



Q3 2017 Office Market Report

MARKET TRENDS

Compared to Previous Quarter

Vacancy Rate

Net Absorption

Rental Rates

Construction

NOTEWORTHY SALE



Black's Ridge, a 68,259 SF Class A office building located in Chesterfield, sold for \$8,500,000 (\$124.53 PSF).

NOTEWORTHY SALE



1 McBride & Son Center Dr., a 33,148 SF Class B office building located in Chesterfield, sold for \$3,600,000 (\$108.60 PSF).

The office vacancy rate for the St. Louis market remained flat at the end of the third quarter 2017. The overall vacancy rate remained 11.4% at the end of the second quarter and third quarter 2017. The Olive-270/Westport submarket vacancy increased 1.5% due primarily to RaboAgrifinance vacating Creve Coeur Pointe, but those numbers will change as Centene has committed to occupy approximately 104,000 SF in the building. The Clayton submarket continued to have the lowest vacancy rate, 4.8% at the end of the third quarter 2017.

Overall office net absorption, although still positive, decreased from last quarter. There was positive 2,145 square feet absorbed at the end of the third quarter 2017. At the end of the second quarter 2017, net absorption was positive 300,313 square feet. This marks the sixth consecutive quarter of positive net absorption.

The average quoted asking rental rate in the St. Louis office market also remained flat. The overall average quoted rental rate ended the third quarter 2017 at \$19.77 per square foot per year. That compares to \$19.76 per square foot at the end of the second quarter 2017. Clayton also maintained the highest average rental rate as well, a sign of the submarket's historically low vacancy rates.

There was one building delivered in the third quarter 2017, and 970,324 square feet of office remained under construction; including Centene's Phase II, 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	2,155,205	2,242,748	15.3%	157,899	0	0	\$16.26
St. Louis City (Other than CBD)	40	2,313,683	104,937	134,567	5.8%	3,875	0	180,000	\$19.57
Clayton	75	7,480,671	352,819	361,048	4.8%	17,997	0	600,000	\$23.59
Olive-270/Westport	113	7,465,973	874,886	904,522	12.1%	(116,138)	0	0	\$21.06
West County	110	7,611,937	503,656	566,275	7.4%	11,338	45,324	125,000	\$23.16
South County	59	2,976,311	289,425	306,534	10.3%	6,322	0	120,000	\$20.97
North County	46	3,637,225	858,636	860,596	23.7%	(30,307)	0	0	\$17.36
St. Charles	43	2,454,675	175,342	198,119	8.1%	(47,324)	0	0	\$18.03
Illinois	69	2,955,220	293,462	293,462	9.9%	(1,517)	0	0	\$17.93
Totals	652	51,550,850	5,608,368	5,867,871	11.4%	2,145	45,324	1,049,293	\$19.77

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
CIGNA	1400 S. Highway Dr.	40,824	South County
SSM Health**	Westview Place	24,715	West County
SSM Health*	Westview Place	24,513	West County
Dell EMC Corp*	Creve Coeur Corporate Center III	16,584	Olive-270/Westport
Hammond & Shinnors, P.C.	13205 Manchester Rd.	9,360	West County

*Renewal **Expansion

FEATURED PROPERTY



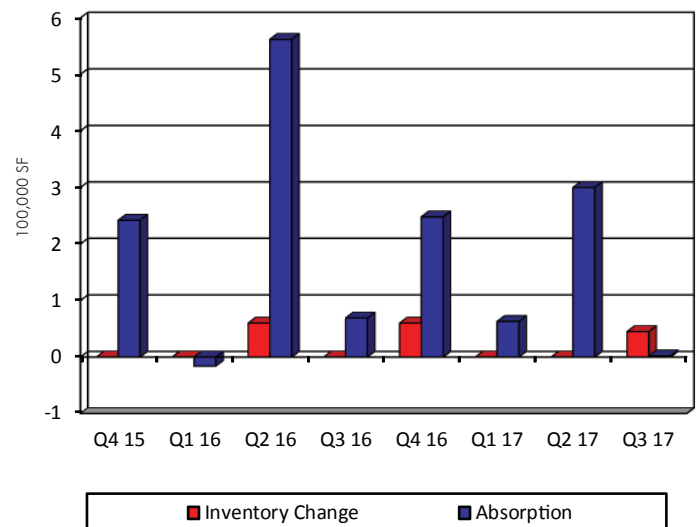
301 N. Memorial Drive
St. Louis, Missouri 63102

- 25,244 SF Available
- Newly Renovated Historic Landmark in Downtown St. Louis
- Parking Available in Adjacent Mansion House Garage for \$90/Month Per Space
- Lease Rate: (Excludes Janitorial)
1st Floor: \$8.50 PSF, FS 2nd Floor: Negotiable
- Sale Price: Contact Broker for Details

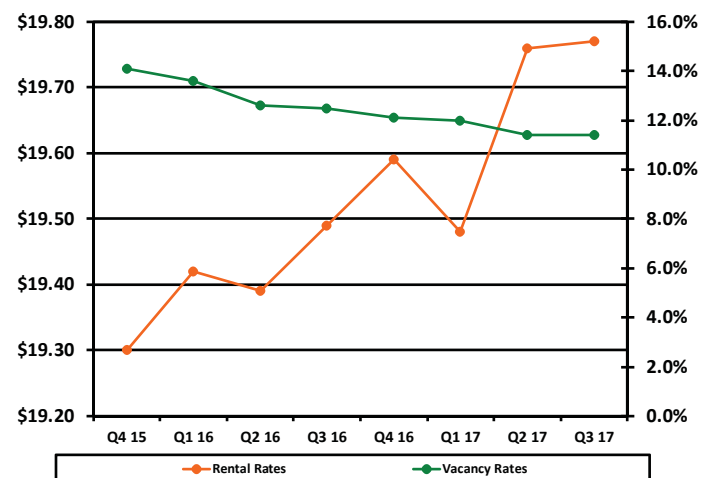
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Overall Office Inventory & Absorption



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.