

RESEARCH 1Q24

St. Louis Retail Report



Executive Summary

Newmark Zimmer is constantly 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 retail 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 landlords 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

Central Plaza & Deer Creek Center Portfolio

371,750 SF GLA – SOLD FOR \$34,425,000 (\$93/SF)

West County & Mid County | Ballwin, MO & Maplewood, MO

Gannon Plaza | Festus, MO

18,520 SF GLA – SOLD FOR \$5,360,000 (\$289/SF)

Jefferson County | 1101-1123 W Gannon Drive

Alliance Plaza | High Ridge, MO

9,920 SF GLA – SOLD FOR \$2,800,000 (\$282/SF)

South County | 324-326 Emerson Road

Freddy's Frozen Custard & Steakburgers | Saint Louis, MO

1,140 SF GLA – SOLD FOR \$2,500,000 (\$2,193/SF)

West County | 2945 Dougherty Ferry Road

Taco Bell | Ballwin, MO

1,930 SF GLA – SOLD FOR \$1,256,000 (\$651/SF)

West County | 15225 Manchester Road

Retail

ST. LOUIS MARKET OVERVIEW

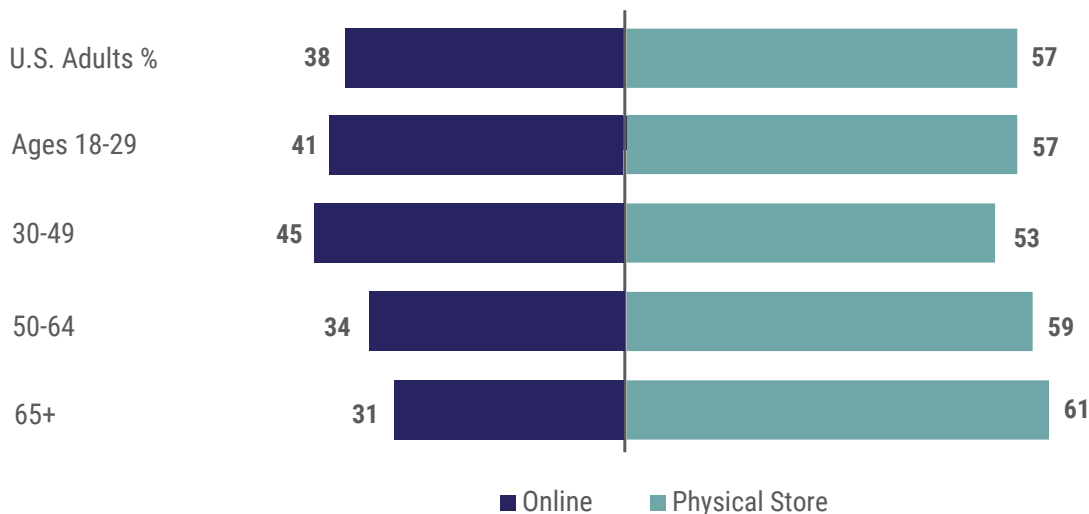
The St. Louis retail landscape continues to see high demand for prime retail space in both the suburban and urban areas of the market. Tenants are right sizing their spaces, refining their real estate site selection process, and actively expanding where space is available. As the economy has shifted, we are seeing trends in Landlord's providing concessions more in the form of free rent versus increasing out of pocket TI Allowance funds. Demand for retail space along the main corridors, with excellent visibility and strong co-tenancy, is at an all-time high and availability is extremely limited. This environment is creating premium rents across the board for retail space. A leveling-out is anticipated to start as we approach 2025.

Market News

- Olive Crossing announced two significant deals during the quarter as ALDI and Smoothie King both committed to the development. Located at the southwest corner of Olive and Interstate 170, ALDI is expected to break ground this summer on its new building while Smoothie King will occupy space within a separate building, adjacent to Paris Baguette.
- Salt + Smoke BBQ opened its fifth location in the metro, executed a lease in South County for its sixth location and is currently exploring options for a restaurant in the Metro East submarket. The St. Louis-style BBQ eatery also announced it is planning to franchise its concept nationally.
- Slick City Action Park continues to expand nationally as consumer demand for experiential retail offerings remains robust. The indoor slide and air court park operator expects to open eight locations during the remainder of 2024. Slick City currently has locations in Denver, Houston and Chesterfield.

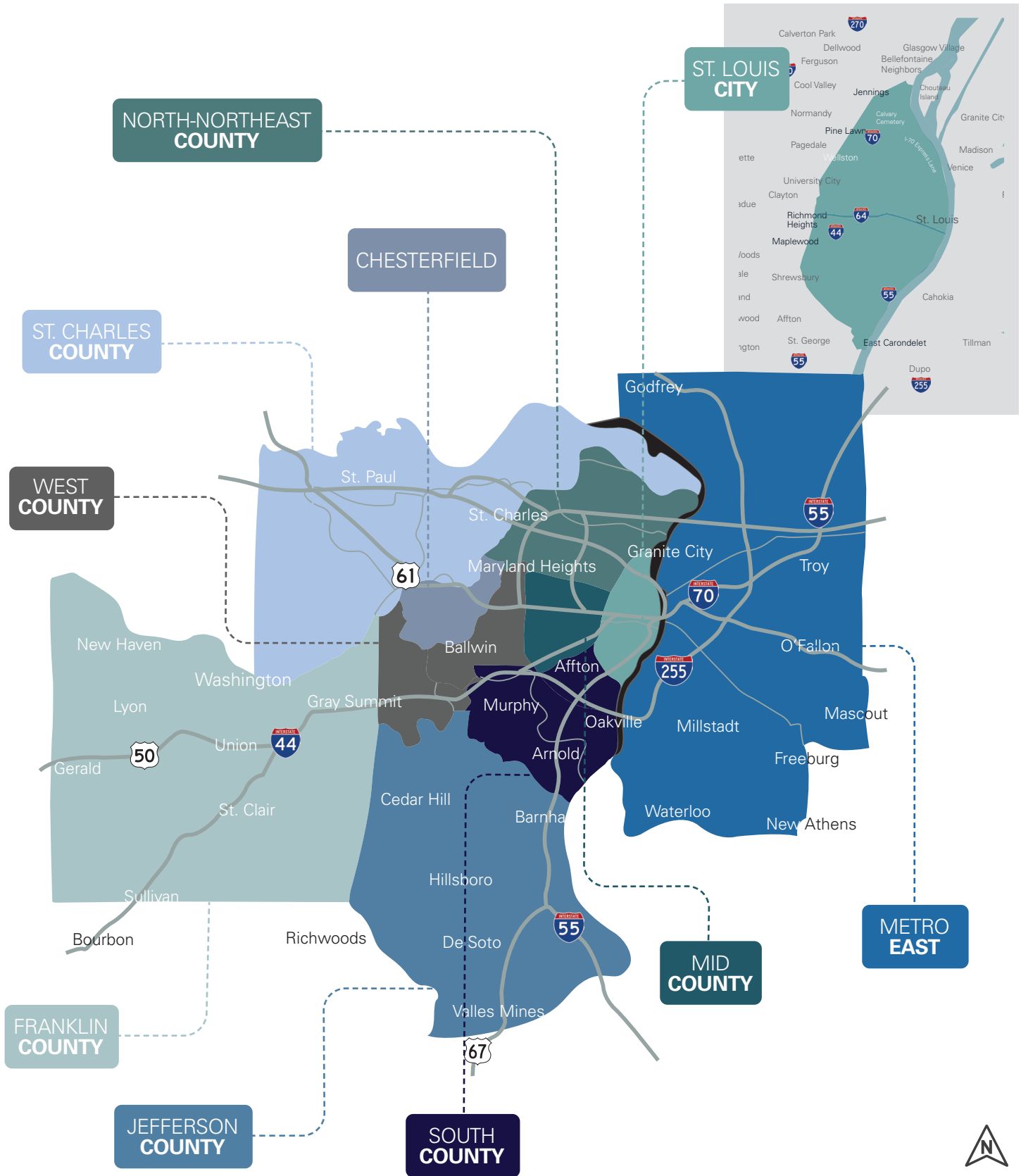
There continues to be a narrative about a potential retail apocalypse and e-commerce superseding traditional retail, with convenience and same-day delivery appealing to the masses. However, e-commerce is responsible for just 15% of total retail sales, according to the Census Bureau of the Department of Commerce. While we are witnessing retailers closing locations, filing for bankruptcy and restructuring, this is a direct reflection on retailers being required to pivot to meet consumer demands. The Pew Research Center identified that 57% of adults in the United States prefer in-person shopping. Retailers that are willing to reassess their real estate and site selection practices, right-size their physical locations and transform the customer experience will continue to be at the forefront of the shift in the retail landscape.

Shopping Preferences in the U.S.



Submarket Maps

DOWNTOWN & SUBURBS



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1Q24 St. Louis

RETAIL MARKET STATISTICS TABLE

	Type	# of Buildings	Total Inventory (SF)	Total Vacancy Rate	Qtr Absorption (SF)	Past 4 Qtrs. Absorption (SF)	Total Asking Rent (NNN)
	All	192	5,533,040	6.20%	39,791	-90,997	\$20.13
CHESTERFIELD	Small Shop	94	489,244	0.00%	0	664	\$22.15
	Big Box	98	5,043,796	6.80%	39,791	-91,661	\$20.10
	All	580	5,998,949	1.80%	17,995	52,104	\$12.12
FRANKLIN COUNTY	Small Shop	421	1,734,848	1.90%	-1,505	-15,055	\$14.61
	Big Box	159	4,264,101	1.70%	19,500	67,159	\$11.53
	All	448	4,655,768	1.30%	10,635	65,565	\$12.39
JEFFERSON COUNTY	Small Shop	318	1,252,379	1.00%	0	9,796	\$16.39
	Big Box	130	3,403,389	1.40%	10,635	55,769	\$10.58
	All	2,735	31,939,867	3.90%	100,029	165,244	\$13.82
METRO EAST	Small Shop	2,019	7,652,289	2.20%	10,026	34,901	\$17.32
	Big Box	716	24,287,578	4.50%	90,003	130,343	\$12.80
	All	1,108	17,563,573	1.50%	-6,434	169,196	\$22.39
MID COUNTY	Small Shop	742	2,967,512	2.50%	-7,453	43,084	\$23.15
	Big Box	366	14,596,061	1.20%	1,019	126,112	\$20.75
	All	1,662	20,632,468	5.70%	-30,085	339,522	\$12.16
NORTH-NORTHEAST COUNTY	Small Shop	1,193	4,391,469	1.40%	5,234	34,193	\$14.07
	Big Box	469	16,240,999	6.80%	-35,319	305,329	\$11.95
	All	1,686	23,782,393	3.70%	-762	129,359	\$16.57
ST. CHARLES COUNTY	Small Shop	1,167	4,807,427	2.70%	7,807	22,561	\$20.35
	Big Box	519	18,974,966	3.90%	-8,569	106,798	\$15.21
	All	2,485	21,639,345	3.70%	70,069	113,760	\$14.63
ST. LOUIS CITY	Small Shop	1,969	7,397,876	2.10%	26,289	3,028	\$15.67
	Big Box	516	14,241,469	4.50%	43,780	110,732	\$14.30
	All	1,324	20,929,010	4.80%	23,663	276,419	\$13.36
SOUTH COUNTY	Small Shop	894	3,565,684	1.90%	-18,818	7,008	\$22.61
	Big Box	430	17,363,326	5.40%	42,481	269,411	\$12.48
	All	648	12,028,889	5.80%	-25,857	-6,384	\$15.44
WEST COUNTY	Small Shop	380	1,617,647	2.60%	9,083	11,865	\$19.27
	Big Box	268	10,411,242	6.30%	-34,940	-18,249	\$15.15
TOTALS	All	12,868	164,703,302	4.00%	199,044	1,213,788	\$14.71
	Small Shop	9,197	35,876,375	2.10%	30,663	152,045	\$18.62
	Big Box	3,671	128,826,927	4.50%	168,381	1,061,743	\$13.95

Small Shop: Retail buildings in which GLA is 9,000 square feet or less. **Big Box:** Retail buildings in which GLA is 9,001 square feet or more.

Examination and calculation of supply and demand determinants by building size uncovered statistically significant inflection points consistently at the 9,000-square-foot building size. For this reason, the division between small-shop and big-box occurs at 9,000 square feet.

Market Indicators

VACANCY RATE, ASKING RENT & NET ABSORPTION

ST. LOUIS CITY

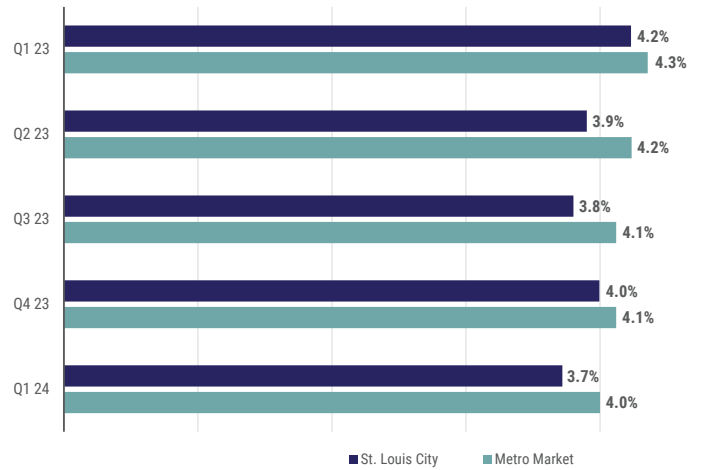
VACANCY RATE

The St. Louis City vacancy rate displayed a downward trend, decreasing **50 basis points** compared to the past year.

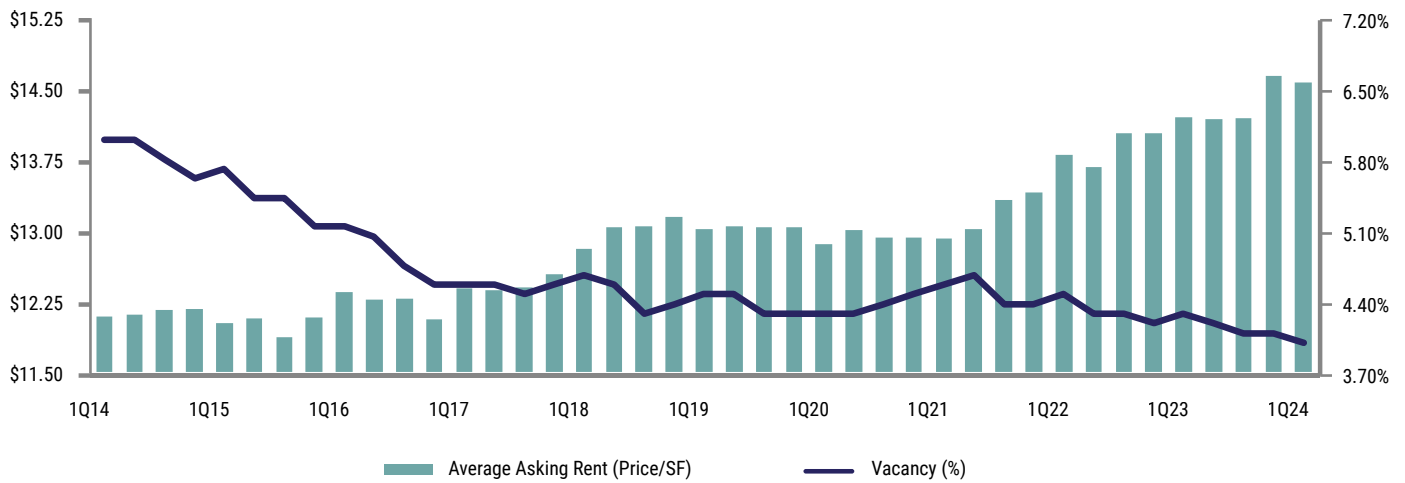
METRO MARKET

VACANCY RATE

The metro market vacancy rate displayed a downward trend, decreasing **30 basis points** compared to the past year.

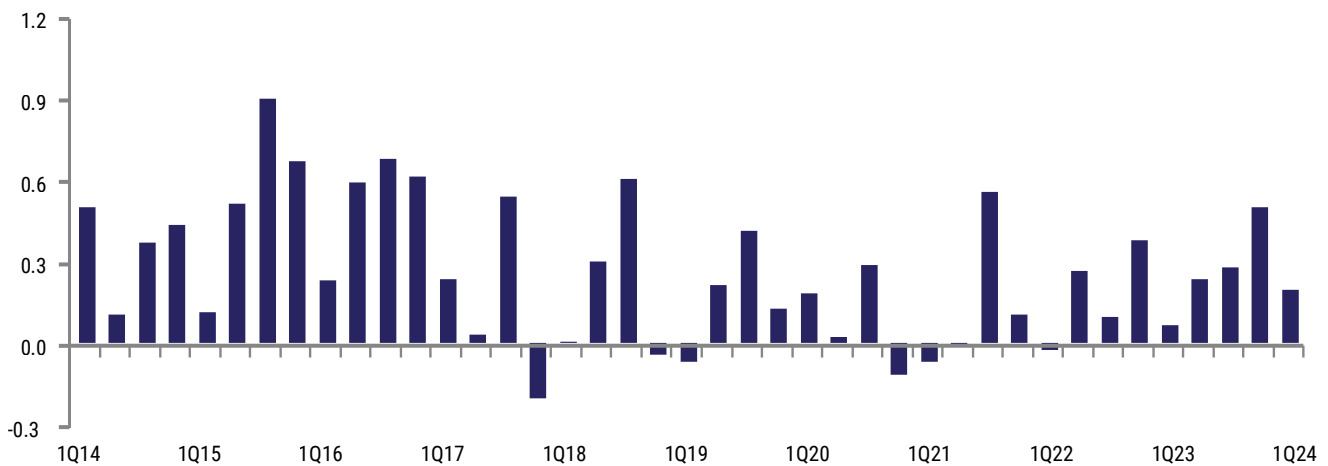


ASKING RENT AND VACANCY



NET ABSORPTION

SQUARE FEET, MILLIONS





1Q24 St. Louis

SUBMARKET VACANCY RATE

CHESTERFIELD VACANCY RATE

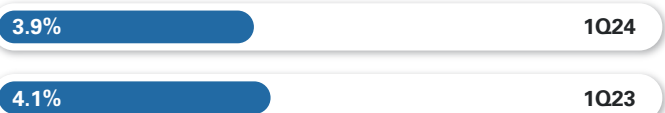
Worsened by
170 basis points
compared to the
past year.



Small shop space is hard to find in Chesterfield as vacancy in this niche is 0.0%.

METRO EAST VACANCY RATE

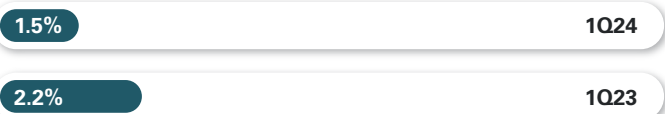
Improved by
20 basis points
compared to the
past year.



Metro East displayed the highest amount of total net absorption in the market during the quarter.

MID COUNTY VACANCY RATE

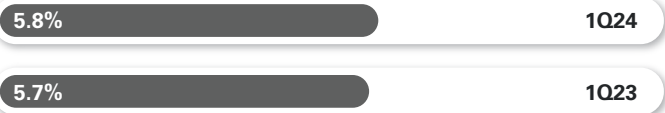
Improved by
70 basis points
compared to the
past year.



Mid County displayed the highest average asking rental rate in the market.

WEST COUNTY VACANCY RATE

Worsened by
10 basis points
compared to the
past year.



West County displayed the second highest vacancy rate in the market during the quarter.

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Kansas City, MO 64105
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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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