Intelligent Investment

2026 U.S. Real Estate Market Outlook Midyear Review

REPORT

ST LOUIS

CBRE RESEARCH
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Office Market Outlook

01

Large-block demand is building in St. Louis as delayed real estate decisions convert into active searches for high-quality space

Occupiers are re-engaging in St. Louis, with a meaningful increase in active large-block searches for high-quality space emerging as a defining trend in 2026. This flight-to-quality dynamic mirrors patterns CBRE is observing across comparable metros: as hybrid work stabilizes, tenants are making longer-term commitments to well-located, amenity-rich environments. Demand from large-block users is expected to grow through the second half as business confidence improves and organizations that deferred decisions through 2024 and early 2025 move from evaluation to execution. As large corporate tenants finalize their consolidation efforts in St. Louis and demand begins to accelerate, net demand is expected to enter recovery in H2 2026.

02

Prime availability is critically constrained, concentrating competition in Clayton and driving spillover demand into West County

The limited availability of prime space will be the defining supply theme for St. Louis office through year-end. Only three available blocks exceeding 20,000 sq. ft. exist in prime assets, and all are expected to attract outsized interest as large corporate users continue to consolidate into high-quality assets. CBRE EA forecasts overall metro vacancy to improve by 200 basis points by year-end 2026. Mid County's Clayton neighborhood is supported by its central location, live-work-play environment, and concentration of the metro's most desirable buildings, in which prime assets currently sit at 3.7% vacancy, will lead the market. This stands in sharp contrast to near-prime Class A assets in Clayton, which average a vacancy rate of 14.4%. West County is capturing spillover demand from tenants unable to secure larger Class A options in Clayton, widening the performance gap between top-tier and commodity submarkets. CBRE forecasts vacancy to contract by 60 basis points by year-end, driven primarily by the removal of obsolete vintage product through demolition, conversion, and adaptive reuse rather than outsized net absorption.

Key Takeaways

For Owners

— Owners of high-quality assets in Clayton and Mid County are well-positioned to capture demand from large corporate users, with scarcity of prime availability providing meaningful pricing power through year-end. Continued investment in building amenities, tenant experience, and modern infrastructure will be essential to attracting the caliber of tenants now active in the market--occupiers at this tier are making long-term commitments and are prioritizing fit over rent savings. Commodity-quality assets that have not invested in improvements face ongoing occupancy pressure regardless of pricing or concession flexibility, as the structural shift toward quality continues to widen the performance gap across the market.

For Tenants

— Prime space exceeding 20,000 sq. ft. is scarce -- with only three qualifying blocks available metro-wide, tenants with larger requirements face limited near-term options and should engage early. The best buildings in Clayton and Mid County will continue to receive interest from multiple prospective tenants. Waiting for conditions to improve before starting a search risks losing the remaining quality options. Tenants with more flexibility on submarket or size will find broader availability in West County and elsewhere, but should weigh long-term building competitiveness and location quality carefully as the gap between prime and commodity product continues to widen.

Office Market Outlook (cont.)

03

Prime assets in Clayton are positioned to outperform, with rent trends expected to reflect the widening quality divide

CBRE EA projects modest market-wide rent growth through 2026, with average asking rents expecting an increase of 0.9%, marginally stronger performance than the 0.7% growth experienced in H1 2026. Prime assets in Clayton are operating from a much stronger position, as availability of prime office space remains limited, with asking rents averaging $43.00 per sq. ft. for available space. This stands in sharp contrast to near-prime Class A assets in Clayton, which average an asking rate of $33.05 per sq. ft. Throughout the remainder of 2026, Clayton's prime assets are expected to capture a disproportionate share of rent growth with limited concessions, further widening the divide between prime office product and the broader market average.

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Industrial Market Outlook

01

Bulk leasing will regain momentum in the second half of 2026, supported by data center investment and returning large-user demand

After a soft start to 2026, bulk leasing activity is expected to recover in the second half of the year as occupiers respond to available options in a well-connected and cost-effective market. Active requirements are building, with the pipeline of potential transactions expected to translate into signed deals as the year progresses. Requirements are concentrated in well-located assets across Metro East, Maryland Heights, and North County. The data center demand wave is amplifying this trend: two tech giants have broken ground on $10 billion-plus developments west of St. Louis. Warehouse demand is expected to increase as the need for specialty products supporting data center construction and operations grows across the region. Modern bulk options in St. Charles, Maryland Heights, and North County are well positioned to capture this spillover demand. A flight-to-quality trend is also shaping occupier decisions, with tenants migrating from older second-generation buildings into modern first-generation space -- a dynamic that reflects a market in active transition rather than fundamental weakness.

02

A new construction cycle is taking shape in proven submarkets, with shovel-ready developers positioned to respond to accelerating demand

After pulling back sharply from the speculative activity of prior years, St. Louis industrial development is now setting up for a return. Current Industrial vacancy in St. Louis is 7.1% an increase of 70 bps from the start of H1 2026, largely driven by migration to new modern bulk assets and selective post-Covid rightsizing. As large users begin to reengage in the market, Maryland Heights is the clearest candidate for the next wave of starts, with a vacancy rate of 5.1%, 200 basis points below the overall St. Louis average, and an inventory of only 4.4 million square feet. Four developers are holding shovel-ready land and looking to capitalize on Maryland Heights' central location and logistics fundamentals provide a durable foundation to development. There are three projects actively under construction totaling 1.1 million square feet, with an additional 6 million square feet of projects with active proposals throughout the submarket.

Key Takeaways

For Owners

— Owners of Class A assets in Maryland Heights, Metro East, and North County are best positioned to capture recovering demand in H2 2026 as well as the spillover from data center-related requirements[NL5.1][JA5.2]. As a result, expect concessions on new speculative and existing modern-bulk assets to contract while rent continues upward growth. Developers with shovel-ready land in proven submarkets should advance construction timelines in anticipation of accelerating demand -- the combination of data center investment and returning large-user requirements is expected to absorb new supply more quickly than the current headline availability figures suggest.

For Tenants

— The window to secure well-located bulk space on favorable terms remains open but is expected to narrow as demand recovers in H2 2026 and large users return to the market. Elevated vacancy in key submarkets currently provides leverage -- tenants with near-term requirements should act before data center-related demand and returning large users increase competition for the best available product. Tenants still seeking space have opportunity to anchor new speculative development, particularly in the Maryland Heights submarket with additional build to suit opportunities throughout the Metro. Tenants that have already completed a move to first-generation space are well-positioned; those still occupying older second-generation buildings should model the economics of a transition to modern product as favorable terms remain available.

Industrial Market Outlook (cont.)

If acted upon, this could lead to the doubling of existing inventory. The disciplined approach to construction through the downturn preserved land positions, eliminating the need for prolonged permitting or entitlement work and positioning the market to deliver new bulk product quickly as demand recovers. Overall availability in the St. Louis Industrial market is expected to rise approximately 20 basis points through year-end, driven by occupiers vacating older second-generation buildings as part of the flight-to-quality migration -- a supply-side consequence of shifting tenant preferences rather than any softening in underlying demand.

03

Rents holding steady in well-located bulk assets

Triple-net rents in modern bulk assets (100,000 square feet or larger, 28-foot clear height and built after 2000) currently stand at $5.46 per square foot, up 2.6% ($0.14) in H1 2026. Rents are being underpinned by three forces: limited new bulk supply, accelerating demand from data center spillover and the return of large-user requirements. CBRE Econometric Advisors forecasts 1% rent growth across the overall St. Louis industrial market in H2 2026, and modern bulk assets will capture an outsized share of that gain. Concessions in this segment are likely to tighten as overall availability contracts. The Metro East, Maryland Heights and North County submarkets stand to absorb the largest portion of upcoming demand from modern bulk while older commodity product will take on most of the availability increase and face continued pressure. Expect the spread between modern bulk and commodity quality product to widen through year-end.

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All data attributed to CBRE Econometric Advisors in this report is sourced from the CBRE Econometric Advisors Q1 2026 Forecast, published May 2026.

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