



MARKET FUNDAMENTALS

	YOY Chg	Outlook
2.8% Vacancy Rate	▼	▲
1.0M YTD Net Absorption, SF	▲	▼
\$5.69 Asking Rent, PSF <small>(Overall, Net Asking Rent)</small>	▲	▬

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.4M St. Louis Employment	▲	▬
3.6% St. Louis Unemployment Rate	▬	▲
4.1% U.S. Unemployment Rate <small>Source:BLS</small>	▲	▲

ECONOMY

The St. Louis unemployment rate closed the first quarter of 2025 at 3.6%, a 20 basis-point (bps) decrease from last quarter. The national average also recorded a slight decline from Q4 to 4.1%, marking a 10-bps decline quarter-over-quarter (QOQ) but an increase of 30-bps year-over-year (YOY). At the end of 2024, the Federal Reserve lowered interest rates to a range of 4.2% to 4.5%, which it opted to hold steady into 2025. Though two rate cuts are expected throughout the remainder of the year, the Fed anticipates that newly-announced tariffs on imports could slow the economy and push inflation upwards.

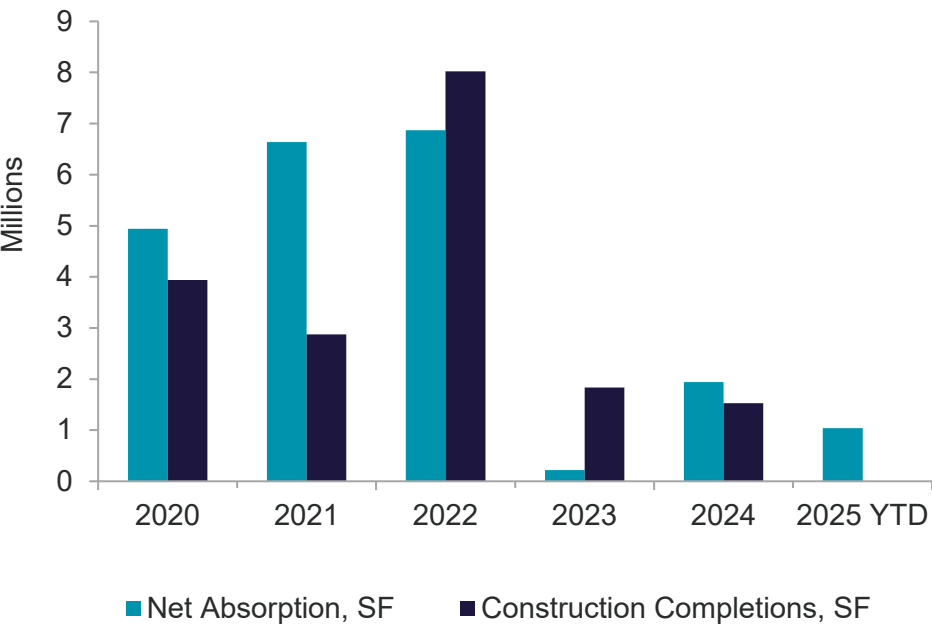
SUPPLY AND DEMAND: ABSORPTION TOPS 1.0 MSF IN Q1

The St. Louis industrial market closed Q1 with an overall vacancy rate of 2.8%, making it the only major industrial market in the Midwest to report a vacancy rate below 3.0% into 2025. Vacancy in St. Louis remained above 3.0% throughout 2024 and last dropped below that mark in Q1 2023 when vacancy was also recorded at 2.8%. This decline in vacancy was driven by just over 1.0 million square feet (msf) of positive net absorption in Q1, as well as 835,494 sf of new leasing activity during the quarter. Renewal activity across the market also remained strong into 2025 with 757,073 sf of renewals recorded in Q1. This activity was focused in the Metro East submarket, which accounted for 74.1% of the market's new leasing activity and 89.1% of its renewal activity year-to-date (YTD). As of Q1, there was just under 1.0 msf of new construction underway with multiple properties scheduled to break ground through the remainder of the year.

PRICING: ASKING RENTS RISE INTO 2025

Overall triple-net asking rents (NNN) in the St. Louis industrial market closed Q1 at \$5.69 per square foot (psf), a \$0.12 psf increase QOQ. Asking rents peaked to \$6.71 psf in Q3 2022 with a record-setting 8.0 msf of new construction delivered that year, and have continued to fluctuate as the market absorbs an additional 2.3 msf of speculative inventory delivered throughout 2023 and 2024. Of the speculative inventory delivered since 2023, approximately 51.0% lies vacant as of Q1 2025. The City, Metro East and North County submarkets are the only submarkets in St. Louis with overall asking rents below \$5.00 psf and collectively contain around 59.0% of the region's vacant inventory.

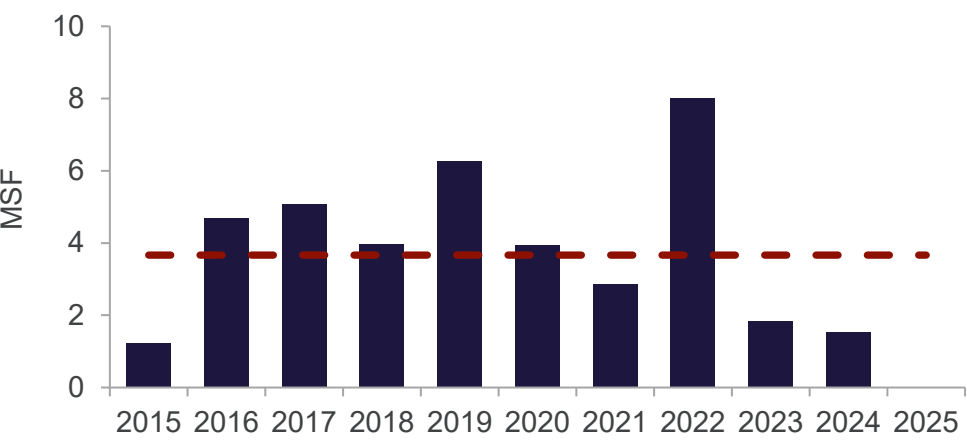
SPACE DEMAND / DELIVERIES



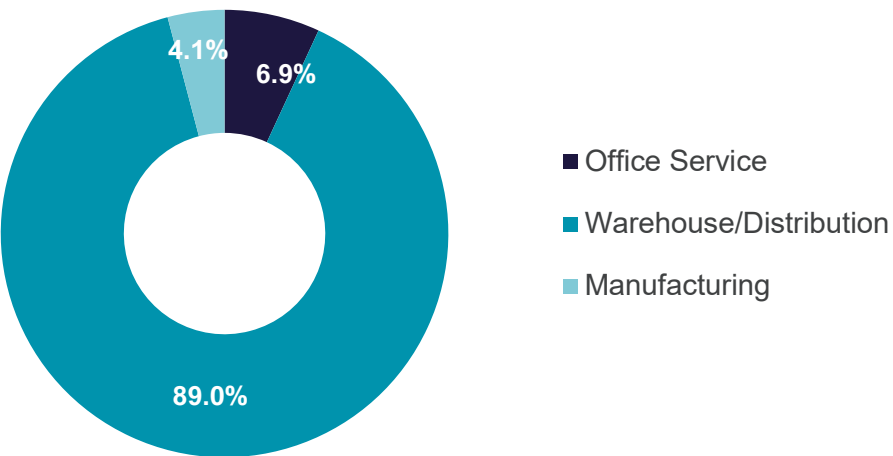
OVERALL VACANCY & ASKING RENT



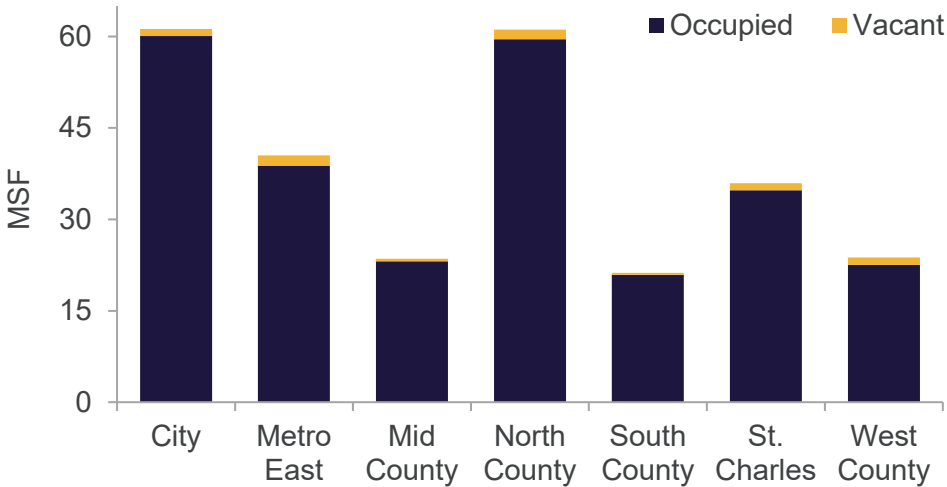
NEW SUPPLY



VACANT SPACE BY PRODUCT TYPE



SUBMARKET COMPARISON



NORTH COUNTY

Overall vacancy in North County has recorded vacancy declines for three straight quarters, closing Q1 at 2.6%. This marks a 40-bps decrease QOQ, and the first quarter vacancy has dropped below 3.0% since Q3 2022. The submarket experienced a positive shift in occupancy in 2024, recording an annual net absorption total of more than 1.0 msf. This positive trend continued into 2025 as North County notched 241,009 sf of net absorption in Q1. North County recorded 102,622 sf of new leasing activity in Q1, accounting for 12.3% of the region's new leasing activity YTD. In 2024, the submarket led the region with just over 2.6 million square feet (msf) of annual new leasing. Overall NNN asking rents in the submarket closed Q1 at \$4.92 psf, an \$0.18 psf decrease YOY.

METRO EAST

Vacancy in the Metro East declined sharply into 2025, closing Q1 at 4.2%. This marks a 180-bps decrease QOQ and a substantial 370-bps decrease YOY. This decline in vacancy can be attributed 729,688 sf of positive net absorption within the submarket in Q1, which accounts for 65.6% of the region's positive absorption recorded this quarter. While new leasing within the submarket remained strong in Q1 with 619,305 sf of activity recorded, the Metro East also reported 674,752 sf of renewal activity with the extension of Royal Canin's lease at 5715 Inner Park Drive. With no speculative inventory under construction, the Metro East is expected to see continued decreases in vacancy through the remainder of 2025. Overall asking rents in the submarket closed Q1 at \$3.83 psf, making the Metro East the only submarket to report asking rents below \$4.00 psf this quarter.

WEST COUNTY

West County recorded positive occupancy movement in Q1 2025 with 13,176 sf of positive absorption. This marks four of the last five quarters that the submarket has recorded positive quarterly absorption. However, West County has experienced a 110-bps increase in overall vacancy YOY, closing Q1 at 5.0%. The submarket delivered 512,048 sf of new speculative inventory in 2024, which currently sits 55.5% vacant at the close of Q1 2025. West County currently has one property under construction, a 357,056-sf speculative warehouse building within the River Valley Logistics Center, which is expected to deliver in Q2 2025. This new development activity has kept overall NNN asking rents stable, as the submarket closed Q1 with an overall asking rate of \$7.60 psf.

OUTLOOK

- A slowdown in development activity and steady leasing fundamentals will keep the market's vacancy healthy over the short term.
- Tenant right-sizing is expected to continue as occupiers reevaluate needed space.
- Second-generation space is expected to become more readily available as occupiers in this product evaluate space needs and requirements.
- The total share of build-to-suit (BTS) construction will rise as speculative development remains disciplined.

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CONSTRUCTION (SF)	CONSTRUCTION COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT*
City	61,219,827	1,135,849	1.9%	100,000	100,000	0	0	0	\$4.80
Metro East	40,517,560	1,683,494	4.2%	729,688	729,688	619,305	0	0	\$3.83
Mid County	23,539,787	403,316	1.7%	-14,950	-14,950	43,147	0	0	\$8.40
North County	61,117,961	1,569,949	2.6%	241,009	241,009	102,622	450,000	0	\$4.92
South County	21,246,224	355,782	1.7%	-53,088	-53,088	22,920	0	0	\$8.35
St. Charles	35,951,109	1,155,644	3.2%	28,000	28,000	20,000	151,800	0	\$6.83
West County	23,737,333	1,195,052	5.0%	13,176	13,176	27,500	357,056	0	\$7.60
ST. LOUIS TOTALS	267,329,801	7,499,086	2.8%	1,043,835	1,043,835	835,494	958,856	0	\$5.69

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Manufacturing	54,747,151	308,934	0.6%	0	0	0	0	0	\$4.89
Office Service	13,304,646	515,970	3.9%	-19,249	-19,249	23,172	0	0	\$9.12
Warehouse/Distribution	199,278,004	6,674,182	3.4%	1,063,084	1,063,084	812,322	958,856	0	\$5.41
ST. LOUIS TOTALS	267,329,801	7,499,086	2.8%	1,043,835	1,043,835	835,494	958,856	0	\$5.69

*Rental rates reflect weighted net asking \$psf/year
**Renewals not included in leasing statistics

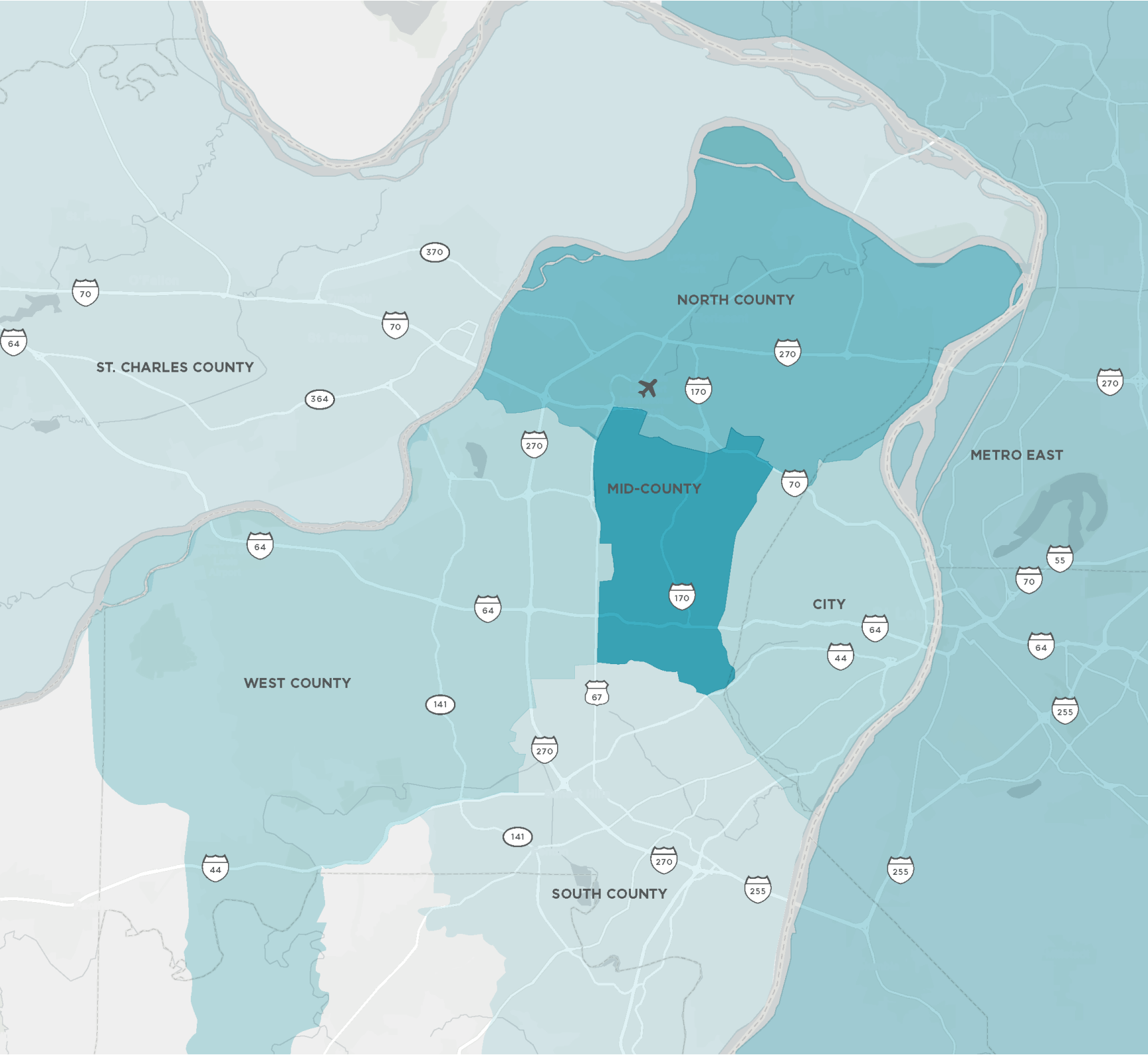
KEY LEASE TRANSACTIONS Q1 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
5710 Inner Park Dr.	Edwardsville	Tesla	431,336	New
8410-8500 Valcour Ave.	Kirkwood South	Schroeder & Tremayne, Inc.	296,123	Renewal**
2601 Westway Dr.	Edwardsville	Amerhart	187,969	New
3900-3930 Charbonneau Dr.	St. Charles County	Southern Tire Mart	40,000	Expansion

KEY SALE TRANSACTIONS Q1 2025

PROPERTY	SUBMARKET	SELLER BUYER	SF	PRICE \$ PSF
1564-1568 Fencorp Dr.	Fenton	BRE, LLC Watson Home Properties, LLC	45,572	\$3.8M \$82
13222-13266 Lakefront Dr.	Earth City	ECRR LLC Jean Designer Products, LLC	33,309	\$2.7M \$81
2359-2369 Schuetz Rd.	West Port	Tamir, LLC AC Systems	23,200	\$2.5M \$107

INDUSTRIAL SUBMARKETS



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