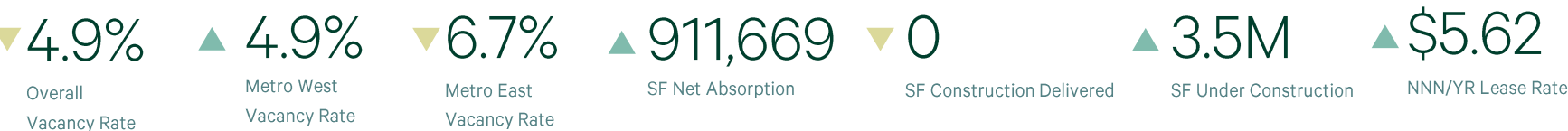


FIGURES | ST. LOUIS INDUSTRIAL | Q1 2025

Strongest Quarter Of Net Absorption in Two Years Marred By Weak Leasing and Sales Activity.

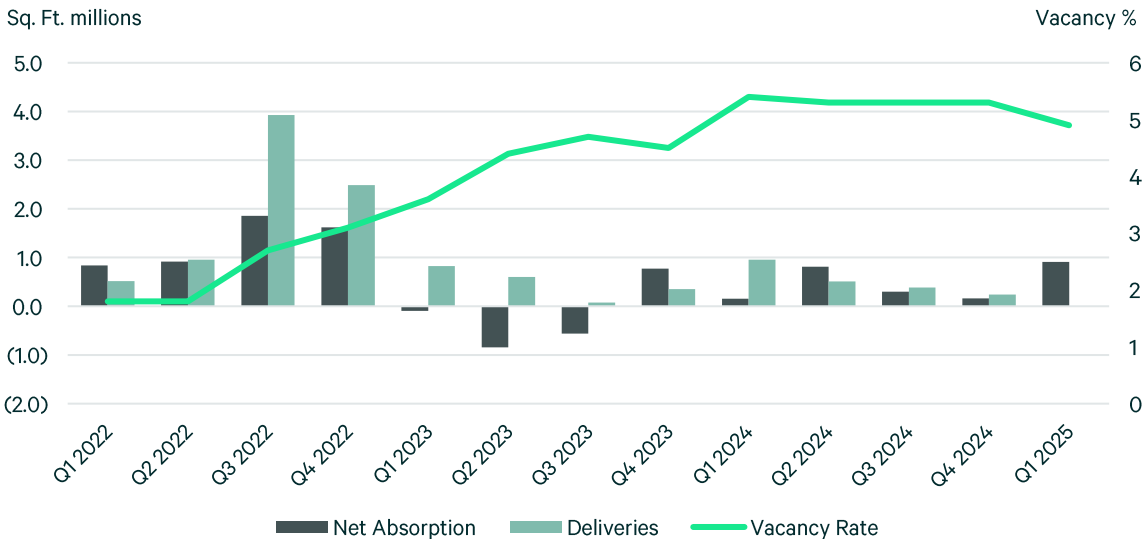


Note: Arrows indicate change from previous quarter.

SUMMARY

- Absorption experienced its strongest quarter since 2022 at 911,669 SF, ranking in the top 25% of Midwest markets, despite overall muted leasing activity in the region.
- Overall vacancy contracted to 4.9% in Q1 after flatlining for the majority of 2024 above 5%.
- Average direct asking rates grew by \$0.06 to \$5.62 in the first quarter.
- Demand began to ease across the metro in the first quarter and transaction volume dropped by 10% with 1.1 MSF of recorded leasing activity.
- Construction activity experienced a pickup in both speculative and industrial product, bringing the current pipeline to 3.5 MSF
- Industrial Investment sales volume totaled \$19 Million in Q1, down from a robust \$226 in the fourth quarter of 2024 and among the weakest on record per Real Capital Analytics.
- CBRE has updated the criteria for industrial tracked building sets to reflect buildings with a Net Rentable Area (NRA) of 30,000 square feet or higher. In addition to creating regional consistency, this change will enhance the reporting and depth of data on each market's most competitive buildings. Historical stats have been revised to reflect current industrial thresholds. Building inventories will be evaluated quarterly to ensure they remain the most comprehensive and accurate representation of each market.

FIGURE 1: Historical Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q1 2025

Availability Rate

Overall availability remained flat this quarter at 6.8% as users were reluctant to make any significant moves in the region.

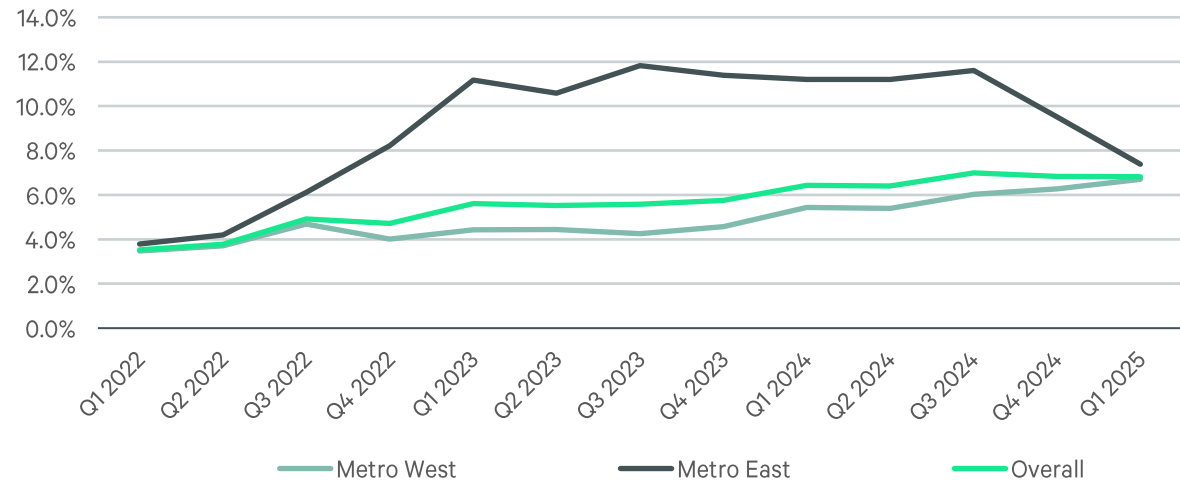
The Metro West collection of markets continued to experience upward pressure on availability this quarter increasing by 30 bps to 4.6%. A large driver of this increase were several assets in North County including 13333 Lakefront (189,555 SF), 1609 Park 370 (131,066 SF) and 333 Rock Industrial (102,961 SF) additionally Maryland Heights Commerce Center buildings 3 (369,534 SF) & 2B (202,766 SF) started pre-leasing ahead of delivery.

The Metro East fared comparatively better than the region as a whole. Availability contracted by 210 bps to 7.4% primarily driven by a confidential deal completed at 5701 Inner Park Dr (431,000 SF) and US Lumber at Gateway Panattoni 1 (187,000 SF).

Asking Rent

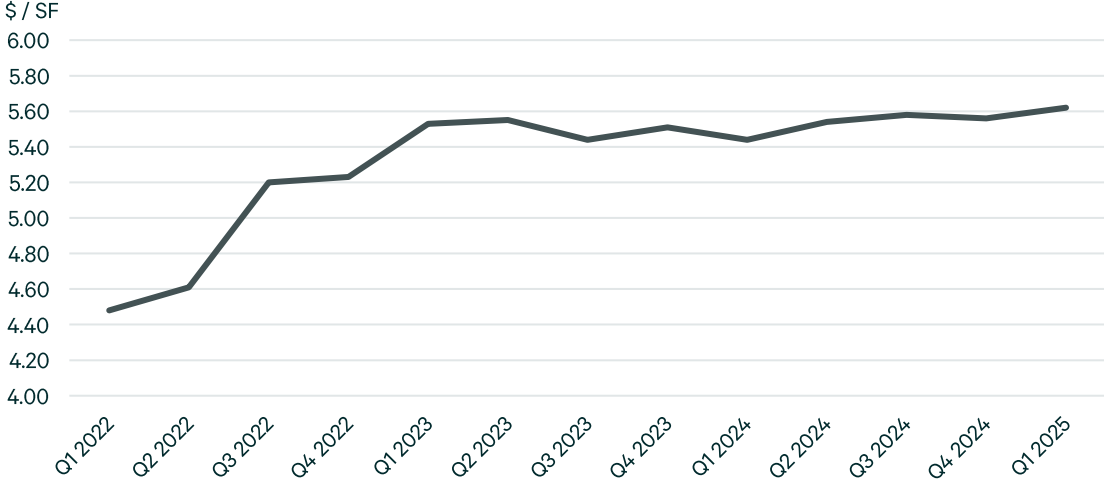
Asking rents continue to increase at a slow pace, reaching \$5.62 NNN, an increase of \$0.06 over the prior quarter.

FIGURE 2: Availability Rates



Source: CBRE Research, Q1 2025

FIGURE 3: Avg. Direct Asking Rate (NNN/YR)



Source: CBRE Research, Q1 2025

Net Absorption

St. Louis experienced its strongest quarter of net absorption since the post-covid bull run of 2022. The market also ranked in the top 25% of markets in the Midwest for the first quarter posting 911,669 SF of positive absorption.

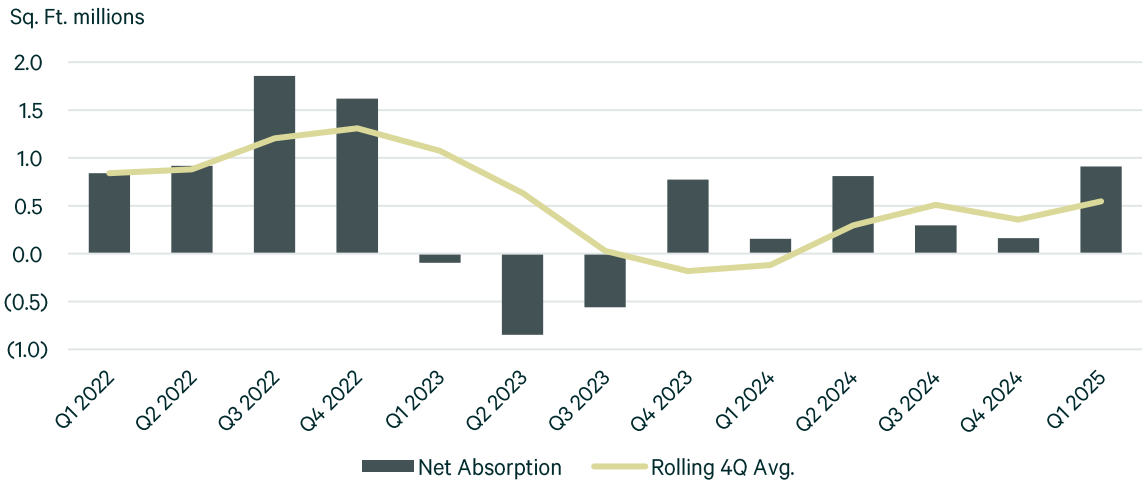
Although absorption was strong, weaker than average leasing activity has the potential to dampen absorption in the remainder of 2025 as users are weary to make decisions in an increasingly challenging environment.

Construction Activity

Construction experienced a notable rebound from its 2024 lull in the first quarter. The first new major speculative development broke ground for the first time in a year with Maryland Heights Commerce Center starting on its first two assets Building 2B (202,766 SF) and Building 3 (369,534 SF) in the Maryland Heights submarket. Speculative development now represents 40% of the pipeline. Conversely Built to Suit continued to drive the majority of the pipeline representing 60% of the pipeline. Built to Suit also received a bump with Amazon breaking ground on a new built to suit project in the Metro East. Gateway Tradeport 6 will bring another 933,000 SF Amazon Distribution center to the market.

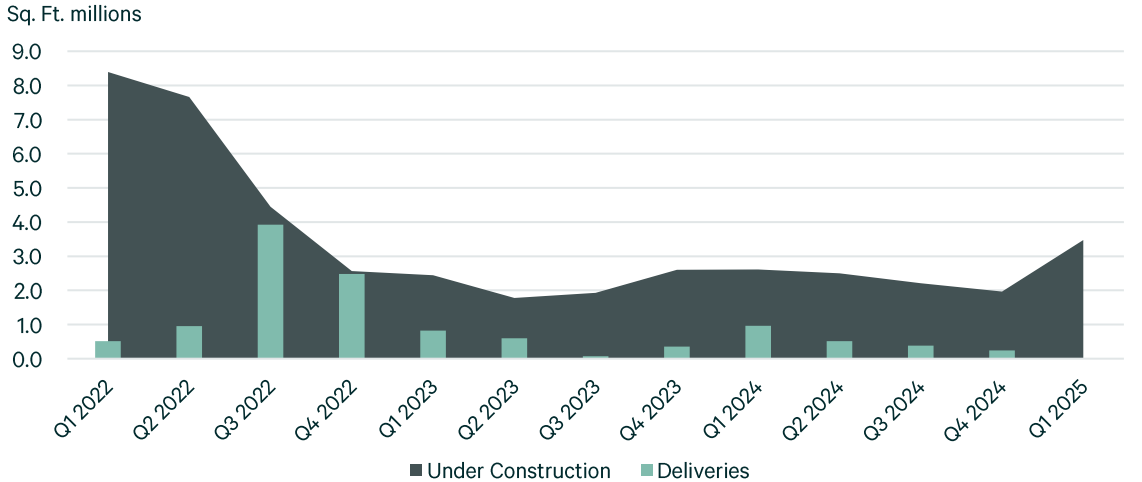
As we enter a new Industrial cycle and vacancy begins to tighten, additional speculative product will be required to serve existing and new-to-market users as old and inefficient space becomes increasingly obsolete for modern needs.

FIGURE 4: Net Absorption Trend



Source: CBRE Research, Q1 2025

FIGURE 5: Construction Activity



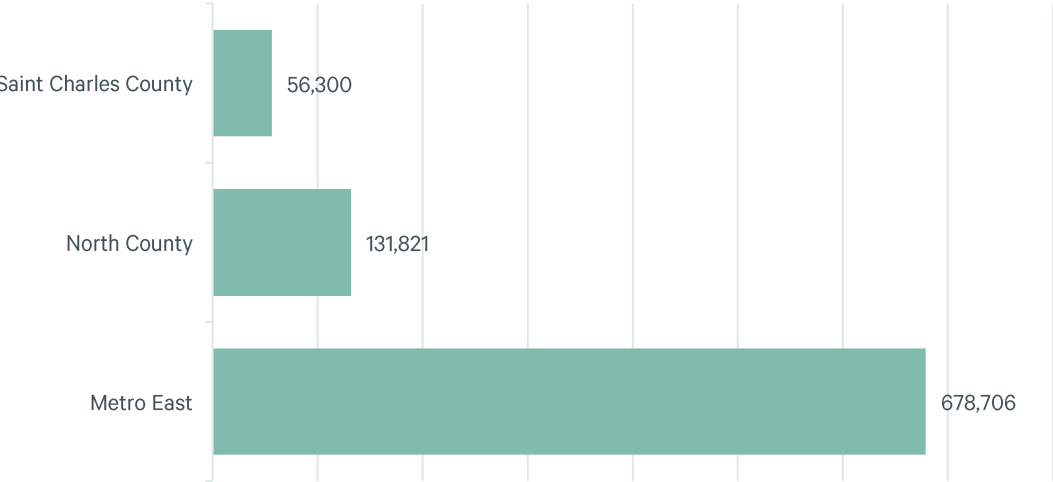
Source: CBRE Research, Q1 2025

Leasing Activity

Demand began to ease across the metro in the first quarter and transaction volume dropped by 10% with 1.1 MSF of recorded leasing activity. In a continued sign of recovery from its 2024 low, the Metro East submarket continued to bring the lions share of activity in the market with 678,000 SF of transactions. The two largest deals of the quarter were signed in this market including a confidential automotive user at 5701 Innerpark Dr (431,000 SF) and US Lumber at Gateway Panattoni 1 (187,000 SF). The Metro West group of submarkets experienced 479,000 SF of leasing activity with no deals over 100,000 SF transacting in Q1.

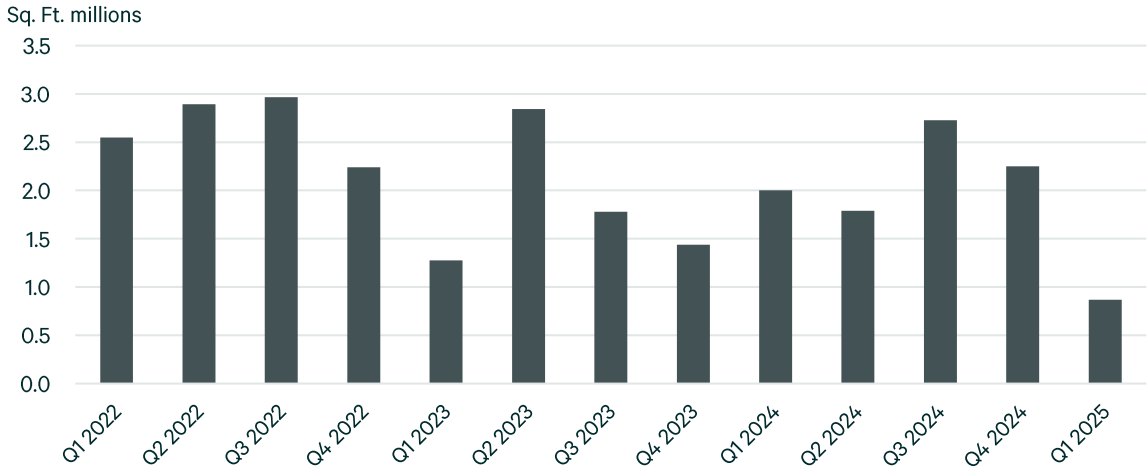
Industrial Investment sales volume totaled \$19 Million in Q1, down from a robust \$226 M in the fourth quarter of 2024. This represents one of the weakest quarters on recent record per Real Capital Analytics.

FIGURE 6: Leasing Activity by Submarket – Leases 50,000 sq. ft. and up



Source: CBRE Research, Q1 2025

FIGURE 6: Leasing Activity Trend – Leases 50,000 sq. ft. and up



Source: CBRE Research, Q1 2025

FIGURE 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Confidential	431,836	New Lease	5701 Innerpark Dr	Metro East
US Lumber	187,969	New Lease	2601 Westway Dr	Metro East
Rug Doctor	69,975	New Lease	6200-6228 Pershall Rd	North County
IRON MOUNTAIN LOGISTICS	58,901	Renewal	7-21 Gateway Commerce Center Dr W	Metro East
Rawlings Sporting Goods	56,300	New Lease	Technology Dr	Saint Charles County
Glen Ellyn Storage	44,010	New Lease	306 Hazelwood Logistics Center Dr	North County
TW CONSTRUCTORS	30,630	New Lease	4341-4349 Green Ash Dr	Earth City
Anji Mountain	29,577	New Lease	13955 Riverport Place Dr	Maryland Heights

Source: CBRE Research, Q1 2025

Market Statistics by Size

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Under 100,000 sq. ft.	61,470,669	1.7	3.1	2.9	0.2	7.73	11,786	11,786	0	280,145
100,000-199,999 sq. ft.	42,603,775	4.6	6.2	4.2	2.0	5.97	(376,635)	(376,635)	0	0
200,000-299,999 sq. ft.	24,763,055	7.4	12.2	10.5	1.7	5.61	(256,705)	(256,705)	0	202,766
300,000-499,999 sq. ft.	29,596,540	6.4	9.9	7.8	2.1	5.49	110,075	110,075	0	1,078,869
500,000-749,999 sq. ft.	16,678,631	9.2	8.5	4.6	3.9	3.97	298,352	298,352	0	0
750,000 sq. ft.	35,790,942	6.0	6.9	6.8	0.1	4.65	1,124,796	1,124,796	0	1,912,000
Total	210,903,612	4.9	6.8	5.5	1.3	5.62	911,669	911,669	0	3,473,780

Market Statistics by Product Type

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Distribution / Logistics	163,665,336	5.8	7.9	6.3	1.7	5.64	867,409	867,409	0	2,308,880
Manufacturing	36,520,925	1.6	2.5	2.5	0.0	4.31	14,500	14,500	0	1,026,500
R&D / Flex	10,181,191	3.8	4.5	4.4	0.0	8.59	29,760	29,760	0	138,400
Other Industrial	536,160	0.0	0.0	0.0	0.0	0.00	0	0	0	0
Total	210,903,612	4.9	6.8	5.5	1.3	5.62	911,669	911,669	0	3,473,780

Market Statistics by Submarket

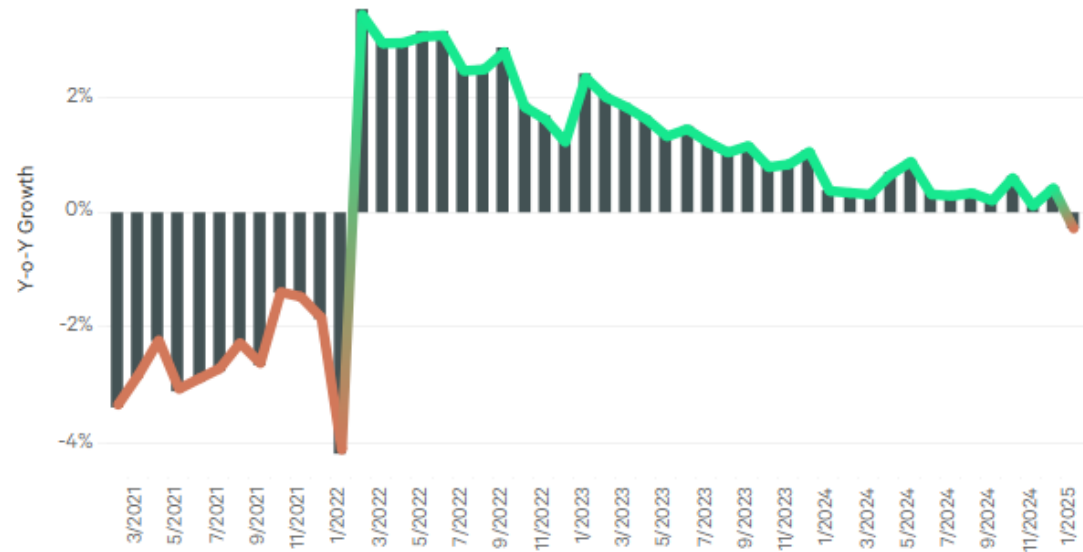
	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Central County	15,558,818	1.1	3.3	2.0	1.3	7.63	33,998	33,998	0	0
Downtown	45,004,797	3.9	6.2	5.8	0.4	4.98	(249,999)	(249,999)	0	0
Earth City	19,020,563	6.2	9.6	7.3	2.3	6.16	(159,016)	(159,016)	0	0
Fenton	8,361,017	2.6	7.0	7.0	0.0	7.63	33,947	33,947	0	0
Maryland Heights	3,587,088	20.0	19.1	13.7	5.4	6.28	14,534	14,534	0	929,356
Metro East	36,631,768	6.7	7.4	5.1	2.3	4.23	1,344,981	1,344,981	0	1,027,245
North County	33,638,840	6.4	7.9	6.2	1.7	5.51	164,720	164,720	0	1,468,779
Saint Charles County	27,225,722	5.2	6.7	6.0	0.8	5.64	(179,013)	(179,013)	0	48,400
South County	5,883,770	1.3	1.3	1.3	0.0	7.5	0	0	0	0
West County	5,557,058	1.0	2.5	2.5	0.0	11.82	20,340	20,340	0	0
Westport	10,434,171	2.6	5.4	4.8	0.5	7.02	(112,823)	(112,823)	0	0
Total	210,903,612	4.9	6.8	5.5	1.3	5.62	911,669	911,669	0	3,473,780

Economic Overview

Policy speculation and announcements are now the key drivers of macro expectations and financial markets. The reality of material trade conflicts this year is now paired with realized softer economic data. Some of this could be due to firms taking a 'wait-and-see' approach as they digest changing trade policy. Consumer sentiment has declined noticeably, albeit much more than actual spending. Consequently, CBRE has revised its GDP growth outlook for this year down to just below 2%.

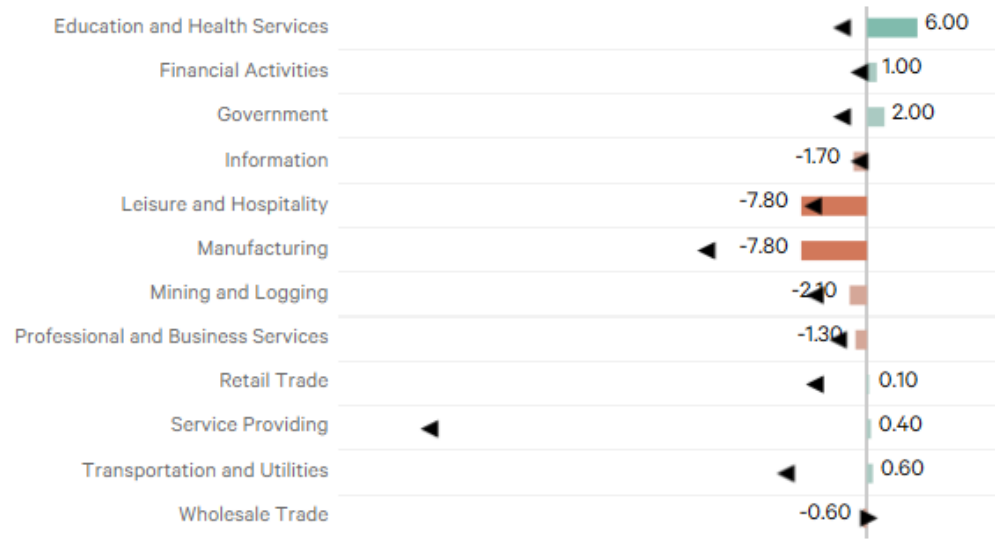
Despite policy uncertainty, credit markets are more accommodative, with tighter spreads and more issuance compared to a few quarters ago. More fluid credit markets have yet to translate into stronger sales volume, as many institutional owners and reams of dry powder capital remain on the sidelines. The continuation of accretive credit trends and eventual deployment of dry powder will depend on the impact of new policies. Should they prove more inflationary, this would erode recent capital markets progress. If not, and macro impacts are limited, this could give the Fed a green light for further cuts and help unlock monies waiting on the sidelines.

Job Growth - Year over Year Trend

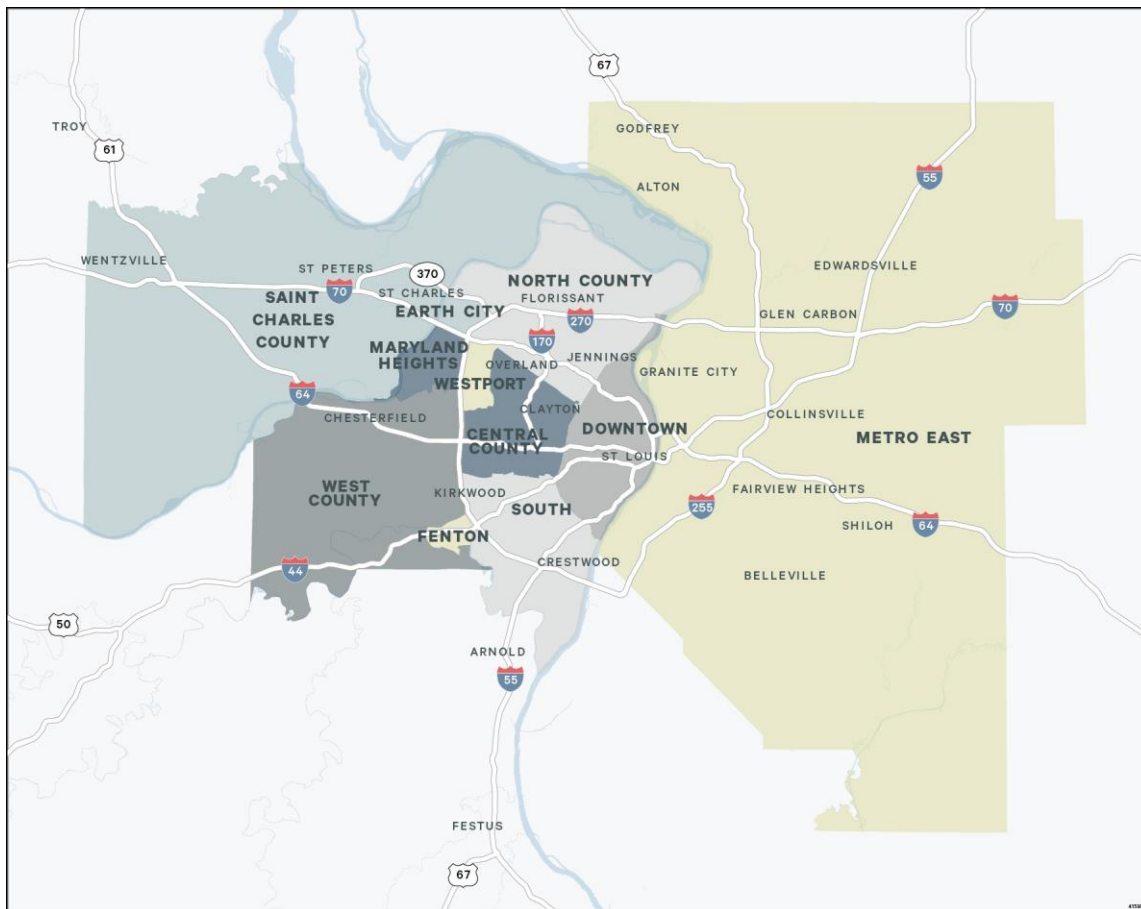


Employment Change by Sector - Yearly & Monthly

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. Class A industrial are buildings built after 2000, with 32’ or greater clear height and ESFR sprinklers.

Survey Criteria

Includes all industrial buildings 30,000 sq. ft. and greater. Buildings which have begun construction as evidenced by site excavation or foundation work.

Updated Tracked Criteria

CBRE has updated the criteria for industrial tracked building sets to reflect buildings with a Net Rentable Area (NRA) of 30,000 square feet or higher. In addition to creating regional consistency, this change will enhance the reporting and depth of data on each market's most competitive buildings. Historical stats have been revised to reflect current industrial thresholds. Building inventories will be evaluated quarterly to ensure they remain the most comprehensive and accurate representation of each market.

Contacts

Joshua Allen

Midwest Research Manager
Joshua.Allen@cbre.com

Marissa LaRue

Data Research Analyst
Marissa.Larue@cbre.com