



Q1 2017

Office Market Report

MARKET TRENDS

Compared to Previous Quarter

Vacancy Rate



Net Absorption



Rental Rates



Construction



NOTEWORTHY SALE



Chesterfield Grove Building III, a 38,853 SF Class B office building located in Chesterfield sold for \$5,940,000 (\$152.88 PSF).

NOTEWORTHY SALE



Meridian Centre Two, a 25,500 SF Class A office building located in Glen Carbon, Illinois sold for \$3,575,000 (\$140.20 PSF).

First quarter showed little change for the St. Louis office market. The office vacancy rate for the St. Louis market showed a slight decrease of .2% at the end of the first quarter 2017. The overall vacancy rate was 12.1% at the end of the first quarter 2017, and 12.3% at the end of the fourth quarter 2016. The St. Charles submarket showed the largest change in vacancy dropping 3.3%; the change was primarily due to filling the 81,123 square feet vacancy at 36 Research Park. The Clayton submarket continued to have the lowest vacancy rate.

Overall office net absorption, although still positive, decreased from last quarter. There was positive 86,670 square feet absorbed at the end of the first quarter 2017. At the end of the fourth quarter 2016, net absorption was positive 308,295 square feet.

The average quoted asking rental rate in the St. Louis office market showed a slight increase in both Class A and Class B at the end of the first quarter 2017. The overall average quoted rental rate ended the first quarter 2017 at \$23.29 per square foot per year for Class A, and \$17.09 per square foot per year for Class B. That compares to \$23.27 per square foot per year for Class A, and \$16.98 per square foot per year for Class B at the end of the fourth quarter 2016.

There was no new construction delivered in the first quarter 2017, and 170,324 square feet of office remained under construction; including Delmar Gardens III, which will be delivering 125,000 square feet to the West County submarket.

Submarket	Existing Inventory		Direct SF	Vacancy		Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bldgs.	Total GLA		Total SF	Vac %				
Central Business District (CBD)	96	14,601,579	2,277,153	2,316,256	15.9%	(90,986)	0	0	\$16.23
St. Louis City (Other than CBD)	39	2,277,683	114,806	144,436	6.3%	17,903	0	0	\$18.43
Clayton	75	7,391,577	392,499	411,454	5.6%	96,158	0	0	\$23.26
Olive-270/ Westport	113	7,455,350	817,546	843,983	11.3%	50,286	0	0	\$20.46
West County	111	7,651,827	546,009	583,792	7.6%	(31,430)	0	170,324	\$22.77
South County	59	2,978,849	296,041	317,067	10.6%	26,489	0	0	\$21.07
North County	69	4,907,506	1,160,105	1,229,072	25.0%	(47,713)	0	0	\$17.60
St. Charles	42	2,430,675	195,255	218,032	9.0%	81,670	0	0	\$16.73
Illinois	70	2,975,700	317,474	317,474	10.7%	(15,707)	0	0	\$18.57
Totals	674	52,670,746	6,116,888	6,381,566	12.1%	86,670	0	170,324	\$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
PricewaterhouseCoopers LLP*	800 Market St.	52,966	CBD
Microsoft	4220 Duncan	29,000	St. Louis City
Navis & Co	555 Maryville Dr.	24,000	West County
CT Solutions	3660 S. Geyer Rd.	17,528	South County
TEK Systems	CityPlace I	15,675	Olive-270/Westport

*Renewal

FEATURED PROPERTY



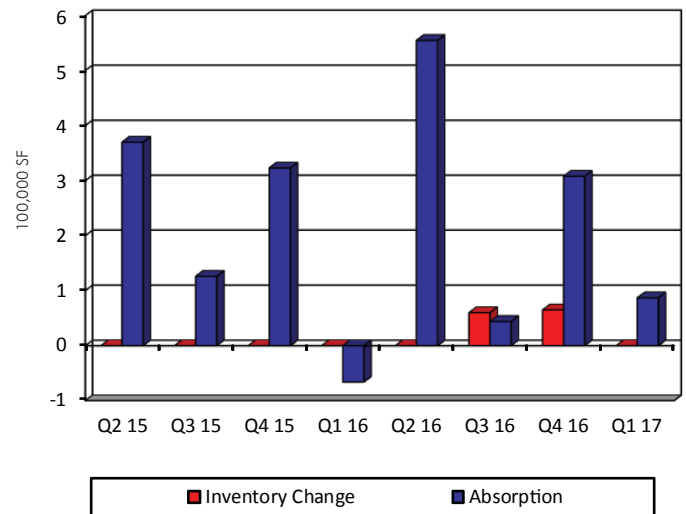
301 N. Memorial Drive
St. Louis, Missouri 63102

- 25,244 SF Available
- Newly Renovated Historic Landmark in Downtown St. Louis
- Building Signage Available for Full-Floor Tenant
- Building Amenities Include: Lower Level Lounge with Bar/Breakroom, Game Area, Fitness Center & Restrooms/Locker Rooms with Showers
- Lease Rate: \$9.00-\$12.50 PSF, FS
- Contact Broker for Sale Price

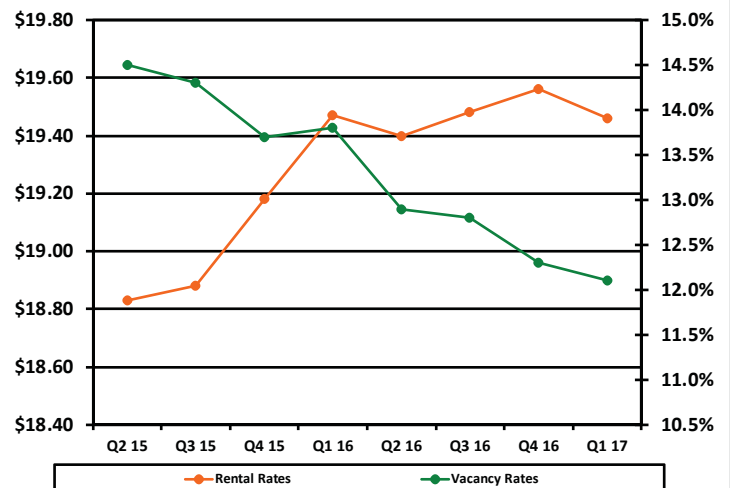
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Overall Office Inventory & Absorption



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.