

ST. LOUIS | OFFICE | Q4 2024

Large Blocks of Quality Space Become Increasingly Scarce.

▶ 18.3%
Vacancy Rate

▲ -35,568
SF Net Absorption

▶ 0
SF Construction

▼ \$22.36
FSG / Lease Rate

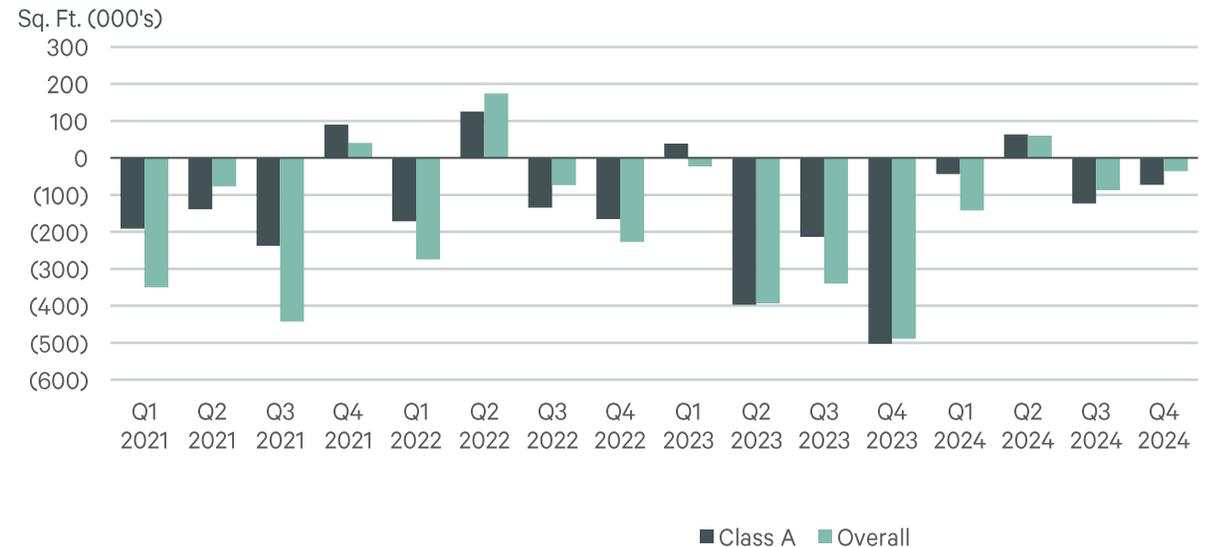
▲ 1.37 MSF
SF Sublease Space

Note: Arrows indicate change from previous quarter.

Summary

- Direct availability continued its downward trend in Q4, decreasing by 4.4% (478,000 SF) to 10.2 MSF.
- Absorption was negative this quarter (-35,000 SF) despite strong leasing activity in top-of-market space, The largest mover was Energizer vacating their old headquarters at 533 Maryville in a relocation to Clayton.
- Sublease listings experienced their first sizeable uptick in many quarters, increasing 267,000 over the 3rd quarter to 1.37 MSF
- Vacancy remained flat this quarter at 18.3% as users continue to take large blocks of space in key submarkets.
- Leasing velocity was up 21% bringing total Q4 activity to just over 1 MSF. The increase can primarily be attributed to strong leasing activity in both Clayton and the HWY 40 corridor.
- Capital markets activity posted its best quarter of 2024 with \$133 M in activity.

FIGURE 1: St. Louis Office Net Absorption – Class A & Overall



Source: CBRE Research, Q4 2024.

Market Overview

The St. Louis office market enjoyed another quarter of robust leasing in Q4 posting 1,000,000 SF of activity. That is an increase of 21% over Q3 this year. Clayton continues to be at the front of the pack with 316,000 SF of activity, but as those large blocks are occupying, users are migrating towards the spaces that are still available along the HWY 40 corridor, which itself contributed 291,000 SF of activity this quarter.

Sublease increased sizably in Q4, increasing by 267,714 SF to 1.37 MSF of available space. The primary reason for this increase is that Save-A-Lot has opted to sublease its St. Louis headquarters at Northwest Plaza (162,255 SF). The second largest contributor was Moneta Group’s sublease at 100 S Brentwood Blvd (62,512 SF), as they prepare for their move to the Plaza in Clayton.

There are currently no new assets under construction in the St. Louis Metro. We are unlikely to see any new speculative non-prime construction break ground in the next 12 months due to record high vacancy levels across the metro in commodity quality assets.

Notable transactions this quarter include Thompson Coburn which executed a short-term renewal at US Bank Plaza (197,170 SF), Graybar which leased the entire Timberlake Corporate Center 2 building (117,618 SF), Charter Communications renewal at 13022 Hollenburg (78,080 SF) and Anthem Blue Cross Blue Shield which is planning a significant downsize with a move to the Deloitte building (45,900 SF)

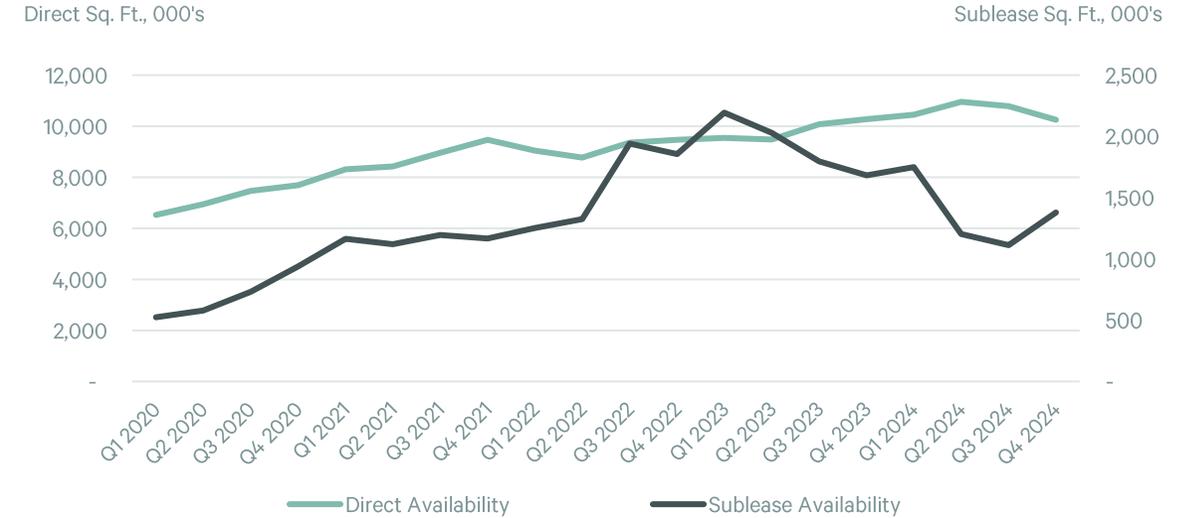
Capital markets activity posted its strongest quarter of the year with \$113 M in transaction activity. Most notably, Pierre Laclede Center closed in a sale to the Hoffman Family of Companies.

FIGURE 3: Key Transactions



Source: CBRE Research, Q4 2024.

FIGURE 2: Available Sq. Ft. – Direct vs. Sublease



Source: CBRE Research, Q4 2024.

FIGURE 4: Class A Vacancy, Availability, and Asking Lease Rate

Transaction Type	Size (SF)	Tenant	Address	Location
Renewal	197,170	Thompson Coburn	US Bank Plaza	CBD
New Lease	117,618	Graybar	Timberlake Corporate Center 2	HWY 40
Renewal	78,080	Charter Communications	13022 Hollenburg	North County
New Lease	45,900	Anthem Blue Cross Blue Shield	Deloitte Building	CBD

Source: CBRE Research, Q4 2024.

FIGURE 5: Submarket Statistics

	Rentable Area (SF)	Total Vacancy Rate	Total Availability Rate	Direct Availability	Sublease Availability	Q4 2024 Net Absorption	YTD Absorption	Avg. Asking Lease Rate
Downtown	12,551,353	27.1%	28.1%	27.1%	1.1%	(19,720)	(458,424)	\$19.44
A	8,277,386	31.8%	32.3%	31.1%	1.1%	(23,622)	(442,437)	\$20.48
B	3,574,081	19.8%	22.2%	21.1%	1.1%	7,112	(48,502)	\$16.50
C	699,886	7.9%	9.5%	9.5%	0.0%	(3,210)	32,515	\$12.65
Metro East	3,934,091	7.2%	8.6%	8.5%	0.1%	19,922	34,586	\$18.61
A	689,488	16.2%	16.0%	15.3%	0.7%	12,000	8,324	\$22.47
B	1,990,264	6.8%	9.6%	9.6%	0.0%	(1,628)	16,712	\$16.80
C	1,254,339	2.8%	2.8%	2.8%	0.0%	9,550	9,550	\$15.00
Mid County	9,613,607	16.3%	17.2%	16.0%	1.2%	104,381	172,404	\$27.65
A	5,983,546	18.2%	19.2%	17.8%	1.4%	100,668	185,539	\$29.68
B	2,865,222	13.6%	13.9%	13.5%	0.3%	4,834	(11,120)	\$23.01
C	764,839	10.9%	13.9%	11.0%	3.0%	(1,121)	(2,015)	\$21.94
North County	5,900,235	15.4%	30.0%	16.7%	13.3%	(4,307)	(149,151)	\$18.69
A	3,592,802	19.2%	32.7%	19.8%	12.8%	(6,310)	(152,603)	\$20.02
B	1,900,352	11.4%	31.1%	14.2%	16.9%	2,083	3,532	\$15.10
C	407,081	0.5%	0.6%	0.6%	0.0%	(80)	(80)	\$23.07
South County	2,576,092	7.8%	10.2%	9.4%	0.7%	13,872	60,272	\$23.26
A	1,122,970	12.7%	13.0%	13.0%	0.0%	7,762	38,532	\$24.14
B	861,007	5.6%	12.2%	10.1%	2.2%	6,110	12,878	\$22.11
C	592,115	1.7%	1.7%	1.7%	0.0%	0	8,862	\$18.50
St. Charles County	2,449,160	12.2%	11.8%	10.4%	1.5%	(10,724)	19,001	\$20.62
A	1,346,637	19.7%	18.9%	16.2%	2.7%	(14,878)	2,681	\$21.18
B	1,027,822	3.1%	3.2%	3.2%	0.0%	3,334	14,648	\$17.67
C	74,701	2.6%	2.6%	2.6%	0.0%	820	1,672	\$13.00
West County	14,996,086	19.9%	25.2%	23.3%	1.9%	(138,992)	68,140	\$24.35
A	8,632,891	23.9%	29.7%	27.4%	2.3%	(148,280)	145,733	\$26.62
B	5,712,091	14.8%	19.7%	18.1%	1.6%	6,740	(78,711)	\$19.54
C	651,104	12.4%	15.0%	15.0%	0.0%	2,548	1,118	\$18.84
St. Louis Metro	51,712,554	18.5%	22.3%	19.7%	2.6%	(5,568)	(253,172)	\$22.33
A	29,424,950	23.6%	27.2%	24.3%	2.9%	(72,660)	(213,231)	\$23.95
B	17,843,539	13.2%	18.0%	15.3%	2.7%	28,585	(90,563)	\$18.47
C	4,444,065	6.1%	7.2%	6.7%	0.5%	8,507	51,622	\$18.06

Source: CBRE Research, Q4 2024.

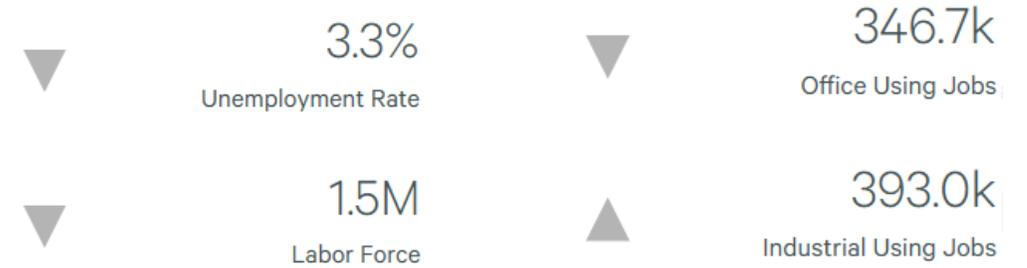
FIGURE 6: District Statistics

	Rentable Area (SF)	Total Vacancy Rate	Total Availability Rate	Direct Availability	Sublease Availability	Q4 2024 Net Absorption	YTD Absorption	Avg. Asking Lease Rate
Midtown	2,346,711	26.6%	27.0%	24.5%	2.5%	16,802	(40,180)	\$23.94
A	2,006,321	31.1%	31.0%	28.1%	2.9%	16,802	(47,680)	\$24.16
B	203,260	0.0%	0.0%	0.0%	0.0%	0	0	N/A
C	137,130	0.0%	8.2%	8.2%	0.0%	0	7,500	\$12.75
CBD	9,626,395	28.0%	29.0%	28.2%	0.8%	(37,808)	(386,745)	\$18.49
A	6,154,065	32.4%	33.0%	32.5%	0.6%	(40,424)	(383,055)	\$19.36
B	2,999,427	21.4%	23.3%	22.1%	1.3%	5,826	(28,705)	\$16.33
C	472,903	11.6%	11.6%	11.6%	0.0%	(3,210)	25,015	\$12.63
O'Fallon/Shiloh/Fairview/Belleville	1,850,205	9.1%	9.7%	9.4%	0.3%	10,372	5,448	\$18.63
A	523,546	18.9%	18.5%	17.6%	0.9%	12,000	6,830	\$22.02
B	752,706	6.6%	8.4%	8.4%	0.0%	(1,628)	(1,382)	\$13.66
C	573,953	3.3%	3.3%	3.3%	0.0%	0	0	N/A
Edwardsville/Glen Carbon	728,059	5.3%	7.1%	7.1%	0.0%	0	19,588	\$24.90
A	165,942	7.8%	7.8%	7.8%	0.0%	0	1,494	\$25.69
B	421,064	6.1%	9.2%	9.2%	0.0%	0	18,094	\$24.64
C	141,053	0.0%	0.0%	0.0%	0.0%	0	0	N/A
Clayton	7,246,561	18.4%	19.5%	18.0%	1.5%	79,013	134,338	\$28.06
A	5,568,874	19.5%	19.2%	17.7%	1.5%	70,668	159,272	\$29.96
B	1,273,743	14.0%	20.3%	19.6%	0.8%	8,345	(24,040)	\$21.70
C	403,944	17.8%	20.7%	17.7%	3.1%	0	(894)	\$21.95
Earth City/Riverport	2,608,109	22.9%	42.2%	24.7%	17.5%	0	(116,027)	\$19.53
A	2,023,322	28.0%	51.6%	29.1%	22.5%	0	(150,577)	\$19.64
B	459,597	6.3%	12.1%	12.1%	0.0%	0	34,550	\$18.32
C	125,190	0.0%	0.0%	0.0%	0.0%	0	0	#DIV/0!
HWY 40	5,646,007	24.0%	28.5%	26.1%	2.4%	(93,947)	(49,800)	\$26.23
A	4,096,304	29.5%	35.2%	31.9%	3.3%	(105,621)	(55,867)	\$26.96
B	1,502,703	9.7%	10.9%	10.8%	0.1%	11,674	6,067	\$20.25
C	47,000	5.6%	5.6%	5.6%	0.0%	0	0	\$23.00
Westport	3,238,803	19.6%	26.0%	24.0%	2.0%	(31,287)	1,405	\$21.83
A	1,562,129	17.4%	21.4%	18.1%	3.3%	(29,697)	(25,509)	\$26.16
B	1,507,038	23.3%	32.7%	31.9%	0.8%	(1,590)	27,816	\$19.28
C	169,636	5.7%	8.3%	8.3%	0.0%	0	(902)	\$17.20
Manchester/270	1,618,038	9.7%	11.4%	10.9%	0.6%	4,588	190,476	\$22.50
A	1,029,855	7.4%	8.9%	8.4%	0.5%	4,588	196,883	\$24.23
B	536,244	13.0%	15.3%	14.5%	0.8%	0	(5,588)	\$20.82
C	51,939	19.4%	21.8%	21.8%	0.0%	0	(819)	\$20.69
Creve Coeur	4,131,989	20.1%	27.2%	25.3%	1.9%	(18,346)	(73,941)	\$23.82
A	1,756,717	28.3%	38.4%	38.0%	0.4%	(17,550)	30,226	\$26.44
B	1,992,743	13.8%	19.1%	15.5%	3.6%	(3,344)	(107,006)	\$19.32
C	382,529	15.3%	18.1%	18.1%	0.0%	2,548	2,839	\$18.72

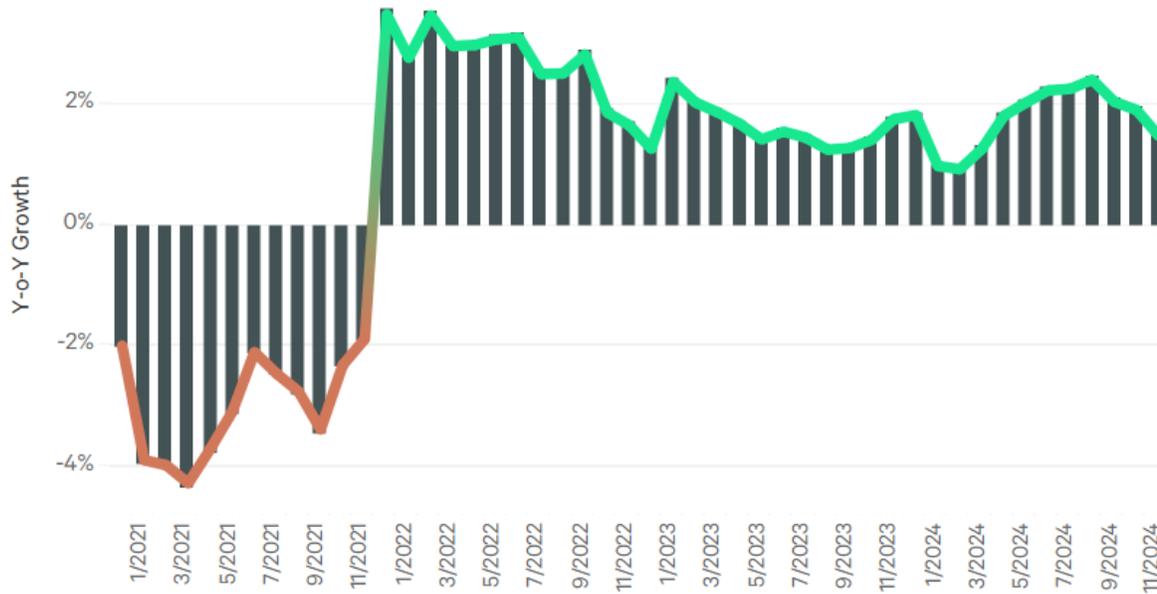
Economic Overview and St. Louis Fundamentals

The U.S. economy continues to exceed expectations. Much of this is due to a sturdy consumer who is enjoying increased household wealth, real income growth, and a resilient labor market. Consequently, CBRE is revising its outlook upward for 2025 annual average GDP growth by 60 basis points to 2.3%.

Typically, sturdy economic growth alongside Fed rate cuts would be rocket fuel for commercial real estate (CRE) performance. The catch is capital markets have grown skeptical of just how low rates will go in 2025. The mix of sticky core inflation and future policy concerns are putting upward pressure on long-term rates. Nevertheless, real estate capital markets have made good progress in recent quarters. Lending spreads are tightening, and credit issuance is up. Lending conditions are easing a bit as multifamily LTVs are trending slightly upward. Stronger debt markets and balanced and/or recovering space market fundamentals should translate into a noticeable uptick in investment during the next several quarters.



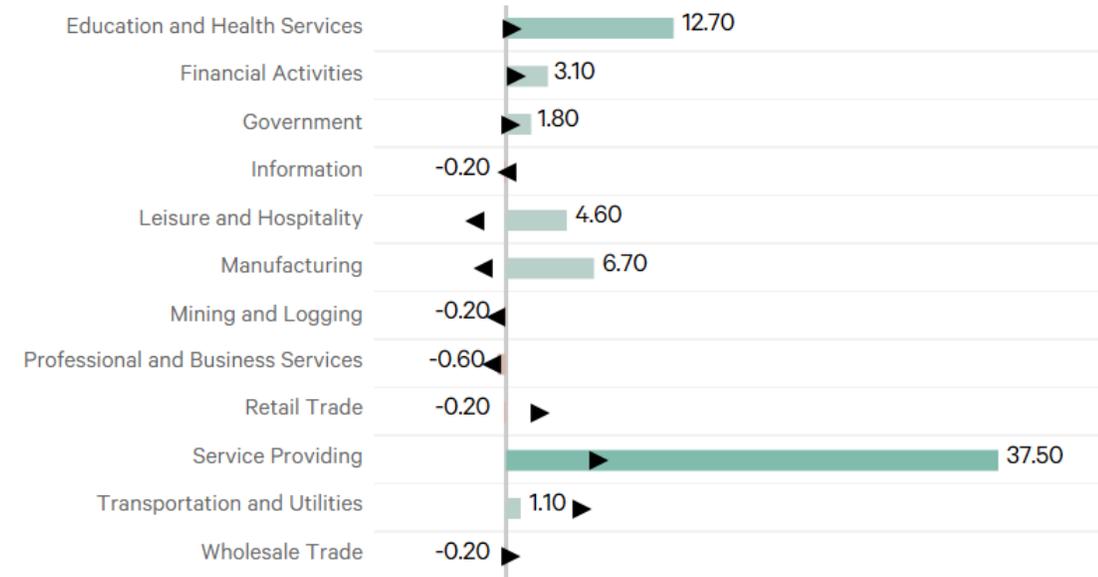
Job Growth - Year over Year Trend



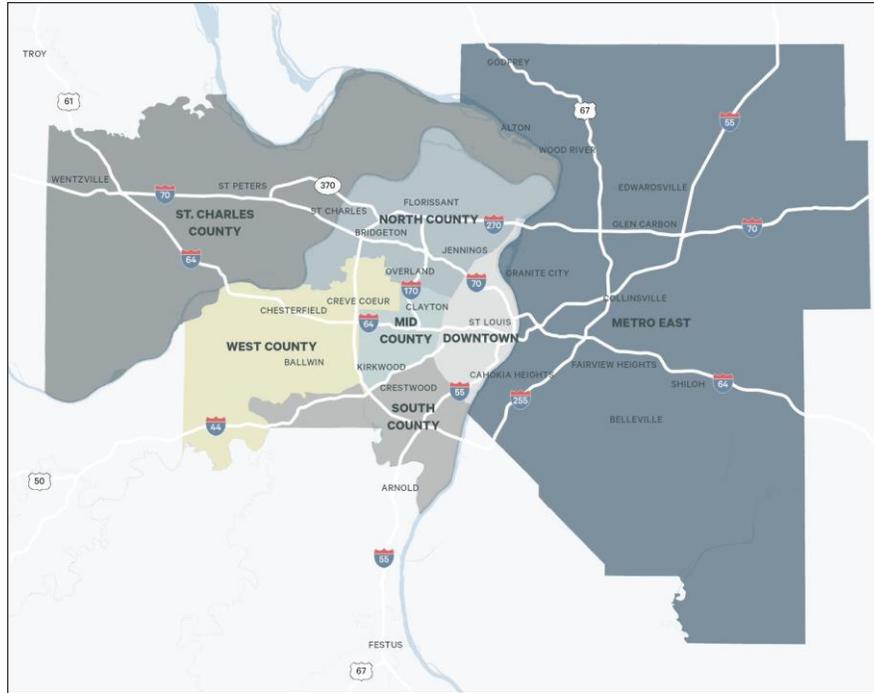
Source: US BLS November 2024

Employment Change by Sector - Yearly & Monthly

Bars indicate yearly trend, arrows indicate monthly trend



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.

Survey Criteria

Office buildings 10,000 sq. ft. or greater. Excludes single-tenant owner-occupied buildings, Government owned and occupied buildings, or Medical buildings.

Market Updates

Effective Q1 2023, St. Louis submarkets boundaries were updated.

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