



Q1 2016

Office Market Report

MARKET TRENDS

Compared to Previous Quarter

Vacancy Rate ↔

Net Absorption ↓

Rental Rates ↑

Construction ↔

NOTEWORTHY SALE



The 87,567 square foot, Class A office building located at 390 South Woods Mill Road in Chesterfield sold in March for an undisclosed amount.

NOTEWORTHY SALE



The 60,080 square foot, Class C office building located at 900 Hornet Drive in Hazelwood sold for \$2,200,000. (\$36.61 PSF)

There was little change in the overall office vacancy rate for the St. Louis market at the end of the first quarter 2016. The overall vacancy rate was 15.8% at the end of the first quarter 2016, and 15.7% at the end of the fourth quarter 2015. All of the submarkets showed little change except for the West County submarket, which increased 1.4%. Although West County showed a small increase, West County still has one of the lowest vacancy rates finishing the first quarter 2016 at 9.6%.

Net absorption for the overall St. Louis office market was negative 93,125 square feet absorbed at the end of the first quarter 2016. At the end of the fourth quarter 2015, net absorption was positive 201,776 square feet. This swing was primarily caused by a few larger tenants vacating space in the West County submarket. Abengoa Bioenergy closed their U.S. headquarters leaving 44,000 square feet at 16401 Swingley Ridge Road vacant; MiTek vacated over 30,000 square feet at 14515 N. Outer Forty to occupy their newly built headquarters, and Altus vacated over 11,000 square feet at 1630 Des Peres Road after selling Corporate Hill.

The overall average quoted asking rental rate in the St. Louis office market showed an increase. The average quoted rental rates ended the first quarter 2016 at \$19.46 per square foot per year. That compares to \$19.22 per square foot in the fourth quarter 2015. The Clayton and West County submarkets continued to have the highest rental rates and the lowest vacancy rates.

There was no new, completed multi-tenant construction in the first quarter 2016.

Submarket	Existing Inventory # Bldgs.	Total GLA	Direct SF	Vacancy Total SF	Vac %	Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
Central Business District (CBD)	94	14,340,264	2,847,919	2,932,089	20.4%	(46,373)	0	0	\$16.28
St. Louis City (Other than CBD)	34	1,943,256	207,689	250,890	12.9%	(32,716)	0	0	\$17.92
Clayton	73	7,346,388	558,589	569,476	7.8%	26,401	0	0	\$23.28
Olive-270/ Westport	112	7,351,286	1,197,825	1,205,771	16.4%	31,512	0	0	\$19.48
West County	110	7,477,452	693,136	718,754	9.6%	(103,410)	0	0	\$23.60
South County	57	2,842,407	269,294	296,297	10.4%	10,529	0	0	\$21.81
North County	67	4,800,933	1,206,325	1,220,148	25.4%	16,569	0	0	\$17.07
St. Charles	40	1,836,285	251,889	333,012	18.1%	11,416	0	0	\$17.98
Illinois	63	2,516,311	465,032	465,032	18.5%	(7,053)	0	0	\$17.71
Totals	650	50,454,582	7,224,698	7,991,469	15.8%	(93,125)	0	0	\$19.46

Source: CoStar Property®

Office market data used for this report consists of only multi-tenant office buildings over 20,000 square feet, excluding medical. The above chart is a combination of Class A, Class B and Class C buildings.

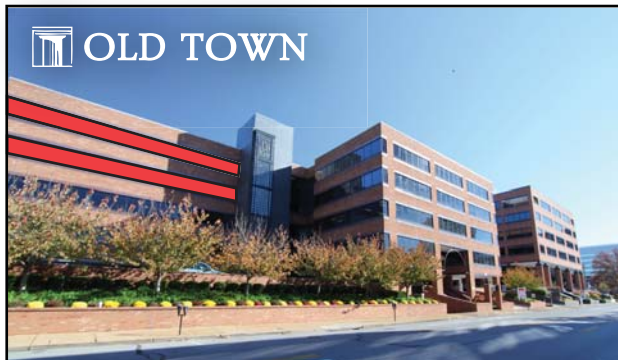


RECENT MARKET TRANSACTIONS

Tenant Name	Building	SF	Submarket
World Wide Technology	Westport Plaza	210,000	Olive-270/Westport
Cambridge Major Laboratories	4260 Forest Park Ave.	37,500	St. Louis City
Anders CPA*	800 Market St.	20,298	CBD
TechShop	4260 Forest Park Ave.	18,750	St. Louis City
Maxim Healthcare Services	1807 Park 270 Dr.	12,317	Olive-270/Westport

* Expansion

FEATURED PROPERTY



Old Town

168 N. Meramec Ave.
Clayton, MO 63105

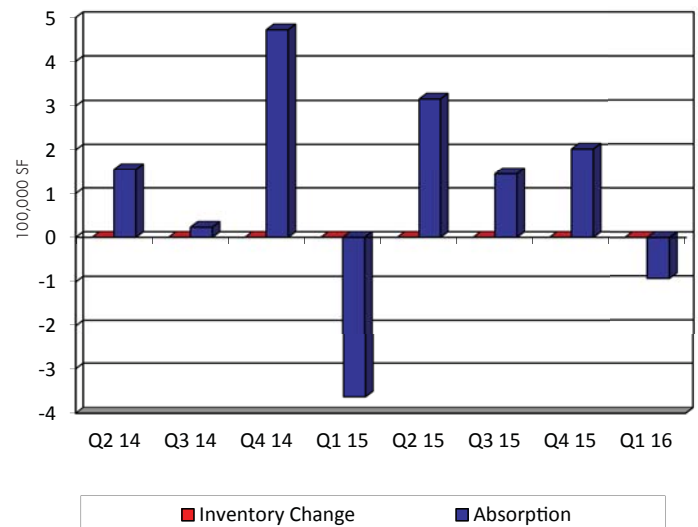
- 10,000 SF Clayton Opportunity
- Building or Monument Signage Available
- Separate Elevator Service and Lobby Entrance
- Extensive Window Line
- Lease Rate: \$24.50 PSF, Full Service

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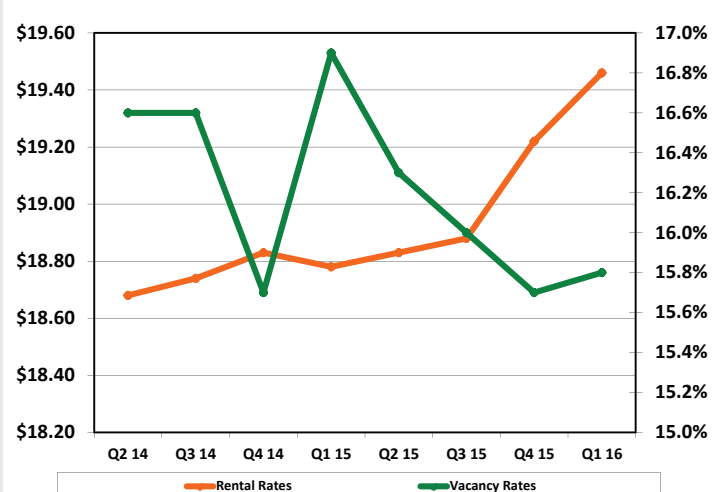
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Overall Office Inventory & Absorption



Overall Office Rental Rates & Vacancy Rates



*Disclaimer: All information is collected from CoStar Group at the end of 1st Quarter. All information is subject to change. Updated numbers for past quarters reflect CoStar's ongoing research for the most accurate market information.