

RESEARCH 1Q 2021

NEWMARK

ZIMMER

St. Louis Capital Markets



Executive Summary

Newmark Zimmer is constantly monitoring market indicators, tracking and analyzing supply and demand drivers, cyclical patterns and industry trends. The following quarterly research report examines the multifaceted St. Louis investment market.

Newmark Zimmer research and analytics has established a system of data flow unique in our industry. Rather than rely on third-party data sources, our data acquisition efforts involve inputs from advisors in the field, analysts and brokers executing transactions. Newmark Zimmer research converts market data and analysis into knowledge that creates value for our clients.

Our clients include market-leading investors and distinguished institutions in and around the St. Louis area and the Midwest. Our market knowledge continues to expand as the market progresses and evolves.

Select Market Transactions

MULTIHOUSING | ENCORE & CORTONA AT FOREST PARK PORTFOLIO (2)

525 UNITS – SOLD FOR \$146,500,000 (\$279,048/UNIT)

St. Louis City | 5700 & 5800 Highlands Plaza Drive

INDUSTRIAL | WORLD WIDE TECHNOLOGY NAICS I & II PORTFOLIO (2)

2,026,330 SF GLA – SOLD FOR \$140,000,000 (\$69/SF)

Metro East | 107 & 108 Gateway Commerce Center Drive North

INDUSTRIAL | GATEWAY COMMERCE CENTER

1,262,650 SF GLA – SOLD FOR \$71,077,500 (\$56/SF)

Metro East | 5620 Inner Park Drive

MULTIHOUSING | FIELDPOINTE OF SAINT LOUIS

318 UNITS – SOLD FOR \$46,025,000 (\$144,733/UNIT)

West County | 1951 Oberlin Drive

MULTIHOUSING | RENEW CENTENNIAL APARTMENTS

412 UNITS – SOLD FOR \$36,500,000 (\$88,592/UNIT)

Mid County | 8650 Kingsbridge Drive



Capital Markets

ST. LOUIS MARKET OVERVIEW

The pace of investment activity in the St. Louis market improved substantially during first-quarter 2021 and fourth-quarter 2020, increasing 89.9% compared to the previous two quarters. However, investment activity realized a decline of 23.8% in annual total sales when compared to the prior year. As a leading second-tier market, the St. Louis metropolitan area ranked sixth out of the largest nine Midwest markets in total sales volume during the past twelve months. Capitalization rates decreased 96 basis points (bps) compared to the past 12 months, registering 6.3% in first-quarter 2021. Total net absorption across the industrial, office, and retail sectors combined, increased 1.0 million square feet year-over-year, registering 1.6 million square feet of absorption in first-quarter 2021.

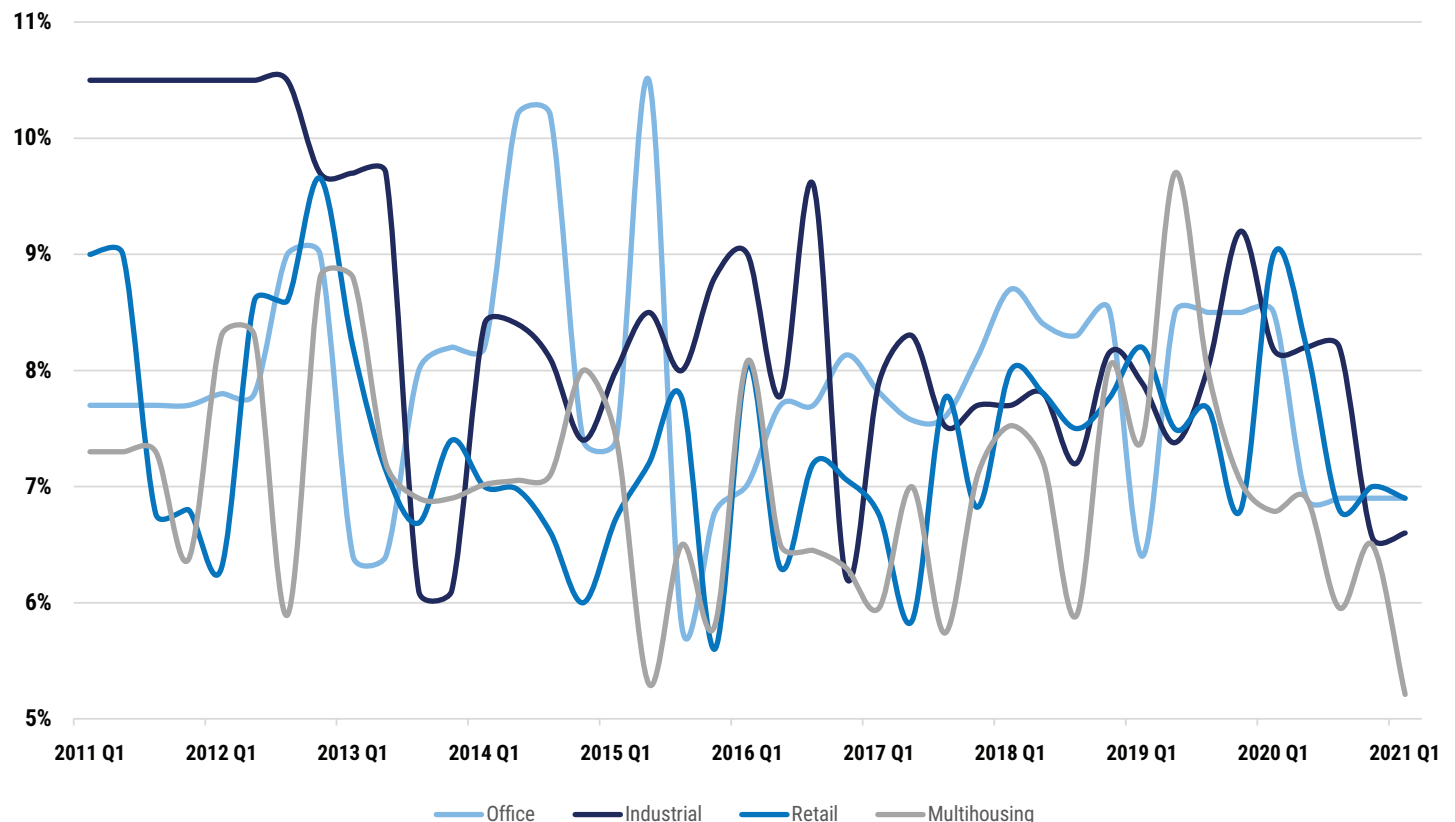
The multihousing sector realized 2,730 units of net absorption during the past four quarters, an increase of 12.6% over the

similar time period a year ago. Vacancy increased 120 bps for the office sector and 60 bps for the retail sector, over the past year. Vacancy decreased 20 bps for the industrial sector and 40 bps for the multihousing sector during the same period. Over the last 12 months, the sales volume for all property types registered \$2.0 billion. Industrial and multihousing assets led the way over the last 12 months accounting for 77.7% of total sales volume.

The Newmark Zimmer Capital Markets team anticipates increased investment transaction volume over the coming year. Overall, we continue to see multiple sources of debt and equity pursuing opportunities in the Midwest for all property types. The large gap between existing values versus new construction costs as well as significant amounts of dry powder will continue to drive activity across all asset classes in the St. Louis market through 2021.

ST. LOUIS CAP RATES

INCLUDES PROPERTY OR PORTFOLIO SALES \$2.5 MILLION OR GREATER

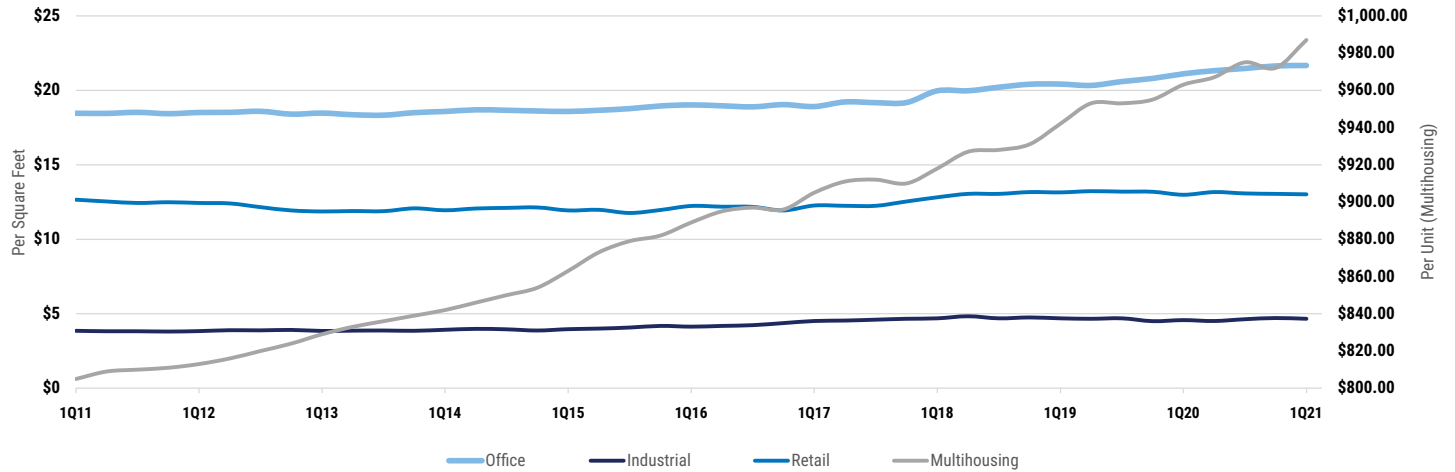


Source: Newmark Zimmer Research, CoStar, Real Capital Analytics

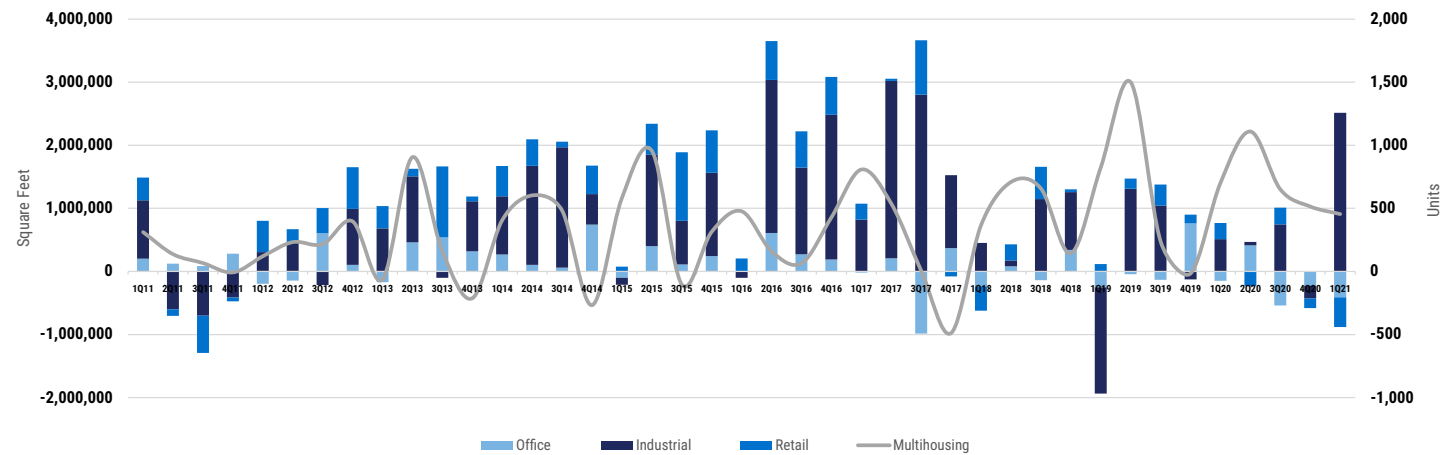
1Q21 St. Louis

MARKET ANALYSIS

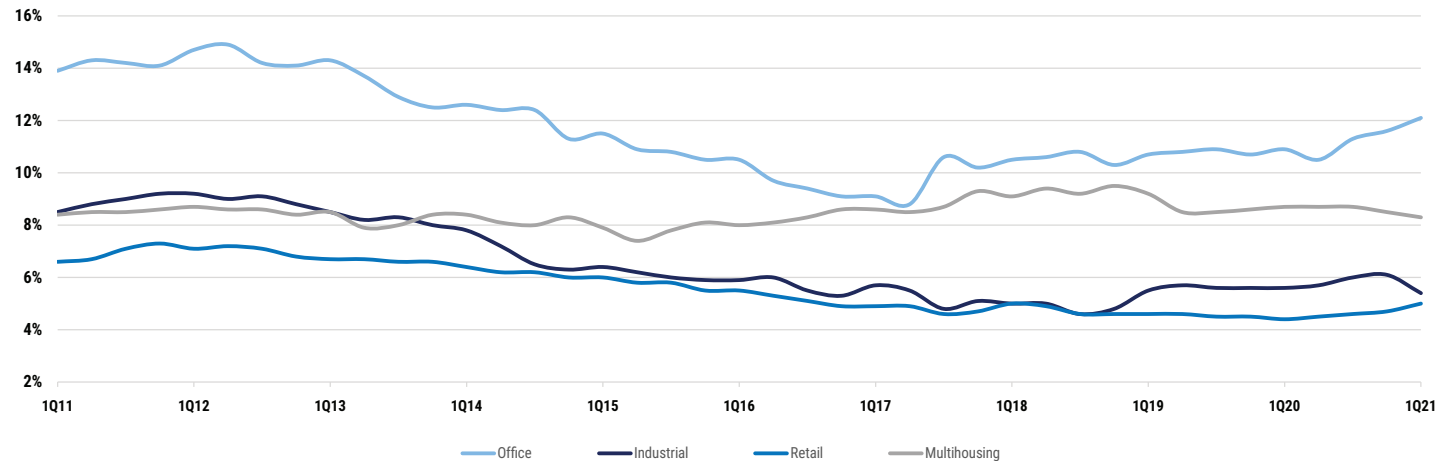
AVERAGE ASKING RENT (PER/SF)



NET ABSORPTION



VACANCY RATE





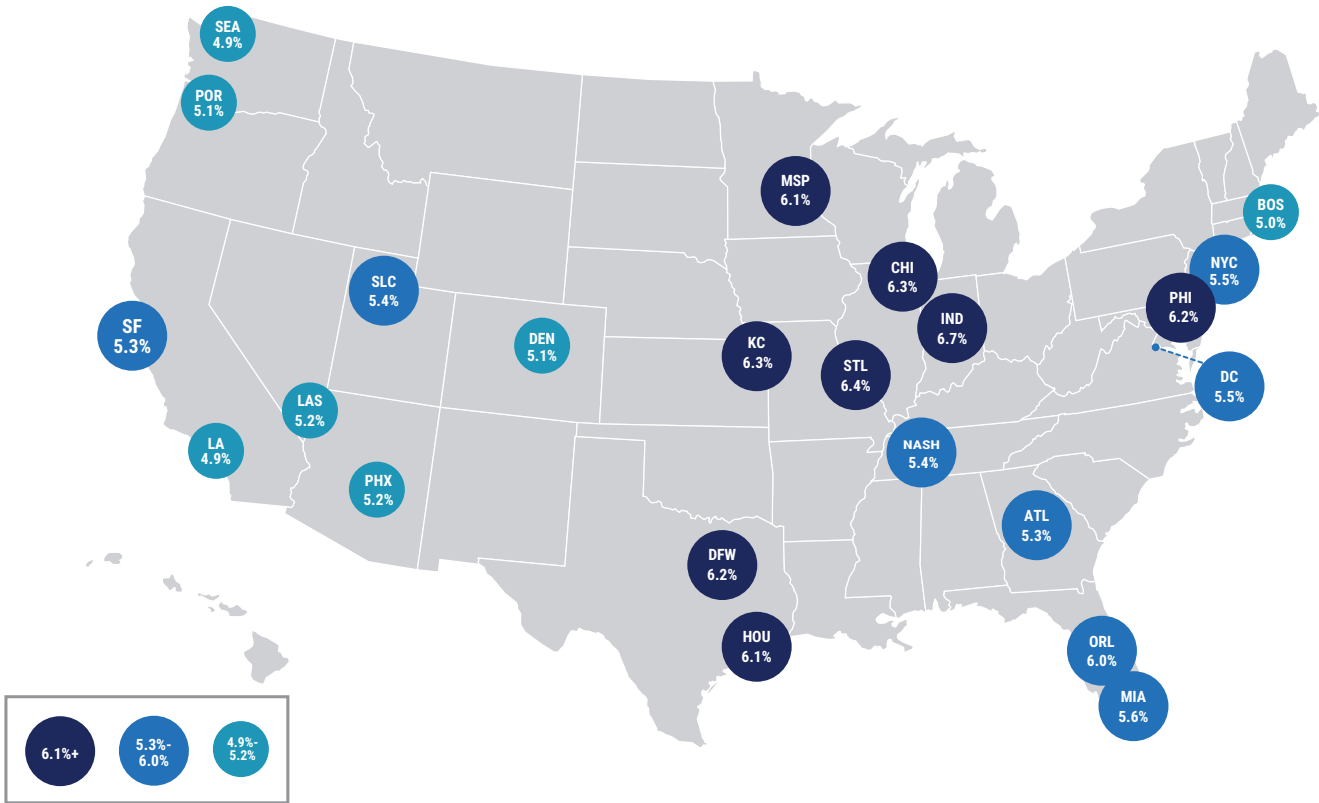
SELECT SALES TRANSACTIONS | FIRST QUARTER OF 2021

Sector	Building	Submarket	Sale Price	Price per SF/Unit ¹	SF/Units ²
Multihousing	Turtle Creek Apartments 201 Turtle Drive	Jefferson County	\$24,900,000	\$194,531	128
Industrial	Geodis 117-119 Industrial Drive	Metro East	\$17,247,100	\$38	450,670
Industrial	Industrial Soap Company 9150 Latty Avenue	North County	\$7,800,000	\$55	142,360
Retail (School)	Guidepost Montessori 4150 Laclede Avenue	St. Louis City	\$7,515,700	\$407	18,450
Office (Medical)	Dynalabs - Chouteau Crossing 2327 Chouteau Avenue	St. Louis City	\$6,800,000	\$203	33,430
Retail (Daycare)	Little Sunshine's Playhouse & Preschool 17690 Edison Avenue	West County	\$6,215,000	\$639	9,730
Retail	CVS Pharmacy 400 S Truman Boulevard	Jefferson County	\$5,325,200	\$403	13,230
Hospitality	Hampton Inn St. Louis-Fairview Heights 150 Ludwig Drive	Metro East	\$4,397,700	\$69,805	63
Retail	Walgreens 100 Admiral Weinell Boulevard	Metro East	\$4,130,000	\$285	14,490
Retail	La-Z-Boy 1690 Highway K	St. Charles County	\$4,085,000	\$227	18,000

¹ The price per unit/room is displayed for the Multihousing and Hospitality sectors. ² The number of total units/rooms is displayed for the Multihousing and Hospitality sectors.

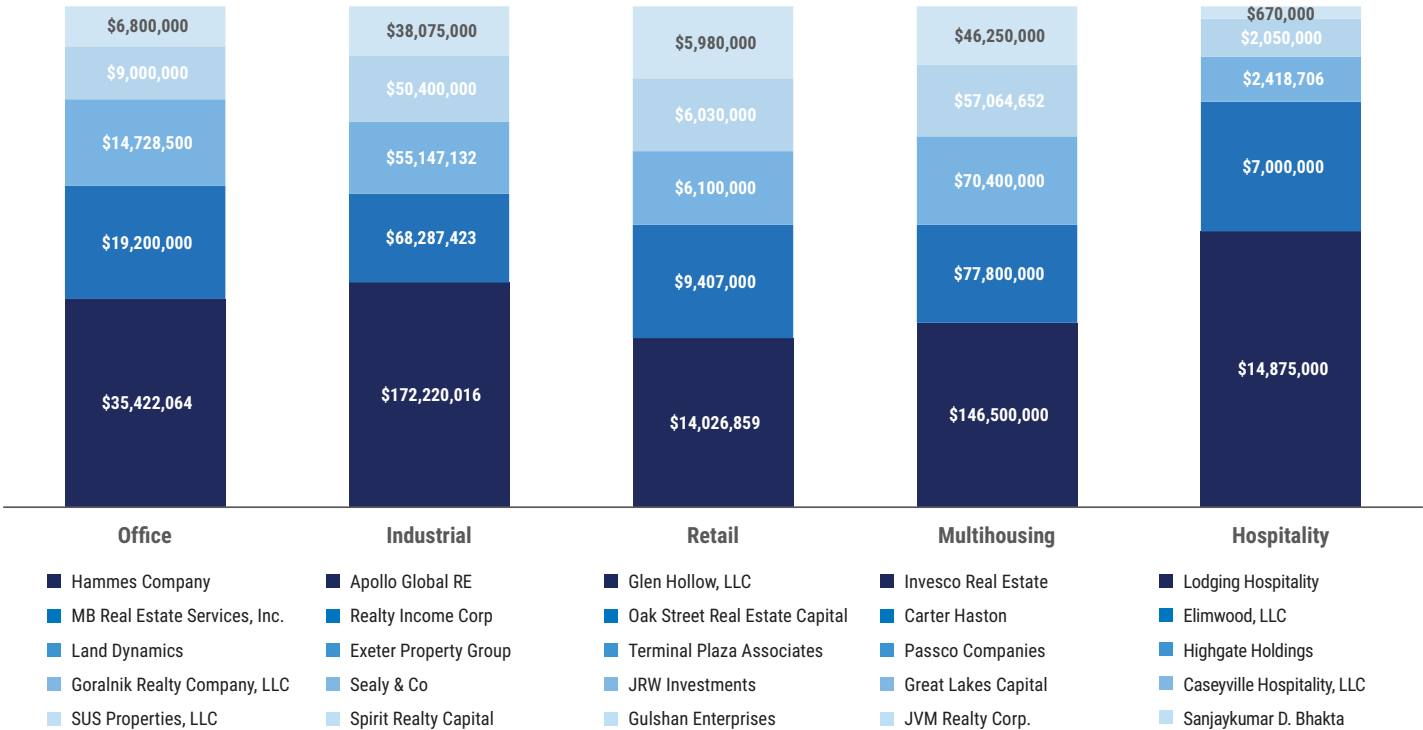
CAP RATES | ALL PROPERTY TYPES

12-MONTH AVERAGE

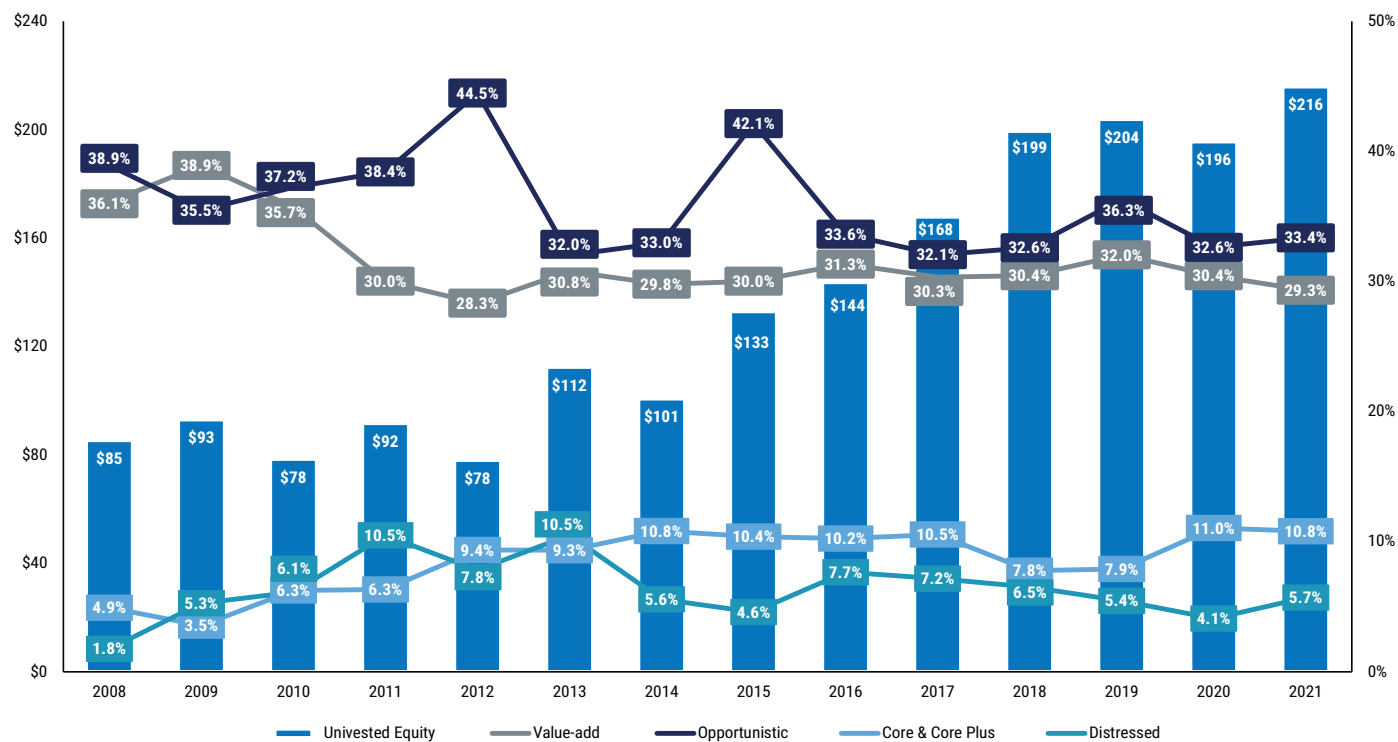


MOST ACTIVE BUYERS IN THE ST. LOUIS MARKET BY ASSET TYPE

12-MONTH TOTALS



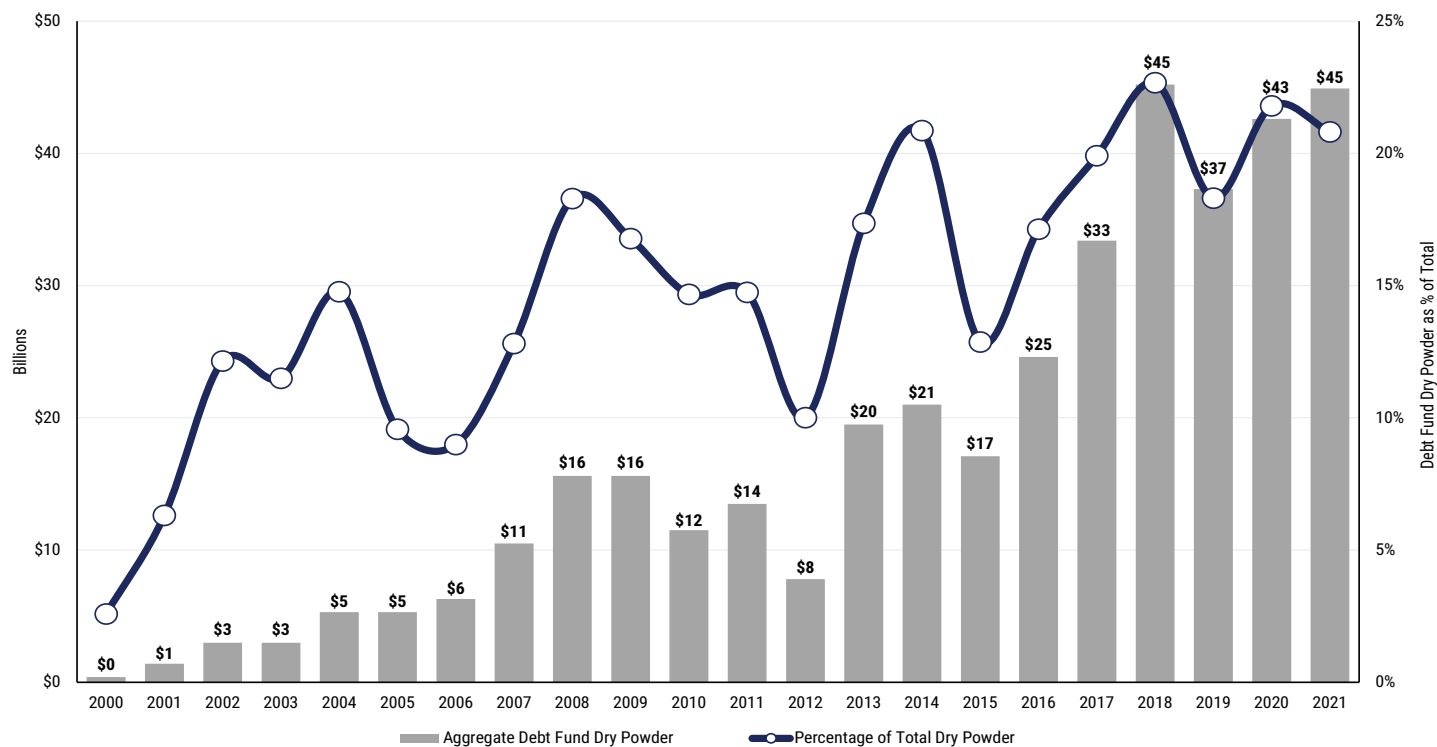
DRY POWDER



Note: Excluding Debt and Distressed Funds

Source: Newmark Research, Preqin

DEBT FUND DRY POWDER



Source: Newmark Research, Preqin

ST. LOUIS, MO

8235 Forsyth Boulevard, Suite 200
Clayton, MO 63105
314-254-4600

KANSAS CITY, MO

1220 Washington Street, Suite 300
Kansas City, MO 64105
816-474-2000

EASTERN JACKSON COUNTY

1485 SW Market Street
Lee's Summit, MO 64081
816-474-2000

Mike Carlson, SIOR, CCIM
Executive Managing Director, Principal
mcarlson@ngzimmer.com
314-628-0438

Kevin McLaughlin, SIOR
Executive Managing Director, Principal
kmclaughlin@ngzimmer.com
314-628-0436

Andrew Garten
Director, Research
agarten@ngzimmer.com
816-256-4288

North America

Canada
United States

Europe

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Belgium
Czech Republic
France
Germany
Ireland
Italy
Netherlands
Poland
Portugal
Romania
Russia
Spain
Switzerland
United Kingdom

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Brazil
Chile
Colombia
Costa Rica
Dominican Republic
Mexico
Peru
Puerto Rico

Asia-Pacific

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Cambodia
China
Hong Kong
India
Indonesia
Japan
Malaysia
New Zealand
Singapore

South Korea

Taiwan
Thailand

Africa

Botswana
Kenya
Malawi
Nigeria
South Africa
Tanzania
Uganda
Zambia
Zimbabwe

Middle East

Saudi Arabia
United Arab Emirates

Retail Terms and Definitions

Gross Leasable Area (GLA) – Expressed in square feet. It is the total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines. It is the standard measure for determining the size of retail spaces, specifically shopping centers, where rent is calculated based on GLA occupied. There is no real difference between RBA (Rentable Building Area) and GLA except that GLA is used when referring to retail properties while RBA is used for other commercial properties.

Vacancy Rate – The vacancy rate is the amount of physically vacant space divided by the inventory and includes direct and sublease vacant.

Net Absorption – The net change in physically occupied space over a period of time.

Average Asking Rent – The dollar amount asked by landlords for available space expressed in dollars per square foot per year. Retail rents are expressed as triple net where all costs including, but not limited to, real estate taxes, insurance and common area maintenance are borne by the tenant on a prorata basis. The asking rent for each building in the market is weighed by the amount of available space in the building.

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