



Q2 2019 Office Market Report

MARKET TRENDS

Compared to Previous Quarter

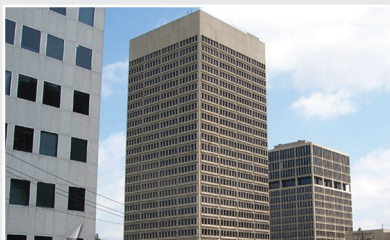
Vacancy Rate

Net Absorption

Rental Rates

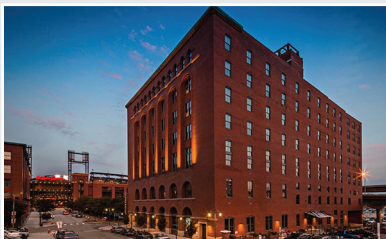
Construction

NOTEWORTHY SALE



Pierre Laclède Center, a 580,565-SF Class A, 2-building office portfolio in Clayton, MO, sold for \$95,000,000 (\$163.63 PSF).

NOTEWORTHY SALE



Cupples 9, a 144,823-SF, Class A office building located downtown St. Louis, sold in a 3 property portfolio for \$28,650,000 (\$197.83 PSF).

The overall office vacancy rate for the St. Louis market showed little change thus far in 2019. The overall vacancy rate remained at 10.7% at the end of the second quarter 2019. The Clayton and St. Louis City (Cortex District and Midtown) submarkets had the lowest vacancy rate at 5.0%. Although the overall vacancy rate remained unchanged, the North County submarket showed the largest overall decrease from 18.9% to 16.0% at the end of the second quarter, primarily due to Save-A-Lot occupying 155,100 square feet at The Crossings at Northwest.

There was negative 3,041 square feet absorbed at the end of the second quarter 2019. The Central Business District showed the largest negative absorption mainly due to Nestle Purina downsizing. Tenants moving into large blocks of space included Lumeris occupying 98,000 square feet at Riverport and Drury Development occupying 69,183 square feet at 13075 Manchester Road.

The average quoted asking rental rate in the St. Louis office market showed a slight decrease ending the second quarter 2019 at \$20.28 per square foot per year. That compares to \$20.34 per square foot at the end of the first quarter 2019. The Clayton and West County submarkets continued to have the highest asking rental rates.

The 60,000-square-foot office building at The Streets of St. Charles was delivered in the second quarter 2019 and over a million square feet remained under construction, led by Centene's campus expansion in Clayton, scheduled to deliver in the first quarter 2020.

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	14,296,027	1,818,776	2,022,178	14.1%	(131,816)	0	120,000	\$17.41
St. Louis City* (Other than CBD)	44	2,687,796	135,132	135,132	5.0%	34,181	0	459,500	\$17.65
Clayton	74	7,451,245	371,484	375,702	5.0%	52,813	0	662,500	\$25.35
Olive-270/Westport	113	7,515,486	719,777	761,738	10.1%	(19,147)	0	0	\$20.75
West County	112	7,999,594	814,529	906,667	11.3%	(41,454)	0	36,000	\$24.77
South County	61	2,953,161	298,400	326,867	11.1%	(17,450)	0	0	\$21.46
North County	49	3,674,804	575,570	589,226	16.0%	107,013	0	0	\$17.64
St. Charles	44	3,034,747	276,432	276,432	9.1%	8,814	60,000	0	\$19.16
Illinois	72	3,219,172	252,082	262,186	8.1%	4,005	0	0	\$18.33
Totals	665	52,532,032	5,262,182	5,656,128	10.7%	(3,041)	60,000	1,278,000	\$20.28

Source: CoStar Property®

* The St. Louis City submarket analytics are primarily a reflection of the Cortex District and the "Midtown" St. Louis area.

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	Corporate Hill IV	174,965	West County
Mastercard*	2200 Mastercard Blvd.	60,000	St. Charles
Stereotaxis*	4320 Forest Park Ave.	35,000	St. Louis City
Mississippi Lime Co Inc.*	3870 S. Lindbergh Blvd.	13,608	South County
Butcher Joseph & Co	Ballpark Village	7,000	CBD

*Renewal

FEATURED PROPERTY



Summit Place I

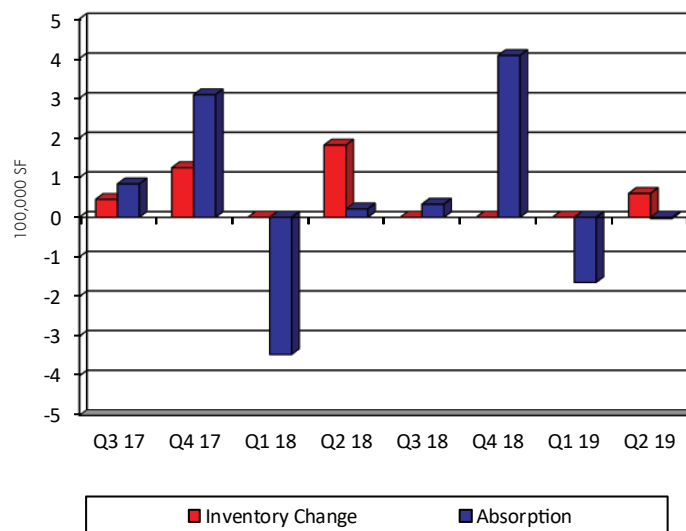
2342 Technology Dr., O'Fallon, MO

- 6,250 SF - 24,613 SF Available
- Entire 2nd Floor Available
- In the Heart of the Fastest Growing County in MO
- Close to St. Luke's Urgent Care, Hilton Garden Inn, Mastercard & Many Other Everyday Amenities
- Abundant Parking
- Great Visibility from Highway 40/64
- Building Signage Available
- Lease Rate: \$23.00 PSF

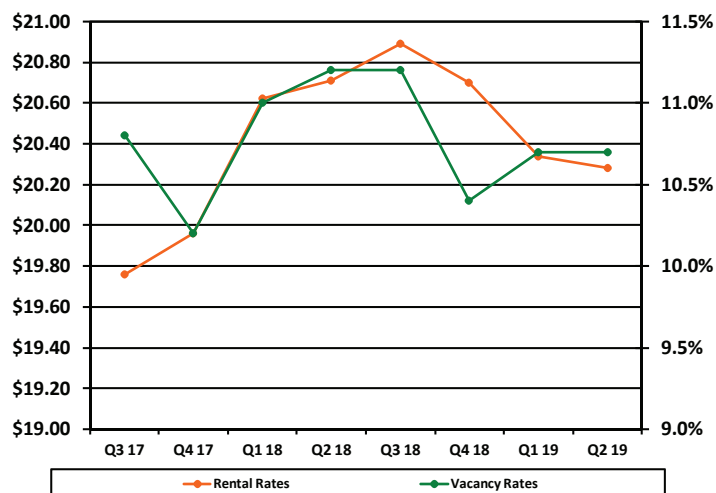
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Overall Office Inventory & Absorption



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.