

2018



St. Louis Annual Market Report



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Clayton



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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 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



“Gateway Arch National Park”

A bill was recently approved to change the name of the Jefferson National Expansion Memorial to the Gateway Arch National Park. The newly renovated Arch grounds will reopen in July. The \$380 million renovation took 5 years to complete.

St. Louis is Home to 9 Fortune 500 Companies

Express Scripts Holding
Centene Corporation
Emerson Electric Co.
Monsanto Company
Reinsurance Group of America
The Jones Financial Companies
Graybar Electric Company
Ameren Corporation
Olin Corporation

St. Louis is the 18th largest metropolitan area with a population of more than 2.8 million people, a workforce of 1.5 million and over 1.1 million households. St. Louis serves as the national headquarters for 17 Fortune 1000 companies, 9 of which are in the Fortune 500.

Market conditions in St. Louis continued to improve at a moderate pace in 2017, and commercial real estate activity remained robust. Commercial real estate activity should continue to strengthen modestly in 2018. Several new multifamily buildings delivered, and there were several that sold, including the Streets of St. Charles’ 309-unit apartment complex, which sold for \$59.2 million. Demand also continued to strengthen, and several new multifamily and office buildings have been announced or are under construction.

The Federal Reserve Bank’s Beige Book reported manufacturing activity has increased modestly throughout the region, and production has increased at a slow rate in the 8th district. Although general retailers, hoteliers and auto dealers indicate a modest growth in spending, contacts that supply to auto manufacturers reported that sales were flat to slightly down. Conditions in 2018 are expected to remain similar to 2017.

Labor market conditions remained tight for the St. Louis area, and both employment and wages showed moderate growth in 2017. St. Louis’ non-seasonally adjusted unemployment rate is at 3.4%, just below the national average of 4.1%. The area showed a .8% increase in job growth from November 2016 to November 2017.

Several large companies, however, announced layoffs in 2017 including Kellogg’s, HM Dunn AeroSystems Inc, TD Ameritrade Holdings Corp and Serco, Inc, an insurance processing center in Wentzville, announced they were closing which will eliminate 850 jobs.

This factor was offset by new and existing companies continuing to add jobs in the St. Louis market, or announcing future plans to hire. Amazon will be hiring over 300 employees for its new distribution center in Hazelwood, Microsoft will be adding 150 jobs when they move to Cortex, US Bank is adding 200 mortgage jobs and Lowes recently announced they would be hiring 700 employees in the St. Louis area. Ballpark Village Phase 2 will add 1,500 construction jobs and 1,000 permanent positions. The Monsanto/Bayer merger is expected to add more jobs to the area.

City Foundry STL

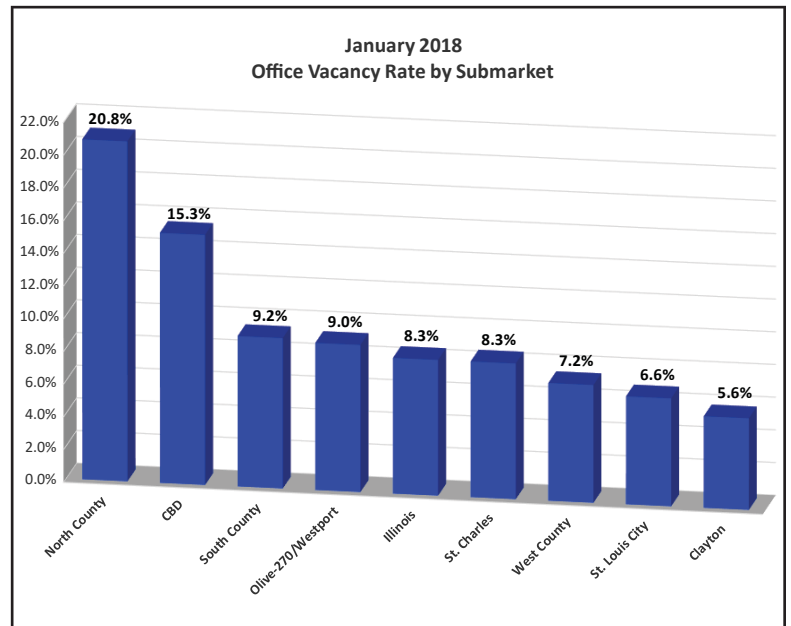
City Foundry STL, the Lawrence Group’s \$340 million mixed-use development, will repurpose 15 acres of urban industrial space in the Cortex Innovation District. The \$185 million phase one is currently underway, and will include a German beer hall with rooftop beer garden, Alamo Drafthouse Cinema and Punch Bowl Social, a dining venue with gaming; all new concepts to St. Louis. Phase one will also include 108,000 square feet of office space, and the first phase of development is expected to be completed in 2019.



State of the Market

Office

There were positive 350,002 square feet of office space absorbed at the end of the fourth quarter in 2017. Overall average quoted asking rates also increased in 2017, ending the year at \$19.97 per square foot, up almost 2% from a year ago. Class A ended the fourth quarter at \$23.33 per square foot, and Class B office space showed the most improvement, up 4.5% from last year at \$17.71 per square foot. The overall Class A vacancy rate ended the year at 10.7%. The Clayton submarket continued its trend and had the lowest Class A vacancy rate at 3.8%. New construction, particularly in Clayton and within the Cortex innovation district, will offer occupiers in both submarkets a much needed alternative. The second phase of Ballpark Village will be the first new office construction downtown since 1989.



Retail

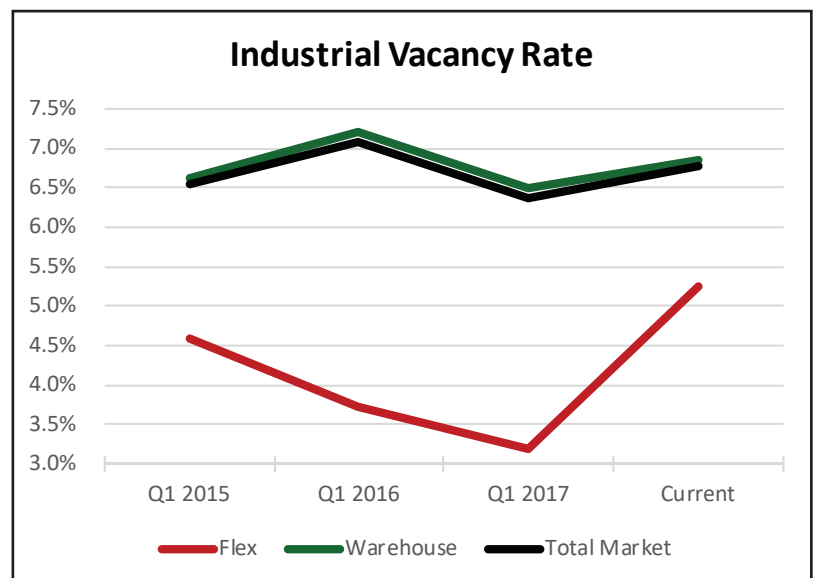
The retail sector improved over the year as vacancy rates continued to decrease and rental rates continued to increase. New national retailers expanded into the St. Louis market in 2017, including Duluth Trading Co., The Capital Grille, Shake Shack, Bonobos, Warby Parker and AKIRA. TopGolf is currently under construction in Chesterfield, Hopcat will be coming to the Delmar Loop and Wahlburgers announced they are looking at several locations in St. Louis. Malls are continuing to struggle; Sears and K-Mart closed 358 stores nationally in 2017, J.C. Penney closed 138 stores, Macy's closed 68 stores, J.Crew closed 50 stores and Payless ShoeSource closed over 800 stores. American Girl recently announced its closure at Chesterfield Mall which foreclosed in July, and will soon be up for sale most likely being redeveloped into a mixed-use project.

DULUTH
TRADING
co

THE
CAPITAL
G · R · I · L · L · E

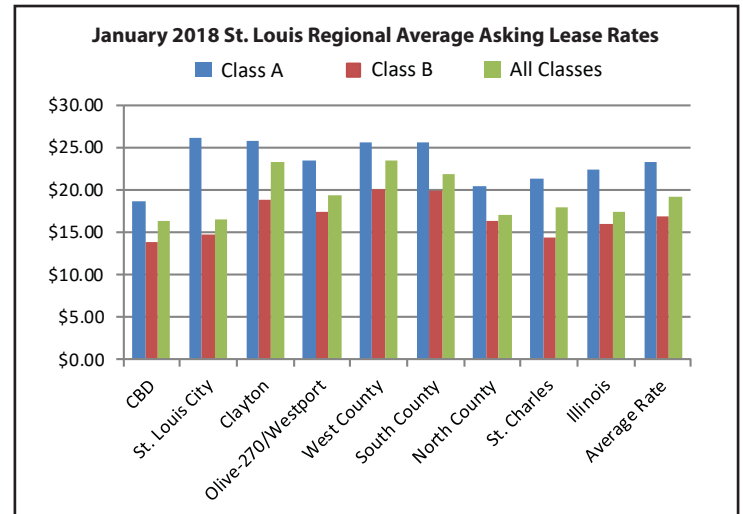
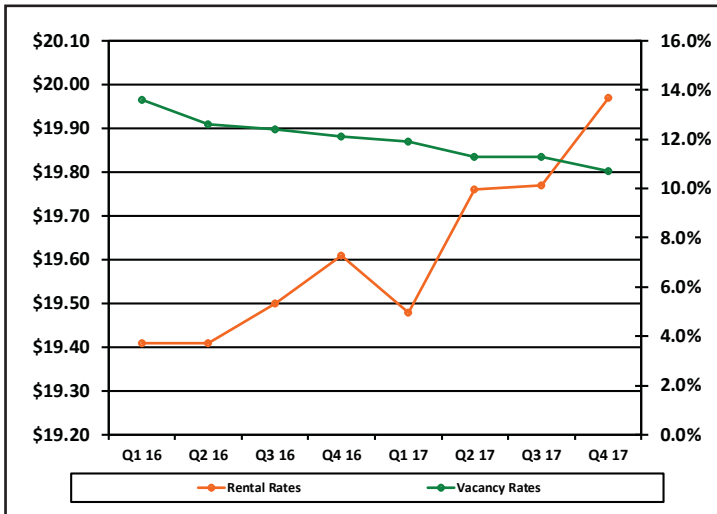
Industrial

The St. Louis Industrial market continued to improve in 2017, following the national trend in this sector. Rental rates increased to \$4.57 per square foot from \$4.36 per square foot in 2016. Net absorption of industrial space has remained positive since 2012. The overall vacancy rate slightly decreased from 5.6% at the beginning of 2017, to 5.3% at the end of 2017. New construction delivered 5,177,656 square feet was delivered to the market in 2017, including over 1.2 million square feet at Premier 370 which includes tenants Reckitt Benckiser, Best Buy and RB Manufacturing. Several new construction projects broke ground in 2017, and by year's end, 1,673,340 square feet remained under construction.



Office Market Overview

Gershman Commercial measures approximately 52 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 1.4% drop in vacancy rates since the beginning of the year. All submarkets showed a drop in vacancy rates since January of 2017, except the Central Business District. The Clayton submarket maintained at the lowest vacancy rate, and the North County submarket showed the most improvement in vacancy rate in 2017 dropping 4.0%.



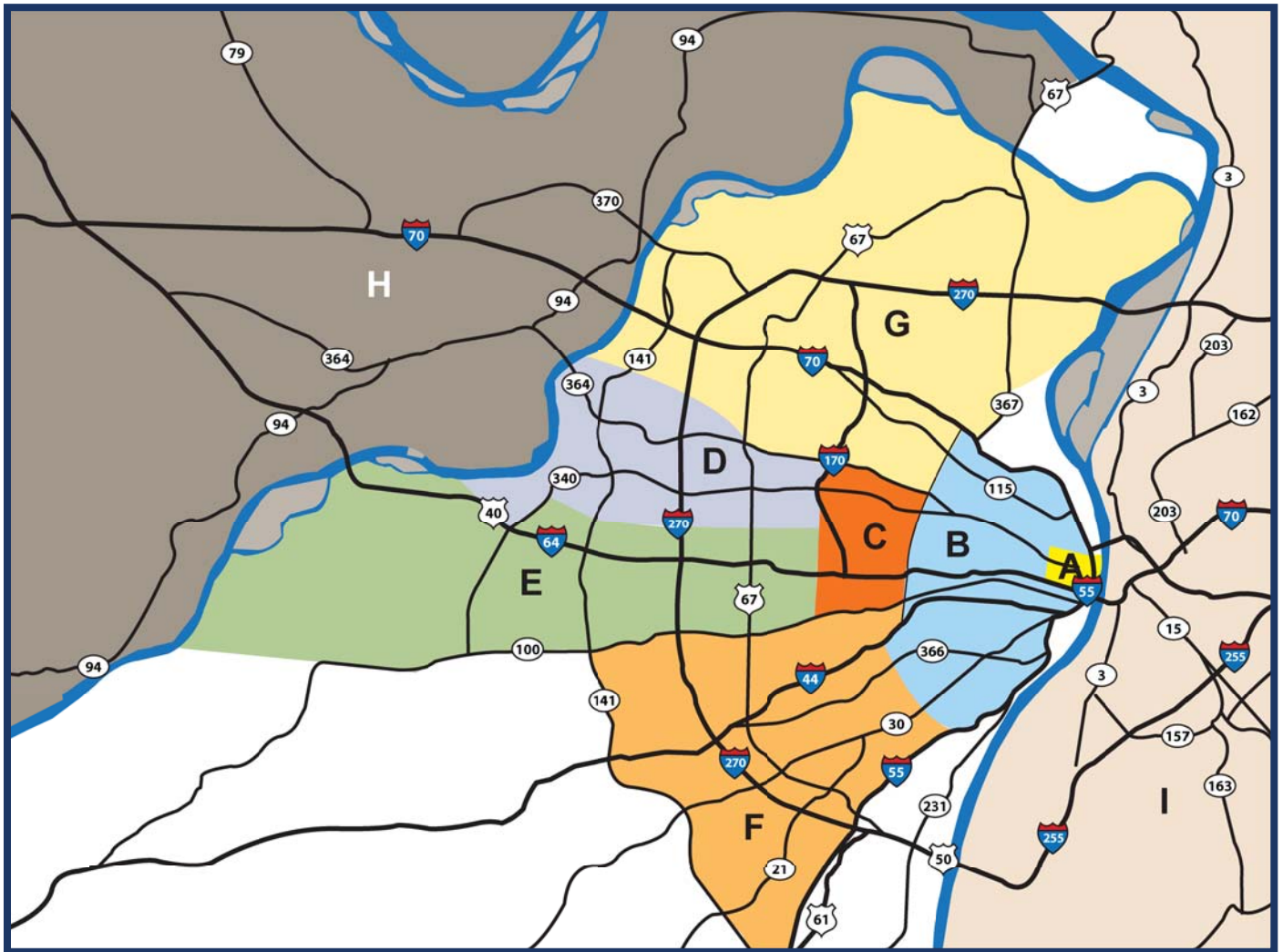
The average office rental rate for the St. Louis market increased from \$19.61 per square foot in January of 2017, to \$19.97 per square foot in January of 2018. The St. Louis City submarket showed the most improvement in asking rents with a \$2.20 per square foot increase, mainly due to the rents in the Cortex Innovation District. All but two submarkets showed improvement or no change; the CBD and the Clayton submarkets showed a slight decrease in the average rental rates, although the Clayton submarket showed an improvement in Class A rates.

2017 Office Submarket Statistics

End of 4th Quarter

Submarket	Total SF	% Vacant	Quoted Rates
CBD	14,610,070	15.3%	\$16.23
St. Louis City	2,302,961	6.6%	\$20.66
Clayton	7,475,113	5.6%	\$23.32
Olive-270/Westport	7,433,597	9.0%	\$20.87
West County	7,743,344	7.2%	\$23.62
South County	2,962,908	9.2%	\$21.58
North County	3,683,225	20.8%	\$17.53
St. Charles	2,478,915	8.3%	\$17.99
Illinois	2,955,833	8.3%	\$17.90
Total	51,645,966	10.7%	\$19.97

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 14.6 million rentable square feet. The overall office vacancy rate in the CBD showed little change, slightly increasing .2% from 15.1% in January 2017 to 15.3% in January 2018. The average quoted rental rate is \$16.23 per square foot, Class A office space is currently \$17.68 per square foot while Class B asking rates are \$14.23 per square foot.

2017 Noteworthy Office Leases

Building	Tenant	Square Footage
800 Market St.	Pricewaterhouse Coopers LLP*	52,966 SF
401 Pine St.	Covo	37,381 SF
800 Market St.	WellCare	20,361 SF
100 N. Broadway	AECOM	17,000 SF
100-1008 Clark Ave.	Lockheed Martin Corp	9,304 SF

*Renewal

2017 Noteworthy Office Sales

Building	Square Feet	Sale Price / PSF
Railway Exchange Building	1,200,000 SF	\$20,000,000 / \$16.67 PSF
The Chemical Building	167,143 SF	\$4,500,000 / \$23.93 PSF
401 Pine St.	42,000 SF	\$1,850,000 / \$33.81 PSF

Office - St. Louis City

The St. Louis City submarket is currently made up of 2.3 million rentable square feet. The overall office vacancy rate in St. Louis City decreased .4% from 7.0% in January 2017 to 6.6% in January 2018. The average quoted rental rate is \$20.66 per square foot, Class A office space is currently \$27.17 per square foot while Class B asking rates are \$16.45 per square foot. Class A rates in this submarket reflect the renovated and new office space being delivered within the Cortex Innovation District.

2017 Noteworthy Office Leases

Building	Tenant	Square Footage
4220 Duncan Ave.	Cambridge Innovation Center	41,000 SF
4300 Duncan Ave.	DuPont Nutrition & Health (Sublease)	29,630 SF
4220 Duncan Ave.	Microsoft	29,000 SF
4625 Lindell Blvd.	Regus	26,452 SF
5200-5240 Oakland Ave.	Civil Design, Inc.	13,199 SF



The newest building under construction at the Cortex Innovation Community, 4220 Duncan Avenue, will be the new regional headquarters for Microsoft Technology Center. The state-of-the-art facility will bring more than 150 employees to the 29,000 square foot space. Cambridge Innovation Center will occupy 41,000 square feet in the building, which will be its third location in the area. WellAware, BJC's fitness and rehab center, is leasing 16,000 square feet, there is a 14,000 square foot "Innovation Hall" meeting space and an additional 72,000 square feet is for "speculative" lab and office users. The 180,000 square foot, Class A office building is expected to deliver in June of 2018.

Office - Clayton

The Clayton submarket is currently made up of 7.5 million rentable square feet. The overall office vacancy rate in Clayton decreased 1.2% from 6.8% in January 2017 to 5.6% in January 2018. The average quoted rental rate is \$23.32 per square foot, Class A office space is currently \$26.94 per square foot while Class B asking rates are \$19.50 per square foot. Clayton boasts the highest Class A occupancy rate of all the submarkets, and was at a historic high at the end of 2017.

2017 Noteworthy Office Leases

Building	Tenant	Square Footage
1265-1314 Strassner Dr.	Lutheran Family Services	34,000 SF
7733 Forsyth Blvd.	St. Louis Economic Development Partnership	15,190 SF
8235 Forsyth Blvd.	Barry-Wehmiller Design Group (Sublease)	14,503 SF
120 S. Central Ave.	World Trade Centers Assoc.	12,212 SF
7733 Forsyth Blvd.	Stone, Leyton & Gershman*	11,546 SF
120 S. Central Ave.	Sandberg Phoenix & Von Gontard PC	10,988 SF
7777 Bonhomme Ave.	Smith, Moore & Co.*	10,254 SF
7711 Bonhomme Ave.	Black Twig Marketing & Co	9,016 SF

*Renewal

2017 Noteworthy Office Sales

Building	Square Feet	Sale Price / PSF
The Plaza in Clayton	325,172 SF	\$85,500,000 / \$262.94 PSF
100 S. Brentwood Blvd.	72,000 SF	\$20,000,000 / \$277.78 PSF
7620 Forsyth Blvd.	50,760 SF	\$14,000,000 / \$275.81 PSF
222 S. Meramec Ave.	20,838 SF	\$2,725,000 / \$130.77 PSF

The Plaza in Clayton



100 S. Brentwood Blvd.



Office - Olive-270/Westport

The Olive-270/Westport submarket is made up of 7.4 million rentable square feet. The overall office vacancy rate in Olive-270/Westport decreased 3% from 12.0% in January 2017 to 9.0% in January 2018. The average quoted rental rate is \$20.87 per square foot, Class A office space is currently \$24.40 per square foot while Class B asking rates are \$18.23 per square foot.

2017 Noteworthy Office Leases

Building	Tenant	Square Footage
Creve Coeur Pointe	Centene Corporation	103,280 SF
CityPlace Three	Daugherty Systems, Inc.**	62,000 SF
Westview Place	SSM Health	49,228 SF
10176 Corporate Square Dr.	SSM Health	30,720 SF
CityPlace Two	Intralere*	16,858 SF
Creve Coeur Corp. Ctr. III	Dell EMC Corp*	16,584 SF
CityPlace One	TEK Systems	15,675 SF

*Renewal **Renewal & Expansion

2017 Noteworthy Office Sales

Building	Square Feet	Sale Price / PSF
10101 Woodfield Ln.	82,742 SF	\$11,125,000 / \$134.45 PSF
12747 Olive Blvd. (Portfolio Sale)	72,699 SF	\$5,534,027 / \$76.12 PSF
12755 Olive Blvd. (Portfolio Sale)	71,802 SF	\$5,465,973 / \$76.12 PSF

10101 Woodfield Ln.



12747 Olive Blvd.



Office - West County

The West County submarket is currently made up of 7.7 million rentable square feet. The overall office vacancy rate in the West County submarket slightly decreased .8% to 7.2% in January 2018; it was 8.0% in January 2017. The average quoted rental rate is \$23.62 per square foot, Class A office space is currently \$25.67 per square foot while Class B asking rates are \$20.88 per square foot.

2017 Noteworthy Office Leases

Building	Tenant	Square Footage
575 Maryville Centre	CenturyLink	45,019 SF
One Chesterfield Place	Ameriprise Holdings, Inc.*	10,634 SF
14522 S. Outer Forty Rd.	GE	10,000 SF
Corporate Hill I	Focus Pointe Global*	9,455 SF
13205 Manchester Rd.	Hammond & Shinnors, P.C.	9,360 SF
13205 Manchester Rd.	CenterPoint Energy Services, Inc.	7,488 SF

**Renewal*

2017 Noteworthy Office Sales

Building	Square Feet	Sale Price / PSF
One Chesterfield Place	143,473 SF	\$27,500,000 / \$191.68 PSF
The Atrium at Chesterfield	120,163 SF	\$12,900,000 / \$107.35 PSF
Black's Ridge	68,259 SF	\$8,500,000 / \$124.53 PSF
Chesterfield Grove Building III	38,853 SF	\$5,940,000 / \$152.88 PSF

One Chesterfield Place



Office - South County

The South County submarket is currently made up of 2.9 million rentable square feet. The overall office vacancy rate in the South County submarket decreased 2.5% from 11.7% in January 2017 to 9.2% in January 2018. The average quoted rental rate is \$21.58 per square foot, Class A office space is currently \$27.04 per square foot while Class B asking rates are \$20.32 per square foot.

2017 Noteworthy Office Leases

Building	Tenant	Square Footage
1400 S. Highway Dr.	CIGNA	40,824 SF
3660 S. Geyer Rd.	CT Solutions	17,528 SF
3660 S. Geyer Rd.	MSMF	17,251 SF

2017 Noteworthy Office Sales

Building	Square Feet	Sale Price / PSF
12250 Weber Hill Rd. (Portfolio Sale)	64,370 SF	\$8,842,276 / \$137.37 PSF
12200 Weber Hill Rd. (Portfolio Sale)	44,827 SF	\$6,157,714 / \$137.37 PSF
11124 S. Towne Sq.	20,000 SF	\$2,450,000 / \$122.50 PSF

12200 & 12250 Weber Hill Rd.



Office - North County

The North County submarket is currently made up of 3.7 million rentable square feet. The overall office vacancy rate in the North County submarket decreased 4% to 20.8% in January 2018; it was 24.8% in January 2017. The average quoted rental rate is \$17.53 per square foot, Class A office space is currently \$18.94 per square foot while Class B asking rates are \$16.90 per square foot.

2017 Noteworthy Office Leases

Building	Tenant	Square Footage
13655 Riverport Dr.	United Health Care Services, Inc.*	188,500 SF
3300 Rider Trail	TriZetta Provider Solutions	87,002 SF

*Renewal

2017 Noteworthy Office Sales

Building	Square Feet	Sale Price / PSF
502-514 Earth City Expressway	128,289 SF	\$2,800,000 / \$21.83 PSF
13640-13690 Riverport Dr.	121,316 SF	\$9,896,250 / \$81.57 PSF
637 Dunn Rd.	79,980 SF	\$2,550,000 / \$31.88 PSF
3165 Mckelvey Rd.	51,067 SF	\$1,100,000 / \$21.54 PSF
3420 Rider Trail S.	40,000 SF	\$1,880,000 / \$47.00 PSF
3640 Corporate Trail Dr.	33,294 SF	\$3,100,000 / \$93.11 PSF

502-514 Earth City Expressway



Office - St. Charles

The St. Charles submarket is currently made up of 2.5 million rentable square feet. The overall office vacancy rate in the St. Charles submarket decreased 3.4% from 11.7% in January 2017 to 8.3% in January 2018. The average quoted rental rate is \$17.99 per square foot, Class A office space is currently \$19.80 per square foot while Class B asking rates are \$17.55 per square foot.

2017 Noteworthy Office Leases

Building	Tenant	Square Footage
1 Progress Point	Ace Insurance*	50,000 SF
150 St. Peters Centre Blvd.	Hanger Clinic	7,100 SF
2299 Technology Dr.	New Directions	6,011 SF
6893 Lake St. Louis Blvd.	Acj International LLC	6,000 SF

**Renewal*

2017 Noteworthy Office Sales

Building	Square Feet	Sale Price / PSF
300 St. Peters Centre Blvd.	28,353 SF	\$3,400,000 / \$99.64 PSF
856 Waterbury Falls Dr.	26,000 SF	\$2,850,000 / \$98.46 PSF

300 St. Peters Centre Blvd.



Office - Illinois

The Illinois submarket is currently made up of 2.9 million rentable square feet. The overall office vacancy rate in the Illinois submarket decreased 1.5% from 9.8% in January 2017 to 8.3% in January 2018. The average quoted rental rate is \$17.90 per square foot, Class A office space is currently \$23.41 per square foot while Class B asking rates are \$15.29 per square foot.

2017 Noteworthy Office Leases

Building	Tenant	Square Footage
103 W. Vandalia St.	Foley & Mansfield	7,266 SF
101 W. Vandalia St.	Mathis, Marifian and Richter	5,919 SF
101 Eastport Plaza Dr.	Volkert	5,319 SF
475 Regency Park Dr.	Cephil	5,129 SF
11 Executive Dr.	Hometown Phonebook	5,078 SF

Meridian Centre One



Meridian Centre Two

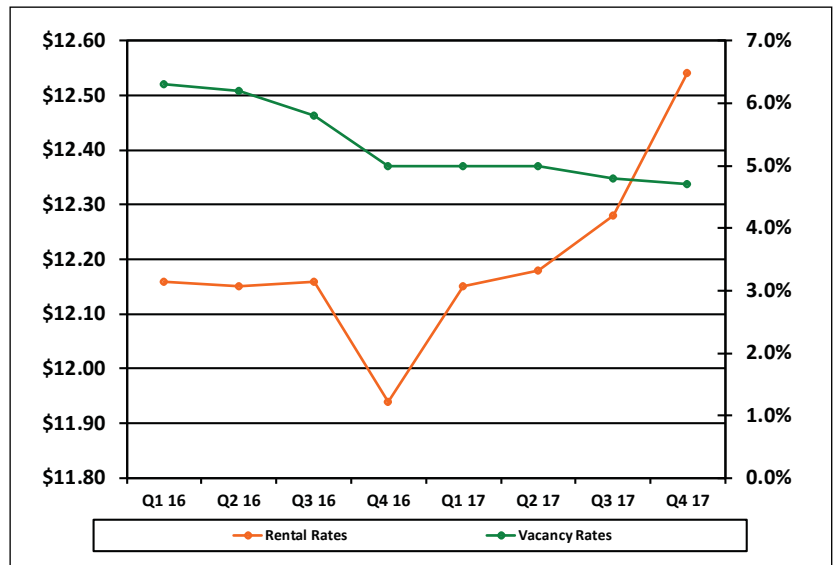


2017 Noteworthy Office Sale

Building	Square Feet	Sale Price / PSF
Meridian Centre One	25,320 SF	\$3,500,000 / \$138.23 PSF
Meridian Centre Two	24,000 SF	\$3,575,000 / \$148.96 PSF

Retail Market Overview

Retail continued to show signs of recovery in 2017. Vacancy rates have continued to decrease over the year, and rental rates increased. The overall vacancy in the St. Louis market decreased .3% from 5.0% in January 2017 to 4.7% in January 2018. Rental rates began the year \$11.94 per square foot and ended \$12.54 per square foot. New construction delivered 1,001,060 square feet in 2017, including a 270,000 square foot retail shopping center in St. Peters called the Shoppes of Mid Rivers; and a 28,035 square foot Fresh Thyme in Kirkwood, a 30,000 square foot Fresh Thyme remained under construction in St. Peters. Grocery stores, fitness centers, urgent cares, fast-food / fast-casual restaurants, discounters, thrift and dollar stores remained strong in 2017.



2017 Retail Submarket Statistics

End of 4th Quarter

Market	Existing Inventory		Vacancy			YTD Net		Under Const SF	Quoted Rates
	# Blds	Total GLA	Direct SF	Total SF	Vac %	Absorption	Deliveries		
Calhoun County	6	25,826	0	0	0.0%	9,100	9,100	0	\$0.00
Chesterfield Region	186	7,061,152	211,153	212,365	3.0%	(88,890)	19,752	17,462	\$18.33
Franklin County	497	5,164,666	174,027	174,027	3.4%	(12,910)	12,400	0	\$9.77
Jefferson County	185	2,046,489	60,325	60,325	2.9%	21,336	3,500	0	\$9.84
Lincoln County	125	1,265,224	37,592	37,592	3.0%	1,526	0	0	\$12.45
Metro East Illinois	1,238	16,100,492	851,220	858,220	5.3%	2,728	9,570	61,240	\$12.94
Mid County	997	16,976,212	479,141	513,913	3.0%	88,424	85,870	34,966	\$19.67
NE Metro Illinois	940	11,454,336	509,264	533,168	4.7%	71,806	9,014	0	\$9.01
North County	481	7,933,268	518,519	524,319	6.6%	328,265	0	0	\$9.63
Northwest County	1,061	14,341,883	970,765	974,165	6.8%	200,736	59,524	0	\$10.45
Outer Jefferson Cnty	198	2,073,736	82,970	82,970	4.0%	(44,572)	0	4,000	\$10.64
Outer Metro Illinois	144	1,218,120	40,692	40,692	3.3%	(6,933)	0	0	\$12.69
Outer Monroe County	8	45,305	0	0	0.0%	0	0	0	\$0.00
Outer St Charles Cnty	147	2,150,708	36,960	68,130	3.2%	(7,617)	0	0	\$8.30
Outer St Louis County	89	1,107,738	107,810	107,810	9.7%	(15,856)	0	23,000	\$12.12
SE Metro Illinois	254	2,719,665	231,569	231,569	8.5%	(5,375)	0	0	\$10.26
South County	602	11,349,574	444,723	444,723	3.9%	59,051	0	0	\$12.74
Southwest County	637	9,755,660	472,279	480,232	4.9%	(34,774)	3,500	0	\$13.38
St Charles County	475	7,513,408	387,592	393,092	5.2%	(22,331)	5,000	0	\$13.93
St Charles Region	876	12,682,247	604,481	612,481	4.8%	367,656	279,000	30,000	\$11.74
St Louis City North	639	8,737,909	638,370	638,370	7.3%	(86,413)	0	0	\$14.92
St Louis City South	1,631	10,943,057	269,160	269,160	2.5%	17,852	1,500	1,017	\$12.07
West County	534	10,757,510	442,452	447,354	4.2%	158,251	8,723	0	\$15.82
Totals	11,950	163,424,185	7,571,064	7,704,677	4.7%	1,001,060	506,453	171,685	\$12.54

Source: CoStar Property®

Retail Market Overview



The Streets of St. Charles Expansion

The 27-acre mixed-use development is adding a three-story office and retail building in 2018. The new building will have 20,000 square feet of ground floor commercial retail, and 40,000 square feet of office space on the upper floors. The Drury Plaza hotel recently opened in September, and Tru by Hilton remains under construction. Cullin Properties recently sold the 309 unit apartment complex, Residences at The Streets of St. Charles, in April to Trilogy Real Estate Group for \$59.2 million.

Ballpark Village Phase 2

The second phase of Ballpark Village has been approved and construction has begun on the 700,000 square foot expansion. The \$260 million second phase includes a 29-story residential apartment tower, Class A office building and a two-story retail market place / entertainment venue. The office building, anchored by PwC, will be the first new office construction downtown since 1989.



Former Shriners Hospital Development*

The former Shriners Hospital for Children has been approved for development by DESCO. The site is located at 2001 S. Lindbergh Blvd. next to the Plaza at Frontenac. Plans for the \$92 million development in Frontenac include a Lifetime Athletic fitness center; two out parcels for restaurants; and a three-story, 36,000-square-foot retail and office center.

The Boulevard Phase II*

The second phase of The Boulevard is getting ready to break ground. The \$100 million development will contain approximately 200,000 square feet of retail, 100,000 square feet of office, parking garage and 75 apartments. There will also be a sky bridge to connect the offices to the new garage. The new development is expected to deliver at the end of 2019.



**These Projects have been Proposed by Developer*

Retail Market Overview

New Retail Stores/Locations in the Area



Bob's Discount Furniture is a value-priced furniture and bedding retailer headquartered in Manchester, CT. They currently operate in 15 states with over 85 showrooms, and recently opened their new headquarters in Manchester, CT. The chain added three locations to the St. Louis market in 2017: Manchester, St. Ann and St. Peters. New locations were also added to the Wisconsin and New Jersey markets in 2017. Pennsylvania and South Carolina have stores opening in February, and plans to expand to the west coast with six locations in the Los Angeles area.

- **Aldi** opened its latest store to the St. Louis market at 150 Crossroads Drive in Wentzville.
- **Fresh Thyme Farmer's Market** opened two stores; one in Kirkwood and one in South County. The St. Peters store remains under construction.
- **Total Access Urgent Care** opened two locations: one at 1090 North Highway 67 in Florissant, and one at 3114 S. Grand Boulevard in Tower Grove.
- **Amp Up Action Park** opened in Town & Country at 13901 Manchester Road.
- **HomeGoods** opened three locations: one in Brentwood, one in Town & Country and one in St. Peters at the Shoppes at Mid Rivers.
- **Academy Sports+Outdoor, Burlington, Marshalls, Ulta Beauty, Carter's-OshKosh B'gosh, Five Below, Famous Footwear and Aspen Dental** opened at the new Shoppes at Mid Rivers in St. Peters.
- **Duluth Trading Co** opened its first store in the St. Louis Market at 1439 Bass Pro Drive in St. Charles.
- **Pan-Asia Supermarket** opened in Manchester at 14246 Manchester Road.
- **Frew's Bridal** opened its second store in the St. Louis Galleria.
- **Emerge Pop-Up Boutique** opened at Taubman Prestige Outlets and will only showcase St. Louis vendors.
- **Mix & Match** opened at 2207 S. 39th in the Shaw neighborhood.
- **BeerSauce Shop** opened in St. Peters at 318 Mid Rivers Mall Drive.
- **Warby Parker** opened at 304 North Euclid Avenue in the Central West End.
- **Bonobos** opened its first St. Louis location at 52 Maryland Plaza in the former Scapegoat Tavern in the Central West End.
- **Macy's Backstage** opened the area's first Macy's outlet store at St. Clair Square Mall in Fairview Heights, IL.
- **Harbor Freight** opened in Wentzville at 15362 Veterans Memorial Parkway.
- **Topgolf** broke ground on its first Missouri location. It will open at 16851 N. Outer 40 Road in Chesterfield fall of 2018.



Retail Market Overview

New Restaurants Around Town

Shake Shack opened its first St. Louis location at 332 N. Euclid Avenue in the Central West End. The founder, Danny Meyer, grew up in St. Louis, and was inspired by local restaurants such as Carl's Drive-In, Steak 'n Shake and Ted Drewes. Shake Shack also opened its first locations in Milwaukee and San Antonio in 2017, and plans to open locations in Tampa Bay, Seattle and the Carolinas in 2018.



- **Chick-fil-A** opened its 13th stand-alone restaurant in the St. Louis area at 304 Clarkson Road in Ellisville.
- **Mission Taco Joint** opened a location at 1650 Beale St. in the Streets of St. Charles.
- **Raising Cane's** opened two locations: one in Maplewood and one in Arnold.
- **The Capital Grille** opened its first St. Louis location at 101 S. Hanley Rd. in Clayton; this is the 58th location for the chain.
- **Westport Social**, a classic bar and gaming lounge, opened at 910 Westport Plaza in Maryland Heights.
- **Katie's Pizza and Pasta Osteria** opened at 14173 Clayton Road in Town & Country.
- **Garbanzo Mediterranean Fresh** opened its first St. Louis location at 8143 Maryland Ave. in Clayton.
- **Seoul Taco** opened its second St. Louis location at 46 Four Seasons Shopping Center in Chesterfield.
- **The Dapper Doughnut** opened at 11600 Olive Boulevard in Creve Coeur.
- **Salt + Smoke** opened a second location at 5625 Hampton Ave. in the former home of Mathew's Kitchen.
- **Sym•Bowl** opened its third location at 1456 Bass Pro Shop Drive in St. Charles.
- **Cork & Barrel Chop House** opened in St. Charles at 7337 Mexico Road.
- **Russell's Cafe & Bakery** opened its third location at 14888 Clayton Road in Chesterfield.
- **Poke Doke** opened in the Central West End at 8 S. Euclid Avenue.
- **Yiro/Gyro** opened three locations: Fenton, Ballwin and Midtown.



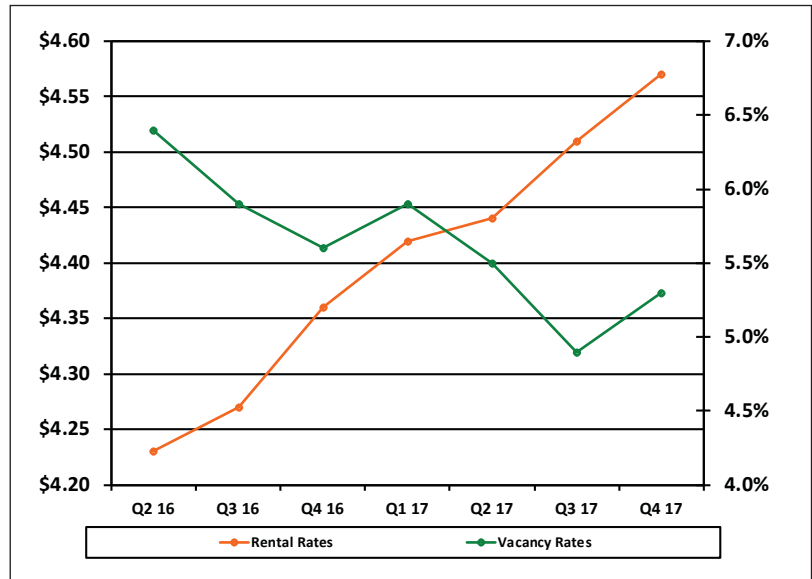
Restaurant & Retail Closings in 2017

- **Tim Hortons** closed all St. Louis area locations: Downtown, St. Louis, Maplewood, Frontenac and O'Fallon, IL.
- **Rothman Furniture & Mattress** closed all St. Louis area locations after 90 years in business including Affton, Alton, Bridgeton, Shrewsbury and O'Fallon (MO & IL).
- **Eat Rite Diner** closed at 622 Chouteau Ave. after 62 years in business.
- **Barrister's** closed in Clayton at 7923 Forsyth Boulevard.
- **Pie Five Pizza** closed both its St. Louis locations: Chesterfield and Richmond Heights.
- **HHGregg** closed all its locations including Fenton, St. Peters, Chesterfield and Fairview Heights.
- **Cicero's** closed its doors in the Delmar Loop at 6691 Delmar Blvd. after 40 years in business.
- **Lucky's Market** closed in Ellisville at 15830 Fountain Plaza Drive.
- **Elephant Bar** closed at 1085 W. County Center Drive in Des Peres.
- **Remy's Kitchen & Wine Bar** closed at 222 S. Bemiston Ave. in Clayton after 23 years in business.
- **Gymboree** closed 350 stores nationally including St. Peters, Chesterfield, Lake St. Louis and Fairview Heights.



Industrial Market Overview

The St. Louis industrial market continued to improve in 2017. Rental rates are the highest they have been since 2007. Rental rates began the year \$4.15 per square foot and ended \$4.27 per square foot. Seventeen new buildings were delivered in 2017 totaling 5,251,061 square feet; including Premier 370 2001, a 714,780 square foot facility 100% occupied by Reckitt Benckiser, Wentzville Logistics Center, a 629,000 square foot building 100% occupied by GMC, and Hazelwood Logistics Center 3 which delivered 348,480 square feet which is 100% leased to Amazon. There were 1,673,340 square feet remaining under construction at the end of 2017. Despite the amount of new construction, vacancy rates, while rather flat, showed a small decrease at year's end due to the increase in speculative construction. The overall vacancy in the St. Louis market decreased .6% from 5.9% in January 2017 to 5.3% in January 2018.



2017 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	20,198,673	1,608,724	1,608,724	8.0%	1,681,346	1,558,999	0	\$4.37
Chesterfield/Hwy-40	5,945,527	233,664	237,264	4.0%	(105,359)	35,000	885,000	\$9.09
Earth City	23,125,697	2,494,050	2,494,050	10.8%	(115,240)	0	130,000	\$4.83
Fenton	9,119,175	479,851	479,851	5.3%	66,946	158,400	0	\$5.82
Hanley	6,374,781	192,870	192,870	3.0%	(93,178)	0	0	\$6.60
Illinois	43,899,172	898,606	948,606	2.2%	1,013,801	645,379	658,340	\$4.15
Innerbelt E of 170	9,931,067	193,517	208,517	2.1%	30,486	0	0	\$5.81
Innerbelt W of 170	11,316,868	365,944	365,944	3.2%	136,019	0	0	\$5.27
North County	7,788,065	1,091,702	1,091,702	14.0%	(97,804)	573,753	0	\$4.28
South County	9,147,153	325,790	439,223	4.8%	(62,221)	0	0	\$5.83
St Charles County	30,437,897	1,250,931	1,313,979	4.3%	1,476,046	2,270,530	0	\$5.61
St Louis City North	39,157,896	2,579,696	2,579,696	6.6%	989,765	0	0	\$2.98
St Louis City South	35,661,395	1,633,808	1,633,808	4.6%	301,892	0	0	\$3.68
West County	4,742,564	10,744	10,744	0.2%	28,562	15,000	0	\$6.36
Westport	15,373,962	864,054	864,054	5.6%	(73,405)	30,000	0	\$6.21
Totals	272,219,892	14,224,865	14,473,032	5.3%	5,177,656	5,251,061	1,673,340	\$4.57

Source: CoStar Property®

Noteworthy Delivery

349 Gateway Commerce Center Drive delivered 624,129 square feet of industrial space to the Illinois submarket in the first quarter 2017. The Class A distribution building is 100% leased to GEODIS. This building sold in a two building portfolio sale for \$34,876,675 (\$55.88 PSF) in November of 2017.



Industrial Market Overview

2017 Noteworthy Industrial Leases

Building	Tenant	Square Footage
Gateway East 624	GEODIS	624,129 SF
462 Hazelwood Logistics Ctr. Dr.	Amazon	348,480 SF
Gateway East 520	DB Schenker*	306,090 SF
6504 Prescott Ave.	Fairfield Manufacturing	300,000 SF
3901 Union Blvd.	Triad	275,142 SF
408 Hazelwood Logistics Ctr. Dr.	Quiet Logistics	270,980 SF
305-333 Rock Ind. Park Dr.	Fresh Warehouse	245,000 SF
1619 Park 370 Blvd.	XPO Logistics	213,558 SF
441 Hazelwood Logistics Ctr. Dr.	Bunzl Distribution	143,000 SF
3265 Rider Trail S.	Lou Fuz Soccer Club	142,831 SF
13600 Shoreline Dr.	24 Seven Mo, Inc. **	140,897 SF
441 Hazelwood Logistics Ctr. Dr.	Amazon	100,241 SF

*Renewal ** Renewal & Expansion

2017 Noteworthy Industrial Sales

Building	Square Feet	Sale Price / PSF
349 Gateway Commerce Ctr. Dr. (Portfolio Sale)	624,129 SF	\$34,876,675 / \$55.88 PSF
3051 Gateway Commerce Ctr. Dr. (Portfolio Sale)	521,171 SF	\$29,123,325 / \$55.88 PSF
20 Central Industrial	117,245 SF	\$6,100,000 / \$52.03 PSF
1325 N. Warson Rd.	105,104 SF	\$5,300,000 / \$50.43 PSF

3051 Gateway Commerce Ctr. Dr.





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