
RESEARCH 2024

St. Louis Retail Report

NEWMARK
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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

The Plaza & Shoppes at Sunset Hills Portfolio

450,940 SF GLA – SOLD FOR \$84,500,000 (\$187/SF)

South County | Sunset Hills, St. Louis

Grandview Plaza Shopping Center Portfolio | Florissant, MO

295,860 SF GLA – SOLD FOR \$13,525,000 (\$46/SF)

North County | 62 Grandview Plaza

2393-2435 North Highway 67 Portfolio | Florissant, MO

112,470 SF GLA – SOLD FOR \$10,750,000 (\$96/SF)

North County | 2391-2399; 2393-2435 N Highway 67

Former HHGregg | Chesterfield, MO

24,610 SF GLA – SOLD FOR \$3,200,000 (\$130/SF)

West County | 17397 Chesterfield Airport Road

Highland Shopping Center | Highland, IL

15,840 SF GLA – SOLD FOR \$2,550,000 (\$161/SF)

Metro East | 12547 State Route 143

Retail

ST. LOUIS MARKET OVERVIEW

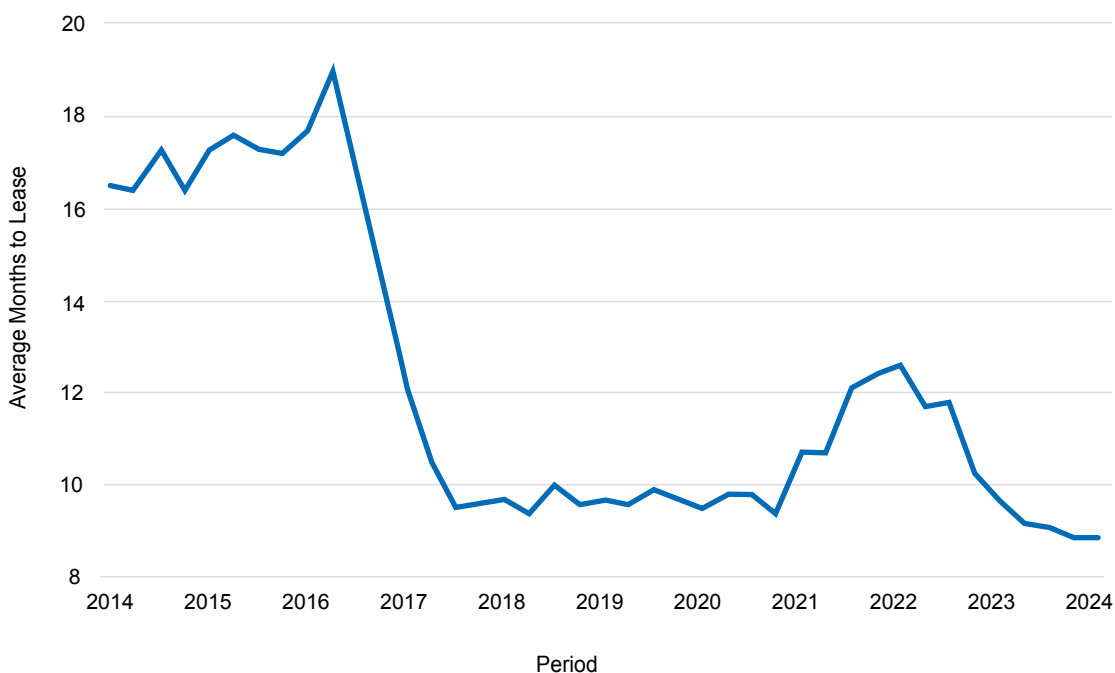
Vacancy rates continue to trend at just above 3.9% during the second quarter of 2024 in the St. Louis retail market. Continued demand coupled with limited supply is creating a competitive environment for retailers who are vying for ideal-sized space and prime locations in thriving retail centers. Retailers of all sizes and varying uses are expanding, but the window of opportunity to identify a target space is shifting to a tight timeline. Per CoStar, "Over 80% of retail spaces listed on the market during the past year were leased within six months of first becoming available, while 98% were leased within nine months."

Market News

- Construction will begin in October on CarShield Sportsplex, a \$60.0 million indoor-and-outdoor sports facility located in Chesterfield. The 325,000-SF hockey and soccer facility will be one of the largest in the Midwest and is planned to be delivered by January 2026.
- Shake Shack and Rally House will back-fill the former Fuddruckers restaurant at 10752 Sunset Chase Drive in Sunset Hills. Shake Shack will occupy 3,500 SF and Rally House will lease 5,600 SF of space.
- First Watch officially returned to Clayton, opening in June at the same address it used to occupy. Located on the ground floor of 8001 Forsyth Blvd., the 4,800-SF restaurant will be First Watch's 13th location in the Metro.
- Taziki's Mediterranean Café opened its first Metro location in the 2,600-SF space at 12704 Olive Blvd. in Creve Coeur. The fast-casual restaurant chain also recently signed a lease for a second location in Des Peres.

There are decent opportunities in both new construction projects and second-generation space. However, tenants are aware of the ongoing competition for space, the need for insight into the market, identifying prime space quickly, and making decisions effectively. Landlords continue to aggressively force rents upward and push additional costs onto the Tenant. Expect this trend to continue throughout the second half of 2024 with demand expected to apply pressure on supply.

Average Time For Retail Space To Lease Hits Decade Low



2Q24 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	5,615,610	5.60%	-1,103	-58,750	\$19.20
CHESTERFIELD	Small Shop	95	494,998	0.00%	0	0	\$22.15
	Big Box	97	5,120,612	6.10%	-1,103	-58,750	\$19.12
	All	580	6,018,045	1.70%	2,971	70,652	\$11.82
FRANKLIN COUNTY	Small Shop	420	1,734,052	1.30%	11,796	14,143	\$14.30
	Big Box	160	4,283,993	1.90%	-8,825	56,509	\$11.50
	All	449	4,651,774	1.20%	3,960	80,167	\$12.56
JEFFERSON COUNTY	Small Shop	319	1,248,385	1.00%	0	10,496	\$16.39
	Big Box	130	3,403,389	1.30%	3,960	69,671	\$10.78
	All	2,776	32,601,784	3.50%	51,858	201,356	\$13.35
METRO EAST	Small Shop	2,050	7,783,586	2.10%	11,262	28,423	\$19.34
	Big Box	726	24,818,198	3.90%	40,596	172,933	\$12.36
	All	1,113	17,639,236	1.50%	-11,873	171,578	\$22.35
MID COUNTY	Small Shop	746	2,975,442	2.90%	4,901	30,249	\$23.52
	Big Box	367	14,663,794	1.30%	-16,774	141,329	\$21.96
	All	1,668	20,620,259	5.50%	26,592	433,335	\$12.27
NORTH-NORTHEAST COUNTY	Small Shop	1,197	4,390,854	1.80%	-19,404	18,524	\$14.97
	Big Box	471	16,229,405	6.50%	45,996	414,811	\$11.92
	All	1,696	24,007,161	3.60%	-6,542	85,623	\$16.75
ST. CHARLES COUNTY	Small Shop	1,176	4,839,164	2.70%	15,753	14,304	\$20.48
	Big Box	520	19,167,997	3.90%	-22,295	71,319	\$15.33
	All	2,493	21,757,546	4.40%	-119,323	-36,499	\$15.31
ST. LOUIS CITY	Small Shop	1,977	7,427,629	2.60%	-17,968	-28,769	\$15.91
	Big Box	516	14,329,917	5.30%	-101,355	-7,730	\$15.08
	All	1,323	20,764,559	4.60%	41,033	238,409	\$13.83
SOUTH COUNTY	Small Shop	892	3,563,739	1.60%	-2,323	12,310	\$17.96
	Big Box	431	17,200,820	5.20%	43,356	226,099	\$13.49
	All	648	12,034,348	5.70%	25,510	54,410	\$15.53
WEST COUNTY	Small Shop	379	1,615,555	1.80%	9,847	20,506	\$19.02
	Big Box	269	10,418,793	6.20%	15,663	33,904	\$15.32
TOTALS	All	12,938	165,710,322	3.90%	13,083	1,240,281	\$14.72
	Small Shop	9,251	36,073,404	2.10%	13,864	120,186	\$18.30
	Big Box	3,687	129,636,918	4.40%	-781	1,120,095	\$14.00

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

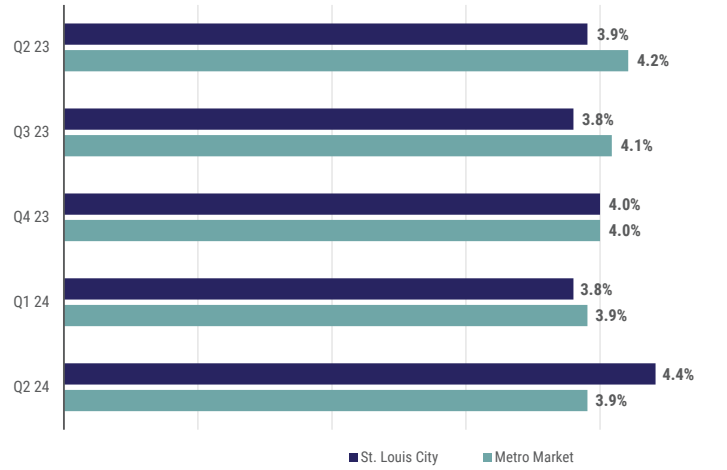
VACANCY RATE

The St. Louis City vacancy rate displayed an upward trend, increasing **50 basis points** compared to the past year.

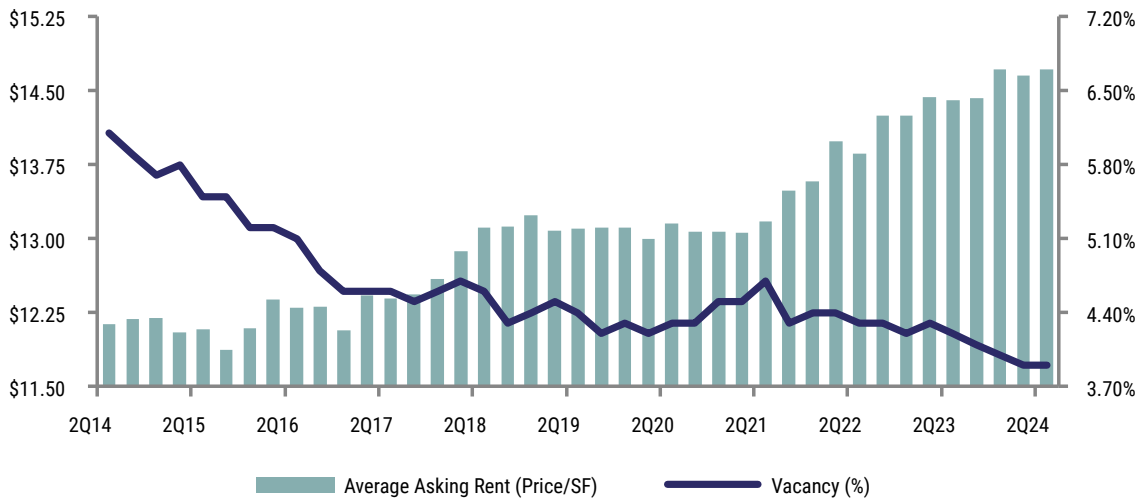
METRO MARKET

VACANCY RATE

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

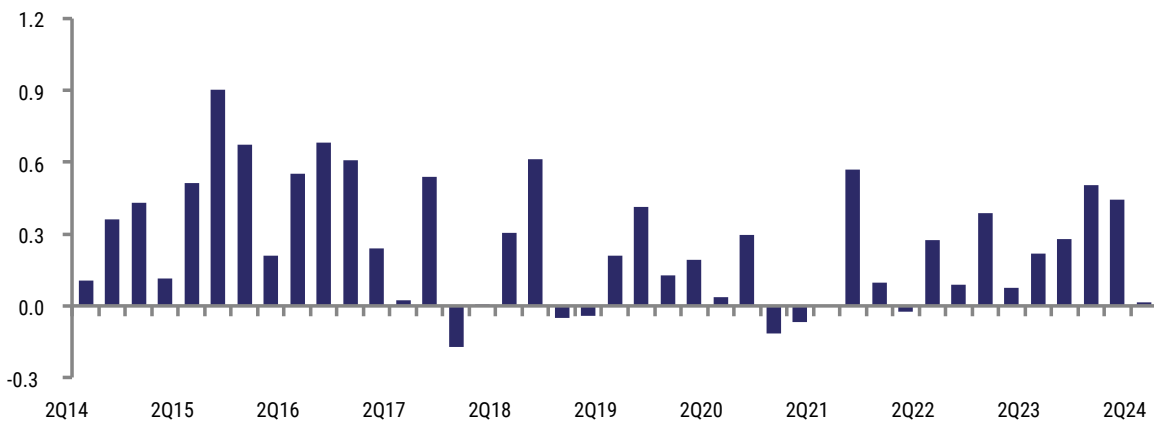


ASKING RENT AND VACANCY



NET ABSORPTION

SQUARE FEET, MILLIONS





2Q24 St. Louis

SUBMARKET VACANCY RATE

CHESTERFIELD VACANCY RATE

Worsened by
110 basis points
compared to the
past year.

5.6%

2024

4.5%

2023

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

METRO EAST VACANCY RATE

Improved by
30 basis points
compared to the
past year.

3.5%

2024

3.8%

2023

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

MID COUNTY VACANCY RATE

Improved by
60 basis points
compared to the
past year.

1.5%

2024

2.1%

2023

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

WEST COUNTY VACANCY RATE

Improved by
40 basis points
compared to the
past year.

5.7%

2024

6.1%

2023

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

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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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