

MARKET FUNDAMENTALS

| | YOY Chg | Outlook |
|--------------------------------------|---------|---------|
| 9.9% Vacancy Rate | ▼ | ▼ |
| 2.7K Net Absorption, units | ▼ | ▲ |
| \$1.42 Effective Rent, PSF | ▲ | ▬ |

(50+ unit developments, excluding student housing, senior housing, and military)
 Source: CoStar

ECONOMIC INDICATORS

| | YOY Chg | Outlook |
|--------------------------------------------|---------|---------|
| 1.5M St. Louis Employment | ▲ | ▲ |
| 3.8% St. Louis Unemployment Rate | ▲ | ▲ |
| 4.2% U.S. Unemployment Rate | ▲ | ▲ |

Source: BLS

ECONOMY

The St. Louis unemployment rate closed the year at 3.8%, a 10 basis-point (bps) decrease from last quarter. However, the national average recorded a slight uptick from Q3 to 4.2%, which marks a 10-bps increase quarter-over-quarter (QOQ) and a more significant 50-bps increase year-over-year (YOY). The Federal Reserve lowered interest rates in December to a range of 4.2% to 4.5% and is expected to further lower rates to around 4.0% by the end of 2025.

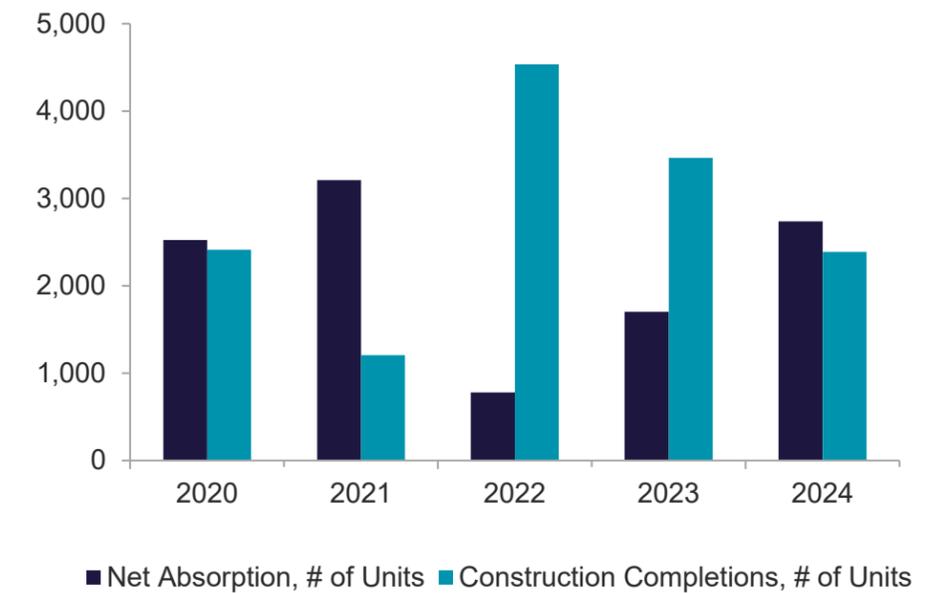
SUPPLY: POSITIVE ABSORPTION HOLDS VACANCY STEADY

Vacancy in the St. Louis multifamily sector closed Q4 at 9.9%, a 30-bps increase QOQ. This slight rise in vacancy was primarily driven by deliveries outpacing absorption in the second half of the year, with a total of 1,622 units delivered and just 727 units of absorption recorded within Q3 and Q4. However, St. Louis reported an annual absorption total of 2,737 units while delivering just under 2,400 new units. This marks the first year since 2021 that annual absorption totals have exceeded new development, leading to a 50-bps decrease in vacancy YOY. Effective rents held steady above \$1.40 per square foot (psf) throughout 2024, closing Q4 at \$1.42 psf.

DEVELOPMENT: DELIVERIES DOWN QOQ, PIPELINE STABLE

St. Louis' multifamily development pipeline has begun to slow with 1,377 units under construction at the close of Q4, the lowest since Q4 2014. After record-setting years of development in 2022 and 2023, the market recorded 2,388 new unit deliveries in 2024, resulting in a 2.0% increase in inventory YOY. At the close of Q4, seven of St. Louis' 17 multifamily submarkets were tracking development activity, with the largest amount of development concentrated in the St. Charles County submarket (392 units). The remaining units under construction are located in Maryland Heights/Creve Coeur (255 units), Ballwin (226 units), Olivette (205 units), Metro East (144 units), South St. Louis City (95 units) and Kirkwood (60 units). With a slowdown in new construction, vacancy levels are expected to decline as the market continues to absorb newly-delivered inventory.

DEMAND / DELIVERIES



OVERALL VACANCY & EFFECTIVE RENT



Source: CoStar

MARKET STATISTICS

| SUBMARKET | INVENTORY (UNITS) | YTD DELIVERIES (UNITS) | YTD % INVENTORY GROWTH | UNDER CONSTRUCTION (UNITS) | YTD NET ABSORPTION (UNITS) | VACANCY RATE | YOY VACANCY RATE CHANGE (BPS) | AVG EFFECTIVE RENT / UNIT | AVG EFFECTIVE RENT PSF | YOY % EFFECTIVE RENT GROWTH |
|--------------------------------|-------------------|------------------------|------------------------|----------------------------|----------------------------|--------------|-------------------------------|---------------------------|------------------------|-----------------------------|
| Ballwin | 6,134 | 0 | 0.0% | 226 | 68 | 5.2% | -110 | \$1,428 | \$1.48 | 3.9% |
| Central West End | 8,203 | 413 | 5.1% | 0 | 52 | 12.9% | 390 | \$1,546 | \$1.78 | -0.1% |
| Chesterfield | 4,249 | 0 | 0.0% | 0 | 212 | 8.2% | -500 | \$1,599 | \$1.61 | 1.1% |
| Downtown CBD | 4,393 | 237 | 22.3% | 0 | 31 | 17.1% | 40 | \$1,432 | \$1.56 | 1.7% |
| Downtown Clayton | 1,301 | 148 | 3.4% | 0 | 105 | 21.1% | 1,470 | \$2,296 | \$2.52 | -3.2% |
| Jefferson County | 11,233 | 0 | 0.0% | 0 | 124 | 5.5% | -110 | \$1,127 | \$1.30 | 5.6% |
| Kirkwood South | 5,458 | 152 | 2.8% | 60 | 163 | 5.4% | -30 | \$1,189 | \$1.42 | 6.3% |
| Maryland Heights / Creve Coeur | 10,324 | 269 | 2.6% | 255 | -29 | 8.9% | 270 | \$1,352 | \$1.48 | 1.3% |
| Metro East | 12,345 | 64 | 0.5% | 144 | 213 | 5.0% | -120 | \$1,204 | \$1.23 | 2.7% |
| Mid-Town | 3,926 | 199 | 5.1% | 0 | 339 | 22.8% | -500 | \$1,195 | \$1.35 | 1.7% |
| North County | 14,915 | 0 | 0.0% | 0 | -3 | 15.7% | 0 | \$954 | \$1.08 | 5.9% |
| North St. Louis City | 4,055 | 60 | 1.5% | 0 | 84 | 12.5% | -80 | \$898 | \$0.96 | 4.5% |
| Olivette | 3,133 | 262 | 8.4% | 205 | 286 | 15.0% | -220 | \$1,610 | \$1.82 | -0.4% |
| Richmond Heights | 1,864 | 0 | 0.0% | 0 | -19 | 4.6% | 100 | \$1,486 | \$1.87 | 5.4% |
| South St. Louis City | 6,855 | 268 | 3.9% | 95 | 219 | 13.5% | 20 | \$1,330 | \$1.66 | -0.3% |
| St. Charles County | 19,886 | 316 | 1.6% | 392 | 773 | 7.0% | -240 | \$1,435 | \$1.50 | 3.6% |
| University City | 5,613 | 0 | 0.0% | 0 | 122 | 8.8% | -220 | \$935 | \$1.17 | 4.6% |
| ST. LOUIS TOTALS | 123,887 | 2,388 | 2.0% | 1,377 | 2,740 | 9.9% | -50 | \$1,286 | \$1.42 | 2.8% |

KEY SALES TRANSACTIONS Q4 2024

| PROPERTY | SUBMARKET | UNITS | PRICE \$ UNIT |
|--------------------------|------------------------------|-------|----------------------|
| Oak Forest Apartments | Maryland Heights/Creve Coeur | 444 | \$37.0M \$83,333 |
| Spencer Creek Apartments | St. Charles County | 240 | \$21.7 M \$90,208 |
| Falcon Place Townhomes | Metro East | 144 | \$22.3 M \$154,861 |

KEY DELIVERIES 2024

| PROPERTY | SUBMARKET | UNITS | OWNER DEVELOPER |
|--------------------|------------------------------|-------|----------------------------------|
| Timber Club | St. Charles | 316 | Tegethoff Development |
| One Foundry Way | Mid-Town | 270 | Vande East Partners LLC |
| NEO Vantage Pointe | Maryland Heights/Creve Coeur | 269 | Mills Properties |
| The Rail | Mid-Town | 268 | Green Street McRee Investors LLC |

LUKE PARTRIDGE

Research Manager

Tel: +1 314 833 7172

luke.partridge@cushwake.com

MEGAN PEARSON

Research Analyst

Tel: +1 314 530 5154

megan.pearson@cushwake.com

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