



Q2 2017

Office Market Report

MARKET TRENDS

Compared to Previous Quarter

Vacancy Rate



Net Absorption



Rental Rates



Construction



NOTEWORTHY SALE



12200 Weber Hill, a 44,827 SF Class A office building located in Sunset Hills, sold in a 2-building portfolio for \$6,157,714 (\$137.37 PSF).

NOTEWORTHY SALE



12250 Weber Hill, a 64,370 SF Class A office building located in Sunset Hills, sold in a 2-building portfolio for \$8,842,276 (\$137.37 PSF).

The office vacancy rate for the St. Louis market showed a decrease of .6% at the end of the second quarter 2017. The overall vacancy rate was 11.4% at the end of the second quarter 2017, and 12.0% at the end of the first quarter 2017. The North County submarket showed the largest change in vacancy dropping 4.6%; the change was primarily due to several St. Louis County Government offices occupying space at The Crossings at Northwest. The Clayton submarket continued to have the lowest vacancy rate with 5.1% at the end of the second quarter 2017.

Overall office net absorption increased from last quarter. There was positive 318,315 square feet absorbed at the end of the second quarter 2017. At the end of the first quarter 2017, net absorption was positive 65,461 square feet.

The average quoted asking rental rate in the St. Louis office market also showed an increase. The overall average quoted rental rate ended the second quarter 2017 at \$19.71 per square foot per year. That compares to \$19.45 per square foot at the end of the first quarter 2017. The Clayton and West County submarkets continued to have the highest overall asking rates.

There was no new construction delivered in the second quarter 2017, and 1,094,617 square feet of office remained under construction; including Centene's Phase I, which will be delivering 600,000 square feet to the Clayton 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) | 97 | 14,655,255 | 2,304,784 | 2,400,647 | 16.4% | (76,124) | 0 | 0 | \$16.12 |
| St. Louis City (Other than CBD) | 39 | 2,277,683 | 101,010 | 130,640 | 5.7% | 3,544 | 0 | 204,293 | \$19.64 |
| Clayton | 75 | 7,480,671 | 370,566 | 379,045 | 5.1% | 32,409 | 0 | 600,000 | \$23.12 |
| Olive-270/ Westport | 113 | 7,466,273 | 755,090 | 788,384 | 10.6% | 40,465 | 0 | 0 | \$21.13 |
| West County | 110 | 7,623,410 | 529,666 | 577,613 | 7.6% | 57,193 | 0 | 170,324 | \$23.10 |
| South County | 59 | 2,978,849 | 295,747 | 312,856 | 10.5% | 4,211 | 0 | 120,000 | \$21.09 |
| North County | 46 | 3,648,284 | 828,329 | 830,298 | 22.8% | 170,918 | 0 | 0 | \$17.61 |
| St. Charles | 43 | 2,454,675 | 128,018 | 150,795 | 6.1% | 60,170 | 0 | 0 | \$17.01 |
| Illinois | 70 | 2,976,020 | 291,945 | 291,945 | 9.8% | 25,529 | 0 | 0 | \$18.54 |
| Totals | 652 | 51,561,120 | 5,605,155 | 5,862,214 | 11.4% | 318,315 | 0 | 1,094,617 | \$19.71 |

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 |
|-----------------------------|--------------------|---------|--------------------|
| Centene Corporation | Creve Coeur Pointe | 103,280 | Olive-270/Westport |
| TriZetta Provider Solutions | 3300 Rider Trail | 87,002 | North County |
| Pricewaterhouse Coopers* | 800 Market St. | 52,966 | CBD |
| Ace Insurance* | 1 Progress Point | 50,000 | St. Charles |
| Cambridge Innovation Center | 4220 Duncan Ave. | 41,000 | St. Louis City |

*Renewal

FEATURED PROPERTY



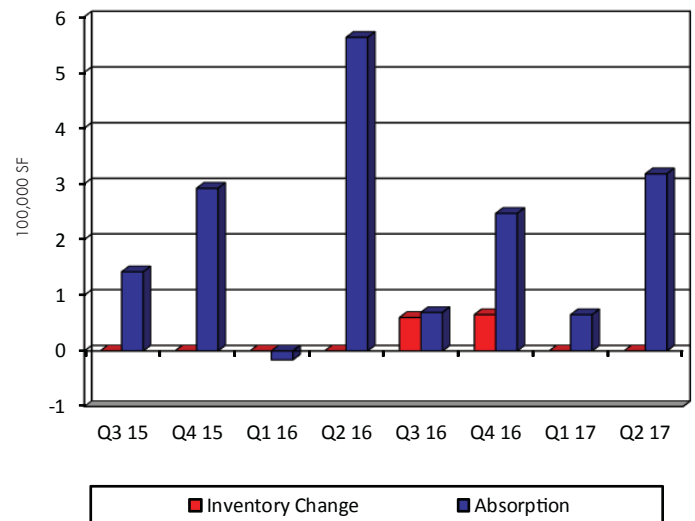
One Chesterfield Place
14755 N. Outer Forty Road
Chesterfield, MO 63017

- 1,072 SF - 10,663 SF Available
- Remodeled Lobby, On-Site Food Service & Outdoor Seating Area
- Complimentary Covered & Surface Parking Available
- Easy Access to I-64, I-270 & Hwy. 141
- Lease Rate: \$27.00 PSF

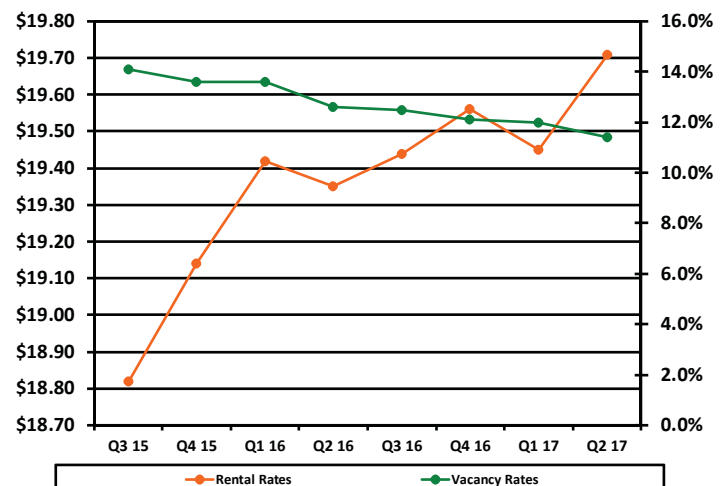
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Overall Office Inventory & Absorption



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.