



Q2 2016

Office Market Report

MARKET TRENDS

Compared to Previous Quarter

Vacancy Rate



Net Absorption



Rental Rates



Construction



NOTEWORTHY SALE



Lakeside Crossing I, a 128,000 SF Class A office building located at 2291 Ball Dr. in Westport sold for \$20,188,924. (\$157.73 PSF)

NOTEWORTHY SALE



Lakeside Crossing II, a 116,000 SF Class A office building located at 2281 Ball Dr. in Westport sold for \$18,328,000. (\$158.00 PSF)

The office vacancy rate for the St. Louis market decreased 1% at the end of the second quarter 2016. The overall vacancy rate was 14.8% at the end of the second quarter 2016, and 15.8% at the end of the first quarter 2016. All of the submarkets showed a decrease in vacancy rate except for the North County submarket, with a slight increase of .1% and South County which remained unchanged at 10.4%.

Net absorption for the overall St. Louis office market showed improvement in every submarket except for North County. The net absorption was positive 467,789 square feet absorbed at the end of the second quarter 2016. At the end of the first quarter 2016, net absorption was negative 63,202 square feet. The Central Business District, West County and Olive-270/Westport submarkets showed the largest positive absorption.

The average quoted asking rental rate in the St. Louis office market showed a slight decrease. The overall average quoted rental rate ended the second quarter 2016 at \$19.39 per square foot per year. That compares to \$19.46 per square foot in the first quarter 2016. The Clayton and West County submarkets continued to have the highest overall rental rates.

Although no new, multi-tenant construction was completed in the second quarter 2016; 190,000 square feet of office remained under construction. Delmar Gardens III will be delivering 125,000 square feet to the West County submarket, and 1405 N. Green Mount Road in O'Fallon will be delivering 65,000 square feet to the Illinois submarket.

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	14,397,593	2,744,126	2,828,296	19.6%	102,731	0	0	\$16.26
St. Louis City (Other than CBD)	34	1,941,564	189,412	232,613	12.0%	2,862	0	0	\$17.72
Clayton	73	7,346,388	483,665	484,025	6.6%	60,672	0	0	\$23.34
Olive-270/ Westport	112	7,365,895	1,056,333	1,072,686	14.6%	133,085	0	0	\$19.53
West County	110	7,477,452	583,082	605,816	8.1%	115,007	0	125,000	\$23.29
South County	57	2,842,407	295,789	295,789	10.4%	508	0	0	\$21.95
North County	68	4,817,594	1,221,224	1,235,047	25.6%	(5,699)	0	0	\$16.88
St. Charles	40	1,836,770	210,987	314,887	17.1%	18,125	0	0	\$17.90
Illinois	63	2,516,311	408,277	408,277	16.2%	40,498	0	65,000	\$17.64
Totals	653	50,541,974	7,192,895	7,477,436	14.8%	467,789	0	190,000	\$19.39

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
Enterprise Holdings	Lakeside Crossing I & II	116,000	Olive-270/Westport
Nestle**	100 N. Broadway	65,547	CBD
Momentum Worldwide	1831 Chestnut St.	27,850	CBD
TEKsystems, Inc. *	12443 Olive Blvd.	23,152	Olive-270/Westport
Business Training Library	14500 S. Outer 40 Rd.	17,000	West County

* Renewal ** Expansion

FEATURED PROPERTY



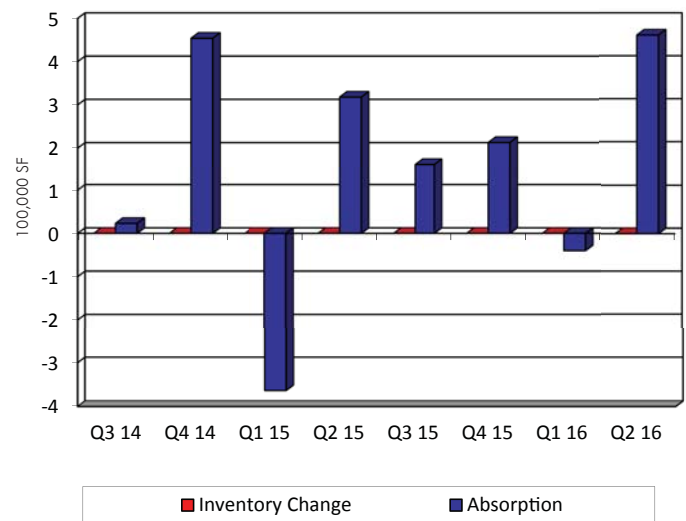
Century Building
222 S. Meramec
Clayton, MO 63105

- Full Floor Available (9,099 SF) January 2017
- Building Renovations Coming Soon
- 425 SF Retail Space & Various Office Suites Available
- Turn-Key TI Packages Available for Office & Medical Users
- Located Just Steps from MetroLink Station & Public Parking Garage
- Lease Rate: \$20.00 PSF, FS

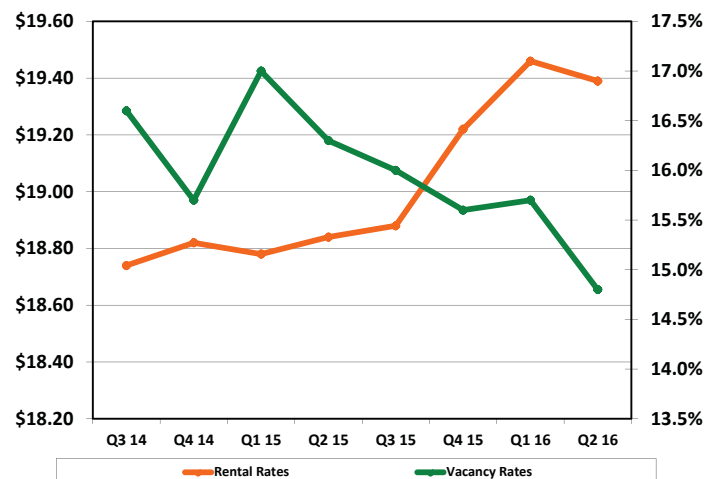
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Overall Office Inventory & Absorption



Overall Office Rental Rates & Vacancy Rates



*Disclaimer: All information is collected from CoStar Group at the end of 2nd Quarter. All information is subject to change. Updated numbers for past quarters reflect CoStar's ongoing research for the most accurate market information.