Absorption Turns Positive as Corporate Users Reoccupy

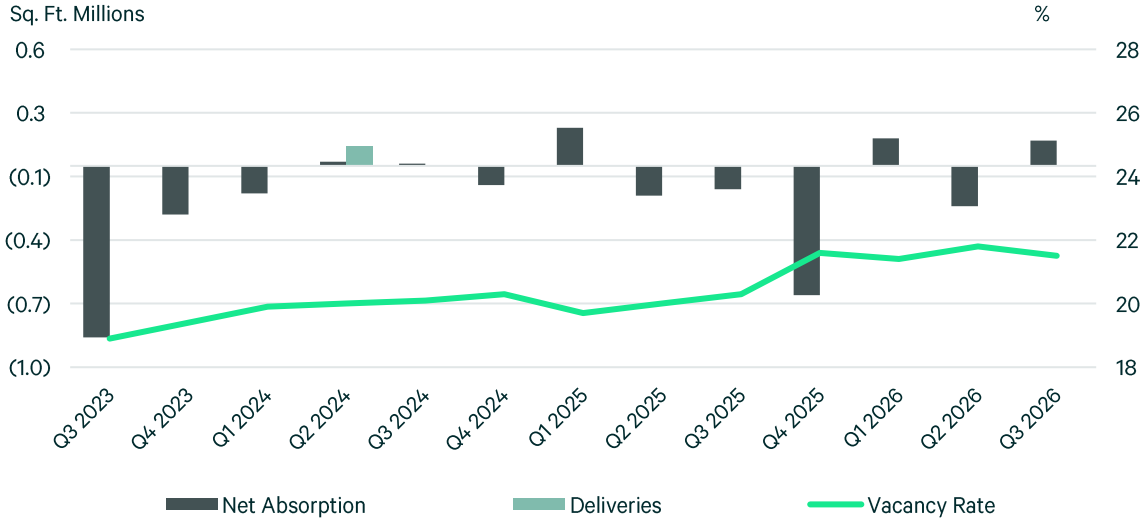
▼ 23.1%	▼ 21.5%	▲ 117.1	▶ 0.0	▶ 0.0	▼ $21.13
Availability Rate	Vacancy Rate	KSF Net Absorption	KSF Construction Delivered	KSF Under Construction	Direct Avg. Asking Lease Rate

Note: Arrows indicate change from previous quarter.

Market Overview

- Absorption was positive in the third quarter recording 117,000 sq. ft. The positive turn was driven largely by Peabody Energy (52,000 sq. ft.) and Unigroup Inc. (54,000 sq. ft.) occupying at 1245 Jj Kelley Memorial Dr. in the West County submarket.
- The overall average asking rent in Q3 2026 was $21.13 per sq. ft., down from $21.24 per sq. ft. in Q2 2026, a decrease of $0.11 per sq. ft. or 0.5% quarter-over-quarter. Year-over-year, the overall average asking rent declined from $21.65 per sq. ft. in Q3 2025 to $21.13 per sq. ft. in Q3 2026, a reduction of $0.52 per sq. ft. or 2.4% year-over-year.
- The overall office vacancy rate declined quarter-over-quarter 30 bps to 21.5%. The bulk of this decline in vacancy was from occupancies in Class A properties which drove the Class A vacancy rate down by 90 bps quarter-over-quarter to 22.8%.
- There was no active construction in St. Louis during the third quarter.
- Leasing activity totaled 618,000 sq. ft. in Q3 2026 a decrease of 24.8% (200,000 sq. ft) quarter-over-quarter.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



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Vacancy

The overall office vacancy rate declined quarter-over-quarter 30 bps to 21.5%. The bulk of this decline in vacancy was from occupancies in Class A properties which drove the Class A vacancy rate down by 90 bps quarter-over-quarter to 22.8%.

Conversely Class B vacancy rose to a new record high, jumping 40 bps quarter-over-quarter to 23.1%. Class C vacancy remained unchanged quarter-over-quarter at 7.1%

Figure 2: Vacancy Rates by Class

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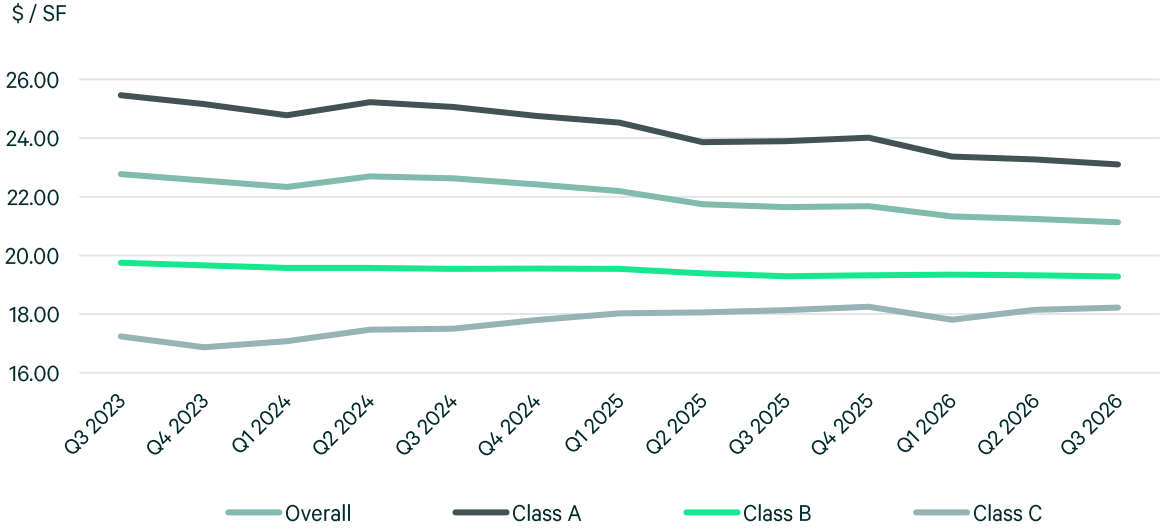
Asking Rent

The overall average asking rent in Q3 2026 was $21.13 per sq. ft., down from $21.24 per sq. ft. in Q2 2026, a decrease of $0.11 per sq. ft. or 0.5% quarter-over-quarter. Year-over-year, the overall average asking rent declined from $21.65 per sq. ft. in Q3 2025 to $21.13 per sq. ft. in Q3 2026, a reduction of $0.52 per sq. ft. or 2.4% year-over-year.

Class A asking rents were highest in Mid County at $31.95 per sq. ft.

Figure 3: Average Direct Asking Rate by Class



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Net Absorption

Absorption was positive in the third quarter recording 117,000 sq. ft. The positive turn was driven largely by Peabody Energy (52,000 sq. ft.) and Unigroup Inc. (54,000 sq. ft.) occupying at 1245 Jj Kelley Memorial Dr. in the West County submarket.

Among submarkets, West County and Mid County posted the strongest positive net absorption, at 180,000 sq. ft. and 77,000 sq. ft., respectively.

Figure 4: Net Absorption Trend

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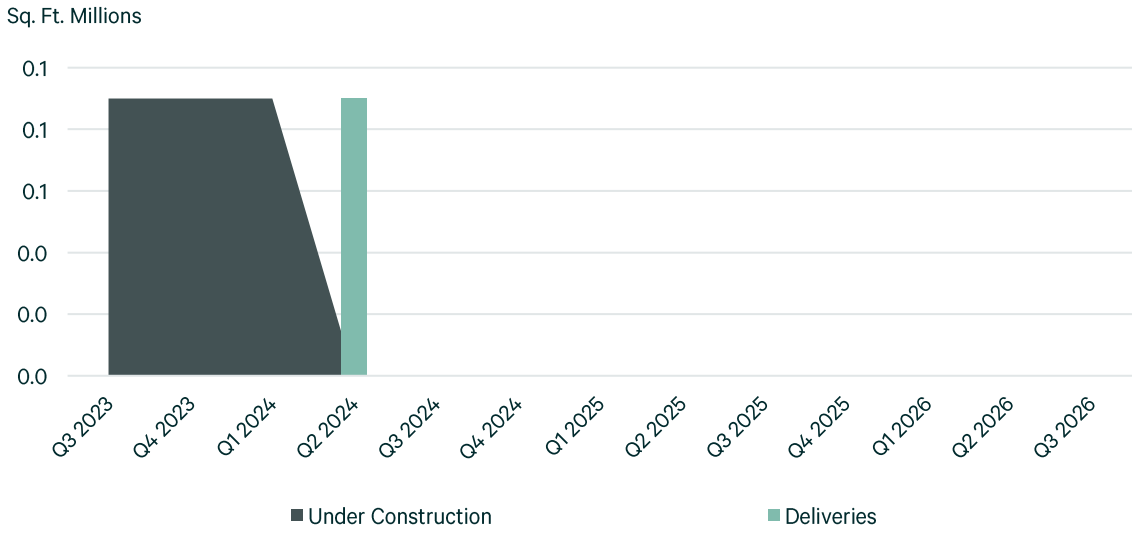
Construction Activity

There remained no office product under construction in the St. Louis Region as of the third quarter. It has been approximately three years since a new office development has broken ground in the St. Louis Metro area.

Figure 5: Construction Activity



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Leasing Activity

Total leasing activity reached 618,000 sq. ft. in Q3 2026. On a quarter-over-quarter basis, leasing declined 24.8%. On a year-over-year basis it edged 0.8% higher than the 613,000 sq. ft. leased in Q3 2025, highlighting relatively steady annual demand.

Leasing activity in Q3 2026 was concentrated in West County and Mid County, which recorded the highest leasing volumes in the market. West County registered 315,000 sq. ft. of deals, followed by Mid County at 134,000 sq. ft., accounting for the bulk of leasing activity this quarter.

Positive but more moderate leasing volumes were recorded in Downtown at 126,000 sq. ft., St. Charles County at 20,000 sq. ft.

Figure 6: Leasing Activity Trend

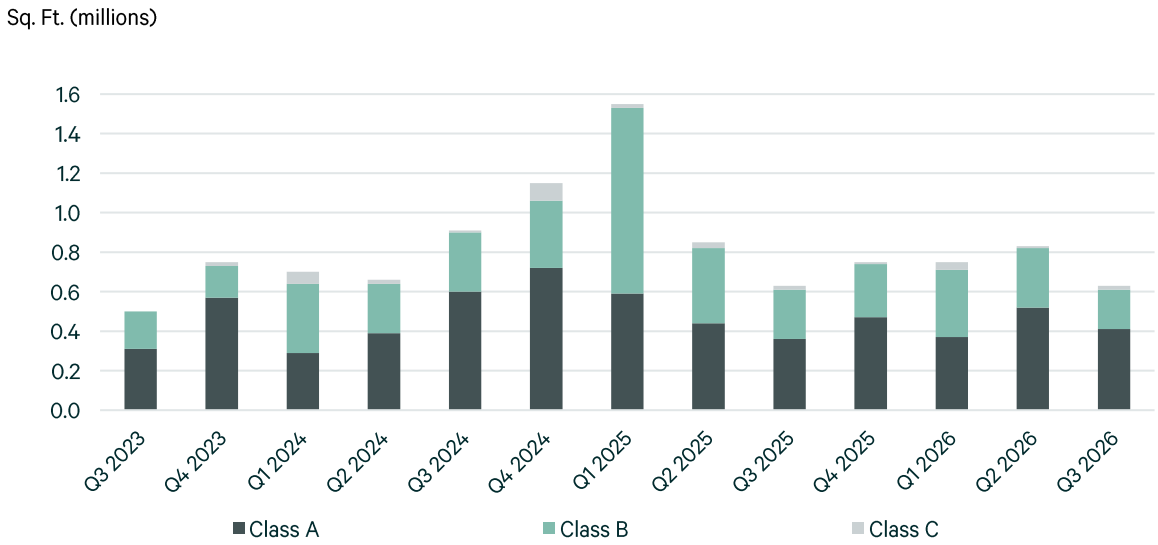

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Figure 7: Leasing by Submarket (% of Total Activity)

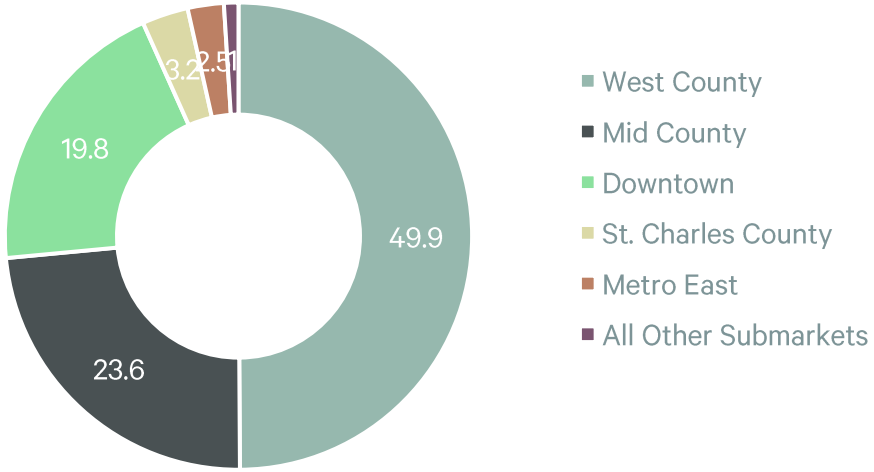

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Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
AB Mauri Food	41,000	Renewal	4240-4250 Duncan Ave	Downtown
Moneta Group	39,000	New Lease	7711 Carondelet Ave	Mid County
US General Services Administration	33,000	New Lease	1285 Fern Ridge Pkwy	West County
East-West Gateway Council of Governments	26,000	New Lease	701 Market St	Downtown
Deloitte	23,000	Renewal	100 S 4th St	Downtown

Source: CBRE Research, Q3 2026

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Investment Sale Activity

Q3 2026 investment sales volume totaled $87.41 million, compared with $31.35 million in Q2 2026 and $21.58 million in Q3 2025, a quarter-over-quarter increase of 178.8% and a year-over-year increase of 305.1%.

Buyer composition in Q3 2026 was 93.3% private, 6.7% User/Other and 0.0% for institutional, public and cross-border buyers.

Figure 9: Quarterly Sales Volume

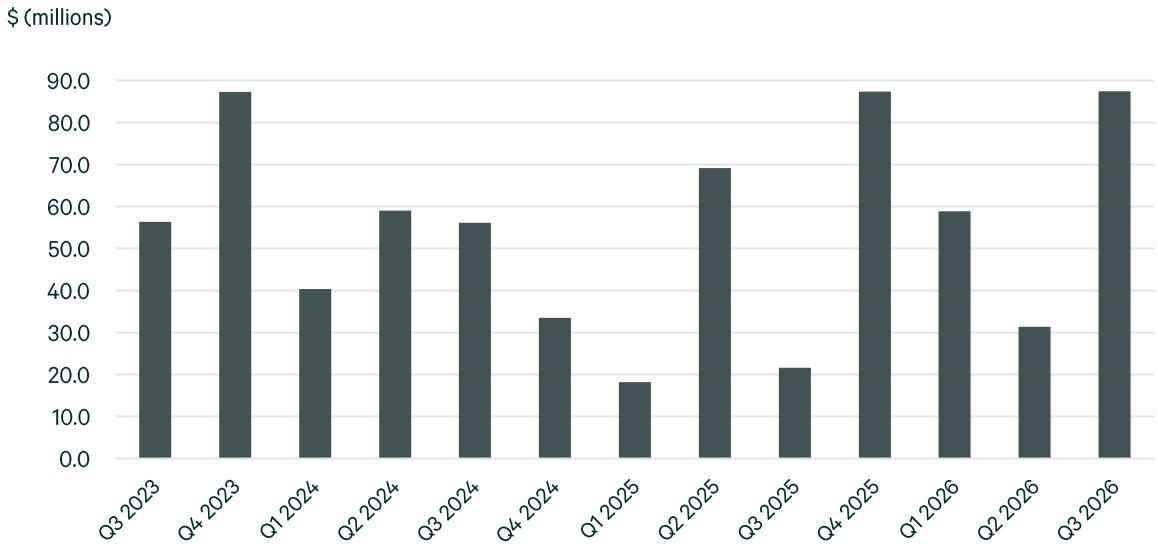

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Figure 10: Key Sales

Property	Submarket	Buyer	Sales Price	Size (SF)	Price Per SF
Bank of America Plaza	Downtown	George Pfenenger	$9.6M	750,000	$12.73
727 Craig Road	West County	Missouri American Water Co	$5.8M	45,656	$127.38
Copeland	North County	Jim Onder (MO)	$11M	980,644	$11.21
9909 Clayton Road	Mid County	Koplar Properties	$3.5M	36,525	$95.98
Laclede Gas	Downtown	MF Blue Valley Apartments LLC	$3.3M	434,912	$7.61

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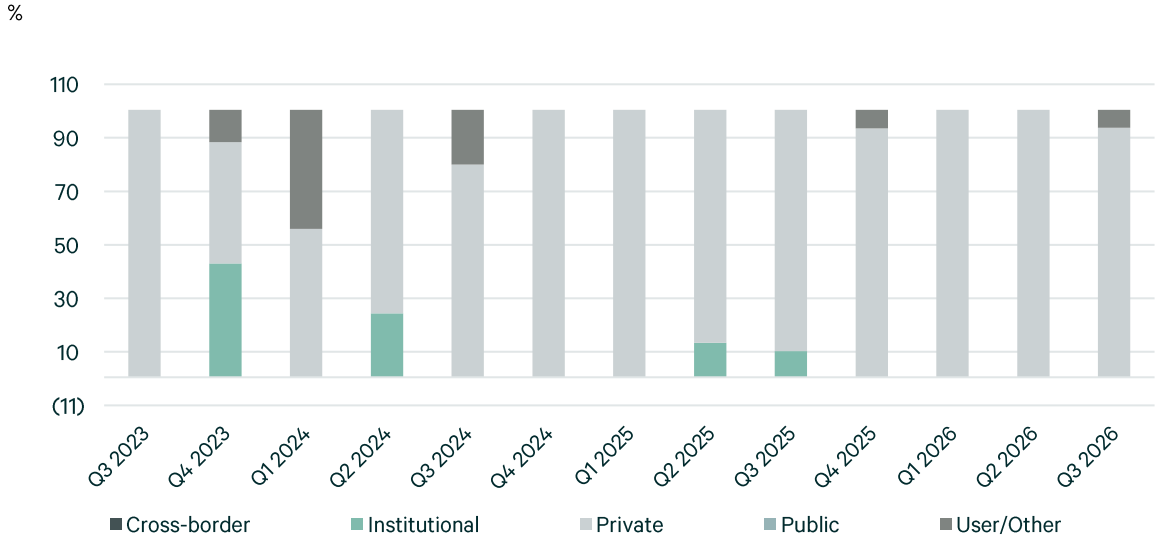
Figure 11: Buyer Composition



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Market Statistics

Figure 12: Suburban Market Statistics by Class

Property Class	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	17.24M	18.6	19.6	18.4	1.2	25.14	290,000	431,000	-	-
Class B	17.00M	20.1	22.6	20.9	1.7	20.73	(56,000)	(86,000)	-	-
Class C	3.97M	6.3	7.8	7.8	-	19.51	4,000	(25,000)	-	-
Total	**38.21M**	**18.0**	**19.7**	**18.4**	**1.3**	**22.66**	**238,000**	**321,000**	**-**	**-**

Source: CBRE Research, Q3 2026

Figure 13: Urban Market Statistics by Class

Property Class	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	7.39M	32.4	33.2	32.5	0.6	20.50	(70,000)	(167,000)	-	-
Class B	5.10M	33.1	35.1	34.0	1.1	16.34	(44,000)	(102,000)	-	-
Class C	595,000	12.6	15.3	15.3	-	14.14	(8,000)	6,000	-	-
Total	**13.08M**	**31.8**	**33.1**	**32.3**	**0.8**	**18.66**	**(121,000)**	**(263,000)**	**-**	**-**

Source: CBRE Research, Q3 2026

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Market Statistics by Class

Figure 14: Metro Market Statistics by Class

Property Class	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	24.63M	22.8	23.7	22.6	1.0	23.10	220,000	264,000	-	-
Class B	22.10M	23.1	25.5	23.9	1.5	19.28	(99,000)	(188,000)	-	-
Class C	4.57M	7.1	8.8	8.8	-	18.22	(3,000)	(19,000)	-	-
Total	**51.30M**	**21.5**	**23.1**	**22.0**	**1.1**	**21.13**	**117,000**	**57,000**	**-**	**-**

Source: CBRE Research, Q3 2026

Market Statistics by Submarket

Figure 15

Submarket	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate	Class A Asking Rent ($/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Downtown	13.08M	31.8	33.1	32.3	0.8	18.66	20.50	(121,000)	(263,000)	-	-
Metro East	3.69M	6.8	8.3	7.7	0.6	16.98	23.07	(4,000)	(54,000)	-	-
Mid County	9.08M	13.2	14.2	13.5	0.7	28.39	31.95	67,000	23,000	-	-
North County	5.15M	30.6	31.6	26.6	5.1	17.68	18.38	20,000	161,000	-	-
South County	2.42M	6.2	7.4	7.4	-	22.79	25.91	(16,000)	89,000	-	-
St. Charles County	2.33M	12.7	12.2	12.2	-	23.05	24.71	1,000	49,000	-	-
West County	15.55M	22.0	24.7	23.8	0.9	22.98	25.65	171,000	53,000	-	-
Total	**51.30M**	**21.5**	**23.1**	**22.0**	**1.1**	**21.13**	**23.10**	**117,000**	**57,000**	**-**	**-**

Source: CBRE Research, Q3 2026

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Economic Overview

Notable challenges persist, from elevated energy costs and interest rates to lingering geopolitical and technological uncertainties. Despite these concerns, the U.S. economy remains on track to grow by over 2% during 2026, supported by impressive AI-driven business investment. Also, a generally stable labor market continues to underpin consumer activity, providing a cushion against other risks.

The final months of 2026 could prove pivotal. While economic growth supports healthy CRE occupier market fundamentals, the investment side of the market must contend with 5% Treasury yields. Signals from the Federal Reserve, inflation data, and global fixed-income markets suggest rates will remain elevated for the foreseeable future. A key upside catalyst would be a de-escalation in the U.S./Iran conflict, which could ease inflation and provide the Fed with more flexibility.

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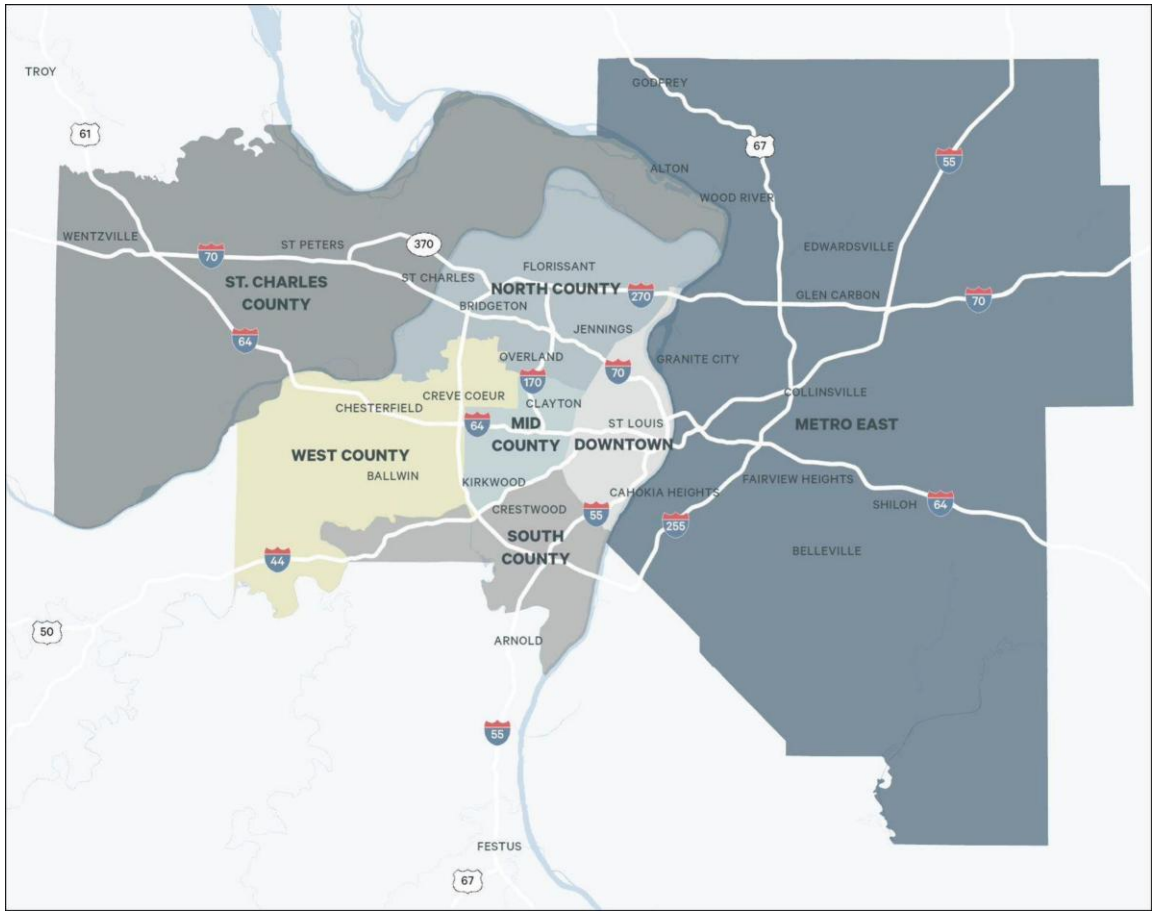
Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the "drip line" of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the "net" costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days. Class A industrial are buildings built after 2000, with 32' or greater clear height and ESFR sprinklers.

Survey Criteria

[Insert survey Criteria here. Contact your manager for specific criteria]

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