



Q1 2018

Office Market Report

MARKET TRENDS

Compared to Previous Quarter

Vacancy Rate



Net Absorption



Rental Rates



Construction



NOTEWORTHY SALE



11960 Westline Industrial Dr., a 91,131 SF Class A office building located in Maryland Heights, sold for \$6,180,000 (\$67.81 PSF).

NOTEWORTHY SALE



745 Craig Rd., a 21,575 SF Class C office building located in Creve Coeur, sold for \$2,330,000 (\$108.00 PSF).

The office vacancy rate for the St. Louis market showed a slight increase of just .6% at the end of the first quarter 2018. The overall vacancy rate was 11.4% at the end of the first quarter 2018, and 10.8% at the end of the fourth quarter 2017. The St. Charles submarket showed the largest change in vacancy, increasing 5.5%, which was the result of the Art Institute of St. Louis vacating Streets of St. Charles, as well as both Verizon and Citibank Mortgage downsizing on Technology Drive and marketing space on their campuses to third-party tenants.

Overall office net absorption decreased from last quarter. There was negative 351,222 square feet absorbed at the end of the first quarter 2018. At the end of the fourth quarter 2017, net absorption was positive 316,255 square feet. Most of the negative absorption was the result of increased vacancy in the St. Charles submarket.

The average quoted asking rental rate in the St. Louis office market showed an increase, ending the first quarter 2018 at \$20.32 per square foot per year. That compares to \$20.01 per square foot at the end of the fourth quarter 2017. The Clayton and West County submarkets continued to have the highest overall asking rates.

Although there were no new buildings delivered in the first quarter 2018, over 1 million square feet remained under construction. Construction began on Ballpark Village's 200,000-square-foot office building and Streets of St. Charles' new 60,000-square-foot office/retail building. Construction continued on Centene's 600,000-square-foot expansion in Clayton and the new 180,000-square-foot building at Cortex.

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)	96	14,610,070	2,117,707	2,198,503	15.0%	25,415	0	200,000	\$16.71
St. Louis City (Other than CBD)	41	2,337,961	150,164	150,164	6.4%	2,944	0	300,000	\$20.60
Clayton	76	7,519,741	406,872	424,387	5.6%	(18,917)	0	600,000	\$23.68
Olive-270/ Westport	112	7,433,597	691,809	746,278	10.0%	(78,223)	0	0	\$20.39
West County	111	7,799,188	566,007	581,150	7.5%	13,581	0	0	\$24.04
South County	59	2,926,158	303,668	320,777	11.0%	(14,965)	0	0	\$22.13
North County	47	3,683,225	819,287	821,247	22.3%	(55,157)	0	0	\$17.54
St. Charles	45	3,058,589	449,746	472,523	15.4%	(200,093)	0	60,000	\$18.97
Illinois	70	3,081,648	262,715	262,715	8.5%	(25,807)	0	0	\$18.83
Totals	657	52,450,177	5,767,975	5,977,744	11.4%	(351,222)	0	1,160,000	\$20.32

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
Home Away from Home	6805 S. Broadway	13,000	St. Louis City
Clinical Research Professionals	17998 Chesterfield Airport Rd.	9,742	West County
State of Missouri	9441 Dielman Rock Island Ind. Dr.	9,000	Olive-270/Westport
Benson Hill	1100 Corporate Square Dr.	8,133	Olive-270/Westport
Afton Chemical	500 Rudder Rd.	6,838	South County

FEATURED PROPERTY



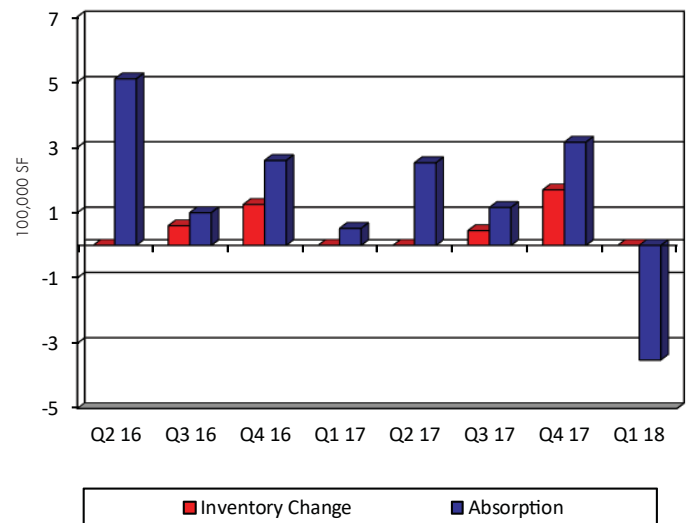
Century Building
222 S. Meramec Avenue
Clayton, MO 63105

- 841 SF - 6,190 SF Suites Available
- Building Renovations Coming Soon
- Located Just Steps from MetroLink Station & Public Parking Garage
- 3/1,000 SF Covered Garage Parking at Below Market Rates
- Free Surface Visitor Lot
- Possible Building Signage Available
- Lease Rate: \$18.50 PSF, FS

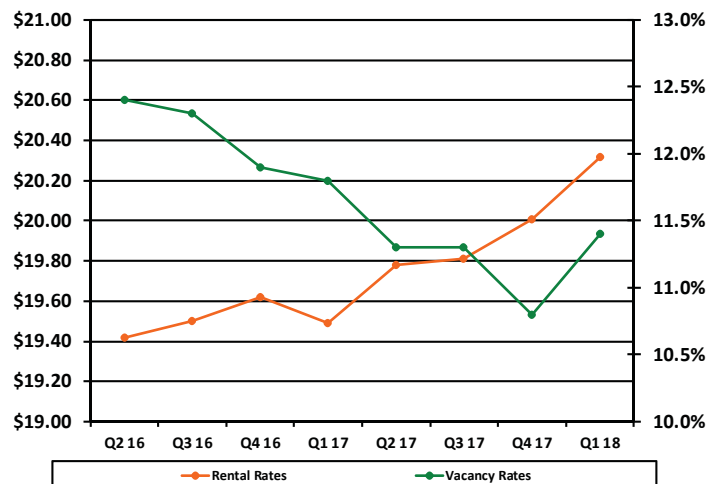
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Overall Office Inventory & Absorption



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.