
RESEARCH 4Q21

St. Louis Capital Markets

NEWMARK
ZIMMER



Executive Summary

Newmark Zimmer is continuously 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

Industrial | EQT Exeter Portfolio (15)

2,514,980 SF GLA – Sold for \$151,450,000 (\$60/SF)

Metro East, North County, West County

Office | Metropolitan Square

1,171,600 SF GLA – Sold for \$120,000,000 (\$102/SF)

Downtown | 211 N Broadway

Office | Edge@Brdg

160,000 SF GLA – Sold for \$92,000,000 (\$575/SF)

Mid County | 1001 NWarson Road

Industrial | Gateway Commerce Center Portfolio (2)

1,145,300 SF GLA – Sold for \$75,100,000 (\$66/SF)

Metro East | 349 & 3051 Gateway Commerce Center Drive

Office (Medical) | 1815 Clarkson Road

60,670 SF GLA – Sold for \$15,532,000 (\$256/SF)

West County | 1815 Clarkson Road



Capital Markets

ST. LOUIS MARKET OVERVIEW

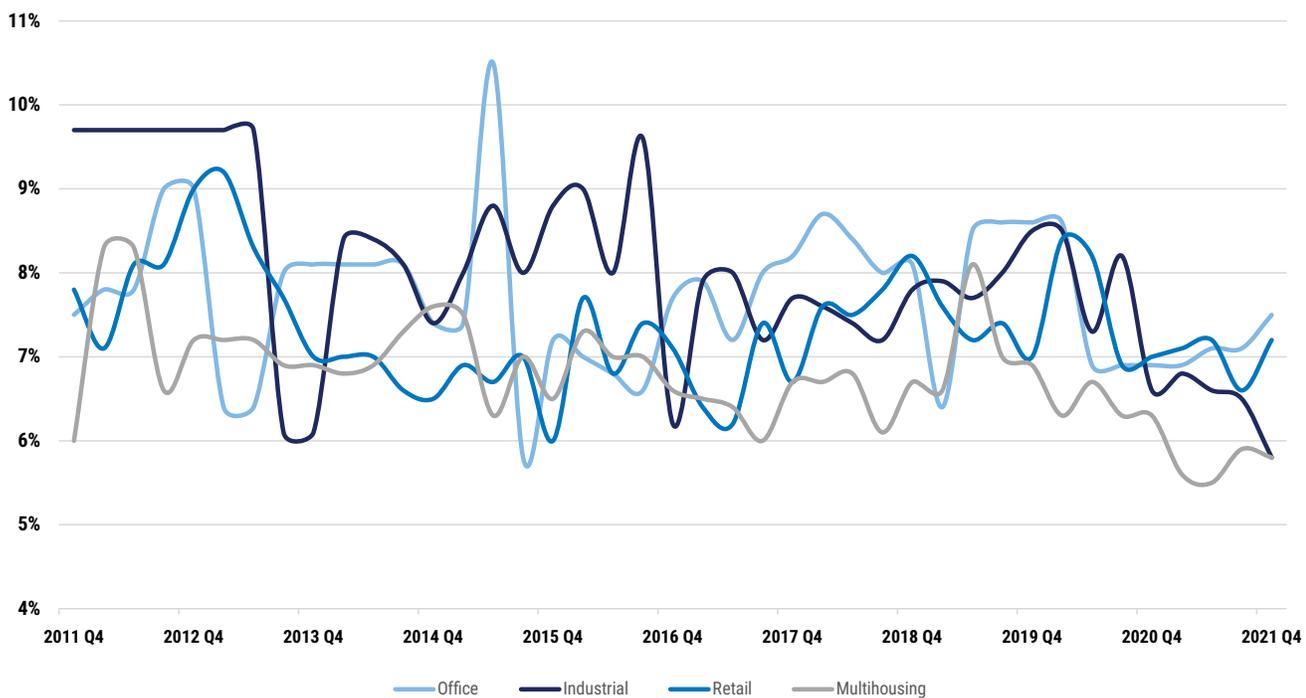
The pace of investment activity in the St. Louis market significantly improved during the past four quarters, with sales volume totaling \$4.1 billion, an increase of 98.2% compared to the prior year. As a leading second-tier market, the St. Louis metropolitan area ranked fourth out of the largest nine Midwest markets in total sales volume during the past twelve months with industrial and multihousing assets combining for 73.9% of the metro's activity. Capitalization rates decreased 30 basis points (bps) compared to the past 12 months, registering 6.2% in the fourth quarter of 2021. Top quantile capitalization rates remained flat compared to the past 12 months, registering 5.4% in the fourth quarter of 2021.

Total net absorption across the industrial, office, and retail sectors totaled 7.4 million square feet during the past four quarters, an increase of 6.3 million square feet compared to the prior year. The multihousing sector realized 4,324 units of net absorption during the past four quarters, an increase of 39.4% over the similar period a year ago. Modern, Class A industrial properties quoted on a triple net basis along with multihousing properties experienced strong demand in 2021, registering new record highs for asking rental rates during the quarter.

With development kept in check during the past five years and additional incentives being offered to lock-in tenants for longer lease terms, average asking rental rates also trended upwards for the office and retail sectors during the year. Vacancy in the multihousing sector dropped 30 basis points from the prior quarter to a new record low of 6.4% while vacancy in the industrial sector also dropped to a record low of 4.1%. After realizing five consecutive quarters of increasing vacancy rates in the retail sector, vacancy declined 10 basis points during the past two quarters to finish the year at 4.7%.

Coming off a record high of investment sales transactions for St. Louis in 2021, the Newmark Zimmer Capital Markets team expects strong transaction volume to continue for the first half of 2022 driven by nearly \$240 billion of dry powder allocated to commercial real estate investment. Activity will continue to remain robust in industrial, multifamily and medical office though we expect a rebound of general office and neighborhood retail assets as investors seek yield and data points support pricing. We don't anticipate significant impact on the commercial real estate sector as a result of the modest interest rate hikes announced by the Federal Reserve unless guidance changes throughout the year.

ST. LOUIS CAP RATES

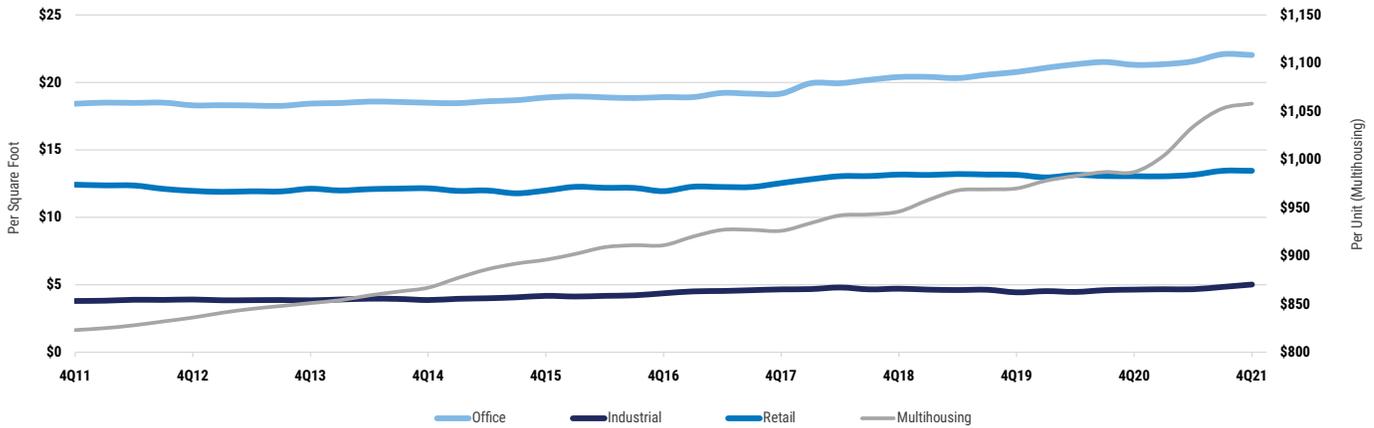


Source: Newmark Zimmer Research, CoStar, Real Capital Analytics

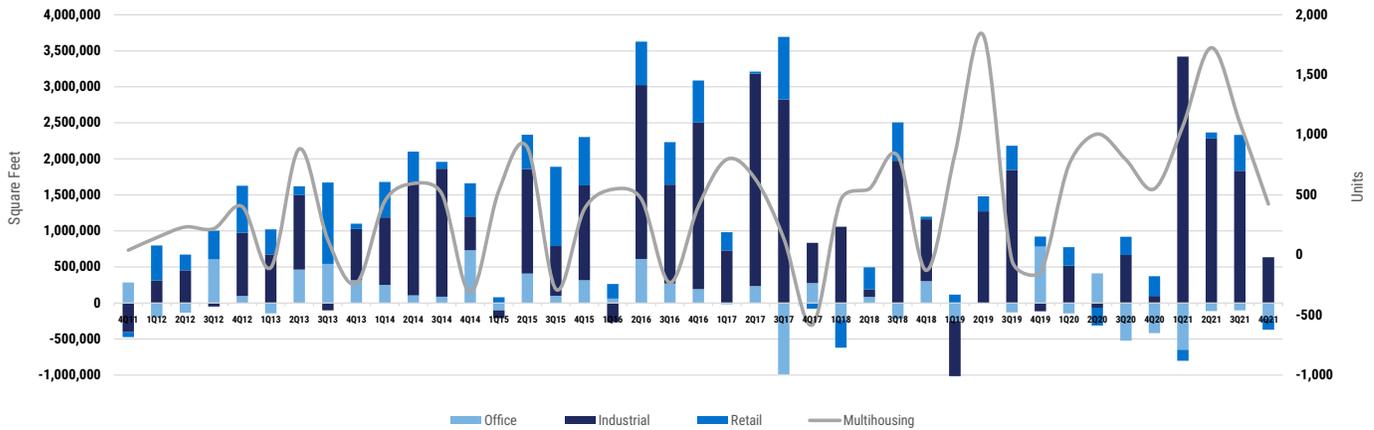
4Q21 St. Louis

MARKET ANALYSIS

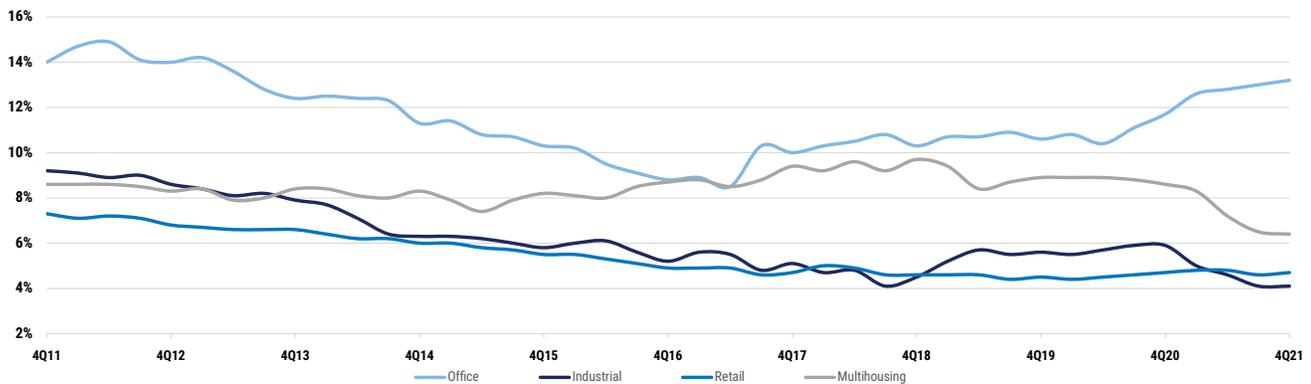
AVERAGE ASKING RENT



NET ABSORPTION



VACANCY RATE





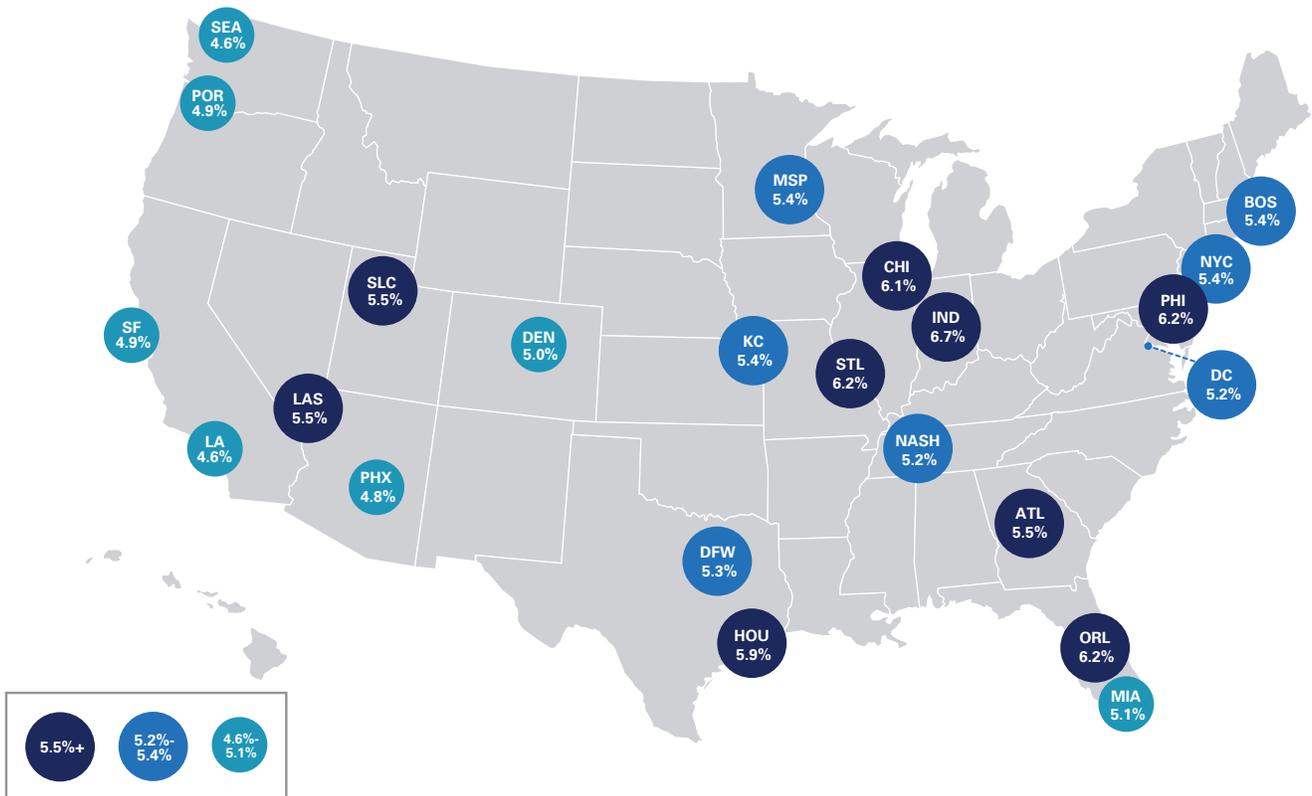
SELECT SALES TRANSACTIONS | FOURTH QUARTER OF 2021

Sector	Building	Submarket	Sale Price	Price per SF/Unit ¹	SF/Units ²
Multihousing	AHEPA 53 Apartments 3601 Lemay Ferry Rd	South County	\$12,115,700	\$103,553	117
Retail	Ronnie's Plaza Portfolio (2)	South County	\$10,900,000	\$111	98,210
Multihousing	Santa Ana Apartments 3737 Ashby Rd	North County	\$9,925,800	\$58,732	169
Office	Intertech Building 1855 Bowles Ave	South County	\$8,300,000	\$127	65,320
Industrial	LP Building Solutions 122 E Chain of Rocks Rd	Metro East	\$7,800,500	\$139	56,160
Industrial	Park 370 Business Center I 4848 Park 370 Blvd	North County	\$7,700,000	\$101	76,090
Retail	Jefferson County Plaza 3787-3835 Vogel Rd	South County	\$6,550,000	\$156	42,090
Office	CityPlace East 11410-11440 Olive Blvd	Mid County	\$4,256,000	\$175	24,350
Retail	Lindbergh Plaza II 7571-7597 S Lindbergh Blvd	South County	\$4,100,000	\$157	26,050
Industrial	Premier Rentals 11640 Lakeside Crossing Ct	West County	\$3,950,000	\$82	48,340

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

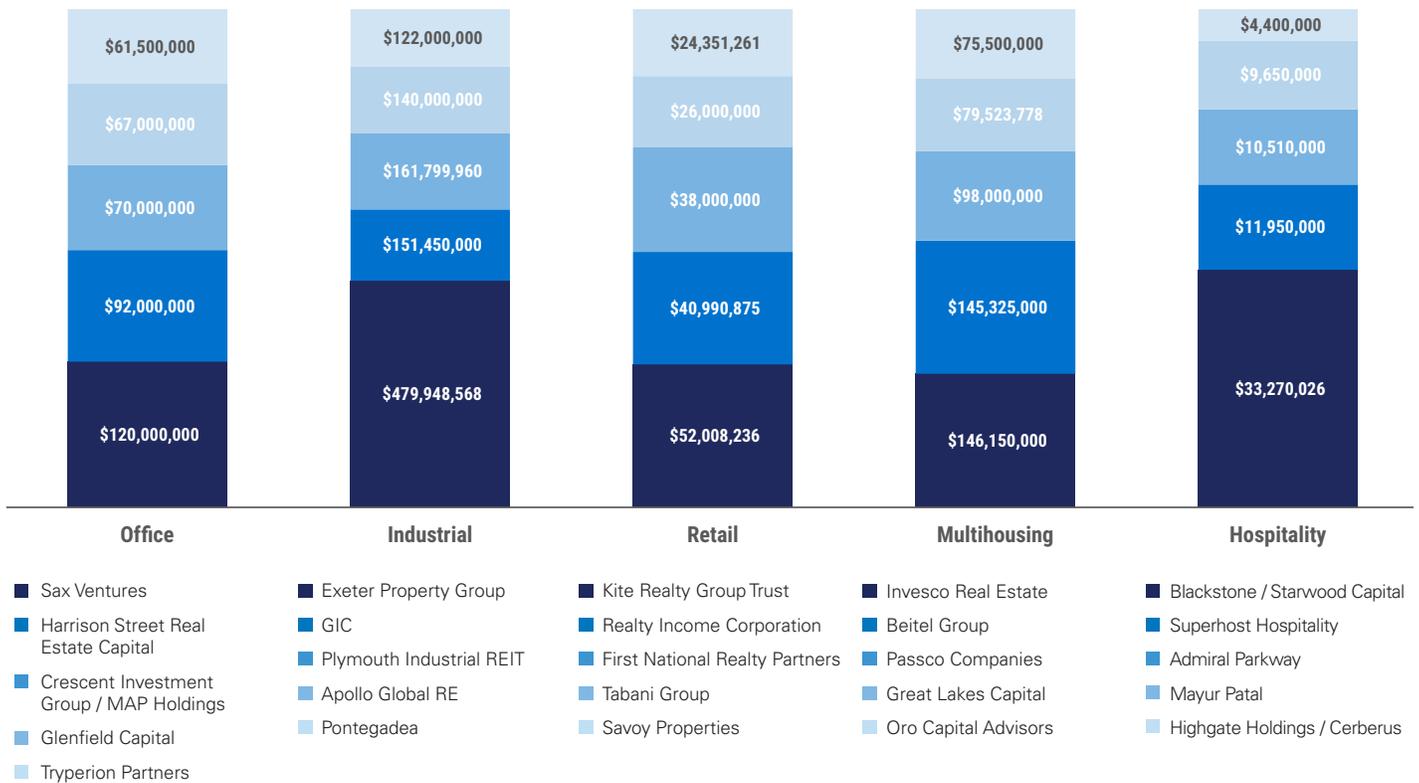
CAP RATES | ALL PROPERTY TYPES

12-MONTH AVERAGE, INCLUDES PROPERTY OR PORTFOLIO SALES \$2.5 MILLION OR GREATER

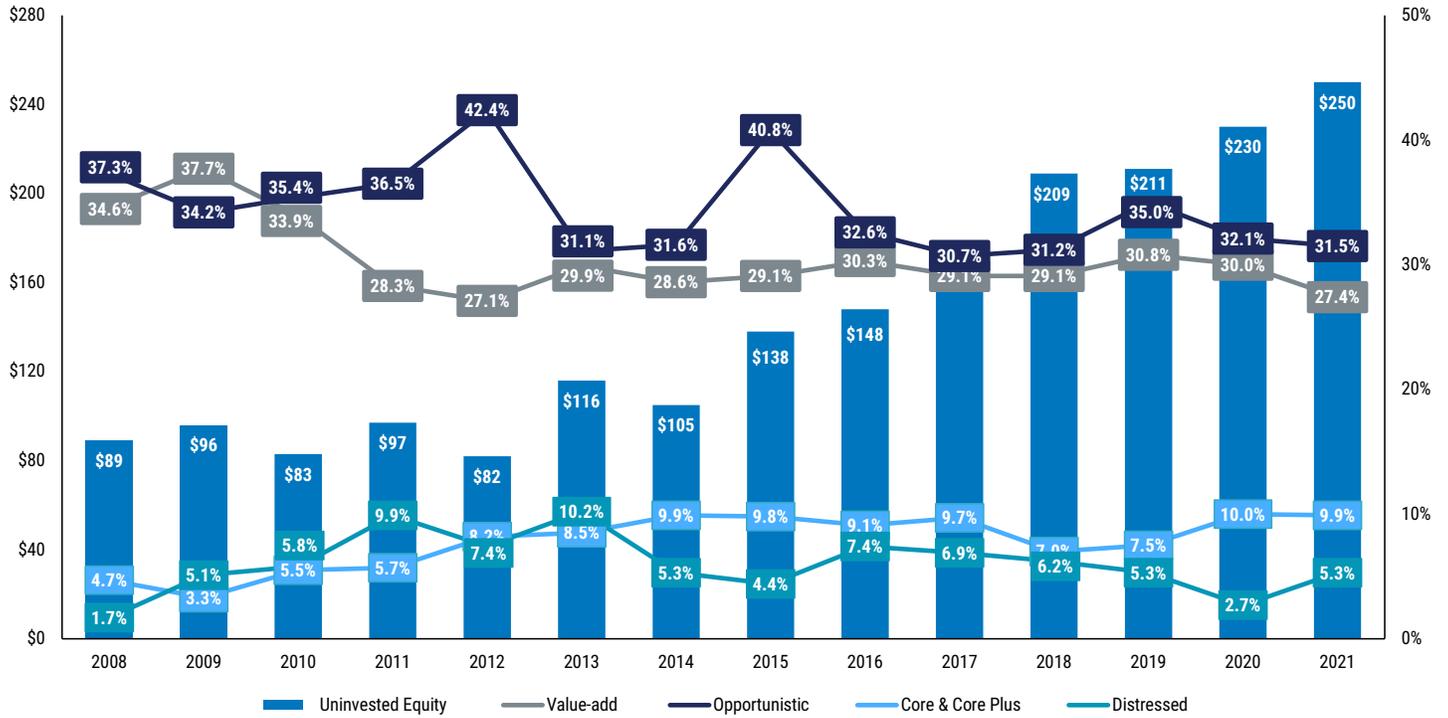


MOST ACTIVE BUYERS IN THE ST. LOUIS MARKET BY ASSET TYPE

12-MONTH TOTALS



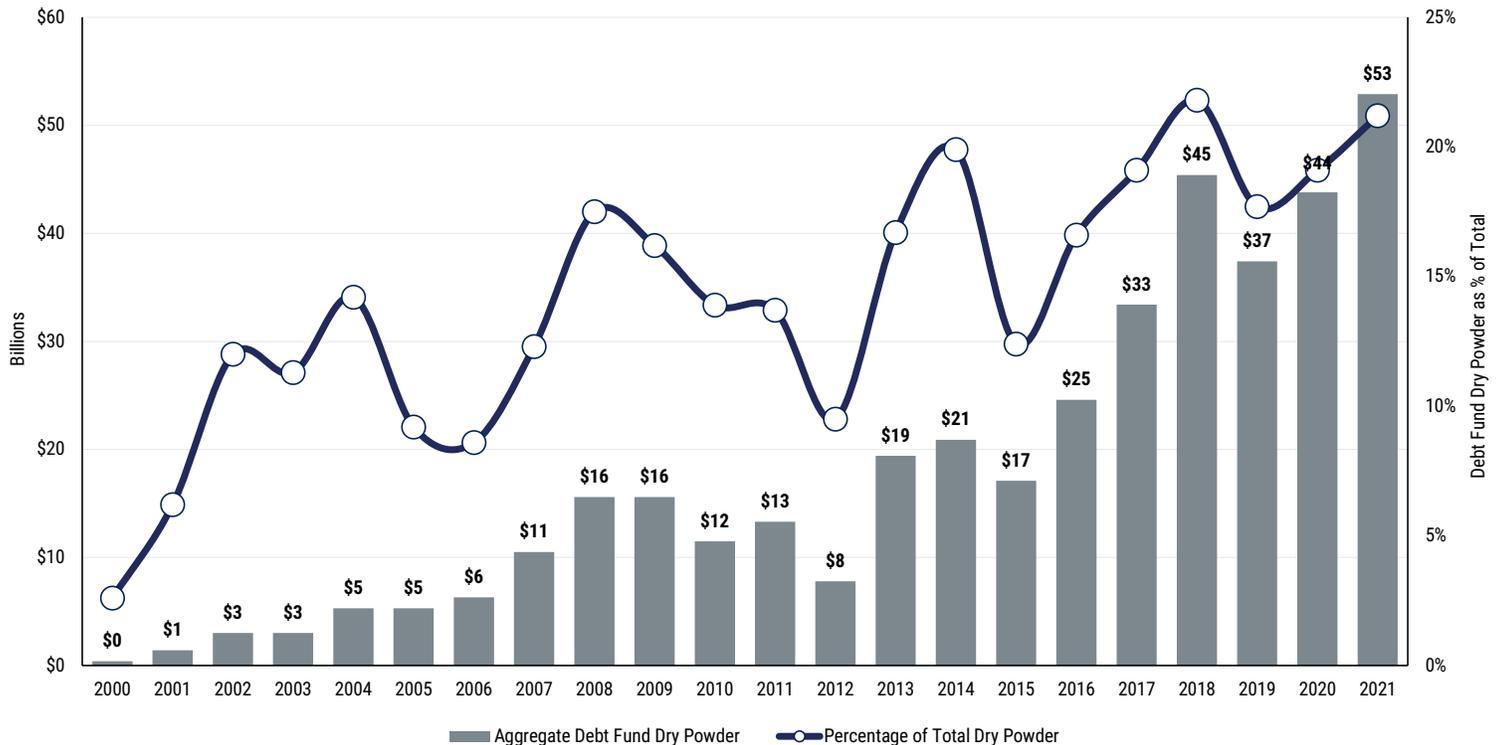
DRY POWDER



Note: Excluding Debt and Distressed Funds

Source: Newmark Research, Prequin

DEBT FUND DRY POWDER



Source: Newmark Research, Prequin

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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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