

St. Louis Industrial Market

Multiple Projects Start Construction, Adding 4.8 Million Square Feet of Development

The St. Louis industrial sector tightened in the fourth quarter of 2021. During this period, the market realized positive absorption of 636,248 square feet. Overall vacancy decreased 10 basis points from the prior quarter to 4.1%, while average quoted rents significantly increased from \$4.84/SF to \$5.02/SF. One property, Gateway TradePort 3, delivered 624,350 square feet of product to the market during the quarter. Developments under construction increased significantly to 6.6 million square feet, as NorthPoint Development, the Sansone Group, TriStar Properties and Panattoni Development Company, Inc. began construction on various speculative projects. The market registered the second-highest amount of total net absorption for a period of one year during the past decade. Net absorption totaled 8.2 million square feet for the past four quarters, equating to a 100% increase from the annual average net absorption of 4.1 million square feet during the previous five years. With market vacancy at 4.1%, the following major projects are currently under construction:

Central County: the 244,000-square-foot Crosstown Logistics Park speculative development.

Metro East: the 1.0-million-square-foot Gateway TradePort 4 speculative development.

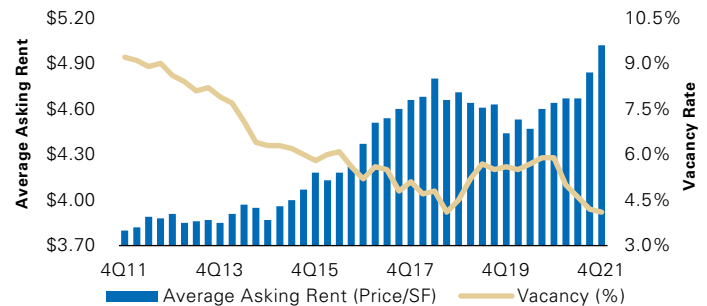
North County: the 547,750-square-foot Building VI (100.0% leased), the 511,212-square-foot Building VII, the 511,212-square-foot Building X and the 407,550-square-foot Building IX located in Hazelwood TradePort; the 311,900-square-foot, 251,090-square-foot and 162,030-square-foot speculative properties located at Riverport Trade Center; the 275,860-square-foot Aviator VI, 197,120-square-foot Aviator II and 130,930-square-foot Aviator V properties located at Aviator Business Park; and the two 194,620-square-foot buildings, Westport Commerce Center I and II.

Current Conditions

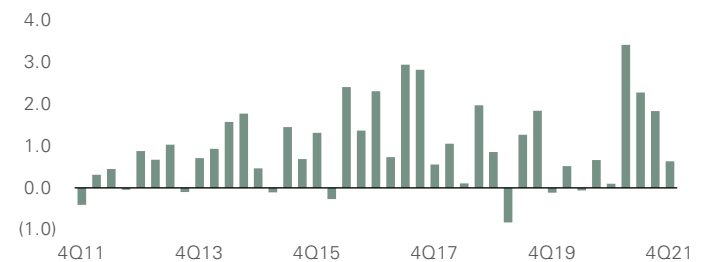
- Asking rental rates increased in 21 out of the past 28 quarters with positive net absorption occurring in 32 out of the past 37 quarters.
- St. Louis posted the lowest vacancy among the top Midwestern markets and ranked 12th in net absorption to market size among the most active markets in the U.S.
- Plymouth Industrial REIT purchased a two-building portfolio in Metro East for \$75.1 million.

Market Analysis

ASKING RENT AND VACANCY RATE



NET ABSORPTION (SF, Millions)



Market Summary

	Current Quarter	Prior Quarter	Year Ago Period	12-Month Forecast
Total Inventory	280 MSF	279 MSF	277 MSF	↑
Vacancy Rate	4.1%	4.2%	5.9%	↓
Qtr. Net Absorp.	636,248	1,834,319	97,228	↑
Avg. Asking Rent	\$5.02	\$4.84	\$4.64	↑
Under Con.	6,580,610	2,450,940	1,894,555	↑
Deliveries	624,350	1,616,650	783,227	↑

St. Charles County: the 423,000-square-foot building and the 366,600-square-foot building located at 6001 and 7001 Premier Parkway, respectively, in the Premier 370 Business Park; the two 106,400-square-foot buildings I (50% leased) and II located at Commerce Park West and the 70,000-square-foot BTS building for Diode Dynamics (100% leased).

Expect the North County, Metro East and St. Charles County submarkets to continue to lead the local market for the next four quarters. Net absorption totaled 4.0 million square feet in North County, 3.1 million square feet in Metro East and 1.9 million square feet in St. Charles County during the past two years due to robust leasing activity and competitive rental rates. St. Charles County, Central County and South County will benefit in the near term from low vacancy rates, currently stable at 1.6%, 2.2% and 3.9%, respectively.

Plymouth Industrial REIT Purchases 1.2-Million-Square-Foot Portfolio in Gateway Commerce Center

Robust investment activity continued in Metro East as Boston-based Plymouth Industrial REIT, Inc. purchased a two-building portfolio totaling 1.2 million square feet within Gateway Commerce Center. The \$75.1-million transaction increases the firm's holdings in the United States to more than 30.0 million square feet across 12 markets. Located at 349 Gateway Commerce Center Drive in Edwardsville, the first property, a Class A, 624,130-square-foot industrial facility known as Gateway East 624 includes 36-foot ceiling heights, 70 dock doors and

delivered to the market in 2017. The property is currently fully occupied by Geodis. The second facility located at 3051 Gateway Commerce Center Drive, the Class A, 521,170-square-foot industrial facility known as Gateway East 520 includes 32.0-foot ceiling heights, 58 dock doors and delivered to the market in 2016. The property is also currently fully occupied by DB Schenker.

Additional 4.1 Million Square Feet of Development Begins Construction During 4Q21

The St. Louis industrial sector enjoyed record-setting leasing activity in 2021 as a total of 8.1 million square feet were absorbed, significantly outpacing the annual average of 2.5 million square feet during the previous three years. Among Midwestern industrial markets, St. Louis posted the lowest vacancy rate and ranked 12th in the U.S for the highest percentage of net absorption to total market size among the most active markets in the nation. As the 19th largest industrial market in the U.S., St. Louis has untapped development potential compared to other Midwestern markets. St. Louis ranked 16th in 12-month deliveries to total market size with a result of 1.0%, while four Midwestern peer cities all ranked above 2.0%. The gap is expected to slowly decrease in 2022 as an additional 4.1 million square feet of product officially began construction in the fourth quarter of 2021, as developers, including NorthPoint Development, the Sansone Group, TriStar Properties and Panattoni Development Company, Inc., announced speculative projects across the metro.

Lease/User Transactions

Tenant	Building	Submarket	Type	Square Feet
Royal Canin	5715 Inner Park Dr	Metro East	New	337,640
Sensient Technologies Corporation	1659 Sauget Business Blvd	Metro East	New	300,480
Amazon.com, Inc.	1659 Sauget Business Blvd	Metro East	New	202,300
Thunderstone Logistics	1555 Tradeport Dr	North County	New	138,740
Cat5 Commerce	Commerce Park West (TBD)	St. Charles County	New	53,200

Sales Transactions

Building	Submarket	Sale Price	Price/SF	Square Feet
349 & 3051 Gateway Commerce Center Dr Portfolio (2)	Metro East	\$75,100,000	\$66	1,145,300
4848 Park 370 Blvd	North County	\$7,700,000	\$101	76,090
122 E Chain of Rocks Rd	Metro East	\$7,800,500	\$139	56,160
11640 Lakeside Crossing Ct	West County	\$3,950,000	\$82	48,340
12955 Maurer Industrial Dr	South County	\$2,300,000	\$64	36,000
11147 Dorsett Rd	West County	\$3,250,000	\$93	34,940

Submarket Statistics

Submarket	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Absorption (SF)	YTD Absorption (SF)	WH/Dist Asking Rent (Price/SF)	R&D/Flex Asking Rent (Price/SF)	Total Asking Rent (Price/SF)
Central County	26,292,421	244,000	2.20%	-369	-35,222	\$5.44	\$6.49	\$5.62
Metro East	49,720,467	1,010,000	4.90%	364,246	3,792,605	\$4.03	\$10.07	\$4.03
North County	55,081,175	3,695,984	5.10%	756,056	2,991,051	\$4.70	\$7.61	\$4.72
South County	18,534,166	30,000	3.70%	41,992	92,818	\$6.96	\$8.99	\$7.01
St. Charles County	33,419,968	1,072,400	2.10%	-194,698	1,152,570	\$4.78	\$9.75	\$5.43
St. Louis City	70,815,185	0	4.70%	-368,956	105,057	\$5.01	\$11.16	\$5.53
West County	26,335,822	0	3.80%	37,977	74,530	\$6.57	\$9.42	\$6.87
St. Louis Market	280,199,204	6,052,384	4.10%	636,248	8,173,409	\$4.83	\$8.67	\$5.02
Warehouse	264,251,769	6,052,384	4.00%	677,639	8,407,544	-	-	-
Flex	15,947,435	0	6.50%	-41,391	-234,135	-	-	-

Submarket Statistics - Subtype

Submarket	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Absorption (SF)	YTD Absorption (SF)	Total Asking Rent (Price/SF)
Warehouse/Distribution	24,399,290	244,000	1.40%	241	97,045	\$5.44
R&D/Flex	1,893,131	0	11.70%	-610	-132,267	\$6.49
Central County	26,292,421	244,000	2.20%	-369	-35,222	\$5.62
Warehouse/Distribution	48,894,569	1,010,000	4.80%	364,246	3,781,849	\$4.03
R&D/Flex	825,898	0	5.40%	0	10,756	\$10.07
Metro East	49,720,467	1,010,000	4.90%	364,246	3,792,605	\$4.03
Warehouse/Distribution	52,502,844	3,695,984	5.20%	788,782	3,003,541	\$4.70
R&D/Flex	2,578,331	0	4.20%	-32,726	-12,490	\$7.61
North County	55,081,175	3,695,984	5.10%	756,056	2,991,051	\$4.72
Warehouse/Distribution	17,470,438	30,000	2.70%	11,418	195,724	\$6.96
R&D/Flex	1,063,728	0	18.90%	30,574	-102,906	\$8.99
South County	18,534,166	30,000	3.70%	41,992	92,818	\$7.01
Warehouse/Distribution	31,751,629	1,072,400	1.70%	-105,620	1,182,818	\$4.78
R&D/Flex	1,668,339	0	10.10%	-89,078	-30,248	\$9.75
St. Charles County	33,419,968	1,072,400	2.10%	-194,698	1,152,570	\$5.43
Warehouse/Distribution	68,841,430	0	4.80%	-368,117	48,778	\$5.01
R&D/Flex	1,973,755	0	3.40%	-839	56,279	\$11.16
St. Louis City	70,815,185	0	4.70%	-368,956	105,057	\$5.53
Warehouse/Distribution	20,391,569	0	3.80%	-13,311	97,789	\$6.57
R&D/Flex	5,944,253	0	3.70%	51,288	-23,259	\$9.42
West County	26,335,822	0	3.80%	37,977	74,530	\$6.87

Economic Conditions

The local economy continued to improve in November, with total employment growth of 1.7% and growth occurring in seven out of 10 industries, calculated on a 12-month percent change basis.

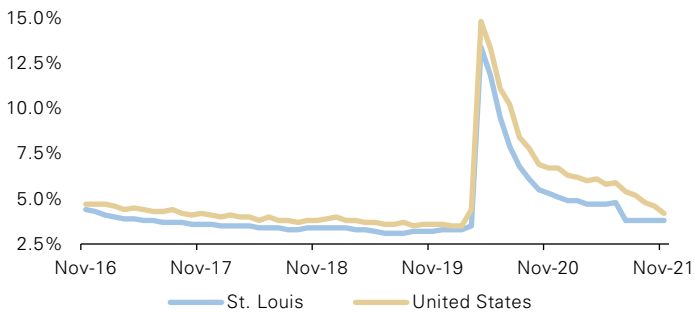
Payroll employment in St. Louis increased significantly in November 2021 compared to the prior year, increasing to 1.7%. The national average also increased substantially, up from negative 5.9% in November 2020 to 4.1% in November 2021.

The Consumer Price Index for the U.S. increased 560 basis points compared to the prior year, registering 6.8% in November 2021, while the Midwest Urban CPI increased 630 basis points to 7.3%, both at record highs during the past decade.

Unemployment in the U.S. decreased 100 basis points to 4.2%, while unemployment in St. Louis remained flat at 3.8% compared with the past quarter. Unemployment in St. Louis decreased 150 basis points from a year prior.

Unemployment Rate

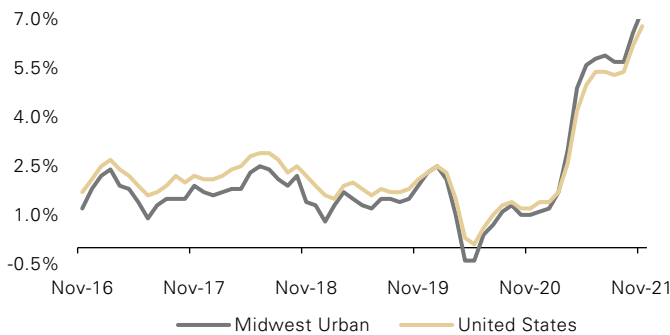
Seasonally Adjusted



Source: U.S. Bureau of Labor Statistics, December 2021

Consumer Price Index (CPI)

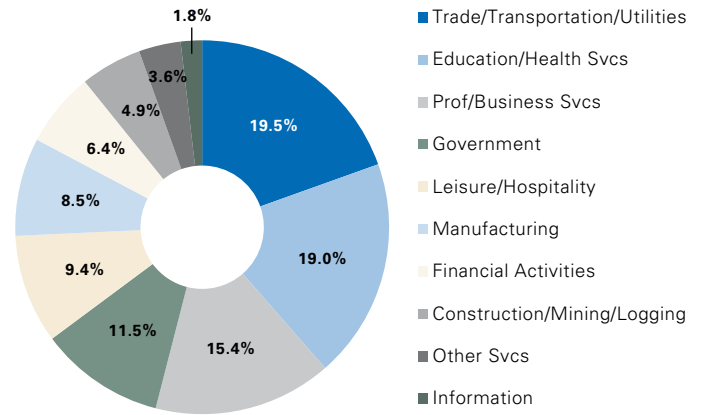
All Items, 12-Month % Change, Not Seasonally Adjusted



Source: U.S. Bureau of Labor Statistics, December 2021

Employment By Industry

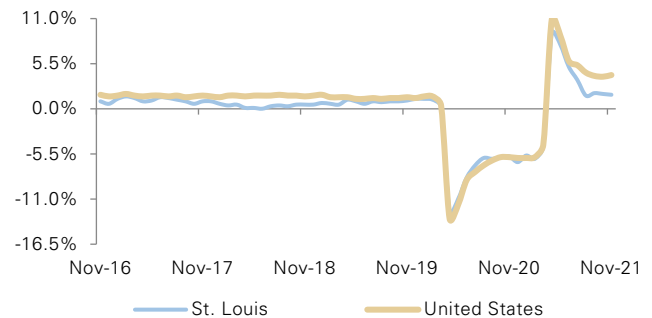
St. Louis, November 2021



Source: U.S. Bureau of Labor Statistics, December 2021

Payroll Employment

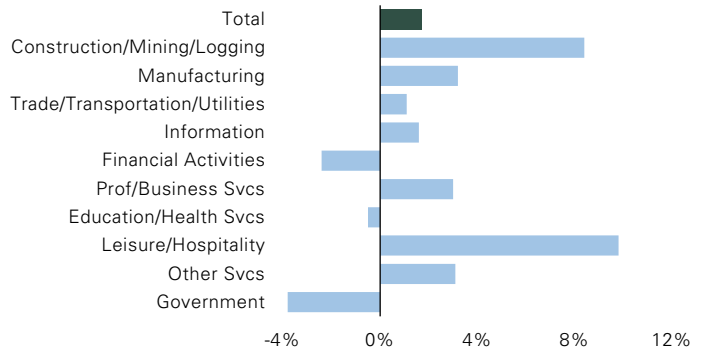
Total Nonfarm, Not Seasonally Adjusted, 12-Month % Change



Source: U.S. Bureau of Labor Statistics, December 2021

Employment Growth By Industry

STL, Nov. 2021, 12-Month % Change, Not Seasonally Adjusted



Source: U.S. Bureau of Labor Statistics, December 2021

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