. Our professional staff provides extensive real estate expertise, in-depth knowledge of the St. Louis market and exceptional personalized service.

Selecting a professional real estate team is one of the most important decisions an investor can make. As a company, we will achieve the optimal economic value for our clients' investments. Whether you are a corporate client, investor or small business owner, Gershman Commercial can assist you to meet and exceed all of your brokerage and management goals.

The company's current management portfolio exceeds 7.5 million square feet of office, retail, industrial and multi-family space located throughout the St. Louis metropolitan market.

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State of the Market

Chicago to St. Louis High-Speed Rail Route
To be Completed in 2017



St. Louis is Home to 9 Fortune 500 Companies

Express Scripts Holding
Emerson
Monsanto Company
Centene
Reinsurance Group of America
Peabody Energy
Ameren
The Jones Financial Companies
Graybar Electric

CityArchRiver 2015

The \$380 million Gateway Arch makeover is well underway. The completed bridge over the highway now connects the Arch grounds to the Old Courthouse. The project will finally connect the Confluence Greenway with the Chouteau and Mississippi River Greenways, providing a critical connection within the River Ring. The project is set to be completed in 2015. As part of the downtown renovations, Kiener Plaza is also going to be redesigned with plans including playgrounds, a modern fountain, shade gardens and a new name: Old Courthouse Plaza.



The St. Louis market conditions continued to improve at a “modest” or “moderate” pace in 2014. Economic conditions are expected to improve in 2015 according to the Federal Reserve reports, which was not the projection three months prior. Even though the economic outlook is positive and commercial conditions have improved, the industrial sector had mixed results for fourth quarter. Commercial and industrial loans increased 3% over the last three months.

The Federal Reserve Bank’s Beige Book reported consumer spending increased due to the low gas prices, low interest rates and regional labor markets. Although most districts reported an increase in the sale of large vehicles due to the lower gas prices, the St. Louis district reported excess inventories of luxury cars.

Labor market conditions for the majority of the St. Louis area continued to improve. St. Louis’ unemployment rate is 5.6%, just above the national average of 5.5%; the area showed a 1.0% increase in jobs per month from November 2013 to November 2014.

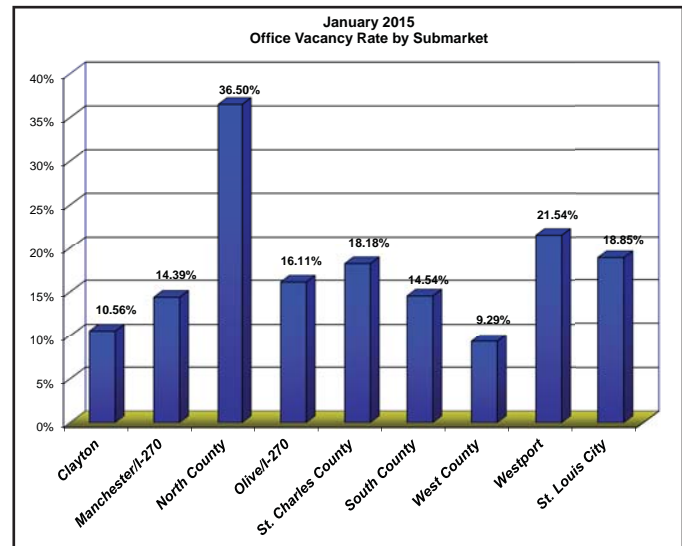
Several large companies continued to add jobs in the St. Louis market. The new GM Complex added 750 jobs in Wentzville and the addition of Ballpark Village added 250 jobs downtown. The continued job growth is expected for 2015; Boeing is moving 777X work to St. Louis which will create over 700 new jobs, the new IKEA development in the Cortex District will add 300 new employees, Planet Fitness will be hiring for over 180 positions for their new locations throughout St. Louis and a new NFL Stadium would create over 5,000 new jobs over the next four years.

Manufacturing activity remained positive at the end of 2014 with plans to hire new employees for chemical, aviation, packaging and light machinery firms; some firms that manufacture paper and furniture reported plans to lay off employees or close facilities while there were mixed plans for food manufacturers.

St. Louis is the 19th largest metropolitan area with a population of more than 2.8 million people, a workforce of 1.4 million and over 1.1 million households. Recognized for its superior business climate and highly skilled work force, St. Louis serves as national headquarters for 18 Fortune 1000 companies, 9 of which are in the Fortune 500.

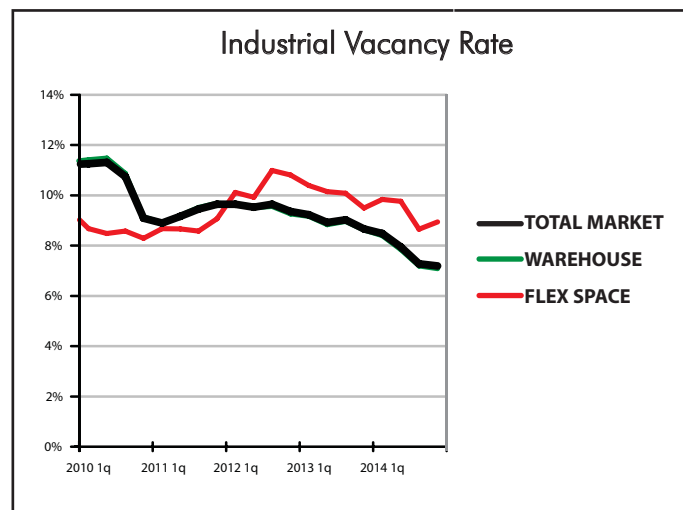
State of the Market

The overall office market showed signs of improvement in 2014 and the Class A, suburban, investment market remained strong. Even though new jobs are being added and our unemployment rate is dropping, St. Louis is just above the nation's unemployment average. The region added 17,600 nonfarm jobs from November 2013 to November 2014 for a growth rate of 1.3%, below the national average of 2.1%. Although the office market is tightening, new construction has been limited to corporate owned campus development.



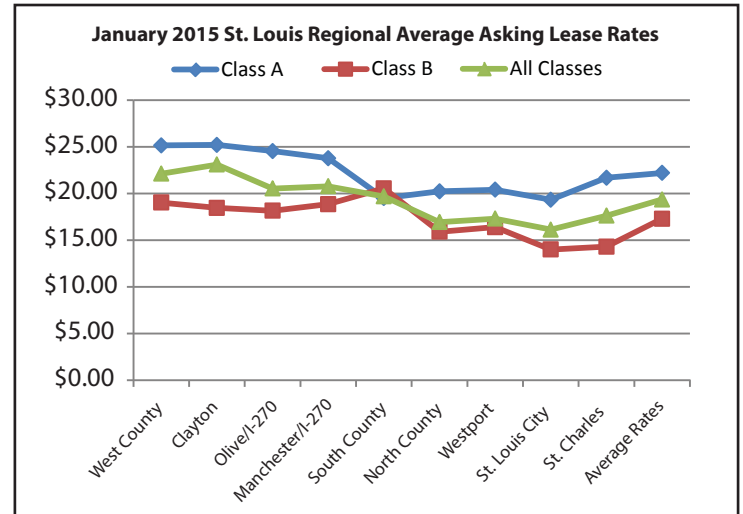
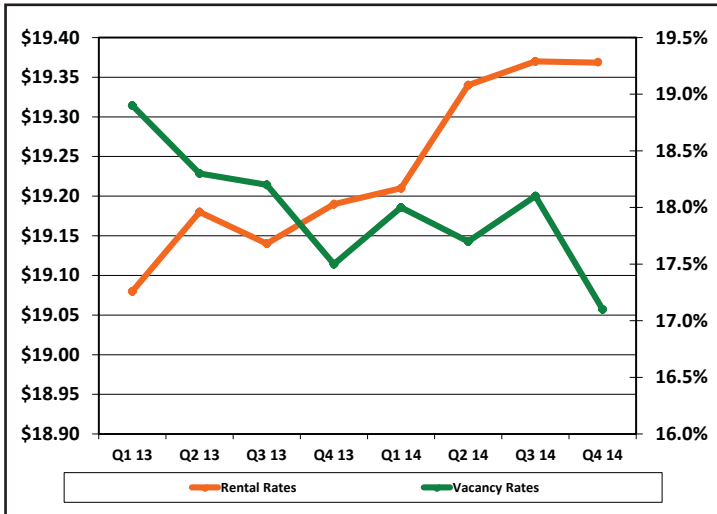
The retail sector improved over the year as vacancy rates continued to decrease and rental rates continued to increase. Grocery stores, restaurants, fitness centers and drug stores continued to remain strong in the St. Louis market. Retail growth is being led by small-format grocers, urgent cares, fast-food / fast-casual restaurants, discounters, thrift and dollar stores. Fast, made-to-order pizzas will be rolling into the St. Louis market in 2015; Pie Five Pizza announced plans to open 20 locations in the area and PizzaRev has plans to open 3 in the area.

Although the Beige Book reported mixed results for industrial, the industrial leasing activity improved in the St. Louis market in 2014. Plans for new jobs, expansion and new facilities are being reported from several manufacturing firms in the area; and the nation's industrial sector continues to strengthen. St. Louis had a vacancy average of 7.2%, just like the national average. Unlike last year, warehouse vacancy rates declined more than flex rates while flex rental rates increased; warehouse rental rates slightly declined.



Office Market Overview

Gershman Commercial measures 44 million square feet of office space in the St. Louis Region. We include multi-tenant Class A, B and C office buildings over 20,000 square feet; excluding medical buildings. The overall market still shows signs of improvement with an increase in rental rates, and a .4% drop in vacancy rates since the beginning of the year. North County continues to have the highest vacancy rates while West County/Chesterfield, Clayton and Manchester/I-270 remain at the low end.



After several years of relatively no change, the average office rental rate for the St. Louis market finally showed a slight increase from \$19.19 in January of 2014, to \$19.36 in January of 2015. The St. Charles submarket showed the most improvement with a \$1.27 per square foot increase. All but three submarkets showed improvement; West County, South County and the Manchester/I-270 submarket showed a slight decrease in rental rates.

2014 Office Submarket Statistics

End of 4th Quarter

Submarket	Total SF	% Vacant	Quoted Rates
Clayton	6,640,270	10.6%	\$23.10
Manchester / I-270	1,604,696	14.4%	\$20.77
Olive / I-270	4,832,250	16.1%	\$20.53
North County	3,404,419	36.5%	\$16.93
South County	4,222,598	14.5%	\$19.68
St. Charles	1,738,745	18.2%	\$17.63
St. Louis City	14,395,447	18.8%	\$16.13
West County / Chesterfield	4,940,572	9.3%	\$22.12
Westport	2,394,348	21.5%	\$17.31
Total	44,173,345	17.1%	\$19.36

Office - St. Louis



The St. Louis City submarket is currently made up of 14.4 million rentable square feet. There are two distinct areas in this submarket; the Central Business District (CBD) with 12.5 million square feet of office, and the Downtown West area made up of 1.8 million square feet of office space for lease.

The overall office vacancy in St. Louis City decreased 1.7% from 20.5% in January 2014 to 18.8% in January 2015. The average quoted rental rate increased \$.24 over the year to \$16.13. Class A office space is \$19.33 per square foot while Class B asking rates are \$14.00 per square foot.

Central Business District

The average quoted rental rate is \$16.32, and Class A office space is currently \$19.07 per square foot while Class B asking rates are \$14.21 per square foot.

Downtown West

The average quoted rental rate is \$15.03, and Class A office space is currently \$23.17 per square foot while Class B asking rates are \$12.62 per square foot.

2014 Noteworthy Office Leases

Building	Tenant	Square Footage
700-706 Market St.	Laclede Gas Company	128,250 SF
500 N. Broadway	Federal Reserve	56,760 SF
10 S. Broadway	HOK	39,278 SF
Bank of America Plaza	Laclede Gas Company	36,928 SF
4240 Duncan Ave.	Cambridge Innovation Center	36,000 SF

2014 Noteworthy Office Sales

Building	Square Feet	Sale Price / PSF
Laclede Gas Building	457,900 SF	\$5,000,000 / \$10.92 PSF
700-706 Market St.	128,250 SF	\$11,500,000 / \$89.67 PSF
2329-2351 Market St.	84,370 SF	\$4,600,000 / \$54.52 PSF
4242 Lindell Blvd.	22,170 SF	\$600,000 / \$27.06 PSF

Office - St. Louis

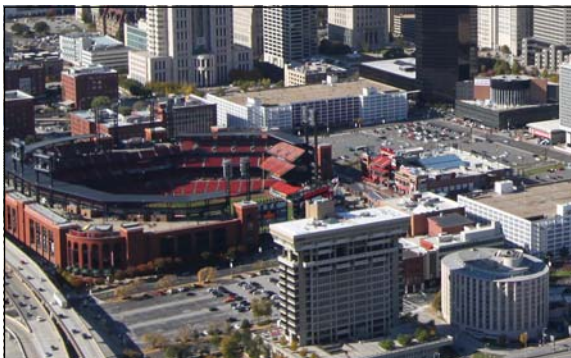


Laclede Gas Building

The Laclede Gas Building, located at 720 Olive Street, was purchased by St. Louis Developer Brian Hayden, after Laclede Gas Company announced they would be relocating to 700 Market Street. This will be Hayden's fourth downtown redevelopment, all without receiving public incentives or tax abatements. Future plans and renovations include 111 luxury apartments in the upper floors, and a new name which has yet to be announced.

Lammert Building

T-REX moved their incubator startup space from the Railway Exchange Building into the Lammert Building, which they acquired at the end of 2013. This new facility houses more than 100 startup companies including most of the Arch Grant winners. T-REX is raising \$12.5 million to complete renovations to the building which will include solar panels, windturbines and a rooftop garden.



Ballpark Village

Ballpark Village celebrated their grand opening in March. The approximately 120,000 square foot, multi-story Phase I project is anchored by Cardinals Nation, FOX Sports Midwest Live, Budweiser Brew House and PBR St. Louis. Original plans for future phases were to include 400,000 square feet of office along with residential opportunities, but these plans have been put on hold until demand is needed downtown.

One AT&T Center

AT&T will be vacating over 1 million square feet of Class A office space between 2015 and 2017 as their current leases expire at One AT&T Center. The roughly 2,000 employees from this location will be transferred to other existing locations, or will be working from home. This will affect the vacancy and absorption rates for the downtown submarket as the space is delivered back to the market and it becomes a multi-tenant building.



Office - Clayton

The Clayton submarket is currently made up of 6.6 million rentable square feet. The overall office vacancy in Clayton decreased 2.4% from 13.0% in January 2014 to 10.6% in January 2015. The average quoted rental rate is \$23.10, Class A office space is currently \$25.20 per square foot while Class B asking rates are \$18.45 per square foot. Clayton boasts the highest Class A occupancy rate of all the submarkets.

2014 Noteworthy Office Leases

Building	Tenant	Square Footage
Pierre Laclede II	Morgan Stanley Smith Barney	30,380 SF
1 N. Brentwood Blvd.	Spencer Fane Britt & Browne*	26,629 SF
8182 Maryland Ave.	Buckingham Asset Management**	19,017 SF
101 S. Hanley Rd.	Foley Mansfield	18,939 SF
Shaw Park Plaza	UBS Financial Services, Inc*	17,028 SF
8100 Maryland Ave.	Risk Consulting Partners	16,600 SF

*Renewal **Expansion

2014 Noteworthy Office Sales

Building	Square Feet	Sale Price / PSF
101 S. Hanley Rd.	346,451 SF	\$62,250,000 / \$179.68 PSF
950 Francis Place	57,500 SF	\$4,758,028 / \$82.75 PSF



The Old Town office buildings located on North Meramec Avenue in Clayton are now under new ownership and new management. The 3 buildings total just under 185,000 square feet. Gershman Commercial represented an affiliated entity in the acquisition of the Old Town office portfolio, and took over the management and leasing of the buildings.

Office - Manchester / I-270

The Manchester / I-270 submarket is made up of 1.6 million rentable square feet. The overall office vacancy in the Manchester / I-270 submarket increased .7% from 13.7% in January 2014 to 14.4% in January 2015. The average quoted rental rate is \$20.77, Class A office space is currently \$23.77 per square foot while Class B asking rates are \$18.85 per square foot.

2014 Noteworthy Office Leases

Building	Tenant	Square Footage
13515 Barrett Parkway	Anchor Packaging*	13,884 SF
13537 Barrett Parkway	Goodman Networks	8,446 SF
Bel Aire V	Mississippi Sand	8,127 SF
Executive Office Center II	Hesse Martone	7,297 SF

*Renewal

Corporate Hill I



Corporate Hill II



Corporate Hill III



2014 Noteworthy Office Sale

Corporate Hill I, II & III on Des Peres Road sold in October for an undisclosed amount. The three building portfolio is approximately 290,000 square feet and last sold in March of 2012 for \$61.13 per square foot.

Office - North County

The North County submarket is made up of 3.4 million rentable square feet. The overall office vacancy in North County increased 7.2% from 29.3% in January 2014 to 36.5% in January 2015. The vacancy rate in North County is skewed based upon the approximately 600,000 square feet of office space being marketed as available at The Crossings of Northwest, formerly known as Northwest Plaza. The vacancy in this submarket is expected to decrease however, as more tenants occupy space from leases executed in the fourth quarter. The average quoted rental rate is \$16.93, Class A office space is currently \$20.23 per square foot while Class B asking rates are \$15.90 per square foot.

2014 Noteworthy Office Leases

Building	Tenant	Square Footage
Corporate Woods III	AT&T*	144,000 SF
Riverport Tower	Sun Edison	94,391 SF
Riverport Tower	Boeing	88,895 SF
Riverport Tower	Charter Communications	58,548 SF
Riverport Tower	National General Insurance Company*	30,140 SF
Rider Trail Plaza	IDX Corp	29,160 SF

*Renewal

2014 Noteworthy Office Sales

Building	Square Feet	Sale Price / PSF
4700 N. Hanley Rd.	219,644 SF	\$51,267,000 / \$233.41 PSF
3470 Rider Trail Dr.	99,308 SF	\$13,916,000 / \$140.13 PSF

4700 N. Hanley Rd.



3470 Rider Trail Dr.



Office - Olive / I-270

The Olive / I-270 submarket is currently made up of 4.8 million rentable square feet. The overall office vacancy in the Olive / I-270 submarket remained at 16.1% in January 2015, it was 16.1% in January 2014. The average quoted rental rate is \$20.53, Class A office space is currently \$24.84 per square foot while Class B asking rates are \$18.15 per square foot.

2014 Noteworthy Office Leases

Building	Tenant	Square Footage
717 Office Parkway	Thomas Reuters*	101,227 SF
West Park I	America Multispecialty Group, Inc.*	25,514 SF
Creve Coeur Corporate Center IV	Northwestern Mutual	25,431 SF
Park 270 Building II	The Doe Run Resources Corporation**	25,159 SF
450 N. New Ballas Rd.	Laser Spine Institute	23,421 SF

*Renewal **Renewal & Expansion

The balance of the CityPlace Campus in Creve Coeur was sold in August. The portfolio consisted of 884,308 SF made up of five office buildings, as well as The Shops at CityPlace. The sales price is estimated at \$185.00 PSF.



2014 Noteworthy Office Sales

Building	Square Feet	Sale Price / PSF
12101 Woodcrest Executive Dr.	89,685 SF	\$5,753,353 / \$64.15 PSF
12125 Woodcrest Executive Dr.	51,545 SF	\$3,306,647 / \$64.15 PSF
9355 Olive Blvd.	20,158 SF	\$1,800,000 / \$89.29 PSF

Office - St. Charles

The St. Charles submarket is currently made up of 1.7 million rentable square feet. The overall office vacancy in the St. Charles submarket decreased .5% from 18.7% in January 2014 to 18.2% in January 2015. The average quoted rental rate is \$17.63, Class A office space is currently \$21.68 per square foot while Class B asking rates are \$14.30 per square foot.

2014 Noteworthy Office Leases

Building	Tenant	Square Footage
3060 Little Hills Expressway	ESRI*	33,750 SF
3779 New Town Blvd.	Senior Solutions	8,734 SF
370 Corporate Center	Financial Asset Management Systems, Inc.	6,950 SF
Executive Center II	Alpha Medical Imaging, Inc.	5,300 SF
2085 Bluestone Dr.	Axius Financial	5,129 SF

*Renewal

2014 Noteworthy Office Sales

Building	Square Feet	Sale Price / PSF
The Crossings at Wentzville	343,400 SF	\$6,500,000 / \$18.93 PSF
100 Richmond Center	71,908 SF	\$4,750,000 / \$66.05 PSF

100 Richmond Center



Office - South County

The South County submarket is currently made up of 4.2 million rentable square feet. The overall office vacancy in the South County submarket decreased 1% from 15.5% in January 2014 to 14.5% in January 2015. The average quoted rental rate is \$19.68, Class A office space is currently \$19.50 per square foot while Class B asking rates are \$20.39 per square foot.

2014 Noteworthy Office Leases

Building	Tenant	Square Footage
10733 Sunset Office Park	USP Sunset Hills, Inc.*	10,175 SF
10733 Sunset Office Park	CH Holdings USA, Inc.*	8,784 SF
1078 Headquarters Park Dr.	Alva Marketing Group	8,674 SF
Intertech Office Center	Duncan Financial	6,245 SF
Laumeier II	Western & Southern Life	5,237 SF

**Renewal & Expansion*

2014 Noteworthy Office Sales

Building	Square Feet	Sale Price / PSF
Laumeier III	70,206 SF	\$9,528,625 / \$135.72 PSF
5353 S. Lindbergh Blvd.	22,640 SF	\$1,269,450 / \$56.07 PSF

Laumeier III



5353 S. Lindbergh Blvd.



Office - West County/Chesterfield

The West County / Chesterfield submarket is currently made up of 4.9 million rentable square feet. The overall office vacancy in the West County / Chesterfield submarket decreased 1.4% from 10.7% in January 2014 to 9.3% in January 2015. The average quoted rental rate is \$22.12, Class A office space is currently \$25.15 per square foot while Class B asking rates are \$19.02 per square foot. West County / Chesterfield boasts the lowest vacancy rate of any submarket; that will change in 2015 now that RGA vacated close to 200,000 square feet moving into their newly built headquarters.

2014 Noteworthy Office Leases

Building	Tenant	Square Footage
Woodsmill Commons II	Centene Corporation	70,936 SF
Woodsmill Commons I	Centene Corporation	31,013 SF
Paragon Building	Midwest Mortgage Capital	21,670 SF
Boone's Office Center	Ball Aerospace	20,430 SF
Conway Business Center	First Allied Advisory Service*	17,365 SF

**Renewal*

2014 Noteworthy Office Sales

Building	Square Feet	Sale Price / PSF
825 Maryville Centre Dr.	78,000 SF	\$14,200,000 / \$182.05 PSF

825 Maryville Centre Dr.



Office - Westport

The Westport submarket is currently made up of 2.4 million rentable square feet. The overall office vacancy in the Westport submarket increased 3.8% from 17.7% in January 2014 to 21.5% in January 2015. The average quoted rental rate is \$17.31, Class A office space is currently \$20.40 per square foot while Class B asking rates are \$16.39 per square foot.

2014 Noteworthy Office Leases

Building	Tenant	Square Footage
Park 270 II	The Doe Run Resources Corporation**	25,159 SF
12000 Building	YOH Services, LLC	16,562 SF
Gold Tower	Metal Exchange	14,487 SF
Gold Tower	Group M Next	14,487 SF
Westport Center	Shannon & Wilson, Inc.*	10,000 SF

*Renewal ** Renewal & Expansion

12000 Building



Gold Tower

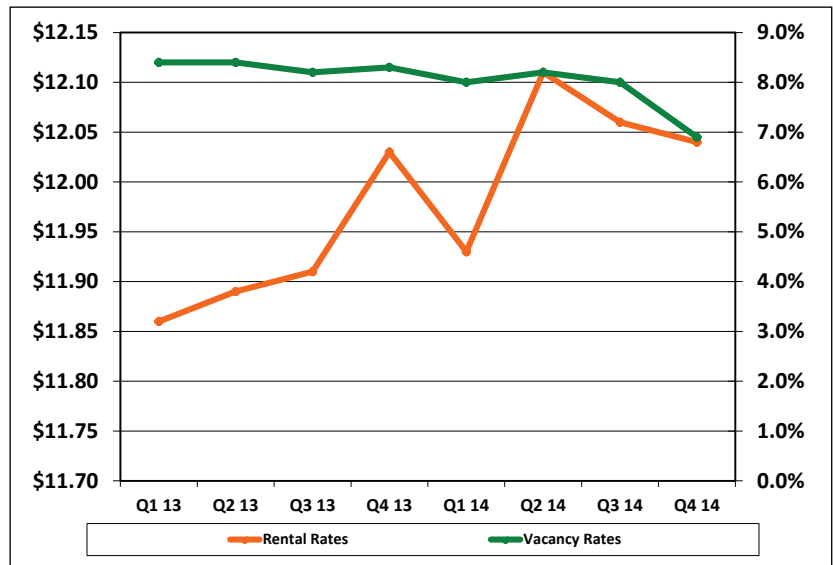


2014 Noteworthy Office Sales

Building	Square Feet	Sale Price / PSF
Westport Place	94,006 SF	\$14,200,000 / \$182.05 PSF

Retail Market Overview

Retail continued to show signs of recovery in 2014. Vacancy rates have continued to decrease over the year as rental rates have slightly improved. The overall vacancy in the St. Louis market decreased 1.4% from 8.3% in January 2014 to 6.9% in January 2015. Rental rates began the year \$12.03 per square foot, and ended \$12.04 per square foot. New construction delivered 712,552 square feet in 2014 including Ballpark Village downtown and the University Commons Schnucks development in St. Charles; both are 100% occupied. Grocery stores, restaurants, fitness centers, urgent cares, fast-food / fast-casual restaurants, discounters, thrift and dollar stores remained strong in 2014.



2014 Retail Submarket Statistics

End of 4th Quarter

Market	Existing Inventory		Vacancy		YTD Net	YTD	Under	Quoted
	# Blds	Total GLA	Direct SF	Total SF		Absorption	Const SF	
Calhoun County	2	3,856	0	0	0.0%	0	0	\$0.00
Chesterfield Region	173	6,256,661	148,593	148,593	2.4%	63,938	660,000	\$15.93
Franklin County	395	4,426,773	196,516	196,516	4.4%	55,777	3,000	\$9.81
Jefferson County	152	1,559,905	100,745	100,745	6.5%	24,559	0	\$12.87
Lincoln County	91	1,027,239	122,960	122,960	12.0%	11,060	0	\$12.18
Metro East Illinois	1,087	14,883,251	938,964	944,964	6.3%	104,356	30,711	\$10.17
Mid County	913	15,560,348	573,208	590,725	3.8%	260,379	0	\$17.53
NE Metro Illinois	821	10,500,243	792,741	792,741	7.5%	(231,718)	12,000	\$10.14
North County	448	7,630,925	872,899	875,779	11.5%	37,657	0	\$11.48
Northwest County	970	13,585,690	953,690	982,707	7.2%	110,474	4,000	\$11.36
Outer Jefferson Cnty	149	1,749,273	73,680	73,680	4.2%	17,983	0	\$9.09
Outer Metro Illinois	115	911,925	41,954	41,954	4.6%	(11,190)	0	\$12.65
Outer Monroe County	5	30,421	0	0	0.0%	0	0	\$0.00
Outer St Charles Cnty	119	1,870,925	24,150	24,150	1.3%	7,935	0	\$10.87
Outer St Louis County	81	1,050,128	126,855	126,855	12.1%	22,609	0	\$13.57
SE Metro Illinois	202	2,274,353	245,338	245,338	10.8%	18,077	0	\$11.32
South County	568	11,835,167	1,200,441	1,205,359	10.2%	(276,523)	0	\$12.00
Southwest County	600	9,568,295	684,484	684,484	7.2%	191,873	25,000	\$12.07
St Charles County	420	7,916,505	656,033	656,533	8.3%	52,948	0	\$13.98
St Charles Region	785	11,708,646	713,231	713,231	6.1%	249,683	0	\$11.90
St Louis City North	577	8,122,025	810,475	810,475	10.0%	34,356	0	\$12.05
St Louis City South	1,520	10,129,849	331,615	331,615	3.3%	97,094	3,517	\$9.88
West County	508	10,791,663	931,597	982,016	9.1%	(11,048)	0	\$12.20
Totals	10,701	153,393,946	10,540,169	10,651,420	6.9%	830,279	738,228	\$12.04

Source: CoStar Property®

Retail Market Overview



IKEA

The 365,000 square foot IKEA store located along I-64 at Vandeventer Avenue in the Cortex District, is on schedule to open fall of 2015. The St. Louis IKEA will have 4,085 solar panels on its roof making it the largest rooftop solar panel in Missouri. The store will house almost 10,000 items, a children's play area and a 450-seat restaurant.

The Lofts of Washington University is an \$80 million mixed-use development located in the Delmar Loop. The development opened in 2014 and includes: student housing; United Provisions, a 14,939 square foot much needed grocery store; and the Peacock Diner, a 24-hour diner owned by Joe Edwards.

Lindbergh Commons expanded in South County by adding a 4,300 square foot building which is 100% occupied. The \$1 million building is occupied by Starbucks and Sleep Number. Maytag, AT&T and Imo's Pizza are also in the center.

Ballpark Village opened in March. The \$100 million development is 100% occupied and home to Cardinals Nation, FOX Sports Midwest Live, Budweiser Brew House, PBR St. Louis, Howl at the Moon, Drunken Fish and Ted Drews.

Streets of St. Charles added an 8-screen AMC Theatre and Bar Louie to its mixed-use community of residential, office and retail. The total project will include 250,000 square feet of office, plus 250,000 square feet of retail and entertainment.

Union Station added the Circus Harmony Flying Trapeze Center in April, future plans include an entertainment area with a roller coaster and a 200-foot ferris wheel. The \$60 million project is expected to be completed in 2016.

Pagedale Town Center started construction on Phase II with a four-screen movie theater, 12,000 square feet of retail space and a 6,000 square foot health center.

Jamestown Mall closed in July following the departure of Macy's. Although the state hasn't yet approved it, future plans include a mixed-use housing and retail development.

University Commons

University Commons is a Schnucks anchored retail center located in St. Charles across from Lindenwood University that delivered 76,160 square feet of retail space in 2014. The center is 100% leased; tenants include Crown Optical, GNC, Great Clips and Nail One. Although construction has not yet begun, this site will be the future home for the St. Charles Post Office. The old post office on Fifth Street will be used as future parking for SSM Health.



Retail Market Overview

New Retail Stores/Locations in the Area



Planet Fitness, a Cincinnati based gym rolled into town with its first 3 locations in Olivette, Manchester and downtown. The locations in Wentzville, St. Peters and Edwardsville are still under construction. They have plans to open a total of eleven stores in the next three years for a \$50 million investment in the St. Louis area. Their competition, St. Louis based Xist Fitness opened their first gyms in Arnold and Sappington, and is planning a large national expansion of 325 locations in 7 states including 10 locations in Colorado; 100 locations in Indiana, Ohio and Michigan; and 15 additional locations throughout Missouri, Illinois and Kansas.

- **STL Motor City** opened at 2783 Dunn Road.
- **Insomnia Cookies** opened in October in the Central West End at 226 N. Euclid Avenue.
- **Pimped Out Pickles** is selling 50 varieties of pickles at 4259 Martin Luther King Drive.
- **Puppingham Palace** opened at 16540 Manchester Road in Wildwood.
- **Elements Massage** opened its first St. Louis area location at 6223 Mid Rivers Mall Drive in St. Peters.
- **Jamba Juice** opened locations at Ball Park Village, Webster Groves Schnucks, West Oak Square and one on St. Louis University's campus.
- **Honey Kids Kitchen** opened in Chesterfield Mall providing kid's cooking classes, parties and kitchen gadgets.
- **The Carmel House** opened at 9639 Olive Blvd. in May.
- **Ices Plain & Fancy** opened in June at 2256 S. 39th St.
- **The Milk and Honey Corporation** opened in the Wildwood Town Center.
- **U-Swirl Frozen Yogurt** opened their first location in the St. Louis area at the Streets of St. Charles.
- **Truffles Meat Market Butchery** opened an 800 square foot store at 9208 Clayton Road in the former Marta's.
- **Save-a-Lot**, opened its 33rd St. Louis location at 3160 Telegraph Rd. in the former Sears Hardware.
- **Lucky's Market** opened locations on Manchester Road in Rock Hill and in the former Straubs in Ellisville.
- **Sweetology**, a decorate your own cupcake concept, opened in Ladue at the end of March.
- **Eagle Eye USA Indoor Shooting Range & Gun Shop** opened at 851 Pic Parkway in Wentzville.
- **American Freight Furniture & Mattress** opened its first store in Missouri at 9801 Page Avenue.
- **Kakao** opened their third location in the Centene Shops complex in Clayton.



Retail Market Overview

New Restaurants Around Town

Tim Hortons, a Canadian doughnut chain, announced they will open 800 new stores; 300 in the US including 40 in the St. Louis area by 2018. In August, the company merged with Burger King Worldwide making them the third largest, quick service restaurant company in the world, with over 18,000 restaurants in 100 countries. The first local Tim Hortons will be in Maplewood at Manchester Road and Big Bend Road.



- **Bar Louie** opened its third location in the Streets of St. Charles.
- **Mission Taco** opened a second location in Soulard at 908 Lafayette Avenue.
- **Jilly's Ice Cream Bar** opened adjacent to Jilly's Cupcake Bar on McKnight Road.
- **Sugarfire Smokehouse** opened two locations in May; one in St. Charles and one in Winghaven.
- **Sugarfire Pie** opened in October at 9200 Olive in Olivette next door to the original Sugarfire's Smokehouse.
- **Strange Donuts** opened their second location at 107 1/2 Argonne in August.
- **Salt + Smoke BBQ** opened in The Delmar Loop in the former Nico Space.
- **Death in the Afternoon** opened at 808 Chestnut in mid June.
- **Urban Chestnut Grove Brewery and Bierhall** opened at 4465 Manchester Avenue.
- **Kimcheese** opened in the former Oberweis Dairy in Creve Coeur at 10441 Olive Boulevard.
- **The Wheelhouse** opened a second location at 1000 Spruce Street.
- **Peacemaker Lobster & Crab Co.** opened at 1831 Sidney Street.
- **White Box Eatery** opened at 176 Carondelet Plaza featuring to go meals including Vincent Van Doughnuts.
- **Which Wich** opened a third location at 6662 Delmar Blvd.
- **Sauce on the Side** opened a second location at 7810 Forsyth in Clayton in June.
- **Seoul Taco & Seoul Q** moved into a new location and opened a new concept in The Delmar Loop.

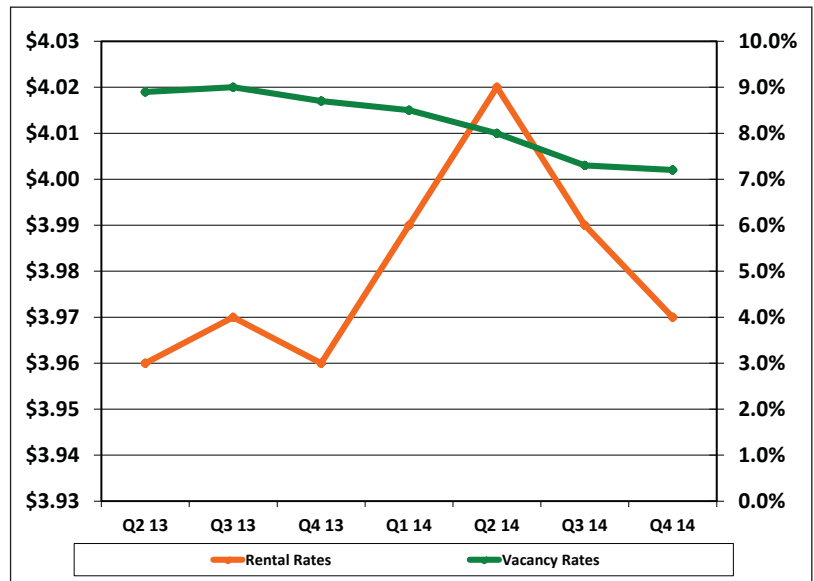


Restaurant & Retail Closings in 2014

- **Lester's** closed two of their three locations; one at 4651 Maryland Avenue and one at 14810 Clayton Road.
- **Romano's Macaroni Grill** closed all 5 locations: 8590 Brentwood Blvd., 4125 Lemay Ferry Road in South County, 963 Chesterfield Ctr., 121 Costco Way in St. Peters and 10453 Olive Blvd. in Creve Coeur.
- **Yacovelli's Restaurant** closed its location at 407 Dunn Road after nine decades in business.
- **Blackfinn American Grille** closed after two years in the St. Louis Galleria at the end of February. They occupied 10,000 SF.
- **Sbarro** closed 4 locations (Mid Rivers Mall, South County Center, Chesterfield Mall & West County Center) in February.
- **Majestic Restaurant** closed in the Central West End after more than 50 years in business.
- **Bill's Market & Meats** closed in North County after 25 years in business.
- **Coldwater Creek** closed all its stores including the St. Louis Galleria, West County Center and the Meadows at Lake St. Louis.
- **Harvest** closed after 18 years in business.
- **Alixandra Collections** closed its only Missouri location at 9814 Clayton Road.

Industrial Market Overview

The St. Louis industrial market continued to improve in 2014. Rental rates slightly decreased although vacancy rates continued to decrease. The overall vacancy in the St. Louis market decreased 1.5% from 8.7% in January 2014 to 7.2% in January 2015. Rental rates began the year \$3.96 per square foot and ended \$3.95 per square foot. Four new buildings were built in 2014 totaling 1,008,117 square feet including the 500,000-square-foot GM Complex and 227,500 square feet delivered at 6082 Aviator Drive; both are 100% leased. 820,939 square feet remained under construction at the end of 2014.



2014 Industrial Submarket Statistics

End of 4th Quarter

Market	Total RBA	Direct SF	Vacancy Total SF	Vac %	YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
Airport Ind.	17,064,967	1,047,487	1,073,837	6.3%	215,503	227,500	0	\$3.56
Chesterfield/Hwy-40 Ind.	5,989,009	176,420	176,420	2.9%	4,624	0	12,802	\$7.93
Earth City Ind.	23,742,719	1,864,275	1,869,275	7.9%	565,591	0	0	\$4.97
Fenton Ind.	8,770,213	328,060	328,060	3.7%	679,596	0	0	\$5.17
Hanley Ind.	6,362,843	146,130	146,130	2.3%	145,638	0	0	\$4.88
Illinois Ind.	38,757,582	1,493,416	1,513,416	3.9%	1,263,934	198,773	673,137	\$3.54
Innerbelt E of 170 Ind.	9,781,319	427,360	427,360	4.4%	264,374	0	0	\$3.84
Innerbelt W of 170 Ind.	11,187,568	707,587	707,587	6.3%	318,542	0	79,000	\$4.18
North County Ind.	6,212,336	306,853	306,853	4.9%	28,386	0	0	\$3.73
South County Ind.	9,086,840	527,959	527,959	5.8%	65,841	0	0	\$5.76
St Charles County Ind.	27,849,237	705,618	708,118	2.5%	847,575	581,844	0	\$5.08
St Louis City North Ind.	40,275,563	5,035,064	5,155,064	12.8%	(142,142)	0	56,000	\$2.85
St Louis City South Ind.	36,577,139	4,142,113	4,142,113	11.3%	290,763	0	0	\$2.94
West County Ind.	4,658,833	114,502	114,502	2.5%	6,947	0	0	\$6.90
Westport Ind.	15,918,460	1,647,610	1,667,610	10.5%	22,174	0	0	\$5.53
Totals	262,234,628	18,670,454	18,864,304	7.2%	4,577,346	1,008,117	820,939	\$3.97

Source: CoStar Property®

New Development

Gateway 673 will deliver 673,137 square feet of Class A industrial space to the Illinois submarket in 2015. There will be 90 total docks available, four drive-in doors, trailer storage and parking for 179 cars. The warehouse is designed for 1 or 2 tenants, and is 0% preleased with asking rates at \$3.45 per square foot.

Gateway Commerce Center 7 - Gateway 673



Industrial Market Overview

2014 Noteworthy Industrial Leases

Building	Tenant	Square Footage
13330 Lakefront Dr.	True Manufacturing	542,600 SF
2211 Hitzert Court	Wainwright Industries	433,520 SF
1010 Turner Blvd.	Truesdale Packaging*	248,635 SF
9451-9205 Latty Ave.	Fresh Warehouse	216,929 SF
Gateway Distribution Center	Unilever**	216,379 SF
1659 Sauget Business Blvd.	Stellar Manufacturing	202,019 SF
78 Progress Pkwy.	Edward Jones	188,500 SF
Mid County Trade Center I	CEHP	169,443 SF
415 Axminster Dr.	Rug Doctor Manufacturing*	168,247 SF
117-119 N. Industrial Dr.	World Wide Technology	140,000 SF
Green Park Pointe Business Park	Universal Storage	117,200 SF
Westport Distribution Center	Bunzl Distribution USA, Inc.*	114,207 SF

*Renewal ** Expansion

2014 Noteworthy Industrial Sales

Building	Square Feet	Sale Price / PSF
1659 Sauget Business Blvd.	502,500 SF	\$21,000,000 / \$41.79 PSF
501 Pearl Drive	397,538 SF	\$45,000,000 / \$113.19 PSF
1 Corporate Woods Drive	315,000 SF	\$9,500,000 / \$30.16 PSF

1659 Sauget Business Blvd.



501 Pearl Drive





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