2016

St. Louis Annual Market Report

GERSHMAN
COMMERCIAL REAL ESTATE

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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 or occupier can make. As a company, we will achieve the optimal economic value for our clients' required investment. Whether you are a corporate entity, investor or small business owner, Gershman Commercial can assist you to meet and exceed all of your real estate 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

The St. Louis market conditions continued to improve at a moderate pace in 2015. Economic conditions are expected to improve in 2016 according to the Federal Reserve reports, and overall commercial real estate activity should continue to strenthen modestly.

The Federal Reserve Bank's Beige Book reported the motor vehicle and motor vehicle parts industry generally experienced strong demand in the 8th district and that significant expansions would be announced in St. Louis, even though auto sales have been reported to have been far below expectations. Although coal production fell, the outlook remained optimistic for manufacturing growth. The Beige Book also reported consumer spending was slightly higher in 2015 than in 2014.

Labor market conditions for the majority of the St. Louis area continued to improve. St. Louis' unemployment rate is 4.6%, just below the national average of 4.8%. The area showed a .7% increase in job growth per month from November 2014 to November 2015.

Several large companies, however, announced layoffs in 2015 including Peabody, Monsanto, Caterpillar, Schnucks and Mercy Health. The "temporary" shut down of U.S. Steel in Granite City resulted in the most layoffs, eliminating 2,080 local positions.

This factor was offset by new and existing companies continuing to add jobs in the St. Louis market or announcing future plans to hire. Ameristar Casino and River City Casino hired 200 people; Walmart hired 600 people for its two new locations in Shrewsbury and Florissant; Boeing opened a new research and technology center creating 700 new jobs; KPMG will be adding 175 jobs downtown over the next three years; Lockerdome will be adding 300 jobs by 2020; The Home Depot hired 975 new employees; Square has landed in St. Louis adding an estimated 200 jobs; and Uber announced in July they intend to hire 2,000 drivers in the first year of operation in St. Louis.

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 and highly skilled work force, St. Louis serves as national headquarters for 19 Fortune 1000 companies, 9 of which are in the Fortune 500.

The Loop Trolley is a 2.2-mile fixed-route electric trolley currently under construction. The trolley will connect University City from the Delmar Loop to Forest Park, with a turnaround at the Missouri History Museum.

St. Louis is Home to 9 Fortune 500 Companies

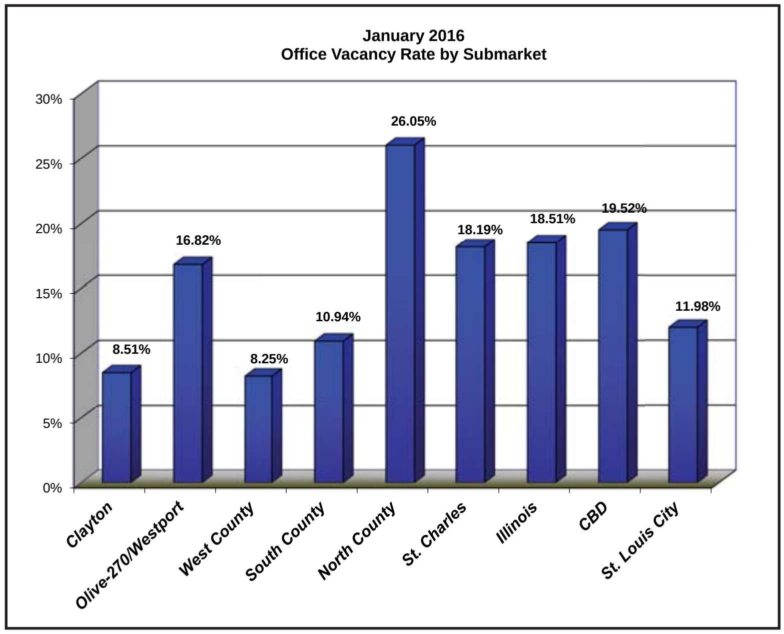
Express Scripts Holding
Emerson Electric
Centene
Monsanto
Reinsurance Group of America
Peabody Energy
Jones Financial
Ameren
Graybar

CityArchRiver Update

The $380 million Gateway Arch makeover is still underway, yet flooding in late December may have caused delay in the progress. The construction connecting North Gateway to Laclede's Landing is now expected to be completed in July of 2016. The $175 million Arch museum renovations are scheduled to be completed in June of 2017. The Kiener Plaza renovations will start at the beginning of 2017 which will include lawn seating for 2,000 people during concerts, festivals and movies; playgrounds; a modern fountain; shade gardens; and a new name: Old Courthouse Plaza.

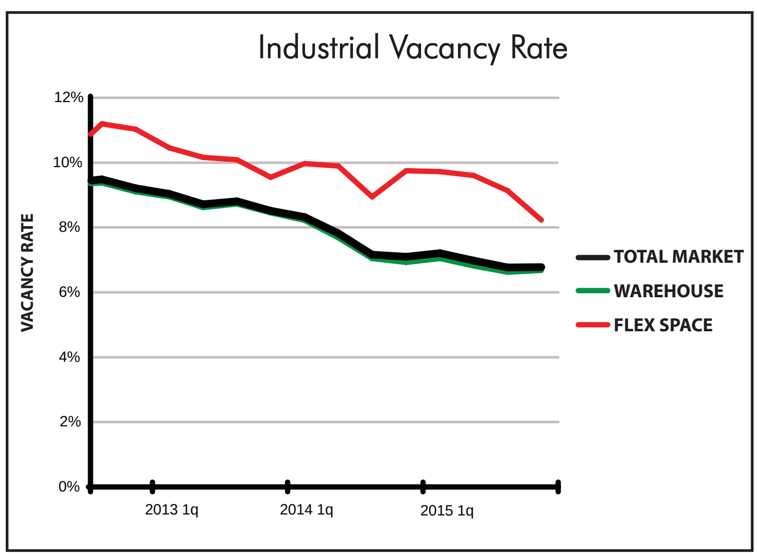
State of the Market

Demand for office space throughout the U.S. was back to pre-recession levels in most major markets. St. Louis was no different with increased leasing activity leading to positive overall net absorption. There were positive 194,741 square feet of office space absorbed at the end of the fourth quarter in 2015. Overall average quoted asking rates also increased in 2015 ending the year at $19.22 per sq. ft., up just under 2% from a year ago. Class A office space continued to show the most improvement, with average quoted rates ending the fourth quarter at $23.45 per sq. ft., up over 3.5% from a year ago. This sustained demand, coupled with virtually no new inventory added to the market, has seen overall vacancy rates settle at close to equilibrium, particularly in the suburban markets. Continued improvement in the Class A sector has finally trickled down to Class B office space. Class B rates remained relatively flat, but overall absorption was positive. This trend is likely to continue throughout 2016.



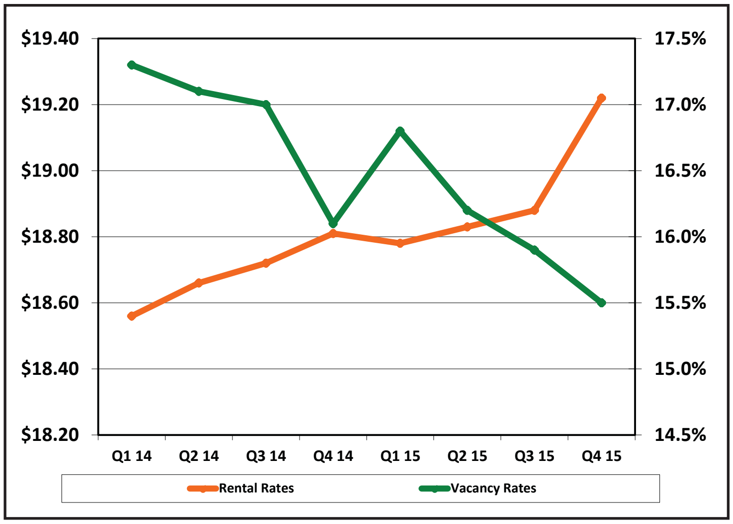
The retail sector improved over the year as vacancy rates continued to decrease and rental rates started to increase. Grocery stores, restaurants, fitness centers and urgent cares continued to remain strong in the St. Louis market. Walmart's Neighborhood Market is rolling into town, and currently has two locations under construction in St. Charles. Fresh Thyme opened a store in O'Fallon, one in Town & Country and has a third store under construction in Kirkwood. Smaller retailers continue to disappear while mid box, big box and food related tenants continue to look for additional locations. Development remains difficult in St. Louis due to differing city ordinances making St. Louis tougher for retailers to spread their wings and complete multiple deals.

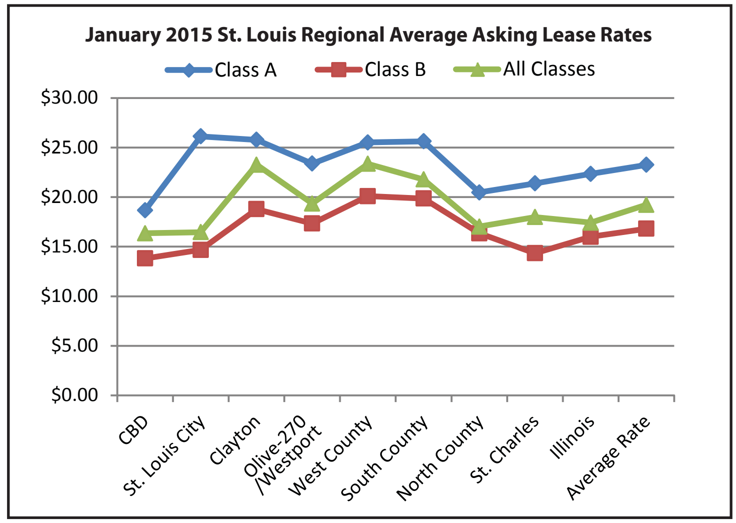
The Beige Book reported positive results for manufacturing, and the industrial leasing activity improved in the St. Louis market in 2015. Plans for expansion include firms manufacturing food, beverage products, electrical equipment, machinery and most significantly firms that manufacture motor vehicles and motor vehicle parts. Although a large steel manufacturer suspended production, the nation's industrial sector continues to strengthen. St. Louis had a vacancy average of 6.8%, just above the national average of 6.4%. The average vacancy rate is the lowest it has been in 10 years.



Office Market Overview

Gershman Commercial measures 49 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 .6% drop in vacancy rates since the beginning of the year. North County continues to have the highest vacancy rates while the West County and Clayton submarkets remain at the low end.





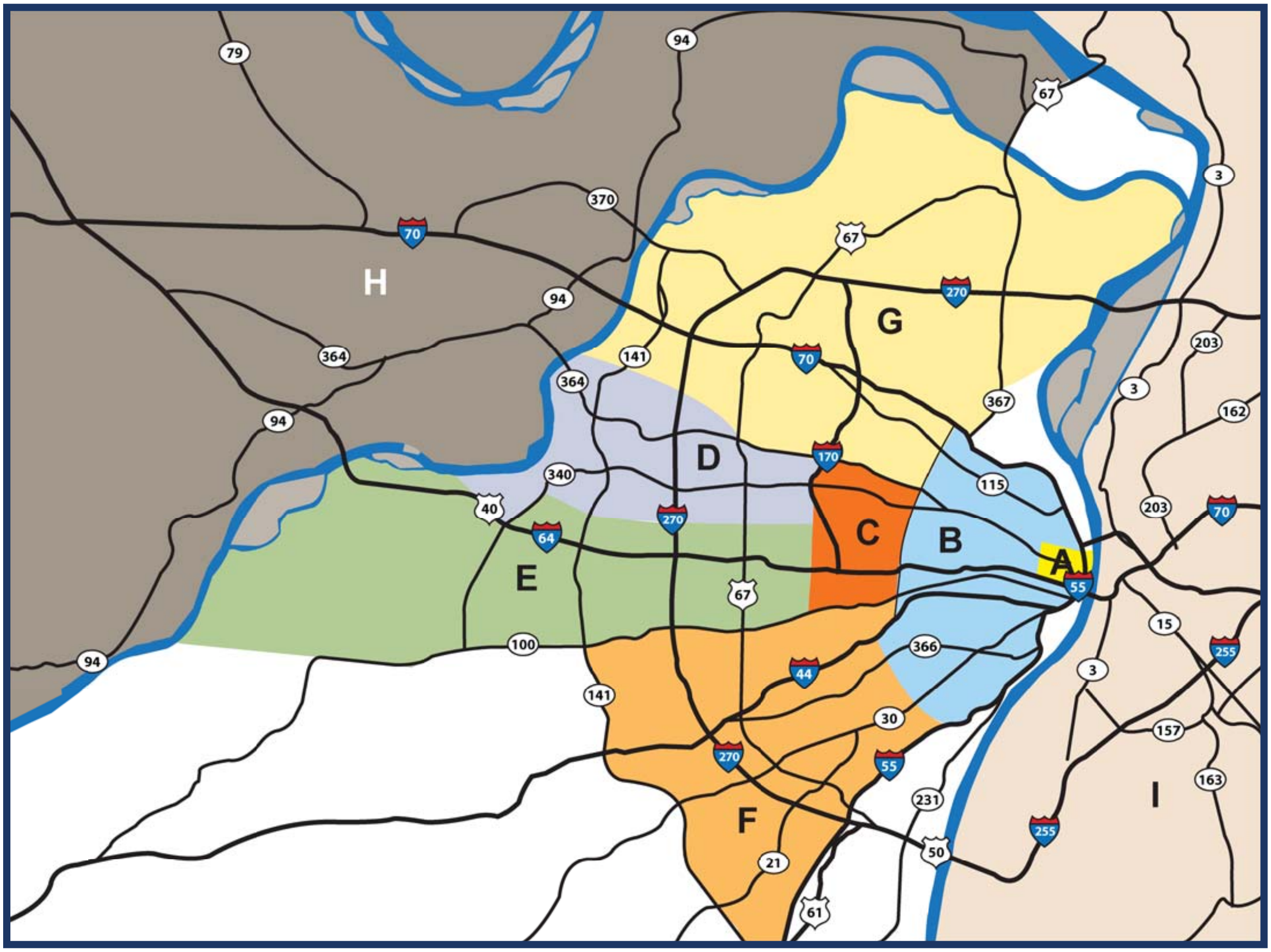
The average office rental rate for the St. Louis market showed a slight increase from $18.81 per square foot in January of 2015, to $19.22 per square foot in January of 2016. The South County submarket showed the most improvement with a $2.41 per square foot increase. All but three submarkets showed improvement; the CBD, St. Louis City and the North County submarkets showed a slight decrease in rental rates.

2015 Office Submarket Statistics

End of 4th Quarter

Submarket	Total SF	% Vacant	Quoted Rates
CBD	13,385,051	19.5%	$16.35
St. Louis City	1,708,048	12.0%	$16.46
Clayton	7,376,939	8.5%	$23.27
Olive-270/Westport	7,352,590	16.8%	$19.35
West County	7,477,896	8.2%	$23.35
South County	2,842,407	10.9%	$21.78
North County	4,790,287	26.0%	$17.03
St. Charles	1,838,949	18.2%	$17.98
Illinois	2,494,750	18.5%	$17.42
	49,266,917	15.5%	$19.22

Office Market Overview



SUBMARKET KEY

A: CBD

B: St. Louis City

C: Clayton

D: Olive-270/Westport

E: West County

F: South County

G: North County

H: St. Charles

I: Illinois

Office - CBD

The Central Business District (CBD) submarket is currently made up of 13.4 million rentable square feet. The overall office vacancy in the CBD increased .5% from 19.0% in January 2015 to 19.5% in January 2016. The average quoted rental rate is $16.35 per square foot, Class A office space is currently $18.66 per square foot while Class B asking rates are $13.81 per square foot.

2015 Noteworthy Office Leases

Building	Tenant	Square Footage
201 N. Broadway	Bi-State Development Agency	72,930 SF
701 Market St.	Marsh & McLennan Companies*	29,430 SF
1015 Locust St.	Maune Raichle Hartley French & Mudd, LLC	29,191 SF
1314 Washington Ave.	LockerDome	14,916 SF
555 Washington Ave.	Geniecast, LLC	12,712 SF

*Renewal

2015 Noteworthy Office Sales

Building	Square Feet	Sale Price / PSF
200 N. Broadway	337,088 SF	$12,750,000 / $37.82 PSF
100 S. 4th St.	260,811 SF	$26,000,000 / $99.69 PSF
The Curlee Building	84,000 SF	$4,000,000 / $47.62 PSF
411 N. 10th St.	57,086 SF	$2,117,081 / $37.09 PSF
501-509 Olive St.	35,000 SF	$1,565,000 / $44.71 PSF

Office - St. Louis City

The St. Louis City submarket is currently made up of 1.7 million rentable square feet. The overall office vacancy in St. Louis City decreased .6% from 12.6% in January 2015 to 12.0% in January 2016. The average quoted rental rate is $16.46 per squre foot, Class A office space is currently $26.13 per square foot while Class B asking rates are $14.68 per square foot. Class A rates in this submarket reflect the renovated and new office space being delivered within the Cortex District.

2015 Noteworthy Office Leases

Building	Tenant	Square Footage
4260 Forest Park Ave.	TechShop	18,000 SF
4240 Duncan Ave.	Square	17,322 SF
308 N. 21st St.	USI*	15,000 SF
4236 Lindell Blvd.	People's Community Action Corp	8,300 SF
650 Chippewa	Marketplace Innovations	7,000 SF
3633 S. Broadway	My Service Company, LLC	6,050 SF

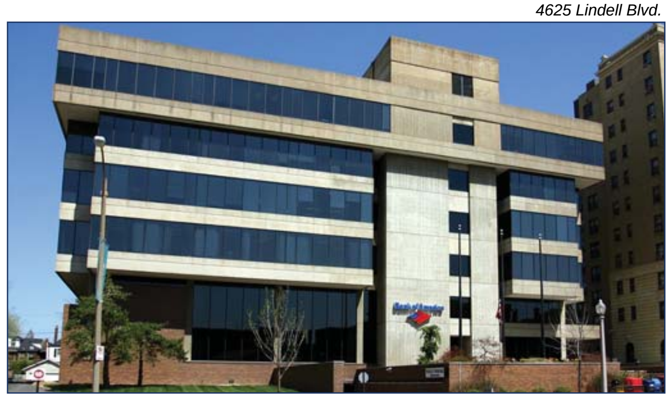
*Renewal

2015 Noteworthy Office Sales

Building	Square Feet	Sale Price / PSF
645 S. Newstead Ave.	118,000 SF	$20,500,000 / $173.73 PSF
4625 Lindell Blvd.	71,652 SF	$7,197,139 / $100.45 PSF

645 S. Newstead Ave.

4625 Lindell Blvd.



Office - Clayton

The Clayton submarket is currently made up of 7.4 million rentable square feet. The overall office vacancy in Clayton decreased 1.6% from 10.1% in January 2015 to 8.5% in January 2016. The average quoted rental rate is $23.27 per square foot, Class A office space is currently $25.77 per square foot while Class B asking rates are $18.79 per square foot. Clayton boasts the highest Class A occupancy rate of all the submarkets and asking rates have continued to show improvement every quarter over the last three years.

2015 Noteworthy Office Leases

Building	Tenant	Square Footage
Pierre Laclede Center II	RehabCare Group, Inc.*	36,624 SF
120 S. Central Ave.	Carmody MacDonald*	32,000 SF
8235 Forsyth Blvd.	Huntleigh Centre Associates LLC*	28,972 SF
1 N. Brentwood Blvd.	Benjamin F. Edwards & Co.*	22,123 SF
101 S. Hanley Rd.	Varsity Tutors	19,280 SF
8182 Maryland Ave.	McGladrey LP	19,097 SF
150 N. Meramec Ave.	Gershman Commercial Real Estate	11,565 SF

*Renewal

2015 Noteworthy Office Sales

Building	Square Feet	Sale Price / PSF
7777 Bonhomme Ave.	197,311 SF	$10,700,000 / $54.23 PSF
231 S. Bemiston Ave.	169,391 SF	$30,800,000 / $181.83 PSF
8151 Clayton Rd.	32,397 SF	$5,750,000 / $177.49 PSF

8151 Clayton Rd.

Office - Olive-270/Westport

The Olive-270/Westport submarket is made up of 7.3 million rentable square feet. The overall office vacancy Olive-270/ Westport decreased 1.4% from 18.2% in January 2015 to 16.8% in January 2016. The average quoted rental rate is $19.35 per square foot, Class A office space is currently $23.38 per square foot while Class B asking rates are $17.33 per square foot.

2015 Noteworthy Office Leases

Building	Tenant	Square Footage
727 Craig Rd.	Missouri American Water*	37,259 SF
12115 Lackland Rd.	Tapestry Solutions	35,708 SF
622 Emerson Rd.	Northwestern Mutual	25,432 SF
12647 Olive Blvd.	Corizon*	22,938 SF
1850 Borman Dr.	eSpecial Needs	19,994 SF
9666 Olive Blvd.	Lutheran Family & Children's Services	15,632 SF
Gold Tower	World Wide Technology	12,906 SF

**Renewal*

2015 Noteworthy Office Sales

Building	Square Feet	Sale Price / PSF
West Park II	134,544 SF	$12,500,000 / $92.91 PSF
12747 Olive Blvd.	72,789 SF	$8,500,000 / $116.76 PSF
744 Office Parkway	36,392 SF	$3,100,000 / $85.18 PSF
2055 Craigshire Rd.	35,701 SF	$2,900,000 / $81.23 PSF

West Park II

2055 Craigshire Rd.

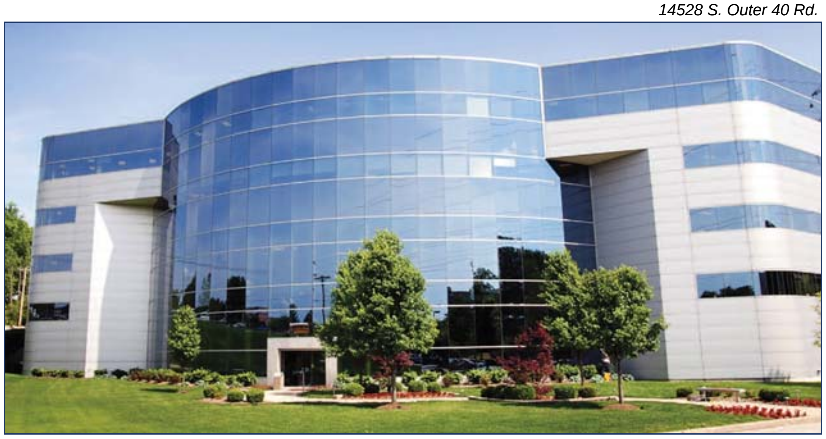
Office - West County

The West County submarket is currently made up of 7.5 million rentable square feet. The overall office vacancy in the West County submarket increased .9% to 8.2% in January 2016, it was 7.3% in January 2015. The average quoted rental rate is $23.35 per square foot, Class A office space is currently $25.51 per square foot while Class B asking rates are $20.10 per square foot.

2015 Noteworthy Office Leases

Building	Tenant	Square Footage
1370 Timberlake Manor	Centene	116,361 SF
Delmar Gardens III	Rabo AgriFinance	62,000 SF
1350 Timberlake Manor	Edgewell Personal Care Company	43,574 SF
Barrett Wood Corporate Center II	Charter Communications	42,370 SF
Barrett Wood Corporate Center II	Charter Communications	21,185 SF

14528 S. Outer 40 Rd.



2015 Noteworthy Office Sales

Building	Square Feet	Sale Price / PSF
14528 S. Outer 40 Rd.	210,409 SF	$36,000,000 / $171.10 PSF
520 Maryville Centre Dr.	119,665 SF	$17,169,620 / $143.48 PSF
625 Maryville Centre Dr.	94,849 SF	$17,319,926 / $182.61 PSF
600 Kellwood Parkway	72,000 SF	$5,184,000 / $72.00 PSF

Office - South County

The South County submarket is currently made up of 2.8 million rentable square feet. The overall office vacancy in the South County submarket slightly increased .1% from 10.8% in January 2015 to 10.9% in January 2016. The average quoted rental rate is $21.78 per square foot, Class A office space is currently $25.62 per square foot while Class B asking rates are $19.86 per square foot.

2015 Noteworthy Office Leases

Building	Tenant	Square Footage
1400 S. Highway Dr.	Ricoh	79,000 SF
1400 S. Highway Dr.	Scholastic Book Fairs**	12,000 SF
12250 Weber Hill	Liberty Mutual*	9,004 SF
3636 S. Geyer Rd.	Mutual of Omaha	5,324 SF
11428 Tesson Ferry Rd.	Sunset Transportation	3,600 SF

**Renewal **Expansion*

2015 Noteworthy Office Sales

Building	Square Feet	Sale Price / PSF
1855-1859 Bowles Ave.	66,000 SF	$6,100,000 / $92.42 PSF

1855-1859 Bowles Ave.

Office - North County

The North County submarket is currently made up of 4.8 million rentable square feet. The overall office vacancy in the North County submarket decreased 6.1% from 32.1% in January 2015 to 26.0% in January 2016. Large leases with Charter Communications and Boeing within this submarket accounted for most of this decrease. The average quoted rental rate is $17.03 per square foot, Class A office space is currently $20.47 per square foot while Class B asking rates are $16.35 per square foot.

2015 Noteworthy Office Leases

Building	Tenant	Square Footage
The Crossings at Northwest	Charter Communications	134,500 SF
3221 Mckelvey Rd.	Boeing	47,947 SF
13900 Riverport	Boeing	37,034 SF
1 Rider Trail Plaza	Green Tree Servicing*	15,170 SF
The Crossings at Northwest	Customer Direct	15,000 SF
Riverport Lakes East	Alpine	14,996 SF

*Renewal

944 Anglum Rd.

2015 Noteworthy Office Sales

Building	Square Feet	Sale Price / PSF
944 Anglum Rd.	23,342 SF	$1,500,000 / $64.26 PSF

Office - St. Charles

The St. Charles submarket is currently made up of 1.8 million rentable square feet. The overall office vacancy in the St. Charles submarket increased 2.8% from 15.4% in January 2015 to 18.2% in January 2016. The average quoted rental rate is $17.98 per square foot, Class A office space is currently $21.38 per square foot while Class B asking rates are $14.34 per square foot.

2015 Noteworthy Office Leases

Building	Tenant	Square Footage
300 St. Peters Centre Blvd.	Gallagher Bassett*	9,983 SF
1 Mid Rivers Mall Dr.	NVSA	8,219 SF
5075 Cool Springs Rd.	National Auto Exchanges	7,200 SF
914 Hemsath Rd.	Office Systems Inc.*	5,900 SF
5301 Veterans Memorial	Dealer Protection, LLC	4,513 SF

**Renewal*

2015 Noteworthy Office Sales

Building	Square Feet	Sale Price / PSF
8000 Phoenix Parkway	69,400 SF	$8,000,000 / $115.27 PSF
500 Fountain Lakes Blvd.	53,881 SF	$4,000,000 / $74.24 PSF
1540 Country Club Plaza	20,930 SF	$715,000 / $34.16 PSF

8000 Phoenix Parkway

500 Fountain Lakes Blvd.

Office - Illinois

The Illinois submarket is currently made up of 2.5 million rentable square feet. The overall office vacancy in the Illinois submarket increased 2.3% from 16.2% in January 2015 to 18.5% in January 2016. The average quoted rental rate is $17.42 per square foot, Class A office space is currently $22.34 per square foot while Class B asking rates are $16.00 per square foot.

2015 Noteworthy Office Leases

Building	Tenant	Square Footage
1405 N. Green Mount Rd.	Kurowski Shultz LLC	24,000 SF
218 W. Main St.	Tasc Inc.	15,000 SF
5050 Old Collinsville Rd.	Tapestry Solutions, Inc.	8,960 SF
1911 Frank Scott Parkway	Morgan Stanley Smith Barney*	3,988 SF
509 Hamacher Rd.	Athletic & Theraputic Insititute	4,865 SF

**Renewal ** Renewal & Expansion*

1405 N. Green Mount Rd.

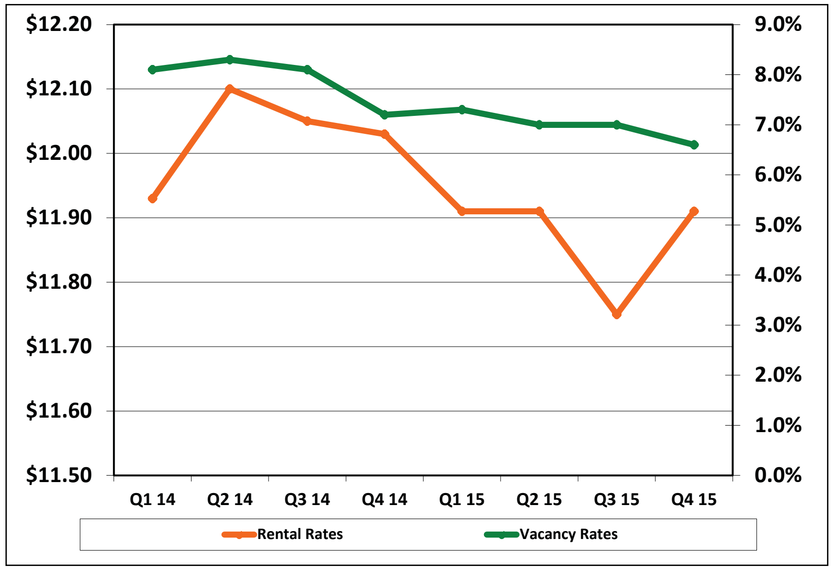
1405 N. Green Mount Rd. is a 65,000 square foot, Class A, professional office building set to deliver in July of 2016. The building is 63.1% leased with two tenants; Visionary Wealth Advisors and Kurowski & Shultz.

2015 Noteworthy Office Sales

Building	Square Feet	Sale Price / PSF
4215 S. State Rt. 159	20,800 SF	$1,800,000 / $86.54 PSF

Retail Market Overview

Retail continued to show signs of recovery in 2015. Vacancy rates have continued to decrease over the year, as did rental rates, which are now starting to show signs of improvement. The overall vacancy in the St. Louis market decreased .6% from 7.2% in January 2015 to 6.6% in January 2016. Rental rates began the year $12.03 per square foot and ended $11.91 per square foot. New construction delivered 1,780,804 square feet in 2015 including a 380,000 square foot IKEA; a 200,000 Menards store; and two, 60,000 square feet Gander Mountain stores, all of which are 100% occupied. Grocery stores, fitness centers, urgent cares, fast-food / fast-casual restaurants, discounters, thrift and dollar stores remained strong in 2015.



2015 Retail Submarket Statistics

End of 4th Quarter

	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
Market	# Blds	Total GLA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Calhoun County	4	15,554	0	0	0.0%	0	0	0	$0.00
Chesterfield Region	178	6,381,413	128,930	128,930	2.0%	119,828	114,980	19,250	$18.21
Franklin County	460	4,922,166	166,704	166,704	3.4%	82,160	46,000	0	$10.62
Jefferson County	177	1,745,188	87,257	87,257	5.0%	19,988	0	0	$10.88
Lincoln County	118	1,261,188	100,660	100,660	8.0%	53,972	22,272	0	$12.03
Metro East Illinois	1,176	15,481,347	1,018,098	1,024,098	6.6%	22,125	67,000	30,000	$10.49
Mid County	971	16,183,035	543,398	547,915	3.4%	137,494	51,704	223,200	$18.53
NE Metro Illinois	881	11,072,883	770,254	770,254	7.0%	76,073	10,000	42,458	$9.61
North County	468	7,920,637	939,692	942,572	11.9%	(41,507)	2,500	0	$9.63
Northwest County	1,007	13,920,047	1,108,412	1,111,262	8.0%	216,491	255,060	7,500	$9.89
Outer Jefferson Cnty	175	1,913,334	73,340	73,340	3.8%	2,740	2,400	0	$9.60
Outer Metro Illinois	139	1,100,651	54,875	54,875	5.0%	(12,921)	0	0	$12.76
Outer Monroe County	7	41,495	0	0	0.0%	0	0	0	$0.00
Outer St Charles Cnty	140	2,069,668	30,440	30,440	1.5%	64,285	66,575	8,400	$8.45
Outer St Louis County	85	1,074,780	118,961	120,261	11.2%	6,594	0	23,000	$14.30
SE Metro Illinois	243	2,672,191	251,275	251,275	9.4%	8,579	0	0	$10.30
South County	589	12,022,285	1,560,747	1,561,892	13.0%	106,019	140,316	100,600	$13.37
Southwest County	622	9,667,044	516,107	516,107	5.3%	68,863	5,000	6,000	$12.65
St Charles County	455	7,420,566	450,501	451,921	6.1%	147,685	16,420	52,430	$13.15
St Charles Region	836	12,059,518	770,112	770,112	6.4%	13,193	12,960	112,021	$13.38
St Louis City North	605	8,496,505	649,977	649,977	7.6%	483,570	382,570	0	$12.43
St Louis City South	1,568	10,529,125	351,152	357,152	3.4%	21,963	4,900	3,960	$9.76
West County	518	10,780,001	773,076	818,076	7.6%	183,610	0	0	$12.97
Totals	11,422	158,750,621	10,469,968	10,535,080	6.6%	1,780,804	1,200,562	628,819	$11.91

Source: CoStar Property®

Retail Market Overview

IKEA
The 380,000 square foot IKEA store located along I-64 at Vandeventer Avenue in the Cortex District opened in September. The St. Louis IKEA is the Swedish chain's 376th store, 41st in the United States and the first store in Missouri. The store houses almost 10,000 items, a children's play area and a 450-seat restaurant.

Hanley-Clayton Site*
The corner of Hanley & Clayton Roads is slated to be redeveloped into a 500,000 square foot, mixed-use development after nearly two decades of sitting vacant. GBT Realty Corporation of Nashville has proposed 300 residential units, a grocer, office space and retail space.

Union Station*
Union Station announced plans to transform the development into an indoor/outdoor retail and entertainment destination in 2016. The indoor mall area will be converted into 48 train-themed hotel rooms, and additional event space. An additional 75,000 square feet of indoor space will be transformed into a major family attraction, details will be released in Spring of 2016. Outside a 200 foot ferris wheel will be enstalled with 42 enclosed gondals, one VIP gondola will offer a unique viewing experience with a glass floor and leather bucket seats. A food-train park, light shows and added green spaces will help attract visitors to this entertainment destination.

Federal Mogul Century Foundry Site* is a $104 million mixed-use redevelopment located at 3700 Forest Park Avenue in Midtown, east of the IKEA site. The redevelopment will include 250 residential units, a food market, office space and retail space.

The Shoppes of Mid Rivers* will transform 23.8 acres at the northeast intersection of Mid Rivers Mall Drive and Highway 70; directly across the highway from Mid Rivers Mall. This new development will have over 244,000 square feet of retail space.

**These Projects have been Proposed by Developer*

Retail Market Overview

New Retail Stores/Locations in the Area

The Maryland-based chain Total Wine & More entered the St. Louis market with three stores in 2015; one in Town & Country, one in Brentwood and one in Chesterfield. The stores average 25,000 square feet and carry 8,000 wines, 3,000 spirits and 2,500 different types of beer. Each store brought 50 new jobs to the area. More stores are expected to open in 2016.

- **Menards** opened in St. Ann at 11140 St Charles Rock Rd.
- **Gander Mountain** opened two locations; one in Chesterfield and one in O'Fallon, Illinois.
- **Walmart** opened two locations; one at North Lindbergh Blvd. & New Halls Ferry Rd. and the other in Shrewsbury.
- **Hobby Lobby** opened two locations; one in O'Fallon and one in South County.
- **Burlington Coat Factory** opened in Chesterfield at the St. Louis Premium Outlets.
- **The Fresh Market** opened its first Missouri store on Olive Blvd. in Creve Coeur.
- **Fresh Thyme Farmers Market** opened two locations; one in Ballwin on Manchester Blvd. and the other on Highway K in O'Fallon. A third location is under construction in Kirkwood.
- **FOOD ROOF Farm** is opened a 10,000 SF rooftop farm at 1335 Convention Plaza.
- **Planet Fitness** opened three locations, one in Wentzville, one in St. Peters and one in Ferguson.
- **Leopard Boutique** opened a St. Charles location at the Streets of St. Charles in April.
- **Organics**, an organic market, opened in June at 5400 S. Kingshighway in South City.
- **Lucky's Market** opened in Rock Hill at 9530 Manchester Rd.
- **Sky Zone** opened a second location at 631 Gravois Rd in Fenton.
- **Helium Comedy Club** opened in the former Blackfinn at the St. Louis Galleria.
- **Tropical Liqueurs** opened in the former Gladstone's at 1800 South Tenth Street.
- **Cobbler's Corner Shoe Repair** opened in the former Pomme Cafe in Clayton.
- **Here Today** opened three new stores; one in Arnold, one in Fenton and one in Lake St. Louis.
- **Club Fitness**, **Soma Outlet** and **Watch Station** opened at Taubman Prestige Outlets in Chesterfield.

Retail Market Overview

New Restaurants Around Town

Sugarfire Smokehouse opened their sixth location at 512 West Front Street in Washington, Missouri. The seventh location will be at 605 Washington Avenue downtown St. Louis in 2016.

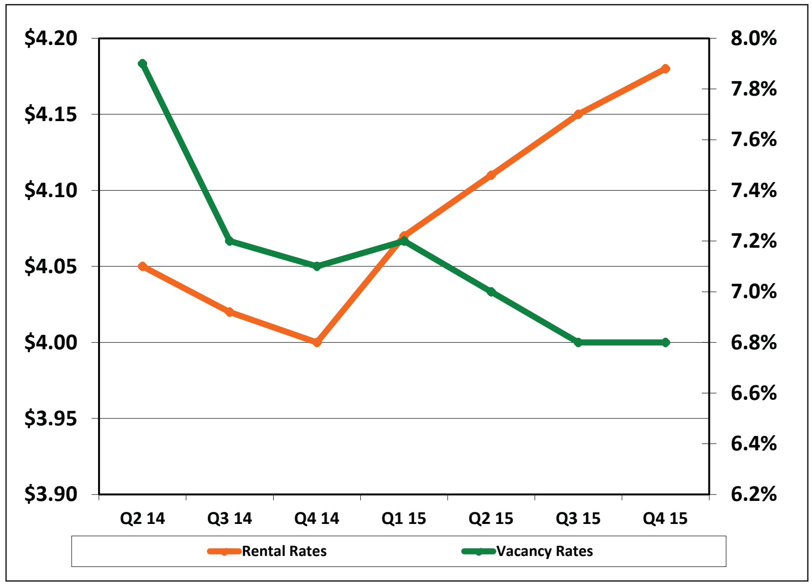
- **Reeds American Table** opened at 7322 Manchester Road in Maplewood.
- **Tom + Chee** opened in March at 1280 Hwy. K in O'Fallon.
- **Dalie's Smokehouse** opened at 2951 Dougherty Ferry Road in Valley Park.
- **Crushed Red** opened at 11635 Olive in Creve Coeur.
- **801 Fish** opened at 172 Carondelet Plaza in Clayton.
- **Pie Five** opened at 17215 Chesterfield Airport Road.
- **Pieology Pizzeria** opened at the Streets of St. Charles.
- **Zippy Burger** opened at 571 Melville Avenue in the Delmar Loop.
- **Doughocracy Pizza & Brews** opened at 6394 Delmar Blvd.
- **Guerilla Street Food** opened a brick and mortar at 3559 Arsenal.
- **Vincent Van Doughnut** opened in the former Pomme Restaurant on Central in Clayton.
- **Gus's World Famous Fried Chicken** opened in Maplewood at 7434 Manchester Road.
- **Dixen's Smoke Co.** opened in Midtown at 3674 Forest Park Avenue.
- **Southern** opened at 3108 Olive Street in Midtown.
- **Twisted Ranch** opened at 1730 S. 8th Street downtown in Soulard.

Restaurant & Retail Closings in 2015

- **Radio Shack** closed 14 stores in the St. Louis area.
- **Dolnick's Contemporary Furniture** closed at 10725 Page after 56 years at that location and 88 years in St. Louis.
- **J. Buck's Restaurant** in Clayton and **Joe Buck's Restaurant** downtown closed their doors in October.
- **Cheese-ology** closed its doors in March in the Delmar Loop.
- **The Precinct Sports Bar & Grill** closed at 1900 Locust due to lack of business now that Ballpark Village is open.
- **The Dubliner** closed downtown at 1025 Washington Avenue. in November.
- **Pizzino** closed in December at 7600 Wydown in Clayton.
- **Villa Farotto** closed in Chesterfield after 11 years, St. Luke's pruchased building for an Urgent Care.
- **Cooper's Legendary American Pub** closed at 140 N. Main Street in St. Charles.
- **Bocci Wine Bar** in Clayton closed at the end of September.
- **The Salted Pig** closed after 10 months in business in Frontenac.
- **Toys R Us** closed at 10895 West Florissant Ave in Florissant.

Industrial Market Overview

The St. Louis industrial market slightly improved in 2015. Rental rates are the highest they have been since 2010 and vacancy rates, while rather flat showed a small decrease. The overall vacancy in the St. Louis market decreased .3% from 7.1% in January 2015 to 6.8% in January 2016. Rental rates began the year $4.00 per square foot and ended $4.18 per square foot. Ten new buildings were built in 2015 totaling 2,304,798 square feet; including the 673,137 square-foot distribution warehouse at Gateway 673 and 535,500 square feet delivered at 6110 Aviator Drive. 3,704,865 square feet remained under construction at the end of 2015.



2015 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.	17,648,746	1,316,465	1,342,815	7.6%	468,164	607,275	367,000	$3.74
Chesterfield/Hwy-40 Ind.	5,914,308	133,666	133,666	2.3%	40,863	12,802	590,000	$9.05
Earth City Ind.	23,749,954	2,108,061	2,113,061	8.9%	(173,543)	0	0	$4.87
Fenton Ind.	8,796,632	310,948	332,049	3.8%	1,011	0	0	$7.53
Hanley Ind.	6,428,316	171,545	180,433	2.8%	(38,503)	0	0	$5.79
Illinois Ind.	40,417,193	1,032,323	1,242,495	3.1%	1,047,646	1,083,137	1,539,860	$3.77
Innerbelt E of 170 Ind.	9,985,108	425,138	425,138	4.3%	27,335	0	0	$3.79
Innerbelt W of 170 Ind.	11,282,604	710,889	710,889	6.3%	75,098	79,000	0	$4.19
North County Ind.	6,281,458	513,746	546,563	8.7%	228,331	461,041	915,000	$3.90
South County Ind.	9,061,415	607,238	628,368	6.9%	(102,984)	0	0	$6.07
St Charles County Ind.	27,831,256	696,282	752,840	2.7%	24,196	0	138,000	$5.14
St Louis City North Ind.	38,596,568	4,145,632	4,145,632	10.7%	146,625	56,000	0	$2.86
St Louis City South Ind.	36,595,509	3,774,799	3,774,799	10.3%	76,334	0	125,005	$3.18
West County Ind.	4,711,426	115,557	115,557	2.5%	8,599	5,543	0	$6.27
Westport Ind.	15,877,870	1,337,900	1,385,513	8.7%	164,714	0	30,000	$5.63
Totals	**263,178,363**	**17,400,080**	**17,829,818**	**6.8%**	**1,993,886**	**2,304,798**	**3,704,865**	**$4.18**

Source: CoStar Property®

Noteworthy Delivery

Gateway 673 delivered 673,137 square feet of Class A industrial space to the Illinois submarket in 2015. There are 90 total docks, four drive-in doors, trailer storage and parking for 179 cars. The building is 100% occupied by Saddle Creek Corp.

Gateway Commerce Center 7 - Gateway 673

Industrial Market Overview

2015 Noteworthy Industrial Leases

Building	Tenant	Square Footage
Schnucks Distribution	Schnucks	915,000 SF
Gateway Commerce Center 7	Saddle Creek Corp	673,137 SF
Monsanto Expansion Phase 1	Monsanto	590,000 SF
3865 Lakeview Corporate Dr.	World Wide Technology	410,000 SF
6301 North Broadway	Luxco	300,000 SF
6701 Southwest Ave.	Major Brands, Inc.*	283,291 SF
5481 Brown Ave.	Executive Express Inc*	148,088 SF
3901 Union Blvd.	Clark Logistics Services*	138,342 SF
8405 St. Charles Rock Rd.	Repco Graphics	125,000 SF
13600-80 Shoreline Dr.	New Balance	124,703 SF
6504 Prescott Ave.	Delivery Network	120,000 SF
14000 Riverport	Boeing	119,000 SF

**Renewal*

2015 Noteworthy Industrial Sales

Building	Square Feet	Sale Price / PSF
13600 Shoreline Dr.	469,935 SF	$25,000,000 / $53.20 PSF
Mid County Trade Center I	336,785 SF	$19,100,000 / $56.71 PSF
1555 Page Industrial Blvd.	211,000 SF	$10,610,000 / $50.28 PSF
4301 Earth City Expressway	110,960 SF	$5,351,700 / $48.23 PSF

13600 Shoreline Dr.

4301 Earth City Expressway

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