



# Q4 2018 Office Market Report

## MARKET TRENDS

Compared to Previous Quarter

Vacancy Rate



Net Absorption



Rental Rates



Construction



The overall office vacancy rate for the St. Louis market showed improvement at the end of 2018. The overall vacancy rate was 10.7% at the end of the fourth quarter 2018, compared to 11.3% at the end of the third quarter 2018. The Clayton submarket continued to have the lowest vacancy rate at 4.4% for overall office vacancy, and the St. Charles submarket had the most improvement dropping 6.8% ending 2018 at 10.2%. Urshan College purchased the former CenturyLink campus in Wentzville for \$5.4 million eliminating over 100,000 square feet of vacant office space. The CBD also showed improvement. Starlake Holdings, an investment firm launched by Square founder Jim McKelvey, purchased 901 N. 10th St. in December, after purchasing the Post-Dispatch Building at 900 N. Tucker Blvd. in September.

There was positive 313,691 square feet absorbed at the end of the fourth quarter 2018, including the 208,524 square feet absorbed in the St. Charles submarket.

The average quoted asking rental rate in the St. Louis office market showed a slight decrease, ending the fourth quarter 2018 at \$20.38 per square foot per year. That compares to \$20.63 per square foot at the end of the second quarter 2018. The Clayton, St. Louis City and West County submarkets continued to have the highest asking rental rates.

There were no new buildings delivered in the fourth quarter 2018 and over a million square feet remained under construction, led by Centene's campus expansion.

## NOTEWORTHY SALE



CenturyLink campus, a 4-building, 258,011-SF office portfolio located on 34.62 acres in Wentzville, sold for \$5,400,000 (\$20.93 PSF).

## NOTEWORTHY SALE



901 N. 10th St., a 73,950-SF Class B office building located downtown St. Louis, sold for \$2,000,000 (\$27.05 PSF).

Submarket	Existing Inventory		Direct SF	Vacancy		Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bldgs.	Total GLA		Total SF	Vac %				
Central Business District (CBD)	96	14,200,612	1,919,608	2,005,418	14.1%	150,815	0	200,000	\$17.38
St. Louis City* (Other than CBD)	43	2,633,506	251,023	261,534	9.9%	(19,768)	182,000	120,000	\$18.70
Clayton	76	7,481,448	320,558	325,776	4.4%	32,553	0	600,000	\$25.13
Olive-270/ Westport	114	7,472,318	744,400	771,330	10.3%	(3,148)	0	0	\$19.89
West County	113	8,022,643	722,352	821,085	10.2%	(82,600)	0	36,000	\$24.96
South County	60	2,930,129	256,807	273,916	9.3%	24,906	0	0	\$21.54
North County	48	3,652,418	607,851	607,851	16.6%	4,434	0	0	\$17.87
St. Charles	45	3,058,747	288,504	311,281	10.2%	208,524	0	60,000	\$19.13
Illinois	73	3,275,172	237,720	244,355	7.5%	(2,025)	0	0	\$18.84
<b>Totals</b>	<b>668</b>	<b>52,726,993</b>	<b>5,348,823</b>	<b>5,622,546</b>	<b>10.7%</b>	<b>313,691</b>	<b>182,000</b>	<b>1,016,000</b>	<b>\$20.38</b>

Source: CoStar Property®

\* The St. Louis City submarket analytics are primarily a reflection of the Cortex District and the "Midtown" St. Louis area. Office market data used for this report consists of only multi-tenant office buildings over 20,000 square feet, excluding medical. The above chart is a combination of Class A, Class B and Class C buildings.

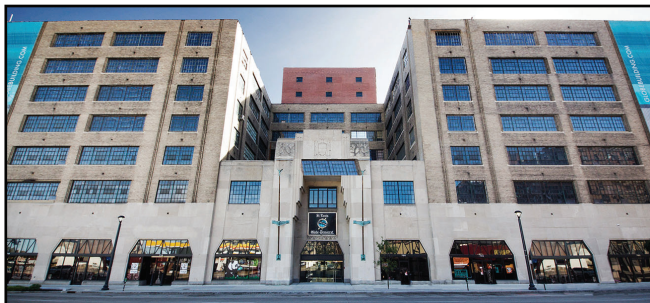


## RECENT MARKET TRANSACTIONS

Tenant Name	Building	SF	Submarket
Centene	11720 Borman	93,000	Olive-270/Westport
Elsevier*	3251 Riverport Ln.	90,000	North County
Elekta*	13723 Riverport Dr	37,000	North County
Ascension*	101 S. Hanley	36,000	Clayton
Clearent	11330 Olive Blvd.	30,000	Olive-270/Westport

\*Renewal

## FEATURED PROPERTY



### The Globe Office Building

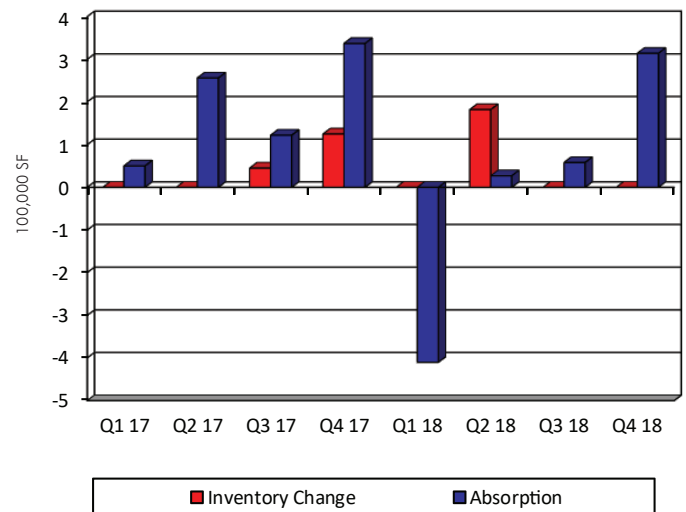
710 N. Tucker, St. Louis, MO 63101

- 70,000 SF - 85,000 SF Contiguous Floor Plates
- 200,000 SF Available
- Located on the Fiber Backbone Serving the City & NGA
- 6 Industrial-Sized Elevators
- Newly Renovated Interiors
- 375 Space Underground, Secured Parking
- Minimum 12' Clear Ceiling Height
- Security Includes Key Fob Access & Lobby Attendant During Daytime Hours
- Lease Rate: \$10.50 - \$13.50 PSF, Modified Gross

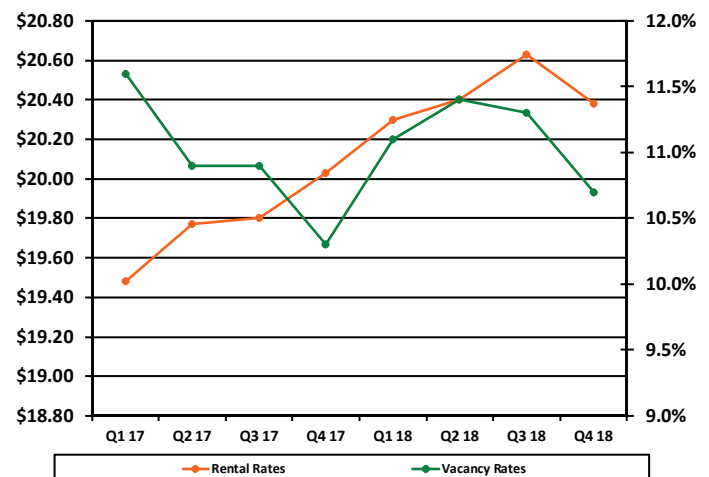
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## Overall Office Inventory & Absorption



## Overall Office Rental Rates & Vacancy Rates



\*Disclaimer: All information is collected from CoStar Group at the end of 4th Quarter. All information is subject to change. Updated numbers for past quarters reflect CoStar's ongoing research for the most accurate market information.