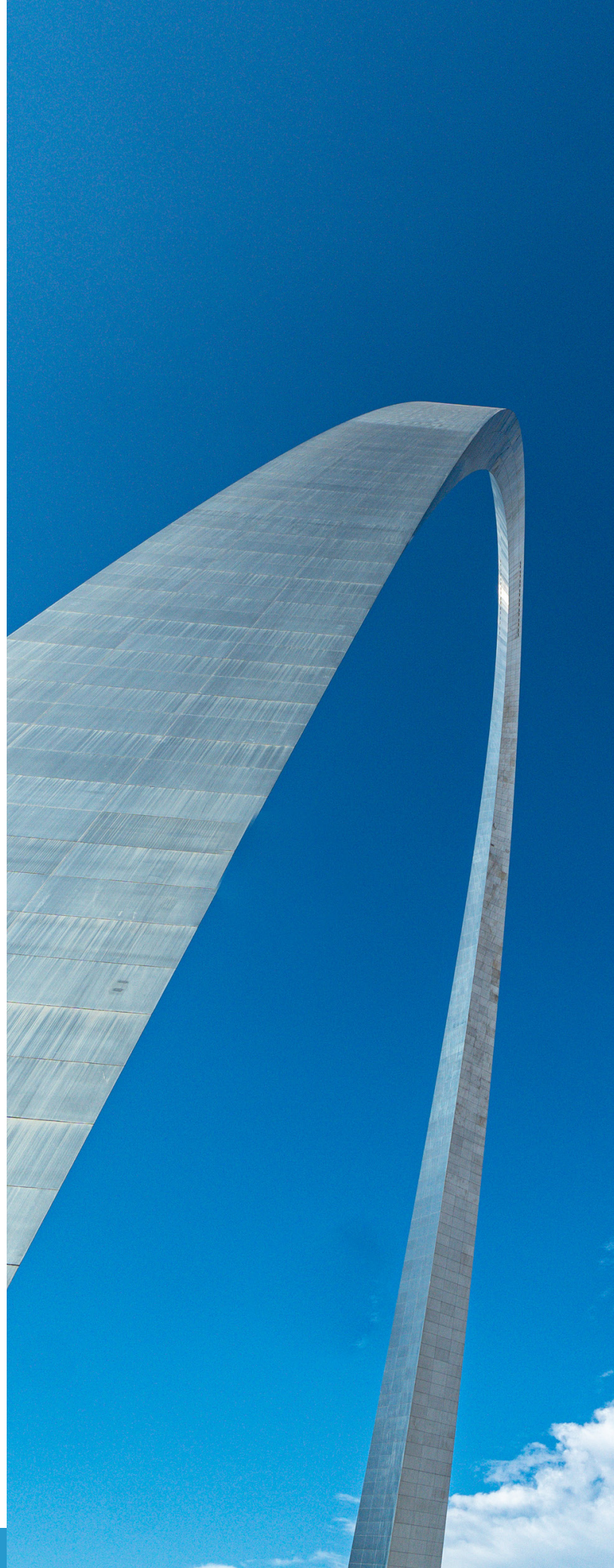

RESEARCH 2024

St. Louis Capital Markets



Executive Summary

Newmark Zimmer is continuously 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 investment 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 investors 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

Retail | The Plaza & Shoppes at Sunset Hills Portfolio
450,940 SF GLA – Sold for \$84,500,000 (\$187/SF)
South County | Sunset Hills, St. Louis

Multifamily | Prairie Point
376 Units – Sold for \$68,300,000 (\$181,649/Unit)
St. Charles County | 1 Prairie Point

Multifamily | The Flats at Dorsett Ridge
214 Units – Sold for \$54,100,000 (\$252,804/Unit)
Mid County | 12703 Dorsett Road

Industrial | Earth City Industrial Center 7
210,170 SF GLA – Sold for \$24,050,000 (\$114/SF)
North County | 4301 Rider Trail North

Office | The Sevens Building
197,310 SF GLA – Sold for \$19,542,000 (\$99/SF)
Clayton | 7777 Bonhomme Avenue

Capital Markets

ST. LOUIS MARKET OVERVIEW

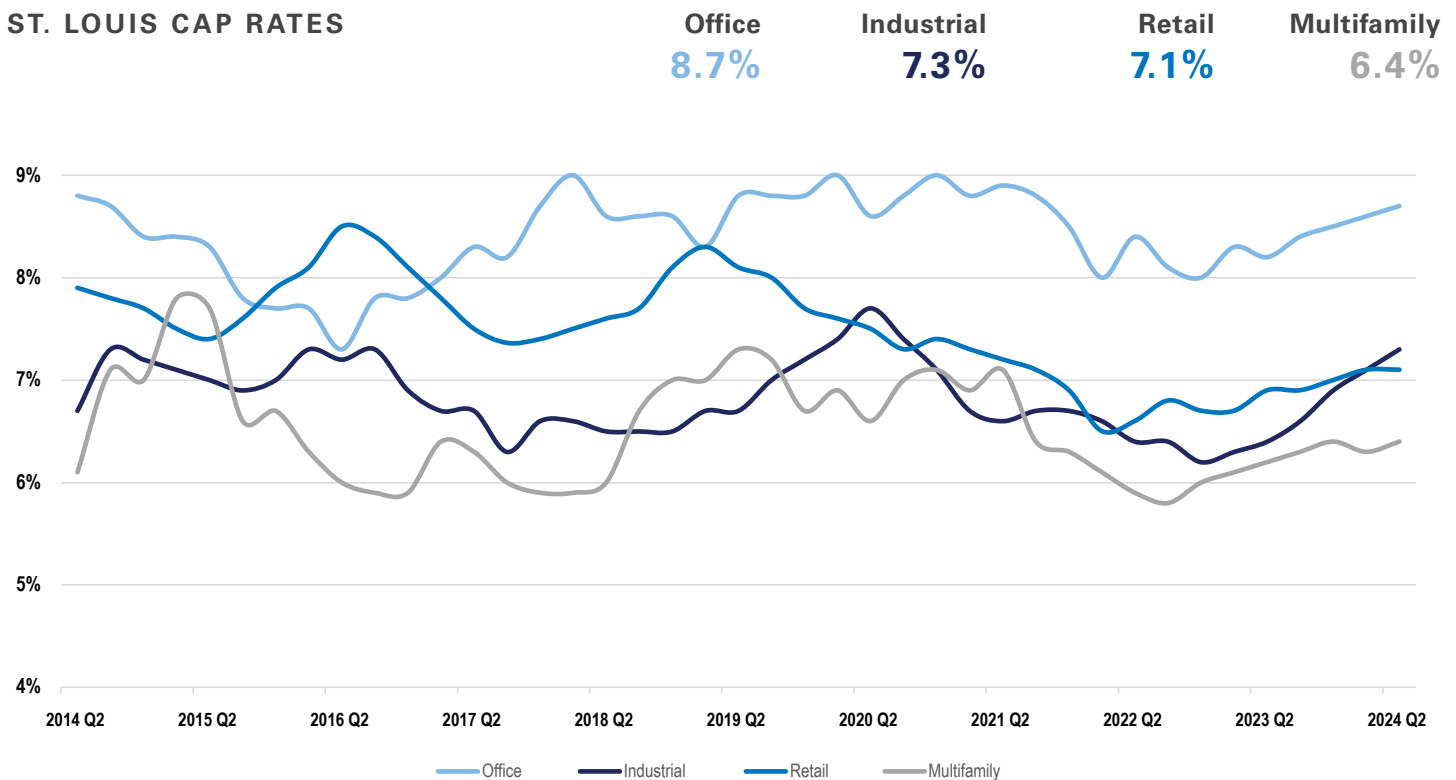
The pace of investment activity in the St. Louis market slowed during the past four quarters, with sales volume totaling \$2.3 billion, a decrease of 26.8% compared with the prior five-year average. As a leading second-tier market, the St. Louis Metropolitan area ranked sixth out of the largest 13 Midwest markets in total sales volume during the past 12 months, with multifamily and industrial assets combining for 62.4% of the Metro's activity. Capitalization rates increased by eight basis points compared with the past 12 months, registering 7.3% in the second quarter of 2024.

Net absorption across the industrial, office, and retail sectors totaled 1.9 million SF during the past four quarters, a decrease of 37.1% compared with the preceding year. The multifamily sector realized 2,498 units of net absorption during the past four quarters, an increase of 195.3% over a similar period a year ago. The industrial sector tightened during the second quarter of 2024, registering 647,424 SF of net absorption and continuing four consecutive years of robust demand totaling 18.4 million SF. Vacancy remained flat at 5.3% while asking rental rates increased to \$5.92/SF during the second quarter of 2024.

With development kept in check during the past five years and additional incentives offered to lock tenants in for longer lease terms, average asking rental rates trended upward for the remaining three property sectors, with multifamily properties registering a new record high rental rate of \$1,241.00/Unit during the quarter. Vacancy in the office sector increased by 10 bps to 14.9%, while multifamily vacancy increased by 20 bps to 9.6% compared with the prior year. Vacancy in the retail sector decreased by 30 bps to 3.9% during the same period.

The Newmark Zimmer Midwest Capital Markets team anticipates an increase in sales volume throughout the second half 2024, as buyers and sellers begin to adjust to the current market conditions and the interest rate environment stabilizes. Allocations for commercial real estate investment continue to remain steady for industrial, neighborhood retail, multifamily and medical office with strong operating fundamentals. We continue to monitor the impact of lending conditions on leveraged buyers return expectations and valuations.

ST. LOUIS CAP RATES



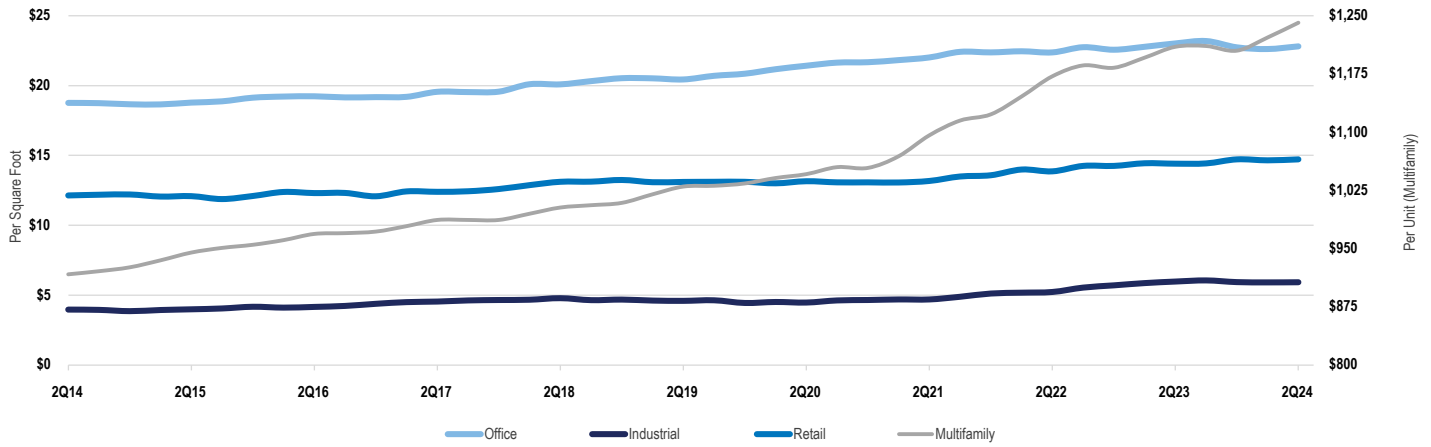
Source: Newmark Zimmer Research, CoStar, Real Capital Analytics

2Q24 St. Louis

MARKET ANALYSIS

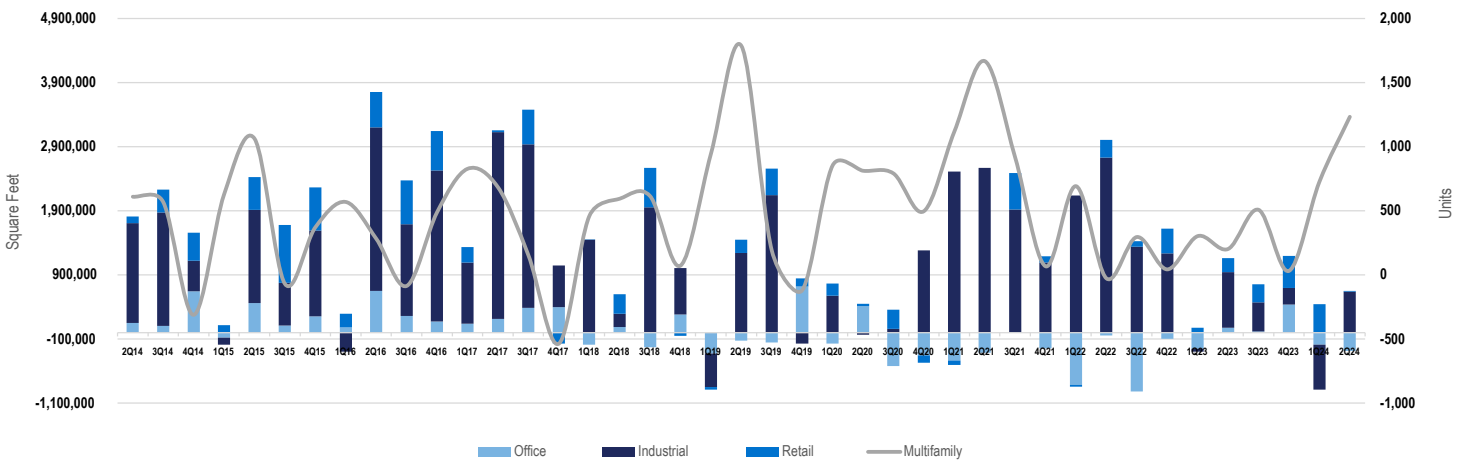
AVERAGE ASKING RENT

Office **\$22.80** Industrial **\$5.92** Retail **\$14.72** Multifamily **\$1,241**



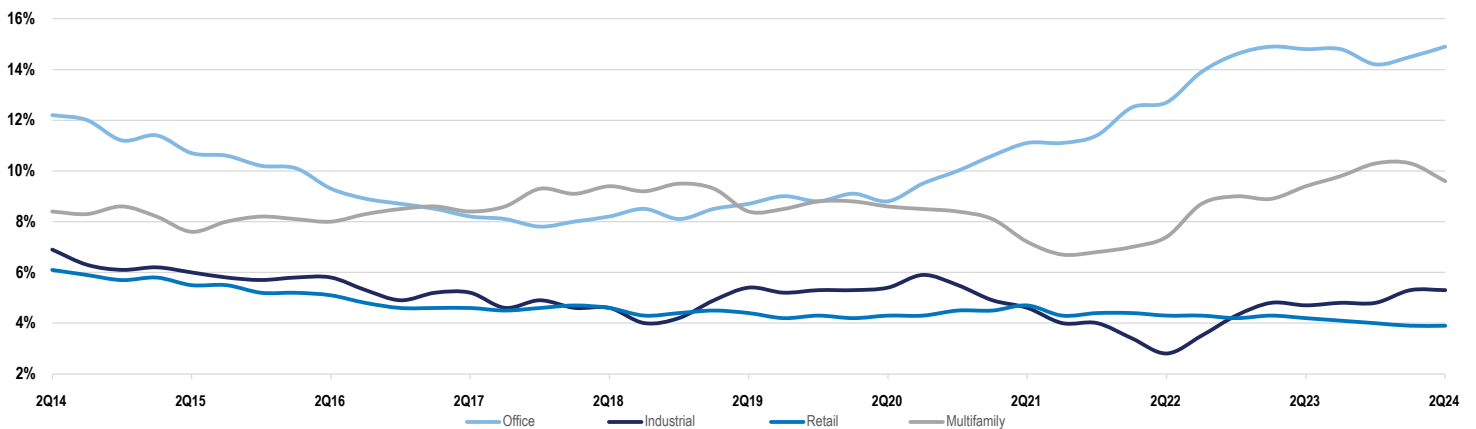
NET ABSORPTION

Office **-283,619 SF** Industrial **637,424 SF** Retail **13,083 SF** Multifamily **1,232 Units**



VACANCY RATE

Office **14.9%** Industrial **5.3%** Retail **3.9%** Multifamily **9.6%**





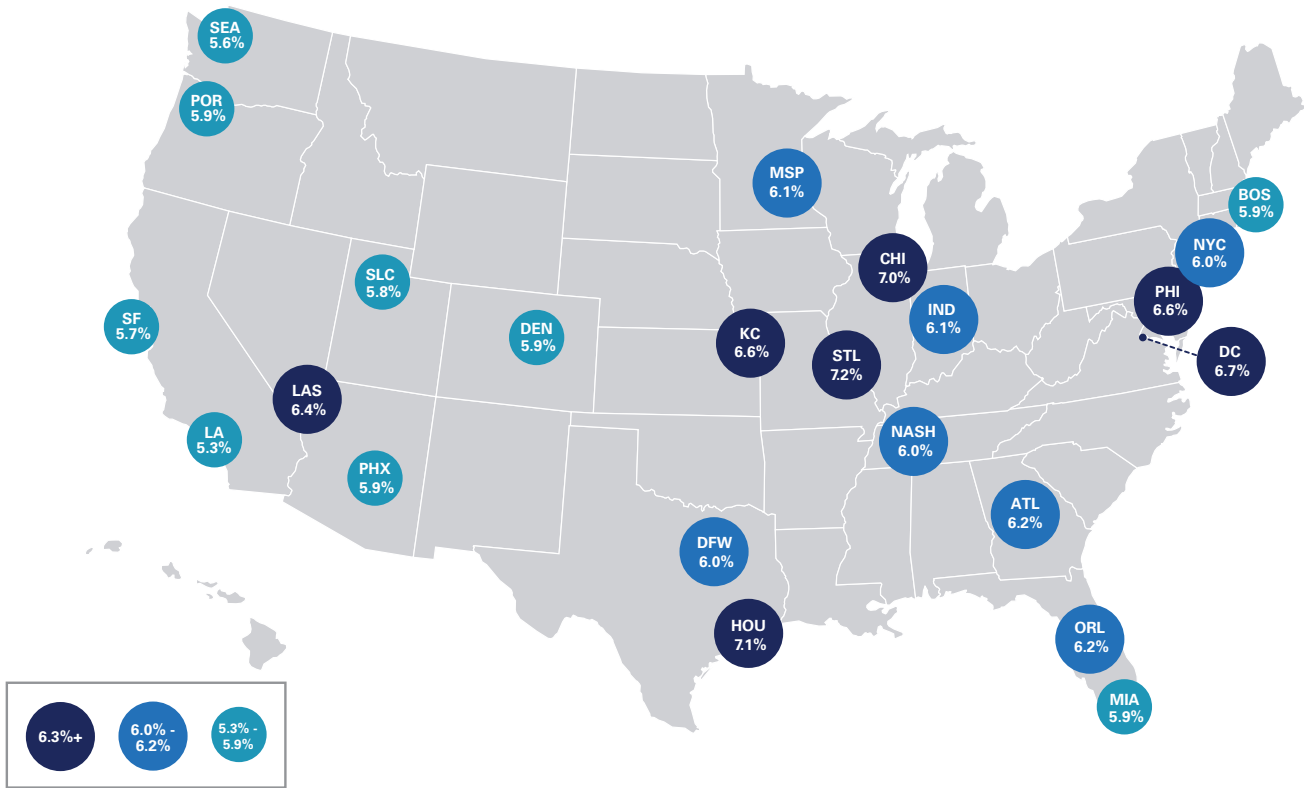
SELECT SALES TRANSACTIONS | SECOND QUARTER OF 2024

Sector	Building	Submarket	Sale Price	Price Per SF/Unit ¹	SF/Units ²
Multifamily	Beau Jardin 10347 Sannois Drive	Mid County	\$15,040,000	\$83,556	180
Retail	Grandview Plaza Shopping Center Portfolio	North County	\$13,525,000	\$46	295,860
Retail	2393-2435 N Highway 67 Portfolio	North County	\$10,750,000	\$96	112,470
Office	20 Research Park Drive	St. Charles County	\$8,687,000	\$90	96,200
Office/Medical	5213 Godfrey Road	Metro East	\$7,316,000	\$523	14,000
Hospitality	Sleep Inn & Suites- O'Fallon, MO 1147 Technology Drive	St. Charles County	\$6,250,000	\$79,114	79
Office/Medical	St. John's Mercy Medical 107 Piper Hill Drive	St. Charles County	\$3,787,000	\$219	17,300
Hospitality	Best Western- Troy, IL 2020 Formosa Road	Metro East	\$3,750,000	\$57,692	65
Retail/Medical	SSM Health Cardinal Glennon Pediatrics 2927 S Kingshighway Boulevard	St. Louis City	\$3,420,000	\$223	15,370
Industrial	811 Westwood Industrial Park Drive	St. Charles County	\$3,250,000	\$99	32,740

¹The price per unit/room is displayed for the Multifamily and Hospitality sectors. ²The number of total units/rooms is displayed for the Multifamily and Hospitality sectors.

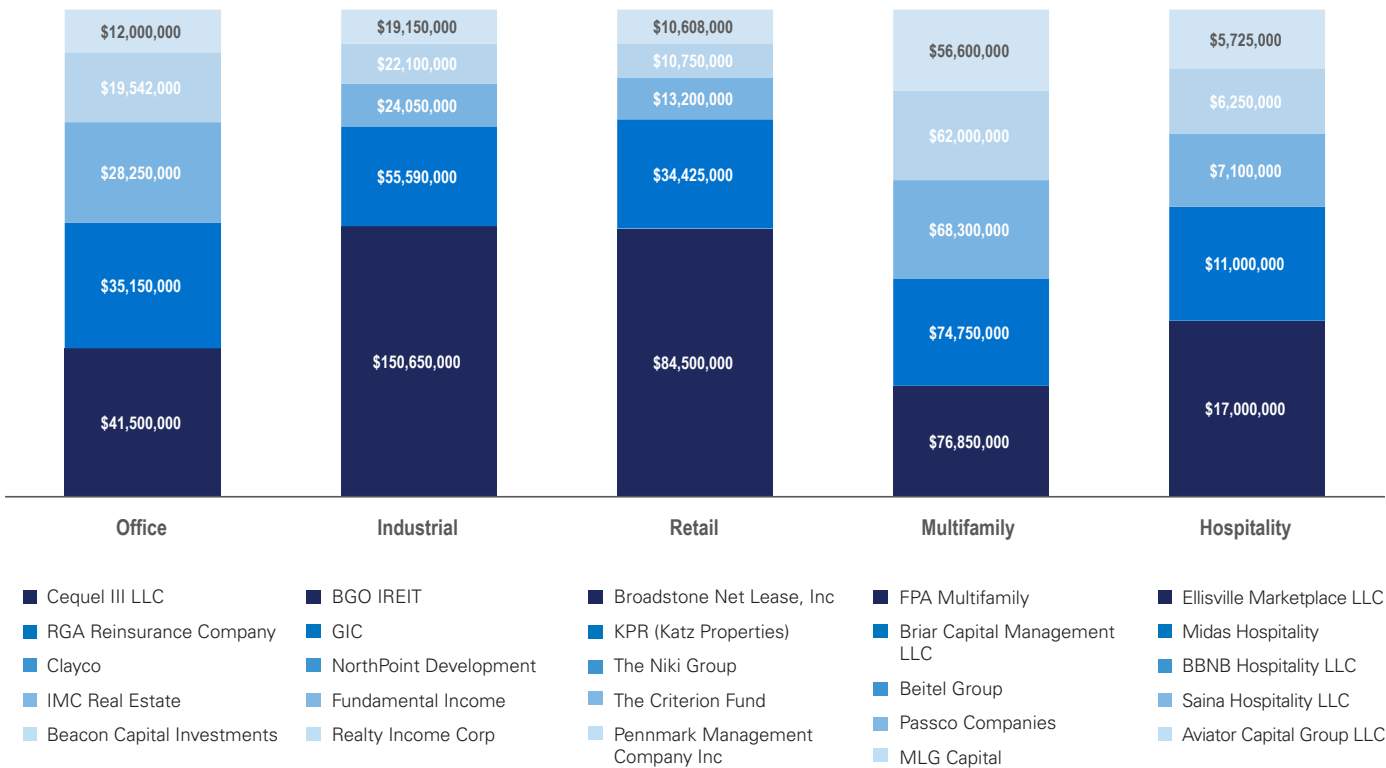
CAP RATES | ALL PROPERTY TYPES

12-MONTH AVERAGE, INCLUDES PROPERTY OR PORTFOLIO SALES \$2.5 MILLION OR GREATER



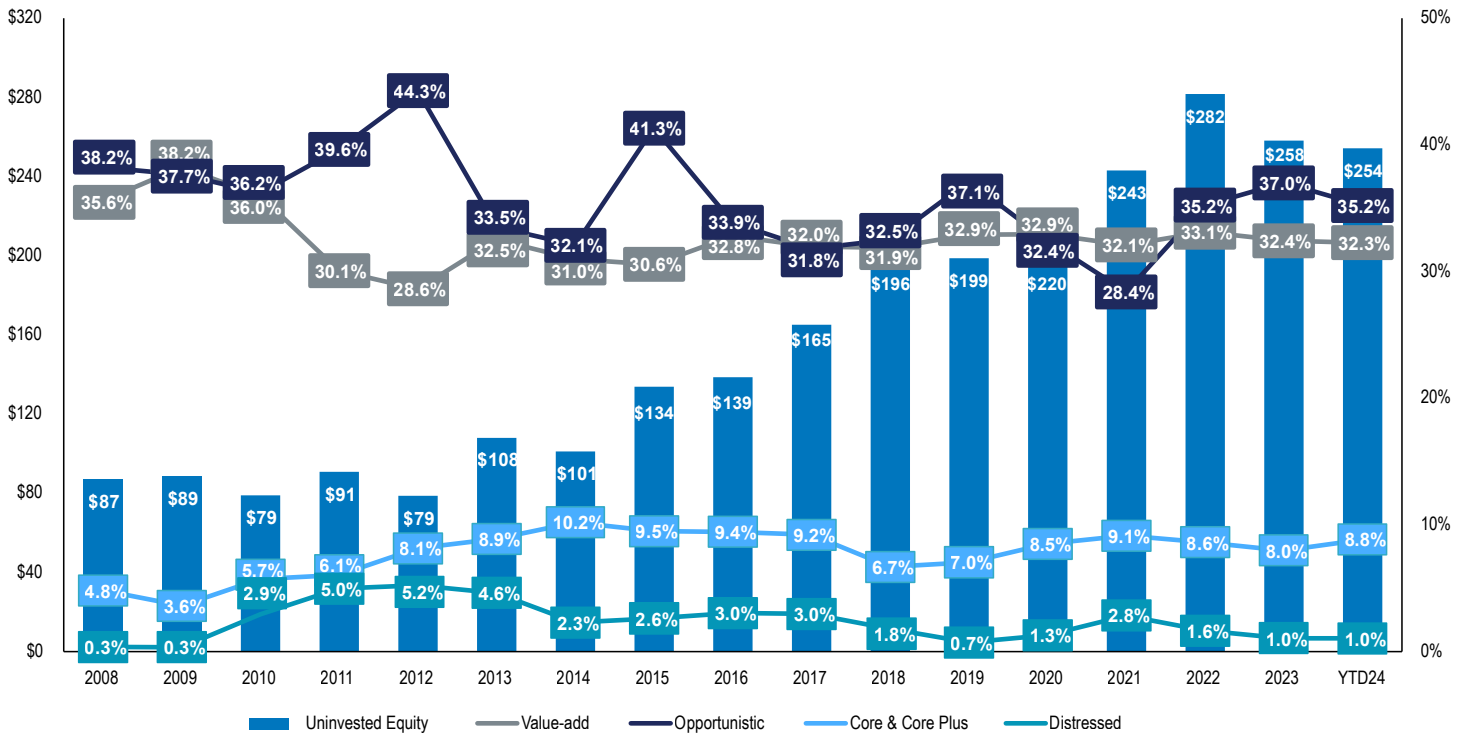
SELECT ACTIVE BUYERS IN THE ST. LOUIS MARKET BY ASSET TYPE

12-MONTH TOTALS



DRY POWDER

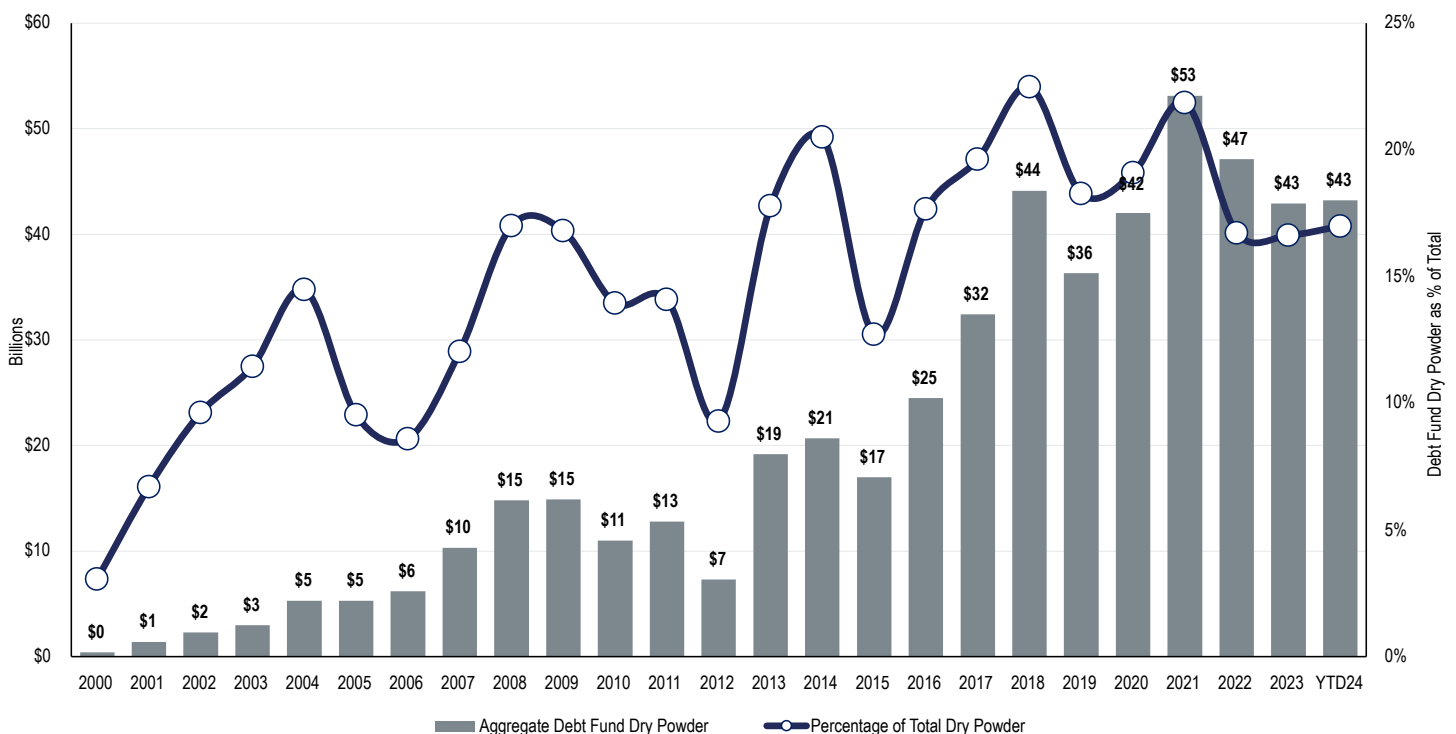
With high levels of dry powder, expect creative approaches to deploy capital. Dry powder allocated to opportunistic deals increased significantly 680 bps from 28.4% in 2021 to 35.2% in 2Q24. Value-add strategies have remained stable during the past 10 years, ranging from 30.6% in 2015 to 33.1% in 2022.



Note: Excludes Debt Funds, Secondaries, Fund of Funds, Co-Investment

Source: Newmark Research, Prequin

DEBT FUND DRY POWDER



Source: Newmark Research, Prequin

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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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