



# Q2 2018

## Office Market Report

### MARKET TRENDS

*Compared to Previous Quarter*

Vacancy Rate 

Net Absorption 

Rental Rates 

Construction 

### NOTEWORTHY SALE



1001 Highlands Plaza Dr., a 145,000-SF Class A office building located in St. Louis, sold for \$23,700,000 (\$163.45 PSF).

### NOTEWORTHY SALE



900 Hornet Dr., a 60,832-SF Class C office building located in Hazelwood, sold for \$3,300,000 (\$54.25 PSF).

The overall office vacancy rate for the St. Louis market showed little change mid year 2018. The overall vacancy rate was 11.4% at the end of the second quarter 2018, and 11.5% at the end of the first quarter 2018. The Clayton submarket continued to have the lowest vacancy rate at 5.5% for overall office vacancy, and 3.6% vacancy for Class A.

Overall office net absorption increased from last quarter. There was positive 157,556 square feet absorbed at the end of the second quarter 2018. At the end of the first quarter 2018, net absorption was negative 397,029 square feet. Most of the positive absorption was in the St. Louis City submarket. Tenants moving into big blocks of space include Cambridge Innovation Center occupying 41,000 square feet, Aon occupying 30,000 square feet and Microsoft occupying 29,000 square feet; all at the newest building delivered at Cortex, 4220 Duncan Avenue.

The average quoted asking rental rate in the St. Louis office market showed an increase, ending the second quarter 2018 at \$20.86 per square foot per year. That compares to \$20.70 per square foot at the end of the first quarter 2018. The Clayton, St. Louis City and West County submarkets had the highest asking rental rates.

There was one new building delivered in the second quarter 2018; 4220 Duncan Avenue. Construction continued on Centene's 600,000-square-foot expansion in Clayton, Ballpark Village's 200,000-square-foot office building downtown and Streets of St. Charles' new 60,000-square-foot office/retail building.

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	14,611,020	2,11,126	2,196,936	15.0%	26,931	0	200,000	\$16.66
St. Louis City (Other than CBD)	42	2,522,506	157,040	157,040	6.2%	175,192	182,000	120,000	\$25.78
Clayton	75	7,515,454	402,597	415,804	5.5%	8,583	0	600,000	\$24.66
Olive-270/ Westport	112	7,433,230	794,473	842,614	11.3%	(96,336)	0	0	\$20.03
West County	112	7,844,186	541,862	616,901	7.9%	(45,718)	0	0	\$24.32
South County	60	2,940,545	303,375	320,484	10.9%	15,293	0	0	\$20.92
North County	47	3,683,225	743,267	745,227	20.2%	76,020	0	0	\$17.69
St. Charles	45	3,058,589	476,301	499,078	16.3%	(26,555)	0	60,000	\$19.07
Illinois	73	3,276,548	231,934	238,569	7.3%	24,146	0	0	\$18.63
Totals	662	52,885,303	5,761,975	6,032,653	11.4%	157,556	182,000	980,000	\$20.86

*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
Bryan Cave LLP*	One Metropolitan Square	256,503	CBD
American Family Insurance	800 Northwest Plaza	84,210	North County
Altimate	940 Westport Plaza Dr.	17,154	Olive-270/Westport
Square	4260 Forest Park Ave.	17,073	St. Louis City
St. Louis Trust Co.	Pierre Laclede Center I	15,259	Clayton

\*Renewal

## FEATURED PROPERTY

**Louis London Building**

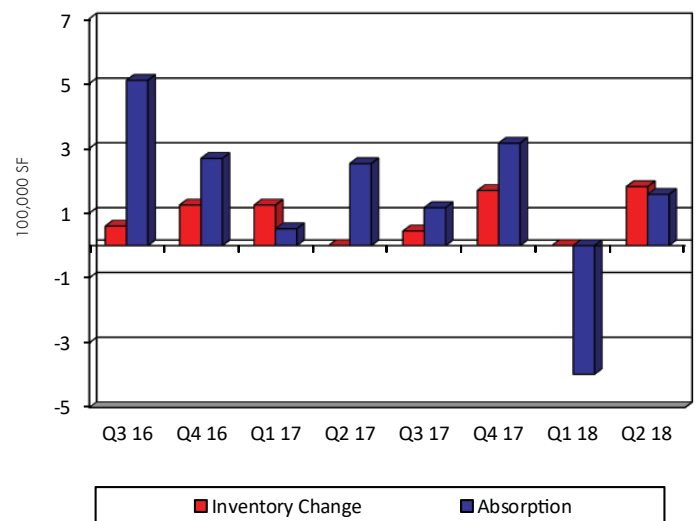
6677 Delmar Blvd., University City, MO

- Suites Available: 3,581 SF, 4,061 SF & 11,891 SF
- Exposed Ceilings & Ductwork
- In the Heart of the U.City Loop; a 6-Block Area with a Unique, Eclectic Blend of Retail, Restaurants & Entertainment Venues
- Steps Away from the U. City Library Stop on the Loop Trolley Line
- "Creative" Type Building; Great for Ad Agency, PR Firm, Communications Company or Media Related Firms
- Abundant FREE Parking Located Behind Building
- Lease Rate: \$19.50 PSF, FS

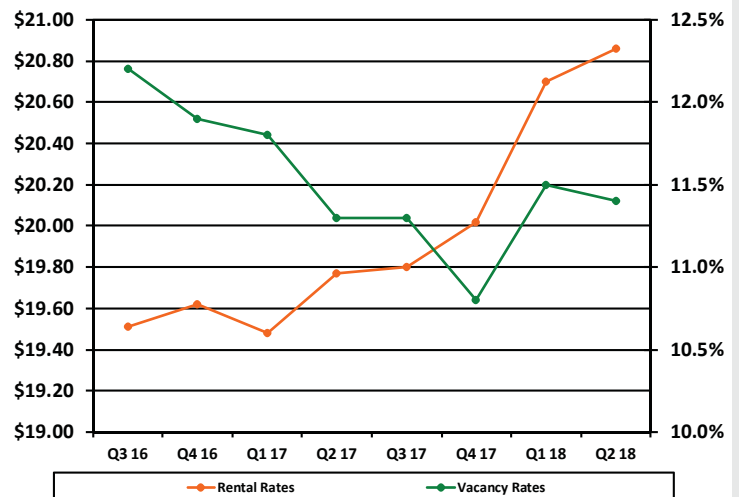
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## Overall Office Inventory &amp; Absorption



## Overall Office Rental Rates &amp; 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.