
RESEARCH 2Q23

St. Louis Retail Report

NEWMARK
ZIMMER



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

Schnucks | O'Fallon, IL

56,120 SF GLA – SOLD FOR \$7,616,000 (\$136/SF)

Metro East | 907 E U.S. Highway

Best Buy | Saint Peters, MO

45,190 SF GLA – SOLD FOR \$6,895,000 (\$153/SF)

St. Charles County | 550 Mid Rivers Mall Circle

Winchester Plaza | Fairview Heights, IL

46,000 SF GLA – SOLD FOR \$5,800,000 (\$126/SF)

Metro East | 4608-4660 N Illinois Street

Ellisville Plaza | Ellisville, MO

32,760 SF GLA – SOLD FOR \$4,100,000 (\$125/SF)

West County | 15382-15418 Manchester Road

Tori Pines Plaza Portfolio (3) | Saint Louis, MO

24,310 SF GLA – SOLD FOR \$3,900,000 (\$160/SF)

South County | 6025-6065 Telegraph Road

Retail

ST. LOUIS MARKET OVERVIEW

In St. Louis and beyond, the outlook for retail real estate is optimistic. Increasing rental rates, decreasing availability and new development projects lacking in the pipeline have created a landlord's market in the world of retail. We are continuing to see tenants and landlords get creative in filling space, including conversions of office to multifamily, hotel and mixed-use development projects. Entertainment concepts are actively seeking big-box space, and drive-thru concepts are continuing to seek out prime pad sites.

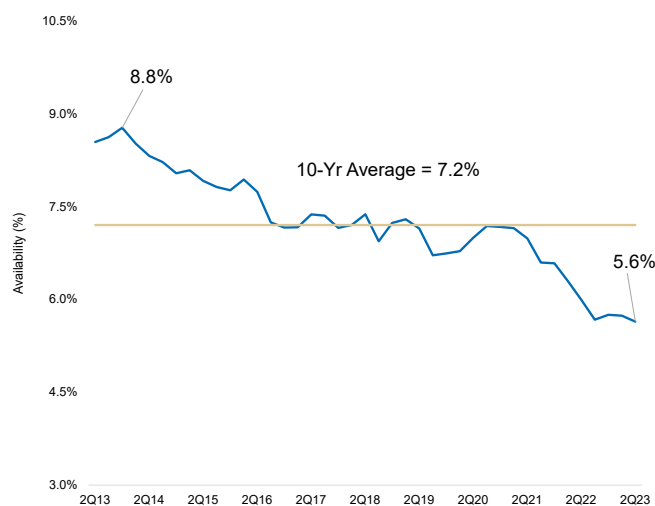
Market News

- Meijer is planning its second store in Metro East at the southeast corner of North Green Mount Rd. and Pierce Blvd. in O'Fallon, IL. The supercenter retailer intends to occupy a future 160,000-square-foot building, which would be constructed on the 16.7-acre site.
- Two separate proposed developments could bring three national retailers to South St. Louis County. Located on a 3.2-acre site at 13047 Butler Crest Dr., the first proposal calls for a 20,700-square-foot building for Aldi. The second proposal includes a 2,340-square-foot Chipotle and a 5,240-square-foot Chick-fil-A, which are planned near 5240 Towne South Rd. and will include drive-thrus and both indoor and outdoor seating.
- Taziki's Mediterranean Café announced it will open its first location in the St. Louis market in Creve Coeur. The fast-casual restaurant chain plans to open the location by the end of 2023 and potentially open multiple locations in the region.
- Raising Cane's is planning on opening a new 3,060-square-foot restaurant in Edwardsville, IL at 2104 Governors Pkwy. This would be the second Raising Cane's location in Metro East.

Robust consumer demand, combined with conservative construction activity in the St. Louis retail sector, is driving availability to near historic lows. As of the second quarter of 2023, availability of space within retail properties registered a record low of 5.6%, a decrease of 2.9% (290 basis points) compared with levels experienced 10 years prior. While national retailers, including Walgreens, continue to announce closures across the U.S., St. Louis has been in a favorable position, with minimal closures compared to many coastal and gateway markets. In addition, redevelopment of obsolete retail space, including Crestwood Mall, Chesterfield Mall, St. Louis Mills Mall, St. Louis Outlet Mall and Jamestown Mall, continues to occur at steady levels, helping to reduce overall vacancy, which has decreased from 6.6% to 4.4% over the past 10 years. Expect eatertainment, entertainment venues within mixed-use developments and pad sites with a drive-thru retail component to experience above-average demand in St. Louis for the next four quarters.

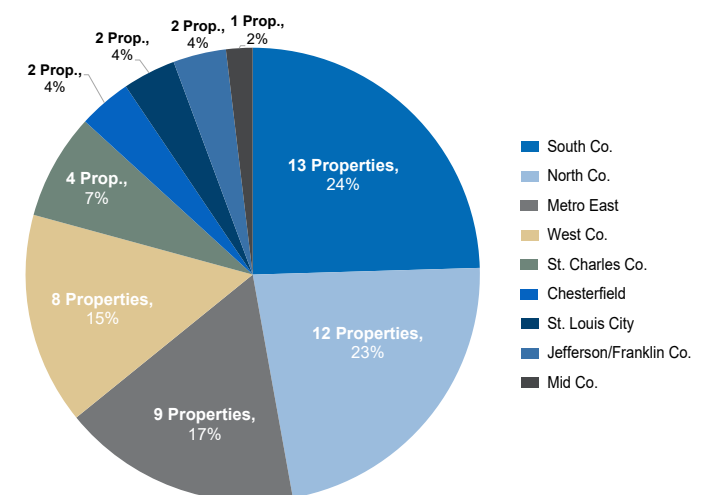
Availability for Retail Space in St. Louis Significantly Below 10-Year Average

St. Louis Retail Market



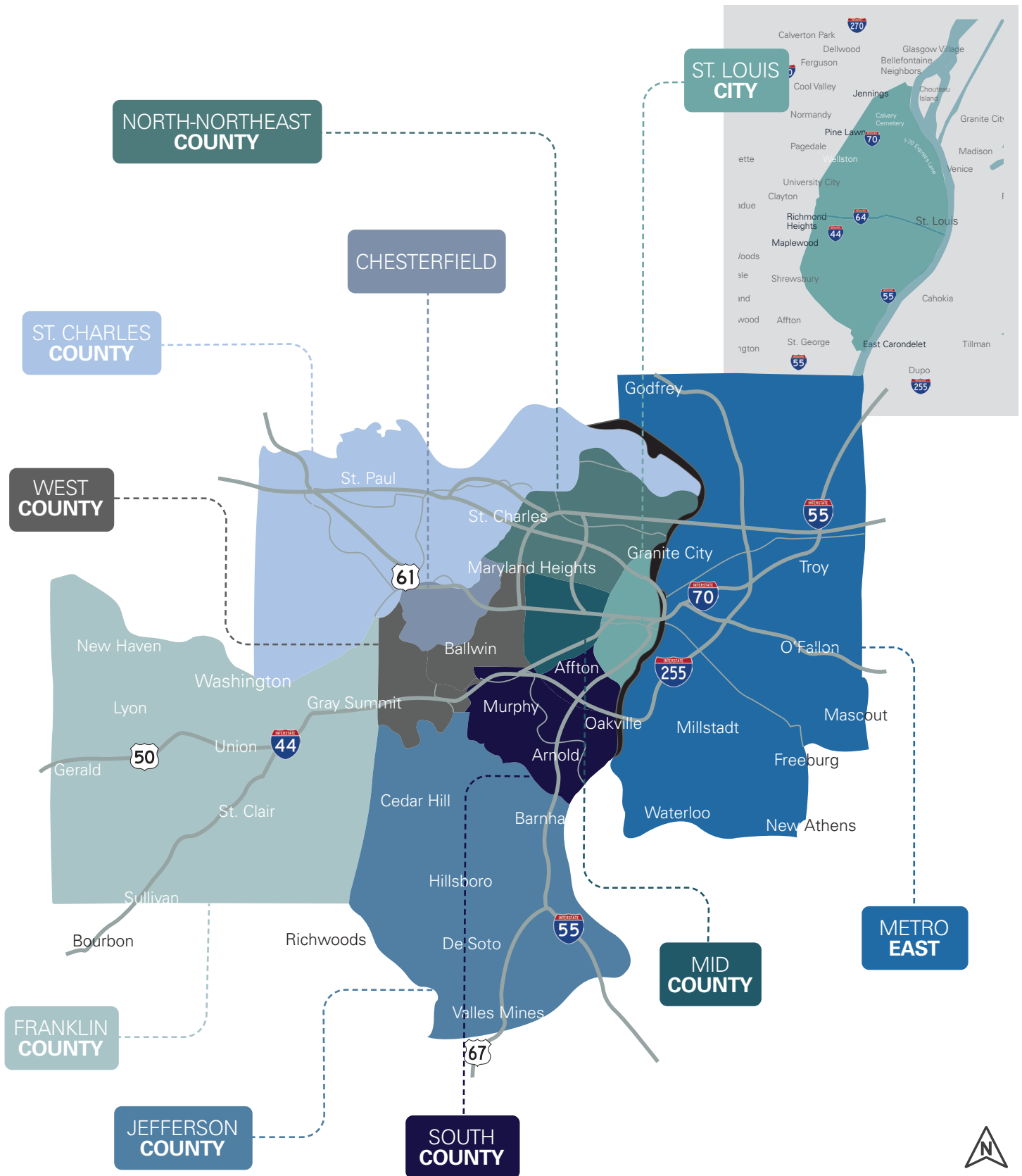
Big-Box Available Spaces for Rent by Submarket

Available Spaces 25,000+ SF in Existing Retail Properties



Submarket Maps

DOWNTOWN & SUBURBS



This map was produced using reliable private and government sources.
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2Q23 St. Louis

RETAIL MARKET STATISTICS TABLE

	Type	# of Buildings	Total Inventory (SF)	Total Vacancy Rate	Qtr Absorption (SF)	Past 4 Qtrs. Absorption (SF)	Total Asking Rent (NNN)
CHESTERFIELD	All	191	5,553,995	4.70%	803	-131,997	\$20.09
	Small Shop	93	485,200	0.00%	0	2,107	\$21.87
	Big Box	98	5,068,795	5.20%	803	-134,104	\$20.00
FRANKLIN COUNTY	All	570	5,897,086	1.70%	-7,019	35,311	\$15.03
	Small Shop	411	1,683,901	1.00%	-8,844	-1,468	\$14.61
	Big Box	159	4,213,185	2.00%	1,825	36,779	\$15.19
JEFFERSON COUNTY	All	439	4,609,039	2.50%	-9,700	59,049	\$11.36
	Small Shop	314	1,240,246	1.80%	-9,700	3,188	\$16.39
	Big Box	125	3,368,793	2.70%	0	55,861	\$10.68
METRO EAST	All	2,690	31,306,531	4.00%	35,062	200,557	\$14.06
	Small Shop	1,985	7,516,903	2.20%	16,977	21,283	\$15.75
	Big Box	705	23,789,628	4.60%	18,085	179,274	\$13.68
MID COUNTY	All	1,091	17,479,537	2.20%	26,416	248,207	\$21.50
	Small Shop	729	2,925,007	3.20%	6,174	-11,109	\$20.68
	Big Box	362	14,554,530	2.00%	20,242	259,316	\$21.95
NORTH-NORTHEAST COUNTY	All	1,651	21,321,402	6.00%	-26,796	209,365	\$10.60
	Small Shop	1,182	4,342,360	2.10%	-94	2,772	\$13.64
	Big Box	469	16,979,042	7.10%	-26,702	206,593	\$10.35
ST. CHARLES COUNTY	All	1,649	23,236,333	3.40%	33,234	151,353	\$14.79
	Small Shop	1,142	4,670,774	2.60%	-2,307	44,315	\$19.38
	Big Box	507	18,565,559	3.60%	35,541	107,038	\$13.67
ST. LOUIS CITY	All	2,446	21,230,243	4.40%	-30,399	-136,317	\$15.66
	Small Shop	1,939	7,250,475	2.20%	-11,763	24,350	\$16.64
	Big Box	507	13,979,768	5.40%	-18,636	-160,667	\$15.45
SOUTH COUNTY	All	1,304	20,751,234	6.20%	48,111	100,347	\$13.27
	Small Shop	876	3,484,973	1.60%	1,314	32,614	\$22.24
	Big Box	428	17,266,261	7.20%	46,797	67,733	\$12.85
WEST COUNTY	All	646	12,052,089	6.20%	-52,244	-164,755	\$16.85
	Small Shop	381	1,629,344	3.10%	-1,904	-6,170	\$18.77
	Big Box	265	10,422,745	6.60%	-50,340	-158,585	\$16.52
TOTALS	All	12,677	163,437,489	4.40%	17,468	571,120	\$14.34
	Small Shop	9,052	35,229,183	2.20%	-10,147	111,882	\$17.88
	Big Box	3,625	128,208,306	5.00%	27,615	459,238	\$13.75

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.

Market Indicators

VACANCY RATE, ASKING RENT & NET ABSORPTION

ST. LOUIS CITY

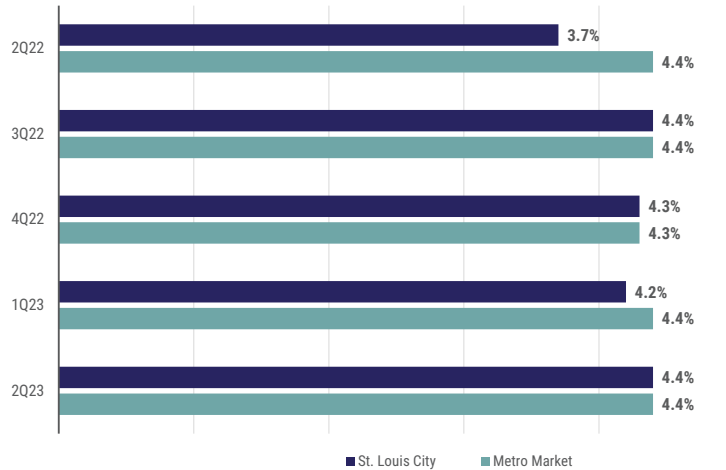
VACANCY RATE

The St. Louis City vacancy rate displayed an upward trend, increasing **70** basis points over the past year.

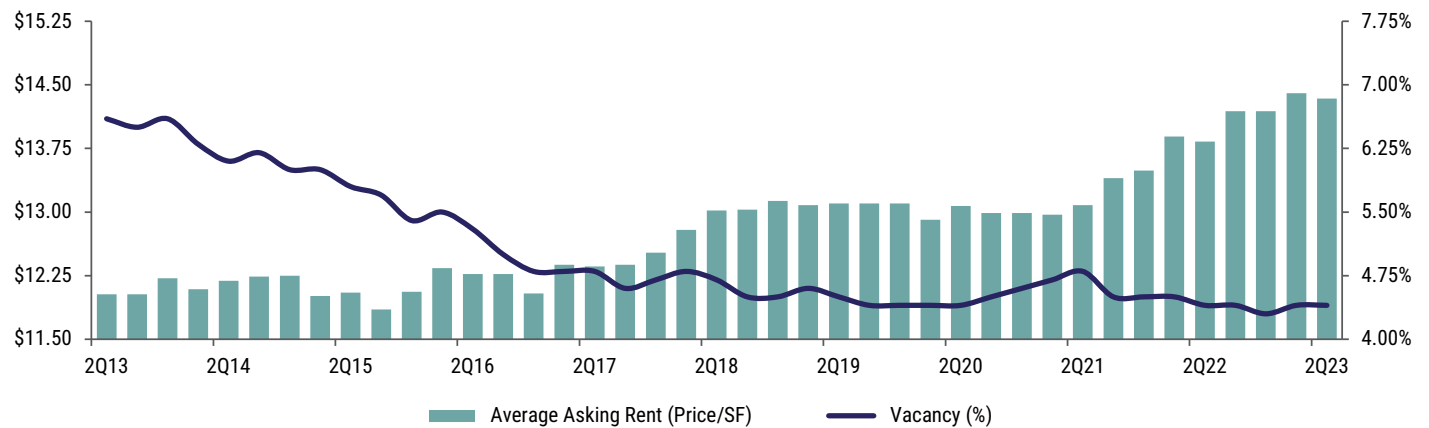
METRO MARKET

VACANCY RATE

The metro market vacancy rate remained flat at **4.4%** compared to the prior year.

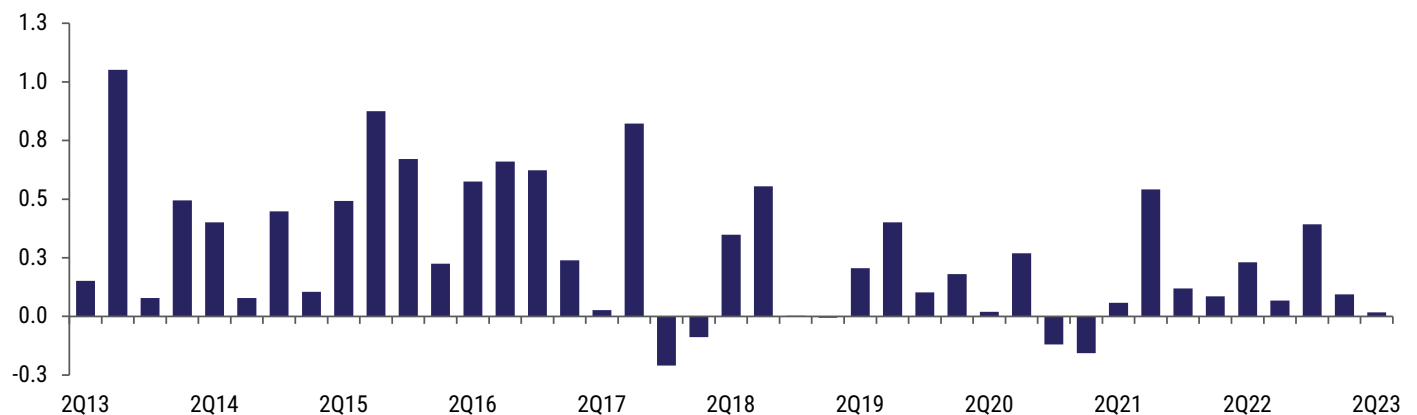


ASKING RENT AND VACANCY



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.



2Q23 St. Louis

SUBMARKET VACANCY RATE

CHESTERFIELD VACANCY RATE

Worsened by **230 basis points** over the past year.

4.7%

2023

2.4%

2022

Small shop space is hard to find in Chesterfield as vacancy in this niche is 0.0%, the lowest in the market.

METRO EAST VACANCY RATE

Improved by **60 basis points** over the past year.

4.0%

2023

4.6%

2022

Metro East displayed the second-highest total net absorption during the second quarter of 2023.

MID COUNTY VACANCY RATE

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

2.2%

2023

2.7%

2022

Mid County displayed the highest average asking rental rate in the market.

WEST COUNTY VACANCY RATE

Worsened by **140 basis points** over the past year.

6.2%

2023

4.8%

2022

West County displayed the lowest net absorption in the market during the past four quarters.

For more information:

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Kansas City, MO 64105
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We transform untapped potential into limitless opportunity.

We don't just adapt to what our partners need—we adapt to what the future demands.

Since our start, we've faced forward, predicting change and pioneering ideas. Almost a century later, the same strategic sense and audacious thinking still guide our approach. Today our integrated platform delivers seamlessly connected services tailored to every type of client, from owners to occupiers, investors to founders, and growing startups to leading companies.

Tapping into smart tech and smarter people, we bring ingenuity to every exchange and transparency to every relationship.

We think outside of boxes, buildings and business lines, delivering a global perspective and a nimble approach. From reimagining spaces to engineering solutions, we have the vision to see what's next and the tenacity to get there first.

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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