



Q3 2016

Office Market Report

MARKET TRENDS

Compared to Previous Quarter

Vacancy Rate



Net Absorption



Rental Rates



Construction



The office vacancy rate for the St. Louis market showed a slight decrease of .2% at the end of the third quarter 2016. The overall vacancy rate was 12.9% at the end of the third quarter 2016, and 13.1% at the end of the second quarter 2016. While most submarkets showed improvement or little change, the West County submarket showed an increase of 1.1%. The North County submarket continued to have the highest vacancy rate.

The overall office net absorption decreased from last quarter, although still positive. There were positive 68,119 square feet absorbed at the end of the third quarter 2016. At the end of the second quarter 2016, net absorption was positive 481,637 square feet.

The average quoted asking rental rate in the St. Louis office market showed an increase. The overall average quoted rental rate ended the third quarter 2016 at \$19.34 per square foot per year. That compares to \$19.24 per square foot in the second quarter 2016. The Clayton and West County submarkets continued to have the highest overall rental rates.

One building was delivered in the third quarter 2016; Cortex 4260 delivered 60,000 square feet to the St. Louis City submarket. 190,000 square feet of office remained under construction including Delmar Gardens III, which will be delivering 125,000 square feet to the West County submarket.

NOTEWORTHY SALE



Topping Office Center, a 26,547 SF Class B office building located at 13100 Manchester Rd. in Des Peres sold for \$2,065,000. (\$77.79 PSF)

NOTEWORTHY DEVELOPMENT



Delmar Gardens III, a 125,000 SF Class A office building, located at 14767 N Outer 40 Rd. in West County will be delivered in Spring of 2017.

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)	103	15,117,787	2,288,850	2,389,359	15.8%	114,335	0	0	\$16.37
St. Louis City (Other than CBD)	37	2,168,478	157,681	191,681	8.8%	41,282	60,000	0	\$18.45
Clayton	76	7,610,556	496,418	500,958	6.6%	(29,331)	0	0	\$23.45
Olive-270/ Westport	119	7,711,918	965,670	976,715	12.7%	29,686	0	0	\$19.76
West County	112	7,866,101	653,327	676,061	8.6%	(84,245)	0	125,000	\$23.02
South County	62	3,048,442	306,611	306,611	10.1%	31,266	0	0	\$20.68
North County	68	4,856,667	1,200,766	1,207,599	24.9%	(33,955)	0	0	\$16.88
St. Charles	43	2,574,970	193,236	297,136	11.5%	16,302	0	0	\$17.99
Illinois	68	2,886,762	418,298	418,298	14.5%	(17,221)	0	65,000	\$17.50
Totals	688	53,841,681	6,680,857	6,964,418	12.9%	68,119	60,000	190,000	\$19.34

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
Hub Group, Inc.*	Park 270 II	80,871	Olive-270/Westport
Aclara	77 Westport Plaza	63,000	Olive-270/Westport
Centene**	Timberlake Corporate Center I	21,340	West County
Federal Reserve**	500 Broadway	18,920	CBD
Charter Communications	Corporate Hill I	15,189	West County

*Renewal & Expansion ** Expansion

FEATURED PROPERTY



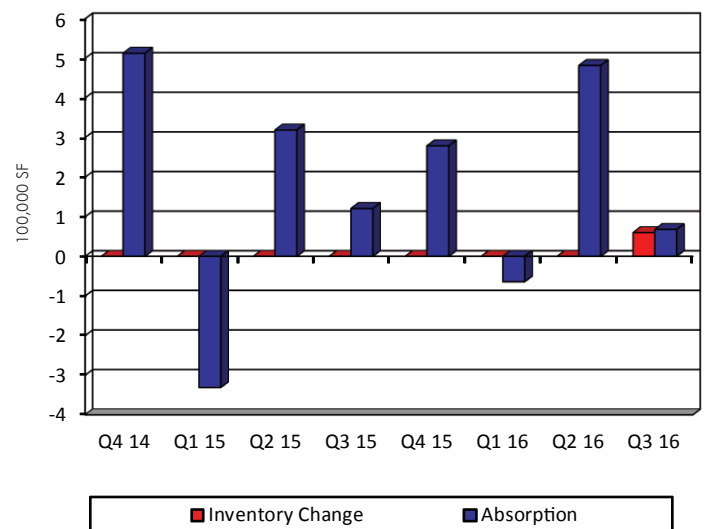
BMO Harris Bank Building
13205 Manchester Road
Des Peres, MO 63131

- 16,833 SF of Class A Office Space
- Entire 2nd Floor Available
- High-End Finishes Throughout Suite, Move-In Ready
- Executive Covered Parking Available
- On-Site Management
- Lease Rate: \$24.00 PSF, FS

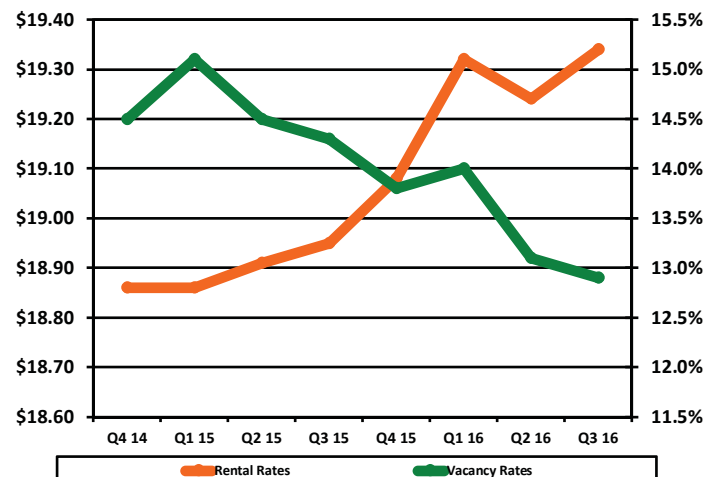
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Overall Office Inventory & Absorption



Overall Office Rental Rates & Vacancy Rates



*Disclaimer: All information is collected from CoStar Group at the end of 3rd Quarter. All information is subject to change. Updated numbers for past quarters reflect CoStar's ongoing research for the most accurate market information.