

# St. Louis Retail Report





# 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 retail 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 landlords 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

### **CVS PHARMACY | CRYSTAL CITY, MO**

13,230 SF GLA – SOLD FOR \$5,325,190 (\$403/SF)

*Jefferson County | 400 S. Truman Boulevard*

### **WALGREENS | COLUMBIA, IL**

14,490 SF GLA – SOLD FOR \$4,130,000 (\$285/SF)

*Metro East | 100 Admiral Weinel Boulevard*

### **LA-Z-BOY | O'FALLON, MO**

18,000 SF GLA – SOLD FOR \$4,085,000 (\$227/SF)

*St. Charles County | 1690 Highway K*

### **MARION HEIGHTS PLAZA | ST. LOUIS, MO**

40,520 SF GLA – SOLD FOR \$3,900,000 (\$96/SF)

*South County | 4211 Bayless Avenue*

### **HOTSHOTS SPORTS BAR & GRILL | EDWARDSVILLE, IL**

6,500 SF GLA – SOLD FOR \$2,250,000 (\$346/SF)

*Metro East | 2511 S. State Route 157*



# Retail ST. LOUIS MARKET OVERVIEW

The overall St. Louis retail market loosened year over year in the first quarter of 2021, realizing a 60-basis-point increase in vacancy to 5.0%. Net absorption totaled negative 590,046 square feet for the past four quarters and 301,929 square feet for the past two years, indicating a slowing market. The average quoted rental rate is \$13.02/SF, up \$0.03/SF from one year ago.

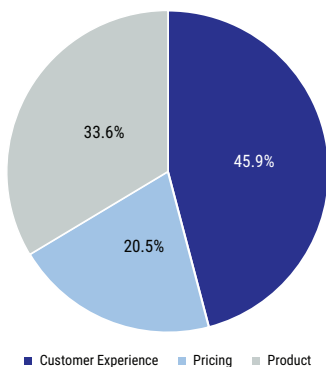
## In the local retail market:

- **Dollar General** will open its second DGX concept store in the metro at 622 Washington Avenue in Downtown. The 4,500-square-foot space backfills the former Crazy Bowls and Wraps and Taze Mediterranean spaces.
- Fast-casual Vietnamese eatery **DD Mau** will open its second location in the St. Louis area. The new 3,150-square-foot restaurant will be located at 20 Allen Avenue in Webster Groves and is expected to open this summer. Newmark Zimmer represented DD Mau in the transaction.
- **The Edge Fitness Clubs** will open its second location in the metro at The Crossings at Northwest in St. Ann. The club will offer group exercise classes, personal training, cardio, spinning, free weights, an Edge kids program, Edge Cinema and a shake bar. The club expects to open on March 27th.

In response to COVID-19, retailers across the country are building adaptable business models. Digital transformation in particular is accelerating at an exponential pace. Expect the following retail trends to take place in 2021:

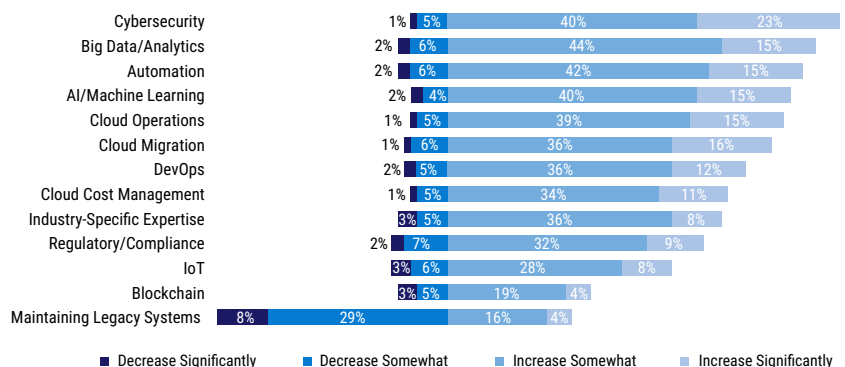
1. According to the Flexera 2021 State of Tech Spend Report, the top four categories of expenditures by firms for external IT services in 2021 are cybersecurity, big data/analytics, automation and AI/machine learning. Spending will increase in these categories as online purchasing and online marketing shifts from an optional extra to an essential part of many retailers' business plans.
2. Marketing customization and product customization. Offers from retailers will be based upon a variety of personal preferences unique to the shopper, while products will move from one-size-fits-all models towards individually designed merchandise. Those retailers which can offer the correct product at the right time will gain market share in 2021.
3. Augmented and virtual reality. Shoppers are not necessarily looking for the lowest bidder; they are procuring the best value for their money. Retailers must focus on what brings the most value to the customer and provide them with a superior experience. Augmented and virtual reality will provide an experiential shopping experience and bring interaction with many brands to new levels.

## WHAT IS THE TOP PRIORITY FOR YOUR BUSINESS IN THE NEXT 5 YEARS?



Source: SuperOffice March 2021

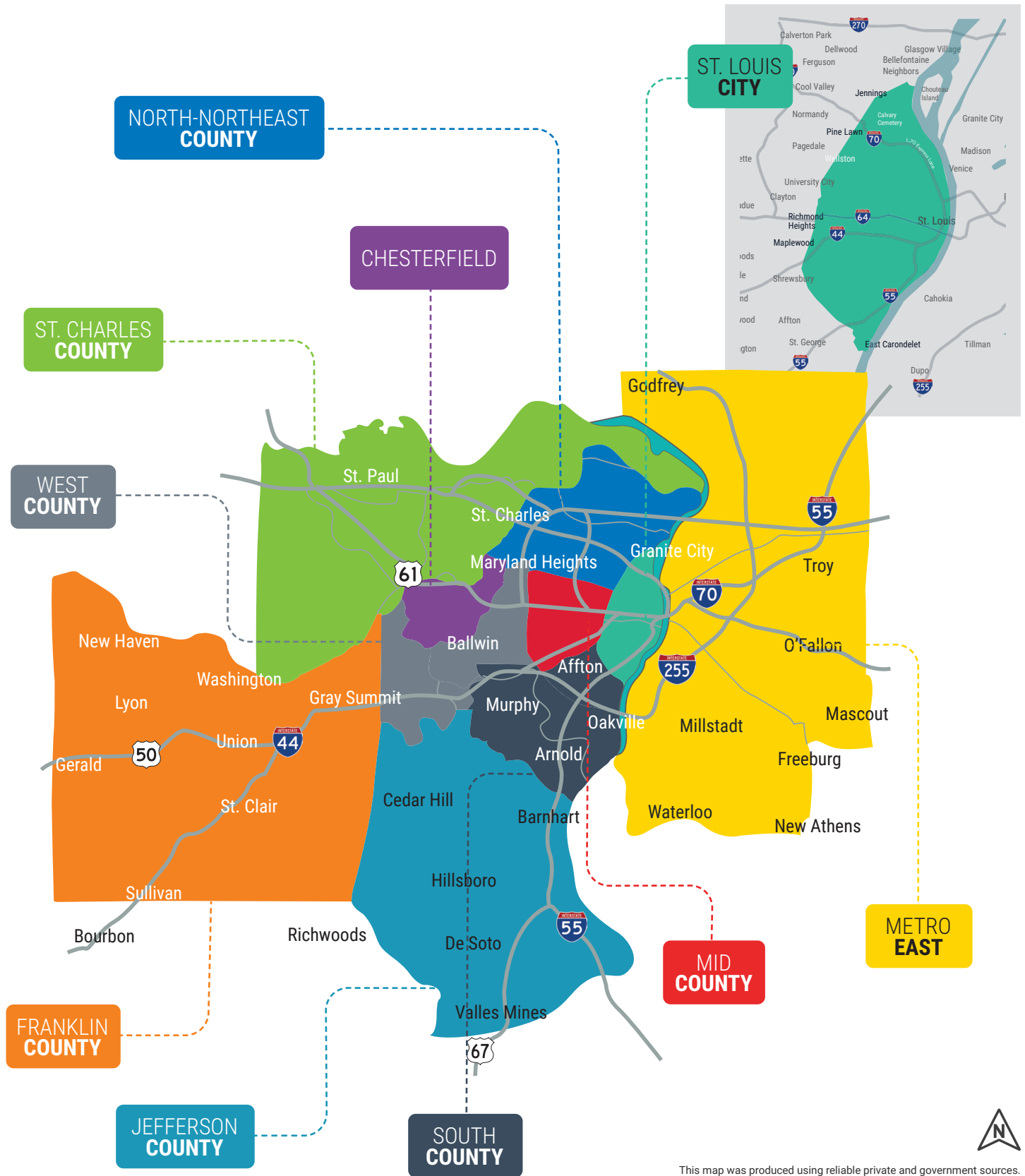
## USE OF EXTERNAL IT RESOURCES IN 2021



Source: Flexera 2021 State of Tech Spend Report

# Submarket Maps

DOWNTOWN & SUBURBS



This map was produced using reliable private and government sources. This information is provided without representation or warranty.

# 1Q21 St. Louis

## RETAIL MARKET STATISTICS TABLE

	Type	# of Buildings	Total Inventory (SF)	Total Vacancy Rate	Qtr Absorption (SF)	YTD Absorption (SF)	Total Asking Rent (NNN)
CHESTERFIELD	All	191	6,938,801	2.70%	-1,568	-1,568	\$16.06
	Small Shop	92	478,895	0.50%	43	43	\$18.89
	Big Box	99	6,459,906	2.90%	-1,611	-1,611	\$15.61
FRANKLIN COUNTY	All	552	5,607,187	2.20%	-13,625	-13,625	\$8.84
	Small Shop	403	1,643,345	1.40%	0	0	\$12.76
	Big Box	149	3,963,842	2.50%	-13,625	-13,625	\$7.88
JEFFERSON COUNTY	All	425	4,626,298	4.40%	-2,950	-2,950	\$10.97
	Small Shop	307	1,194,903	0.80%	2,000	2,000	\$5.25
	Big Box	118	3,431,395	5.60%	-4,950	-4,950	\$12.33
METRO EAST	All	2,622	31,059,606	4.60%	-38,571	-38,571	\$10.92
	Small Shop	1,940	7,331,765	2.60%	9,418	9,418	\$14.56
	Big Box	682	23,727,841	5.20%	-47,989	-47,989	\$10.31
MID COUNTY	All	1,078	17,366,718	3.20%	-23,855	-23,855	\$19.01
	Small Shop	717	2,885,609	4.40%	-4,647	-4,647	\$20.69
	Big Box	361	14,481,109	2.90%	-19,208	-19,208	\$18.41
NORTH-NORTHEAST COUNTY	All	1,617	22,805,964	7.40%	-171,539	-171,539	\$9.98
	Small Shop	1,145	4,219,175	3.10%	-16,045	-16,045	\$15.36
	Big Box	472	18,586,789	8.40%	-155,494	-155,494	\$9.44
ST. CHARLES COUNTY	All	1,578	22,544,733	4.50%	34,249	34,249	\$13.34
	Small Shop	1,091	4,432,407	2.80%	18,008	18,008	\$18.65
	Big Box	487	18,112,326	4.90%	16,241	16,241	\$12.40
ST. LOUIS CITY	All	2,386	20,905,755	4.90%	-103,041	-103,041	\$14.65
	Small Shop	1,895	6,986,026	2.60%	-10,769	-10,769	\$16.00
	Big Box	491	13,919,729	6.10%	-92,272	-92,272	\$14.25
SOUTH COUNTY	All	1,286	20,576,460	6.30%	-150,296	-150,296	\$13.01
	Small Shop	859	3,405,439	2.40%	759	759	\$17.52
	Big Box	427	17,171,021	7.00%	-151,055	-151,055	\$12.47
WEST COUNTY	All	633	11,777,730	6.10%	1,277	1,277	\$16.31
	Small Shop	373	1,611,625	3.60%	-6,250	-6,250	\$21.64
	Big Box	260	10,166,105	6.50%	7,527	7,527	\$15.72
TOTALS	All	12,368	164,209,252	5.00%	-469,919	-469,919	\$13.02
	Small Shop	8,822	34,189,189	2.70%	-7,483	-7,483	\$17.25
	Big Box	3,546	130,020,063	5.60%	-462,436	-462,436	\$12.32

# Market Indicators

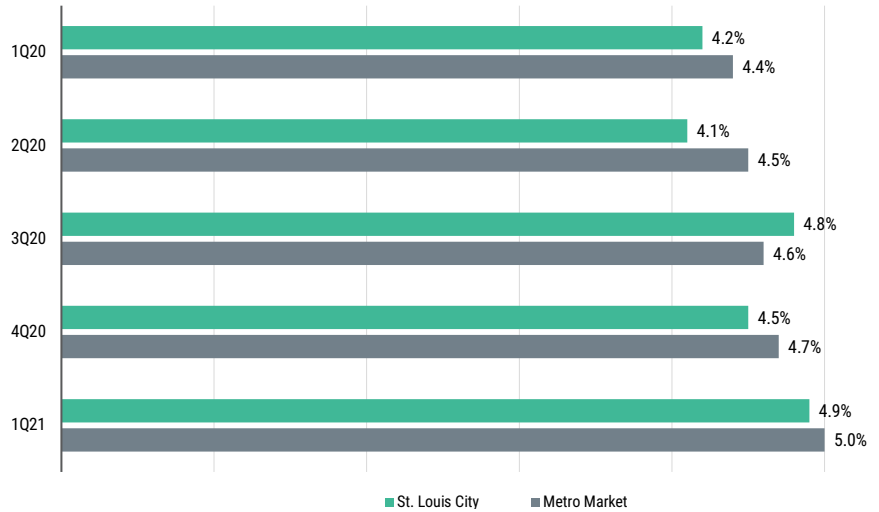
## VACANCY RATE, ASKING RENT & NET ABSORPTION

### METRO MARKET VACANCY RATE

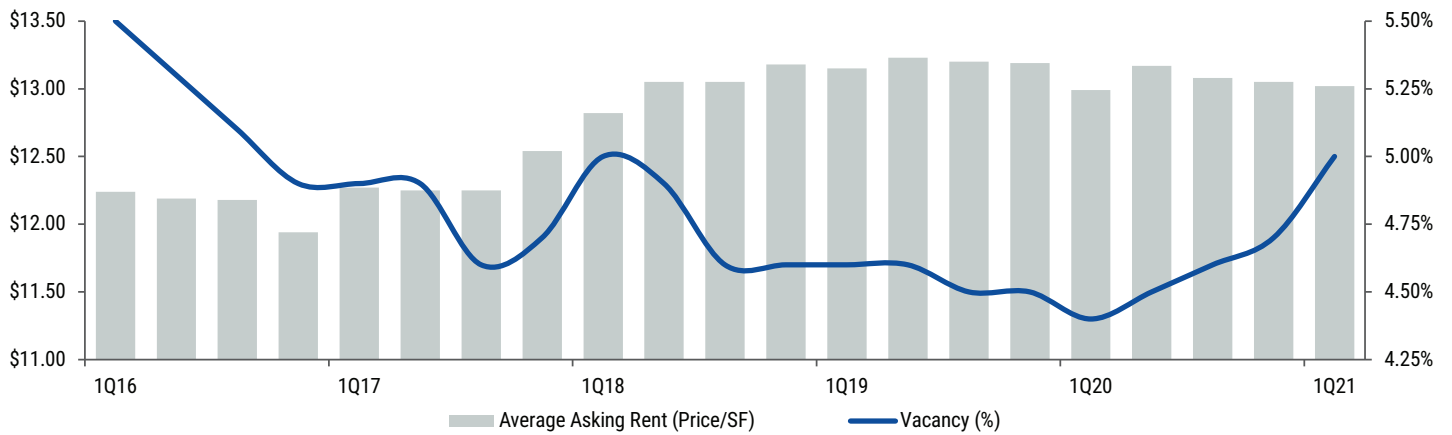
The metro market vacancy rate increased 60 basis points over the past year.

### ST. LOUIS CITY VACANCY RATE

The St. Louis City vacancy rate increased 70 basis points over the past year.

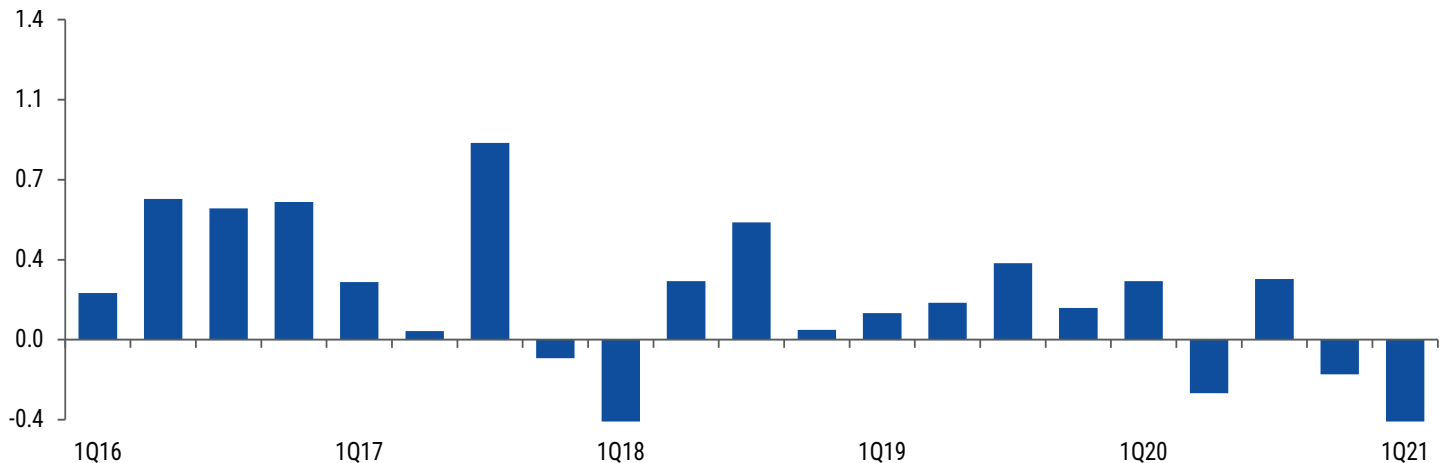


### ASKING RENT AND VACANCY



### NET ABSORPTION

SQUARE FEET, MILLIONS



**Small Shop:** Retail buildings in which GLA is 9,000 square feet or less. **Big Box:** Retail buildings in which GLA is 9,001 square feet or more.

Examination and calculation of supply and demand determinants by building size uncovered statistically significant inflection points consistently at the 9,000-square-foot building size. For this reason, the division between small-shop and big-box occurs at 9,000 square feet.





## SUBMARKET VACANCY RATE

### CHESTERFIELD VACANCY RATE

Improved by **40 basis points** over the past year.

2.7% 1Q21

3.1% 1Q20

Small shop space is hard to find in Chesterfield as vacancy in this niche is nominal at 0.5%. Big box space is also scarce posting a 2.9% vacancy rate.

### METRO EAST VACANCY RATE

Worsened by **50 basis points** over the past year.

4.6% 1Q21

4.1% 1Q20

Metro East closely mirrors the overall metro average for small space and big box vacancy at 2.6% and 5.2% respectively.

### MID COUNTY VACANCY RATE

Worsened by **110 basis points** over the past year.

3.2% 1Q21

2.1% 1Q20

Big box vacancy remains tight at 2.9% in Mid County. The submarket has the second lowest big box vacancy in the metro.

### WEST COUNTY VACANCY RATE

Worsened by **50 basis points** over the past year.

6.1% 1Q21

5.6% 1Q20

Asking rental rates for small shop space in the West County submarket are the highest in the metro at \$21.64/SF.

### 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

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### North America

Canada  
United States

### Europe

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

### Latin America

Argentina  
Brazil  
Chile  
Colombia  
Costa Rica  
Dominican Republic  
Mexico  
Peru  
Puerto Rico

### Asia-Pacific

Australia  
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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