2nd Quarter 2019
St. Louis Office Trends

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Market Overview

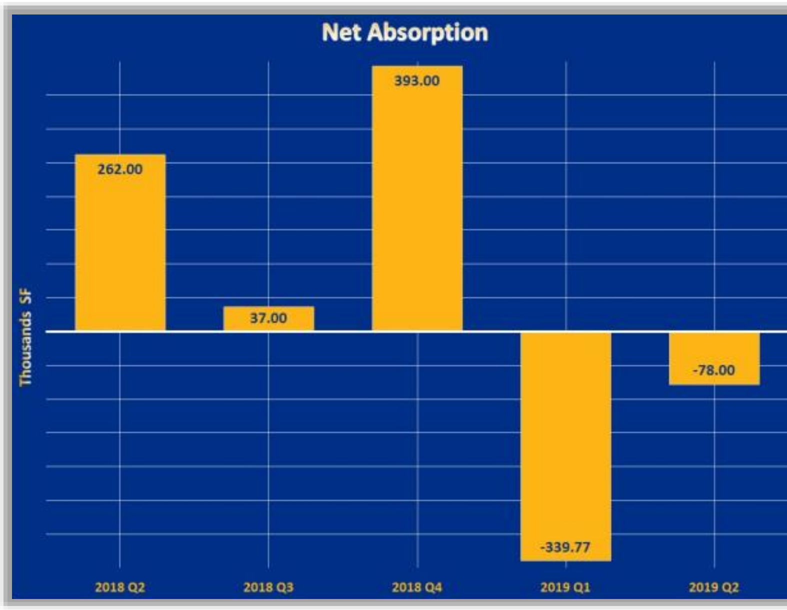
The St. Louis office market recorded -78,037 SF of net absorption during 2Q 2019. Direct net absorption totaled -53,630 SF of absorption with Sublet net absorption totaling a -24,407 SF for 2Q 2019. The total vacancy rate increased from 11% in 1Q 2019 to 11.2% at the close of 2Q 2019.

Class A experienced a increase in vacancy from 13% in 1Q 2019 to 14.4% in 2Q 2019. Class B experienced a decrease in vacancy from 9.2% in 1Q 2019 to 8.1% in 2Q 2019. Overall asking rents (Gross) in Class A office buildings decreased from $22.38 PSF in 1Q 2019 to $21.96 PSF at the close of 2Q 2019. Class B office building rents increased from $18.48 PSF in 1Q 2019 to $18.54 PSF at the close of 2Q 2019.

Market Snapshot

Inventory (SF)	71,301,937
No. of Buildings	1,122
Quarterly Net Absorption (SF)	-78,037
Available Rate	14.8%
Total Vacancy Rate	11.2%
Available SF	10,564,384
Vacant SF	7,993,637
Gross Average Asking Rate	$20.28

Source: CoStar Property



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Snapshot by Submarket

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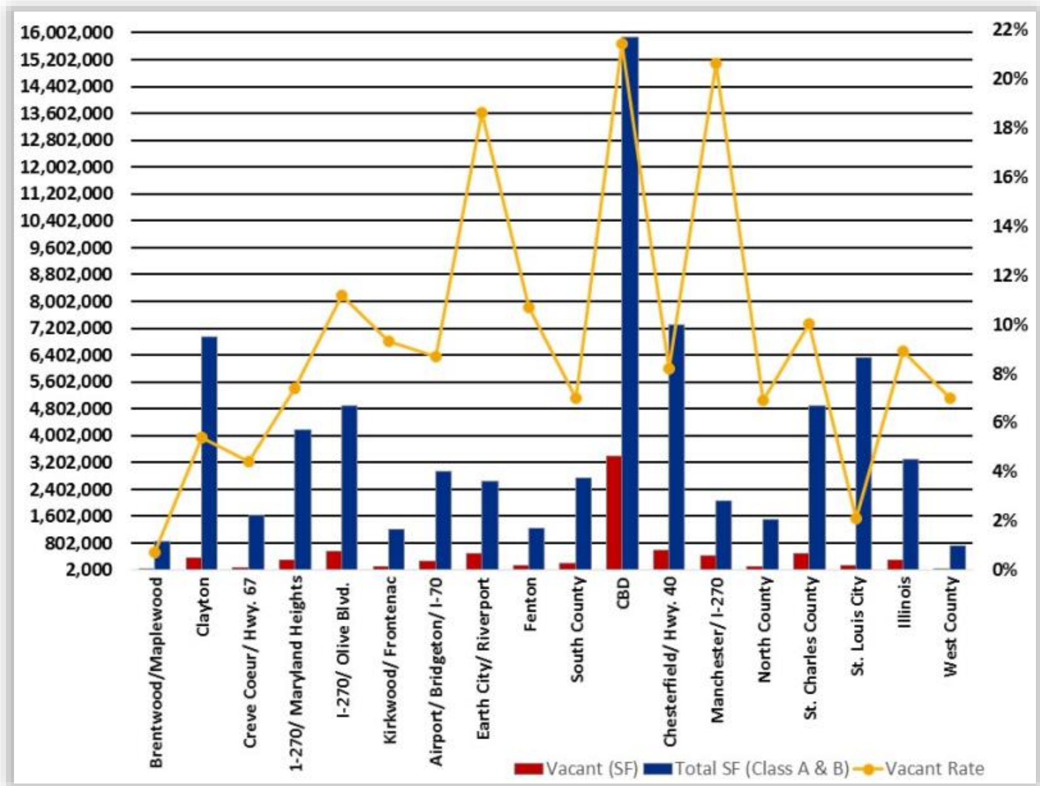

Source: CoStar Property

Submarket Name	Vacant (SF)	Vacant Rate	Total SF (Class A & B)	Class A (Avg. Rent PSF)	Class B (Avg. Rent PSF)	Building Count
Brentwood/Maplewood	6,100	0.7%	866,328	$20.12	$20.12	28
Clayton	374,565	5.4%	6,959,002	$29.77	$21.26	74
Creve Coeur/ Hwy. 67	71,751	4.4%	1,645,178	$43.10	$18.80	46
1-270/ Maryland Heights	308,250	7.4%	4,176,107	$21.12	$18.62	50
I-270/ Olive Blvd.	546,791	11.2%	4,882,094	$24.74	$19.71	70
Kirkwood/ Frontenac	113,757	9.3%	1,218,142	$26.66	$23.49	27
Airport/ Bridgeton/ I-70	253,923	8.7%	2,928,050	$19.55	$16.84	40
Earth City/ Riverport	493,562	18.6%	2,646,510	$21.31	$15.51	23
Fenton	134,455	10.7%	1,253,616	$21.47	$22.76	19
South County	192,077	7%	2,728,756	$23.75	$18.36	78
CBD	3,403,240	21.4%	15,879,535	$18.11	$15.80	92
Chesterfield/ Hwy. 40	600,454	8.2%	7,302,930	$27.11	$21.38	113
Manchester/ I-270	427,811	20.6%	2,071,889	$24.63	$23.33	36
North County	102,786	6.9%	1,498,511	$21.94	$25.00	16
St. Charles County	487,039	10%	4,893,163	$21.74	$17.07	141
St. Louis City	132,287	2.1%	6,323,138	$20.28	$16.75	110
Illinois	295,157	8.9%	3,308,387	$21.84	$17.04	131
West County	50,082	7%	720,601	$20.00	$14.79	28
Total/ Averages	**7,994,087**	**11.2%**	**71,301,937**	**$21.96**	**$18.54**	**1,122**

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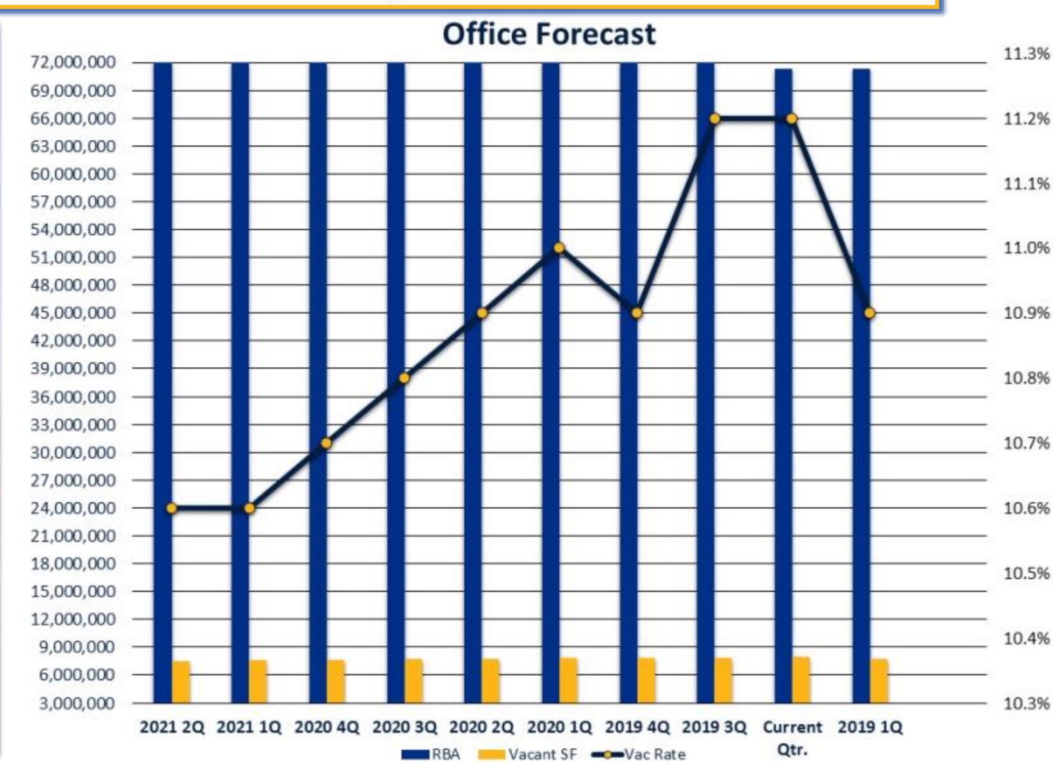
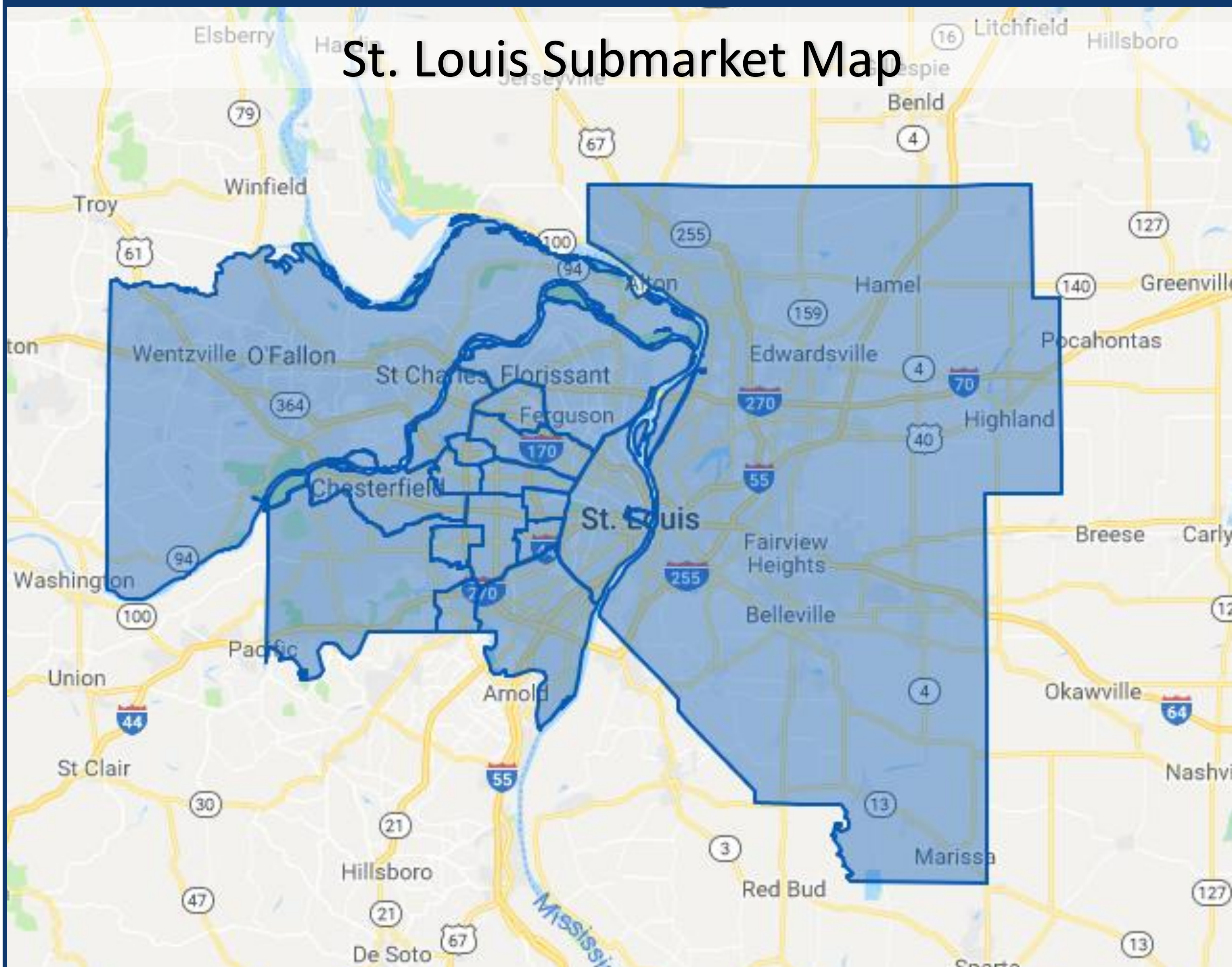
Tim Keller Photography

Key Performance Indicators
1 Year Ago
Current
Typical Range
Extreme Range
10 Year Average (2009 - 2019)
Vacancy Rate
11.2%
10.6%
12.2%
13.9%
9.2%
14.4%
12 Month Net Absorption SF
(1,052,944)
59,810
(84,246)
441,172
950,356
(1,052,944)
1,101,467
12 Month Delivered SF
72,884
432,804
342,335
0
1,296,288
Annual Rent Growth
1.0%
2.6%
-2.0%
0.3%
2.7%
-4.7%
3.8%
Market Rent Per SF
$20.90
$21.44
$19.08
$19.85
$20.61
$19.01
$21.44
Market Sale Price Per SF
$135
$102
$117
$131
$87
$135
Market Cap Rate
7.9%
7.7%
8.3%
9.0%
7.7%
10.0%
12 Month Sales Volume
$230 M
$382 M
$173 M
$296 M
$418 M
$105 M
$572 M



Office Forecast
72,000,000
69,000,000
66,000,000
63,000,000
60,000,000
57,000,000
54,000,000
51,000,000
48,000,000
45,000,000
42,000,000
39,000,000
36,000,000
33,000,000
30,000,000
27,000,000
24,000,000
21,000,000
18,000,000
15,000,000
12,000,000
9,000,000
6,000,000
3,000,000
11.3%
11.2%
11.1%
11.0%
10.9%
10.8%
10.7%
10.6%
10.5%
10.4%
10.3%
2021 2Q
2021 1Q
2020 4Q
2020 3Q
2020 2Q
2020 1Q
2019 4Q
2019 3Q
Current Qtr.
2019 1Q
RBA
Vacant SF
Vac Rate

St. Louis Submarket Map



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*Based on Industrial Buildings 10,000 square feet and larger, that are not owner occupied, and within the submarkets shown above.