

St. Louis Industrial Market Overview

Market Observations

Economy

- The region's labor market loosened as macroeconomic conditions shifted. August's unemployment rate increased to 4.7%, 40 basis points above the national average of 4.3%.
- Year-over-year, job growth was strongest in the Education and Health sector, followed by Leisure and Hospitality. Information and Manufacturing posted the largest job losses over the past 12 months.
- Industrial firms are recalibrating their workforce needs. Locally, employment increased in one of three key industrial sectors: Construction by 0.6%.

Major Transactions

- Geodis renewed its lease for the entire 624,130-SF Gateway East 624 distribution center located in Edwardsville, IL.
- Amazon signed a lease for the entire 357,060-SF River Valley Logistics Center II. The property delivered on a speculative basis during 3Q25 by NorthPoint Development.
- Confluence Genetics leased 99,460 SF at 15711 Westport Commerce Dr. in Westport Commerce Center.
- Oldcastle APG leased 74,370 SF at Lakeside Logistics Center V in St. Peters.

Leasing Market Fundamentals

- Net absorption in the third quarter of 2025 totaled negative 193,343 SF, reducing the past four-quarter total to 760,670 SF. This marks the reversal of four consecutive quarters of positive absorption from 2Q24 to 1Q25, as tenants capitalized on favorable conditions.
- The construction pipeline currently stands at 4.4 MSF, with 94% consisting of build-to-suit (BTS) projects. Speculative construction is expected to remain limited in 2025.
- Vacancy climbed 20 basis points to 4.8% in 3Q25 and year over year, a decent result compared to other U.S. industrial markets which experienced 50+ bps increases during the same period. The stability in vacancy since 1Q23 supports rental rate growth fundamentals and is spurring developers to explore select development options.

Outlook

- Uncertainty in the macroeconomic outlook continues, prompting occupiers and investors to approach transactions cautiously, dampening leasing and investment activity.
- Vacancy is expected to remain stable around 4.5% to 5.0%, as limited speculative deliveries align with a modest leasing pace. Unlike many markets, St. Louis has avoided oversupply both during and after the pandemic, positioning it favorably.
- Rental rates are projected to ease in the coming quarters, as liquidity constraints lead landlords to lower rents rather than offer larger concession packages. However, key submarkets with limited availability are expected to maintain prime rent levels.

1. Economy
2. Leasing Market Fundamentals
3. Submarket Statistics

3Q25

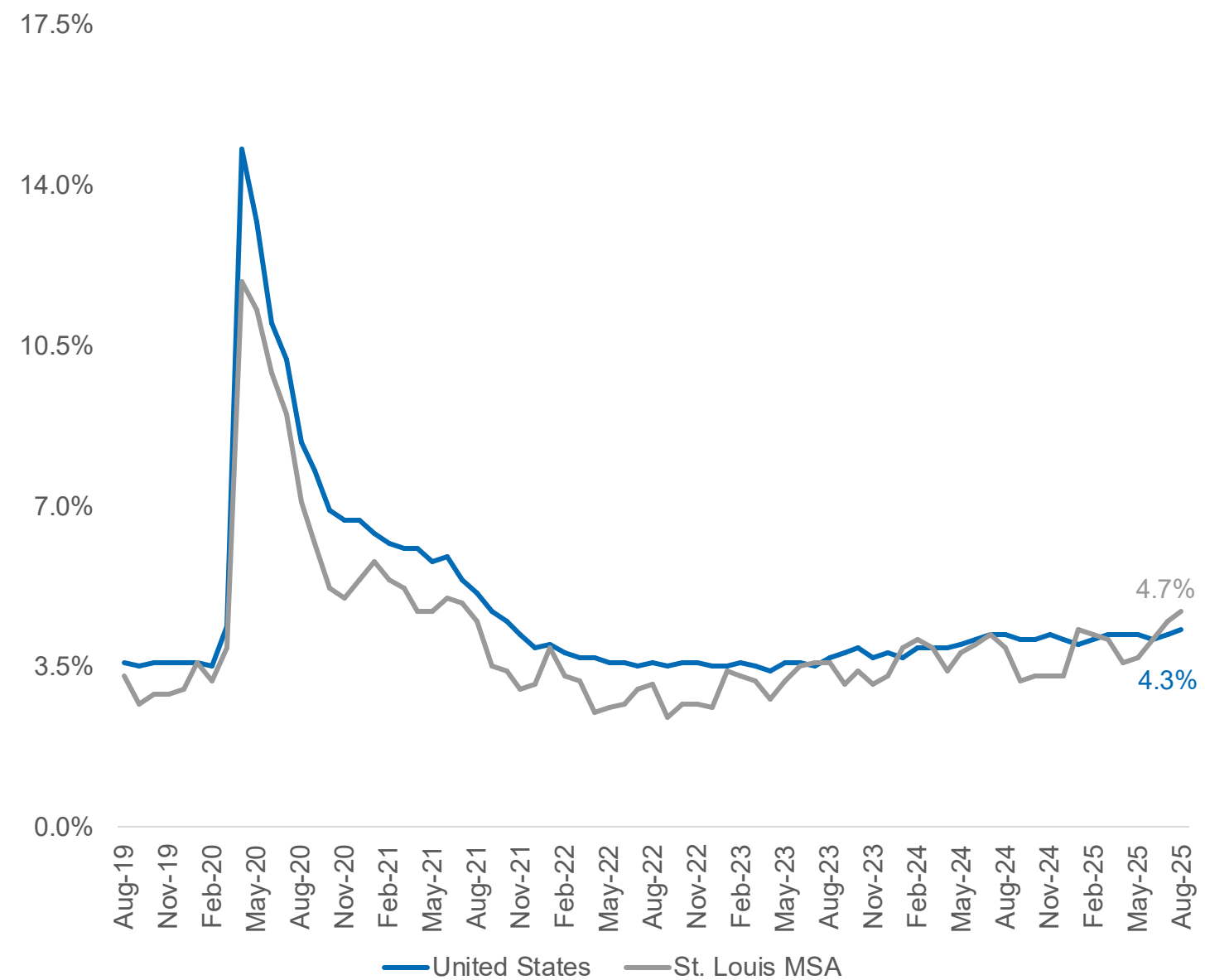
Economy



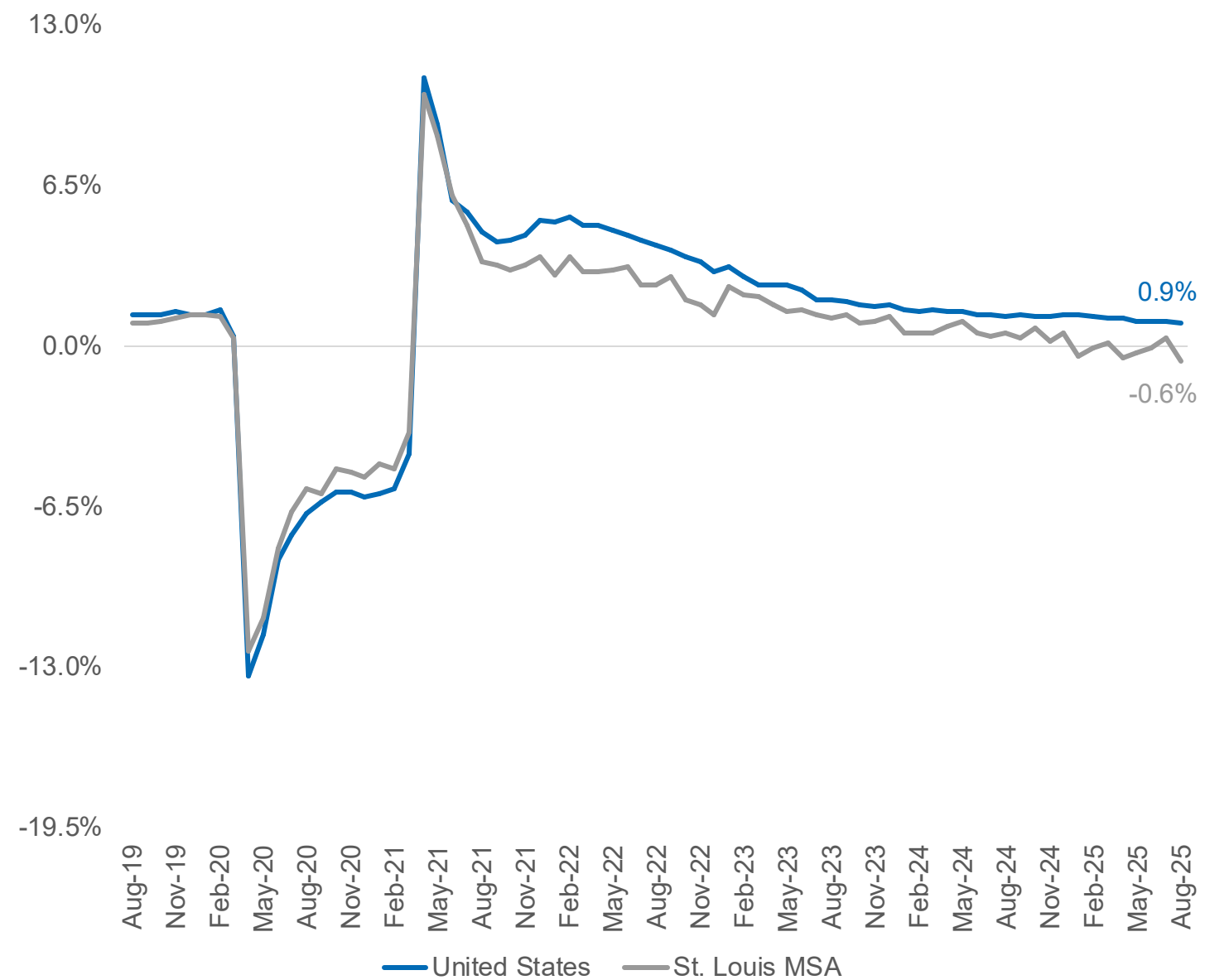
Metro Employment Trends Signal Increasing Unemployment

The St. Louis region’s labor market loosened as unemployment increased 100 basis points from the previous quarter. The regional unemployment rate now stands 40 basis points above the national average, signaling economic rigidity. Nonfarm payroll employment in the region remains in negative territory at negative 0.6%. According to the Kansas City Fed Labor Market Conditions Indicators, activity declined modestly to 0.25, while momentum decelerated modestly to -0.32 in August 2025.

Unemployment Rate, Non-Seasonally Adjusted



Nonfarm Payroll Employment, Non-Seasonally Adjusted, 12-Month % Change



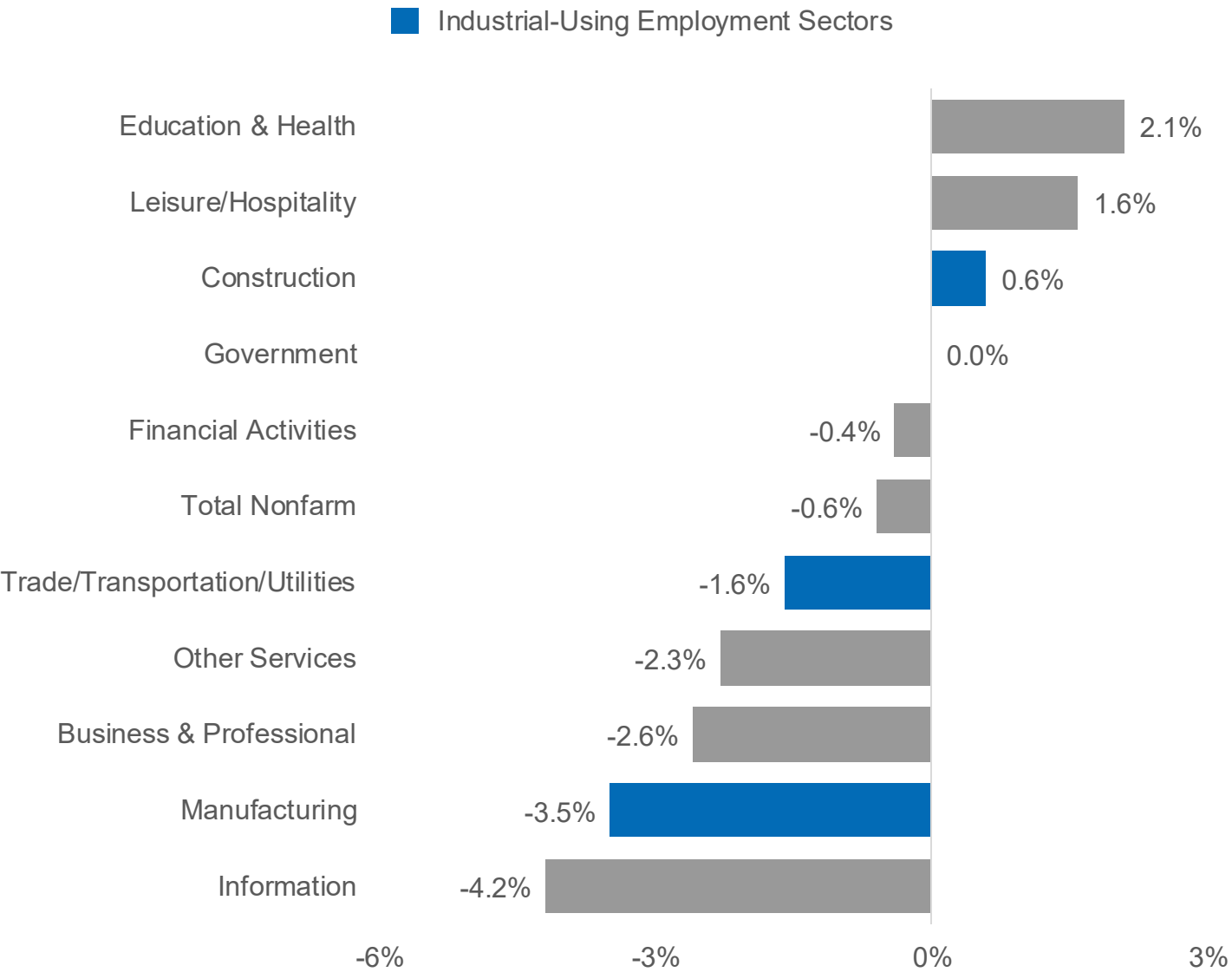
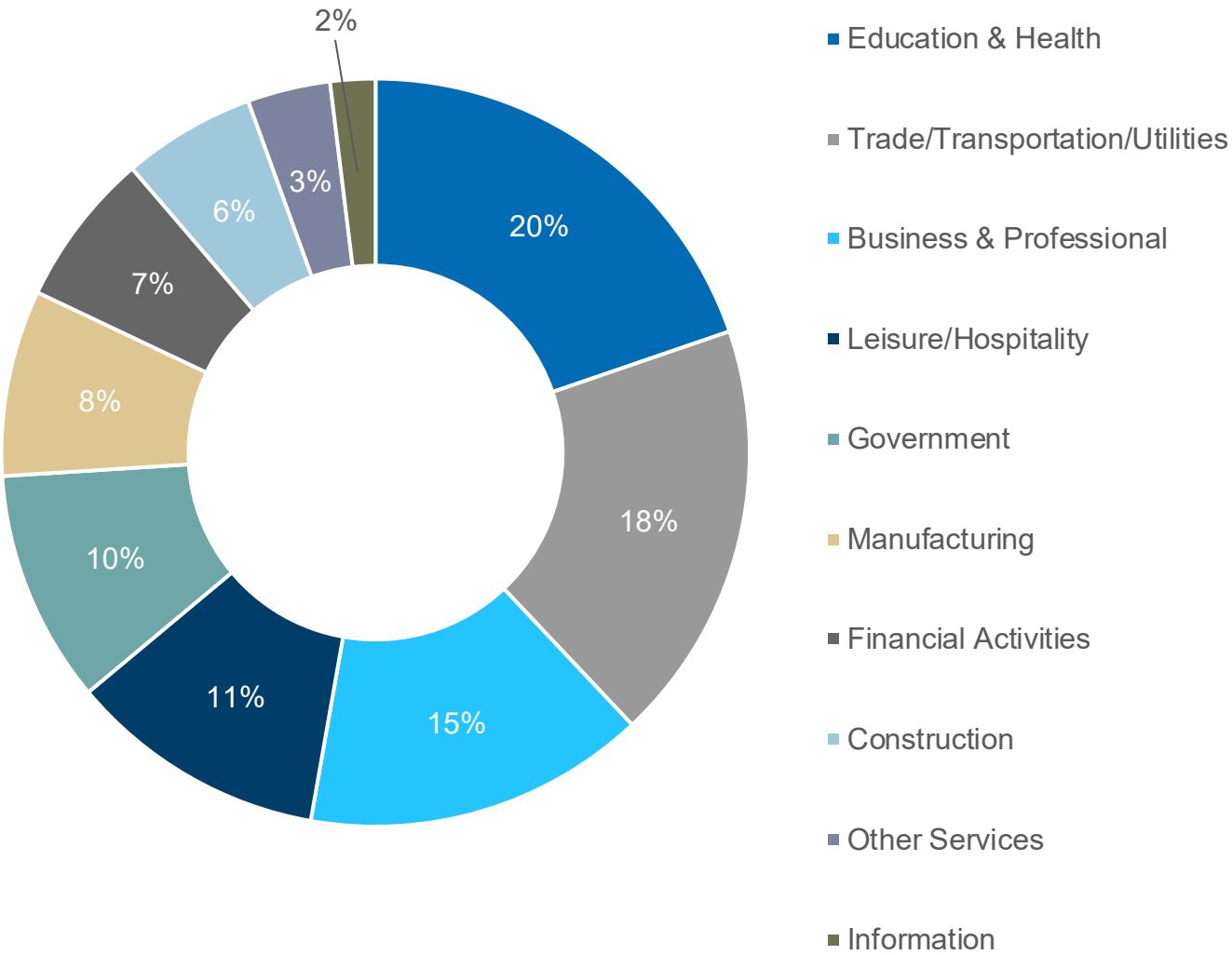
Source: U.S. Bureau of Labor Statistics, St. Louis MSA

Education and Health and Leisure/Hospitality Sectors Lead Regional Job Gains

The Education and Health sector led regional annual job growth, followed by Leisure/Hospitality. The Information and Manufacturing sectors posted the largest job losses, with declines of 4.2% and 3.5%, respectively. Of the three industrial-occupying industries, only Construction posted annual job gains.

Employment by Industry, August 2025

Employment Growth by Industry, 12-Month % Change, August 2025

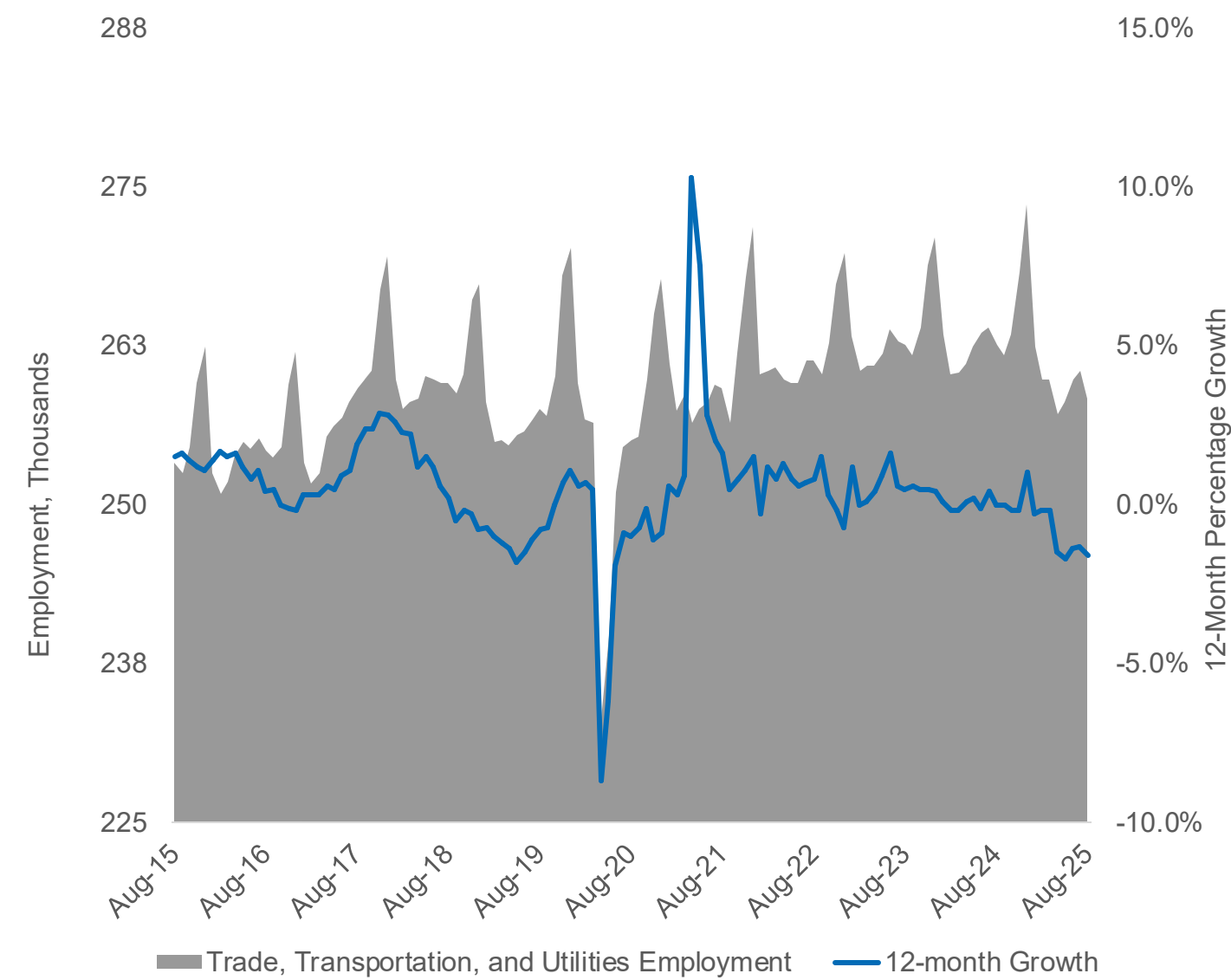


Source: U.S. Bureau of Labor Statistics, St. Louis MSA

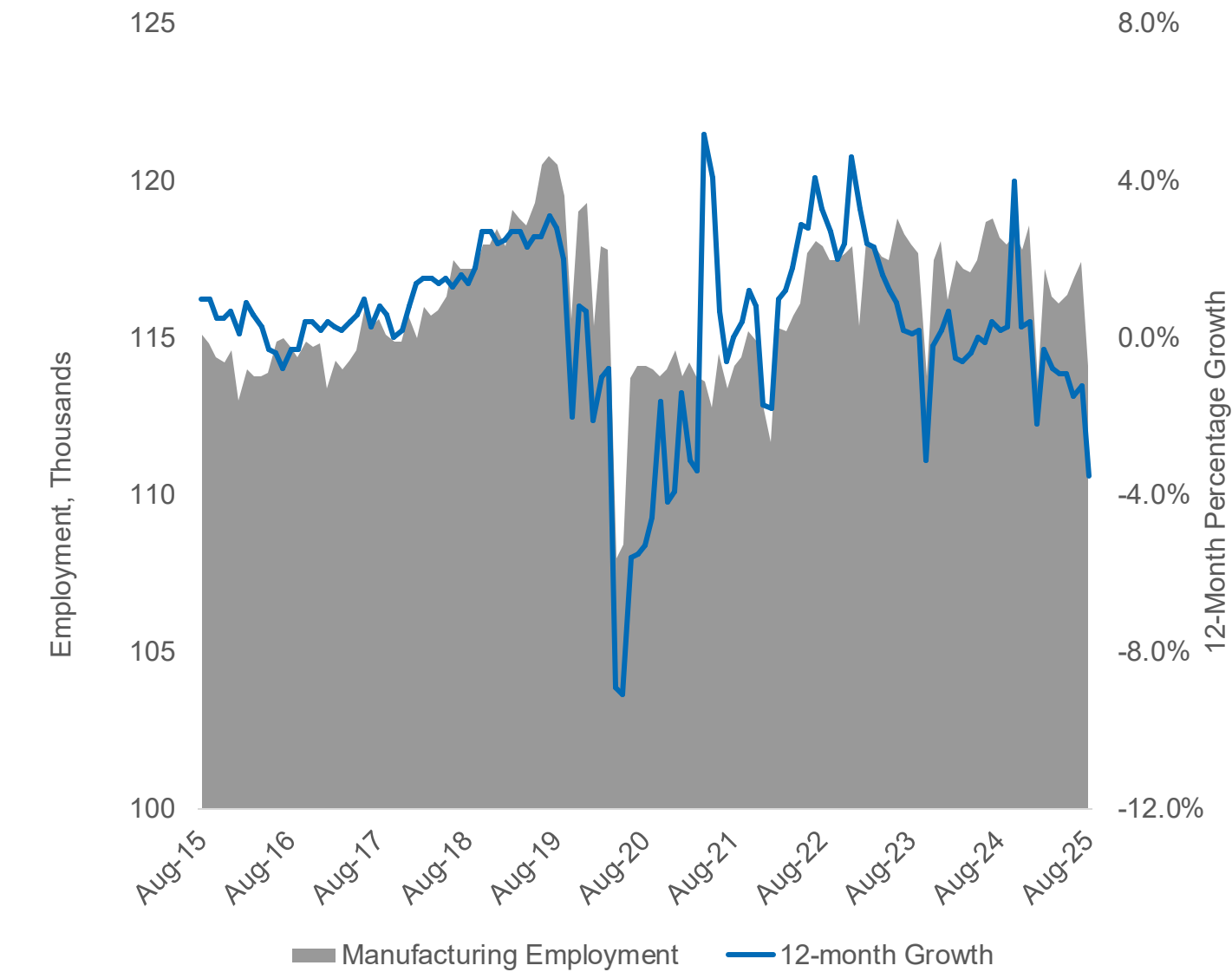
Overall Industrial Employment Falls Below Pre-Pandemic Levels

Industrial employment has fallen below pre-pandemic levels for both the Trade/Transportation/Utilities and Manufacturing sectors. While a slight seasonal dip is typical at the start of each year, the region’s industrial employment has decreased to levels on par with 3Q 2019 and 4Q 2019.

Total Employment and 12-Month Growth Rate, Trade/Transportation/Utilities



Total Employment and 12-Month Growth Rate, Manufacturing



Source: U.S. Bureau of Labor Statistics, St. Louis MSA

3Q25

Leasing Market Fundamentals



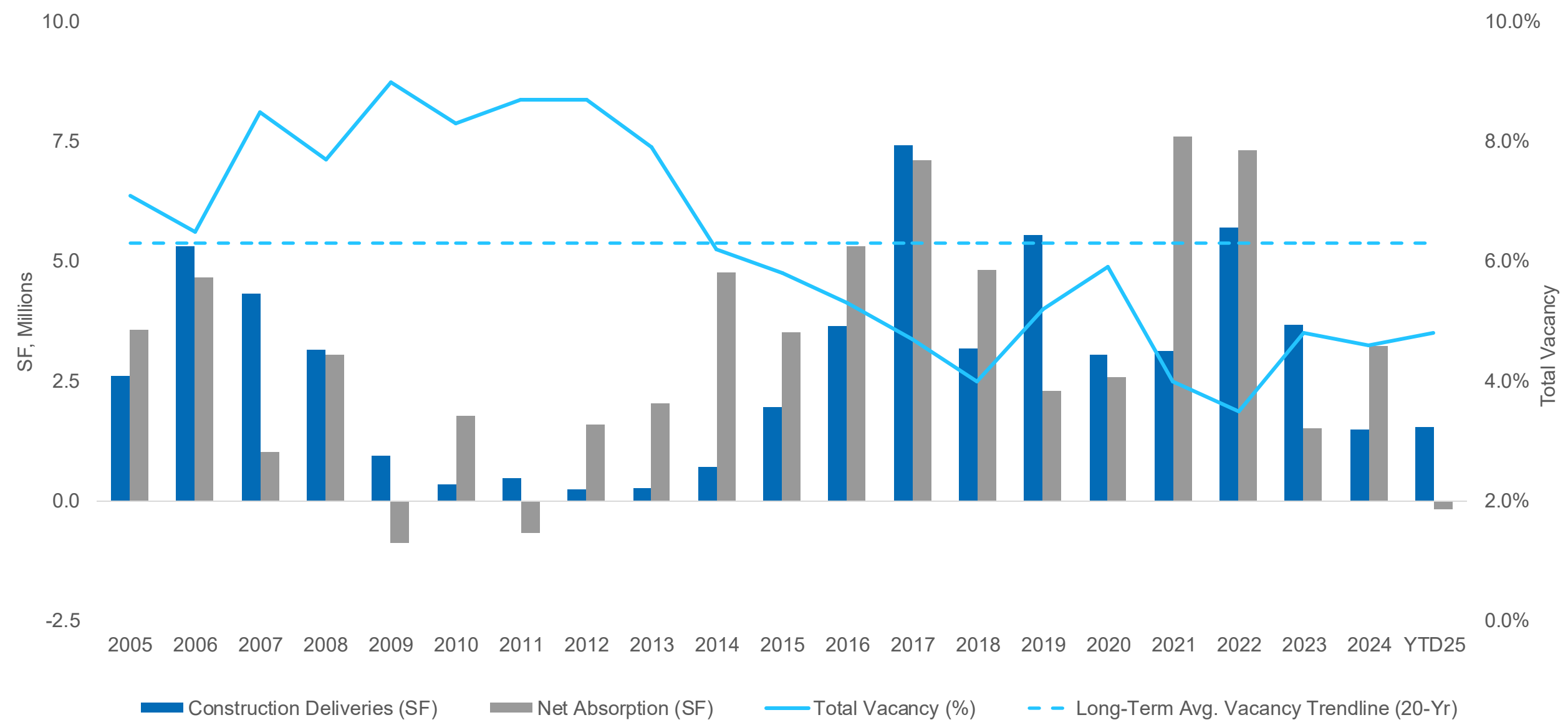
Market Overview

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Vacancy Remains Stable As Deliveries Outpaces Absorption In 2025

Vacancy slightly increased by 0.2% year over year to 4.8% as tenants reassessed their space requirements. The market responded with most new deliveries being build-to-suit projects. Leasing activity is beginning to pick up, marking a shift from earlier tenant caution to above-average activity in the mid- and large-sized industrial segment.

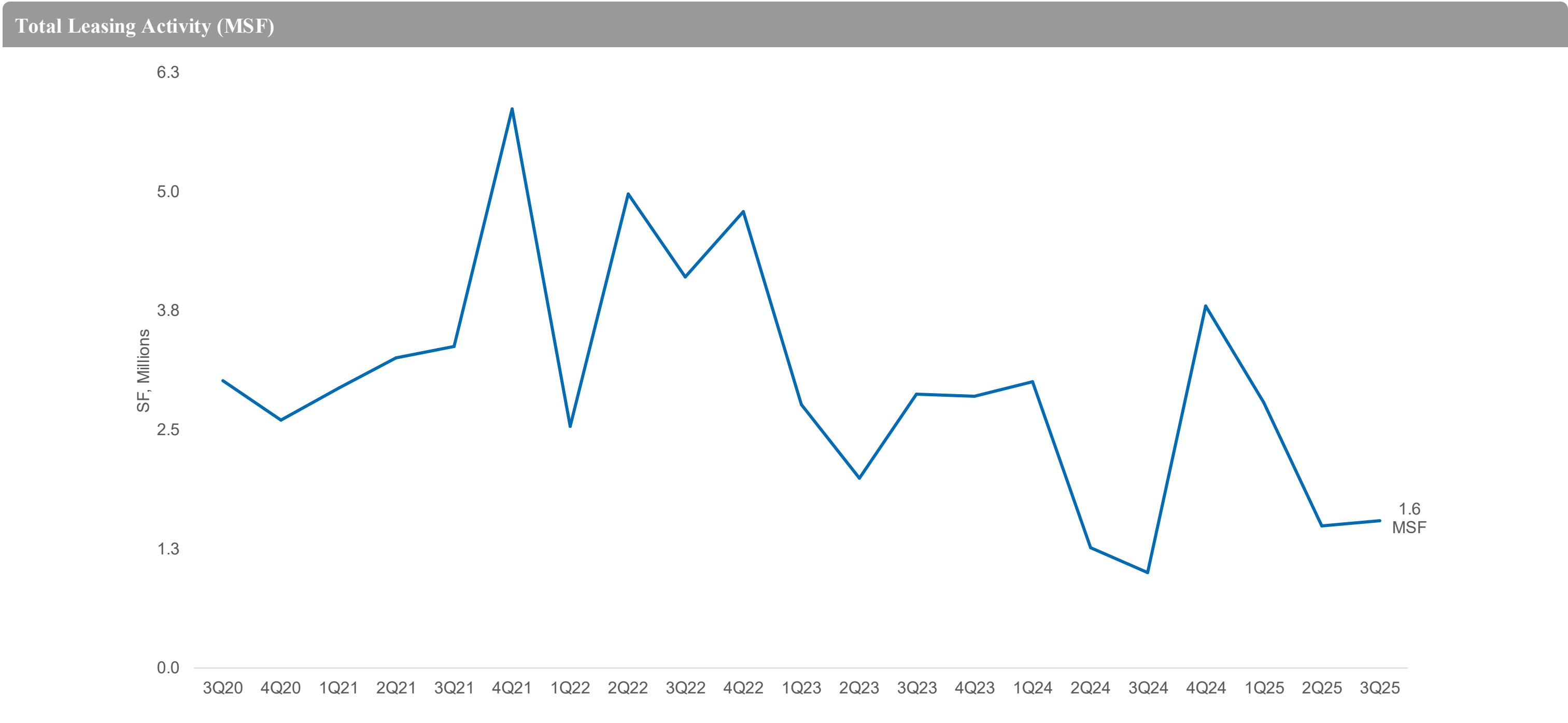
Historical Construction Deliveries, Net Absorption, and Vacancy



Source: Newmark Research

Industrial Leasing Activity Decelerates To 1.6 Million SF

Industrial space demand totaled 1.6 million SF in the third quarter of 2025. In 2024, activity in large bulk buildings slowed significantly, while midsize and small-bay industrial spaces remained resilient. Tenant leasing velocity and rent growth in the Class A bulk segment are expected to strengthen during the next quarters.

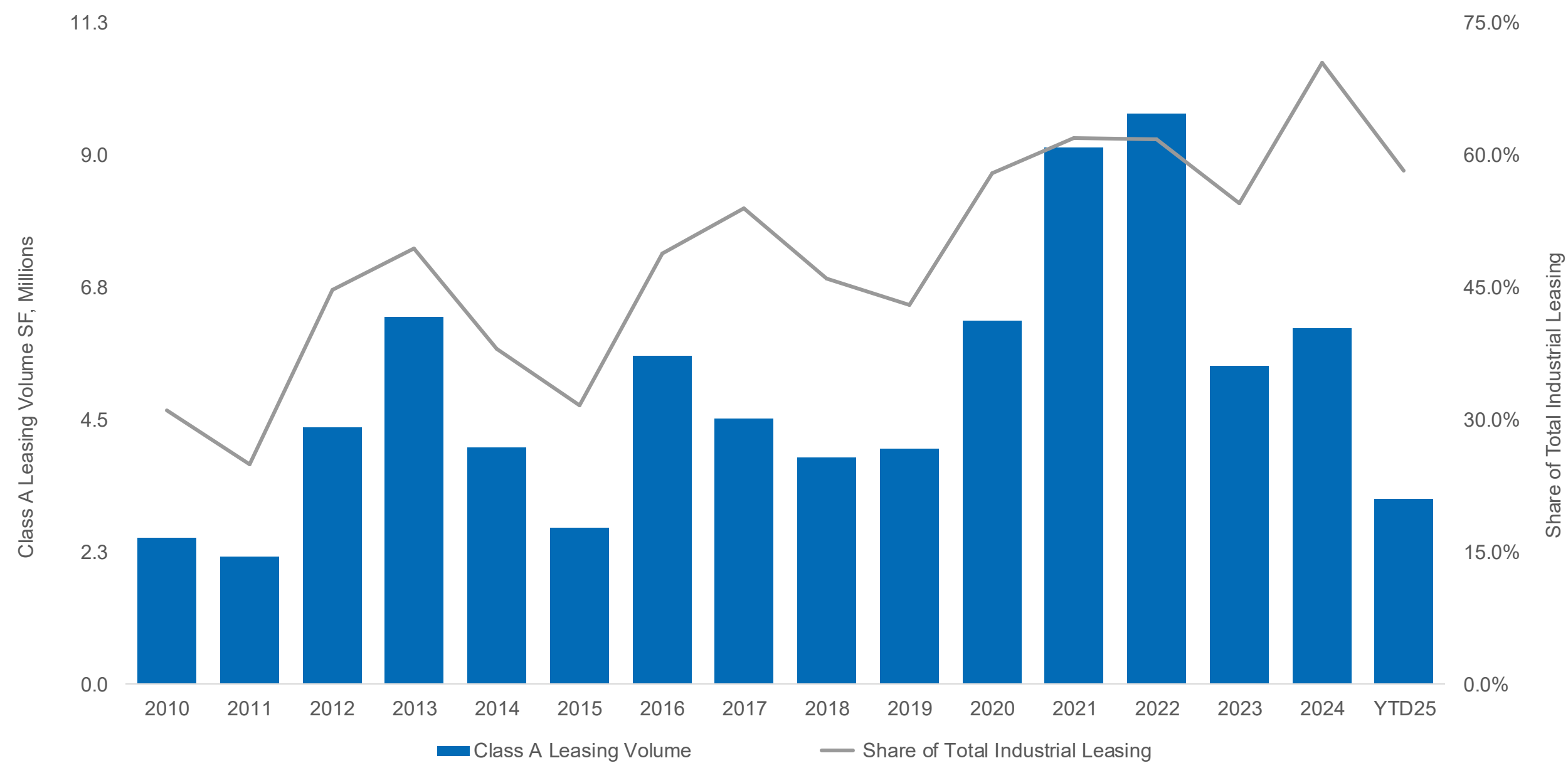


Source: Newmark Research, CoStar

Class A Warehouse Leasing Percentage Registers 58.3% Year To Date

Secondary markets such as St. Louis have seen a slower developer response to rising occupier demand for modern Class A warehouse space. However, accelerated development over the past five years has driven notable growth in Class A leasing activity. In 2025, Class A warehouse leasing accounts for 58.3% of overall activity; a significant increase from the pre-pandemic average of 44.8% recorded between 2015 and 2019.

Industrial Class A Leasing Volume and Percentage of Total Warehouse Leasing Volume



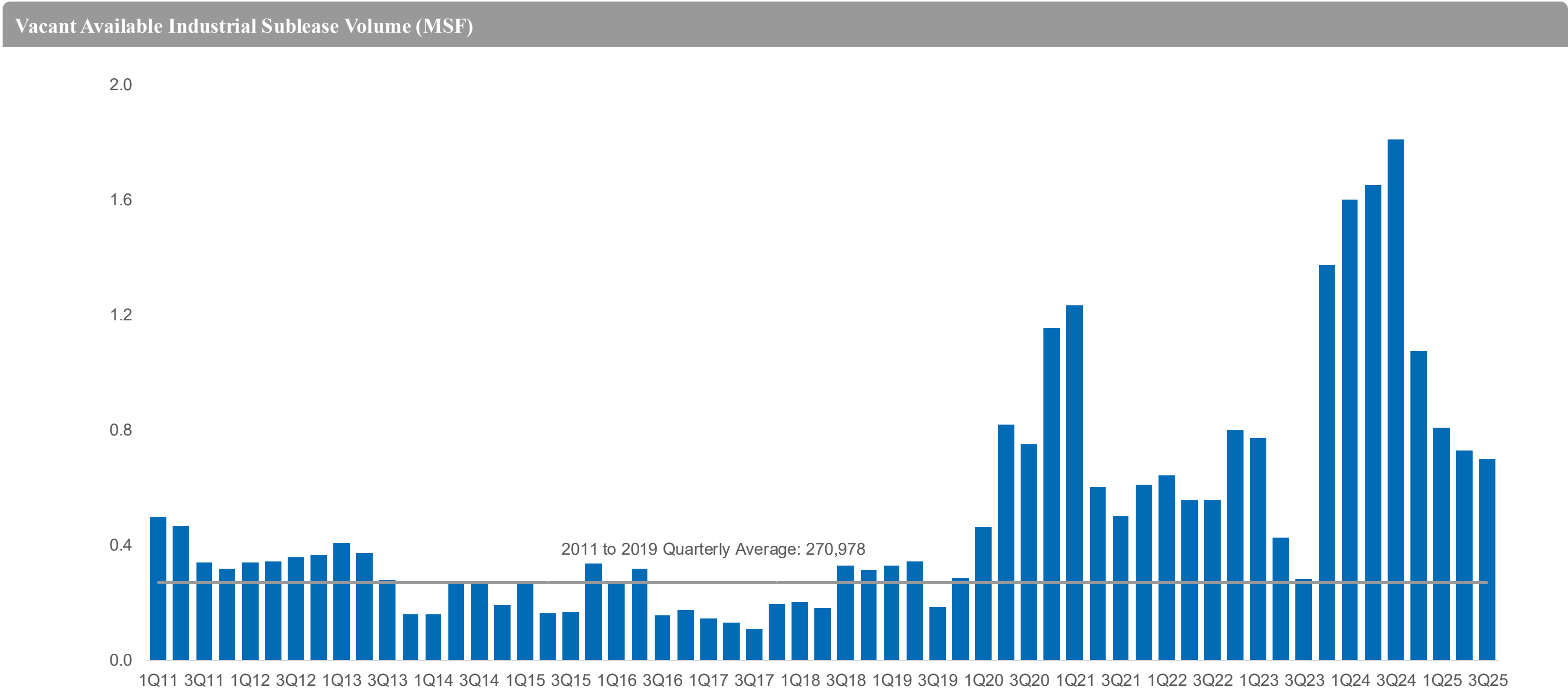
Source: Newmark Research, CoStar

West County Vacancy Rises To 5.9%

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Vacant Sublease Availability Trending Downward; Only 0.2% Of Market

Vacant sublease availability has declined from a peak of 1.8 million SF in the third quarter of 2024 to 702,345 SF in the third quarter of 2025. Sublease additions are projected to moderate towards 600,000 SF in 2026 as active offerings are absorbed over the next few quarters. Vacant sublease space remains limited, representing just 0.2% of the St. Louis market, well below levels seen in other U.S. markets.

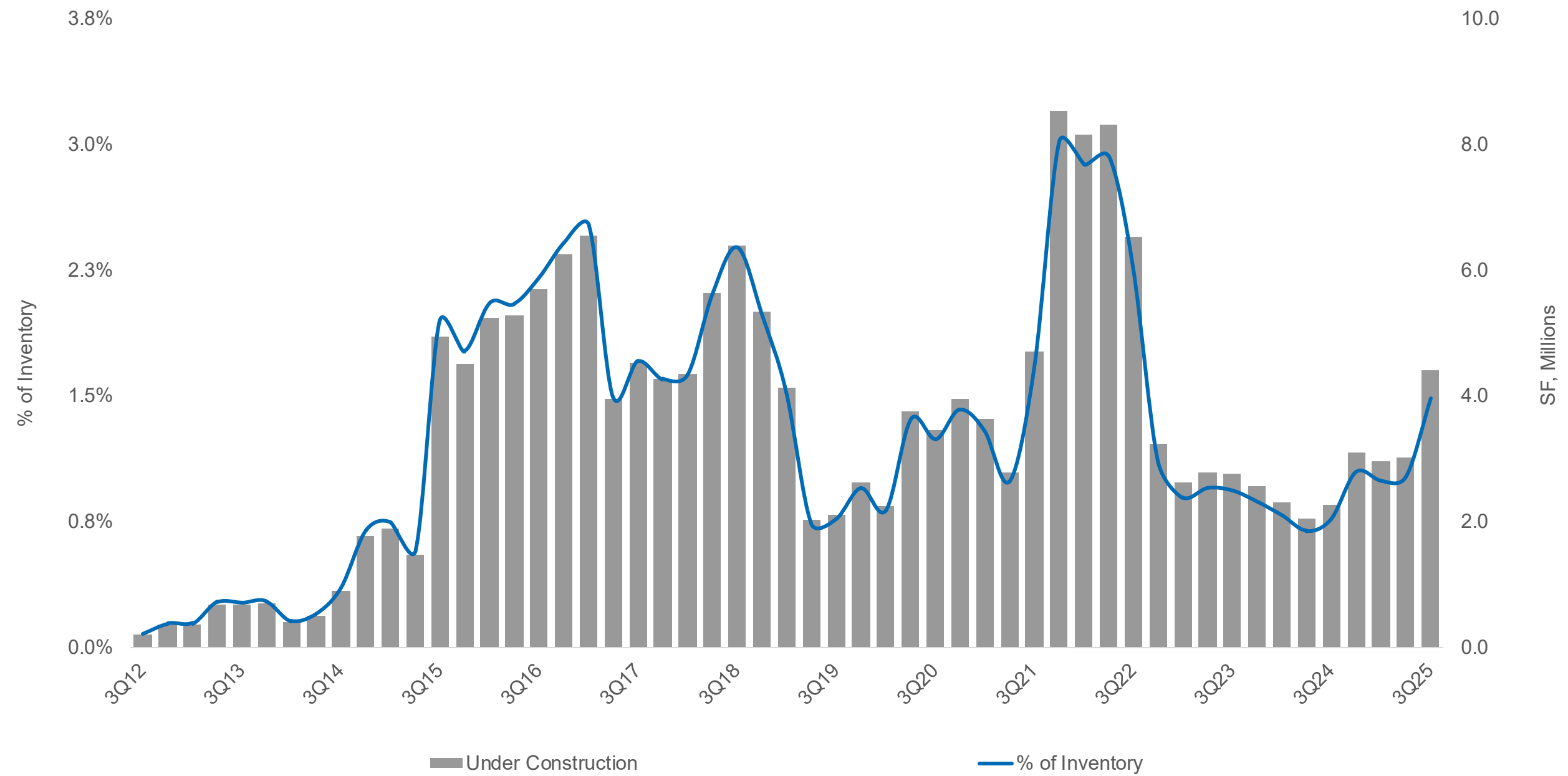


Source: Newmark Research, CoStar

Industrial Supply Pipeline Dominated By Build-to-Suit Projects

The industrial construction pipeline has declined significantly from its peak of 8.5 million SF in the fourth quarter of 2021, now totaling 4.4 million SF. Build-to-suit projects account for 94% of current development. Speculative construction is expected to remain limited over the next two to four quarters; however, developers are reevaluating paused projects and analyzing potential land positions as leasing activity gains momentum.

Industrial Under Construction and % of Inventory



Source: Newmark Research, CoStar

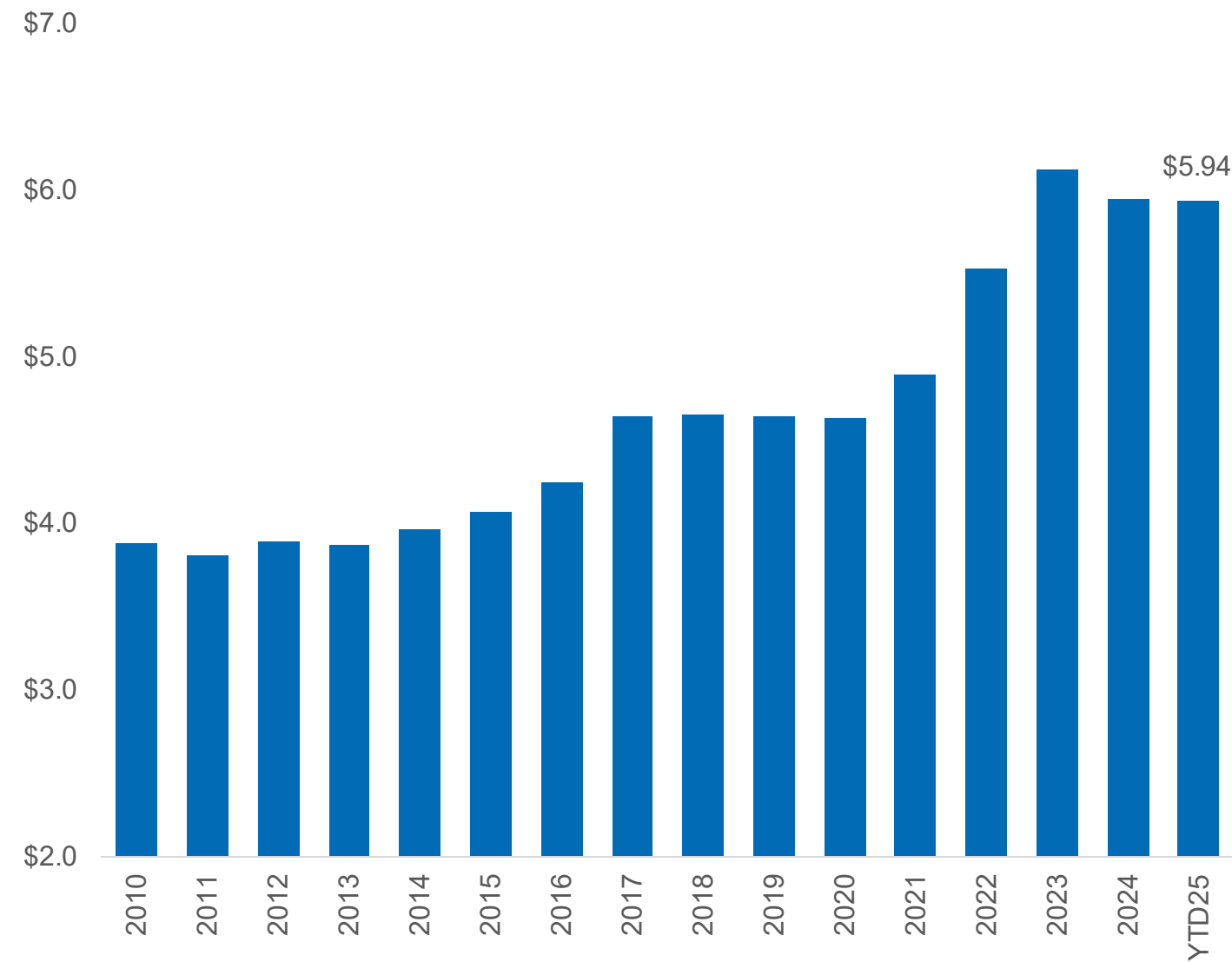
Limited Speculative Construction Focused On Small- And Midsized Facilities

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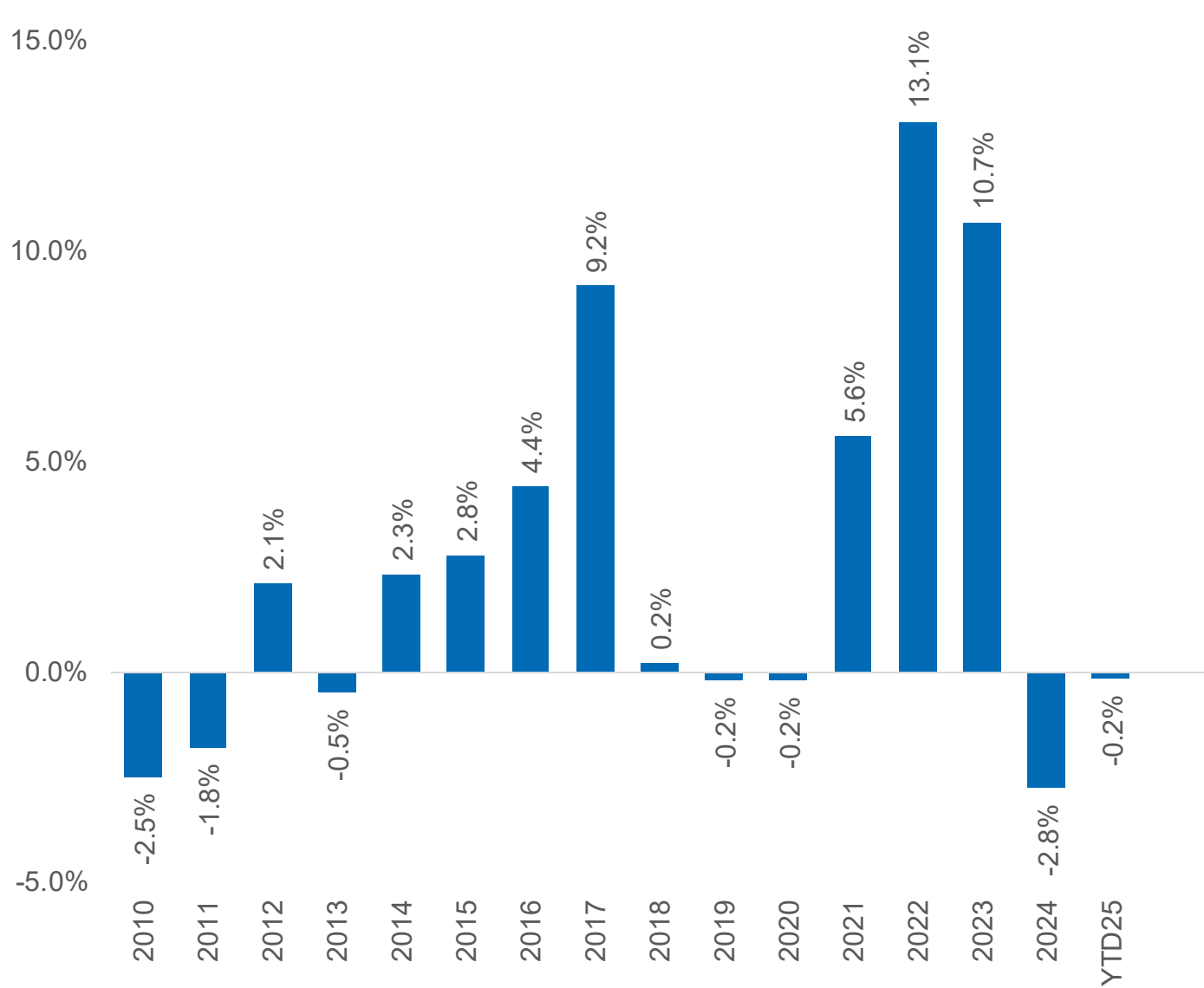
Record Industrial Asking Rents Stabilize to \$5.94/SF

Aggregate rental rate growth reached a record 28.3% over the past five years. However, limited new deliveries, a slower leasing pace, and landlord liquidity constraints for funding elevated concession packages kept rental rates steady in 2024 and 2025 year-to-date. Asking rental rate growth is expected to remain modest for the next two quarters.

Industrial Average Asking Rent, \$/SF, NNN



Year-Over-Year Asking Rent Growth Rate % Change



Source: Newmark Research, CoStar

Class A Bulk Warehouse Rents Stable At \$5.90/SF

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Notable 3Q25 Lease Transactions

The market recorded 760,670 SF of net absorption over the past four quarters, compared to 1.7 million SF of new deliveries during the same period. Leasing activity is expected to be driven by the North County, Metro East, and St. Charles County submarkets in 2026. Over the past five years, these submarkets achieved net absorption of 8.3 million SF in North County, 6.7 million SF in Metro East, and 2.9 million SF in St. Charles County, supported by strong leasing momentum and competitive rental rates.

Select Lease Transactions

Tenant	Building	Submarket	Type	Square Feet
Geodis	349 Gateway Commerce Center Drive	Metro East	Renewal	624,130
Geodis Logistics renewed its lease for the entire 624,130-SF Gateway East 624 distribution center located in Edwardsville, IL. Geodis began occupying the space starting in September 2017 after being developed by TriStar Properties. Plymouth Industrial REIT, Inc. purchased the property in October 2021.				
Amazon	870 Hog Hollow Road	West County	Direct New	357,060
Amazon signed a lease for the entire 357,060-SF River Valley Logistics Center II which was recently delivered to the market by NorthPoint Development on a speculative basis. The property features a 15-year property tax abatement, 36’ clear height and 40 dock doors, expandable to 69 dock doors.				
Holten Meat, Inc.	1682 Sauget Industrial Parkway	Metro East	Renewal	148,340
Holten Meat renewed its lease for the entire 148,340-SF facility located at 1682 Sauget Industrial Pkwy. in Sauget, IL.				
Confluence Genetics	15711 Westport Commerce Drive	West County	Direct New	99,460
Confluence Genetics leased 99,460 SF of space at the 256,020-SF multi tenant property located 15711 Westport Commerce Dr. in Westport Commerce Center. The firm is expected to move in by February 2026.				
Oldcastle APG	16000 Spencer Road	St. Charles County	Direct New	74,370
Oldcastle APG leased 74,370 SF at the 490,370-SF Lakeside Logistics Center V in St. Peters. The firm is expected to move in by February 2026.				

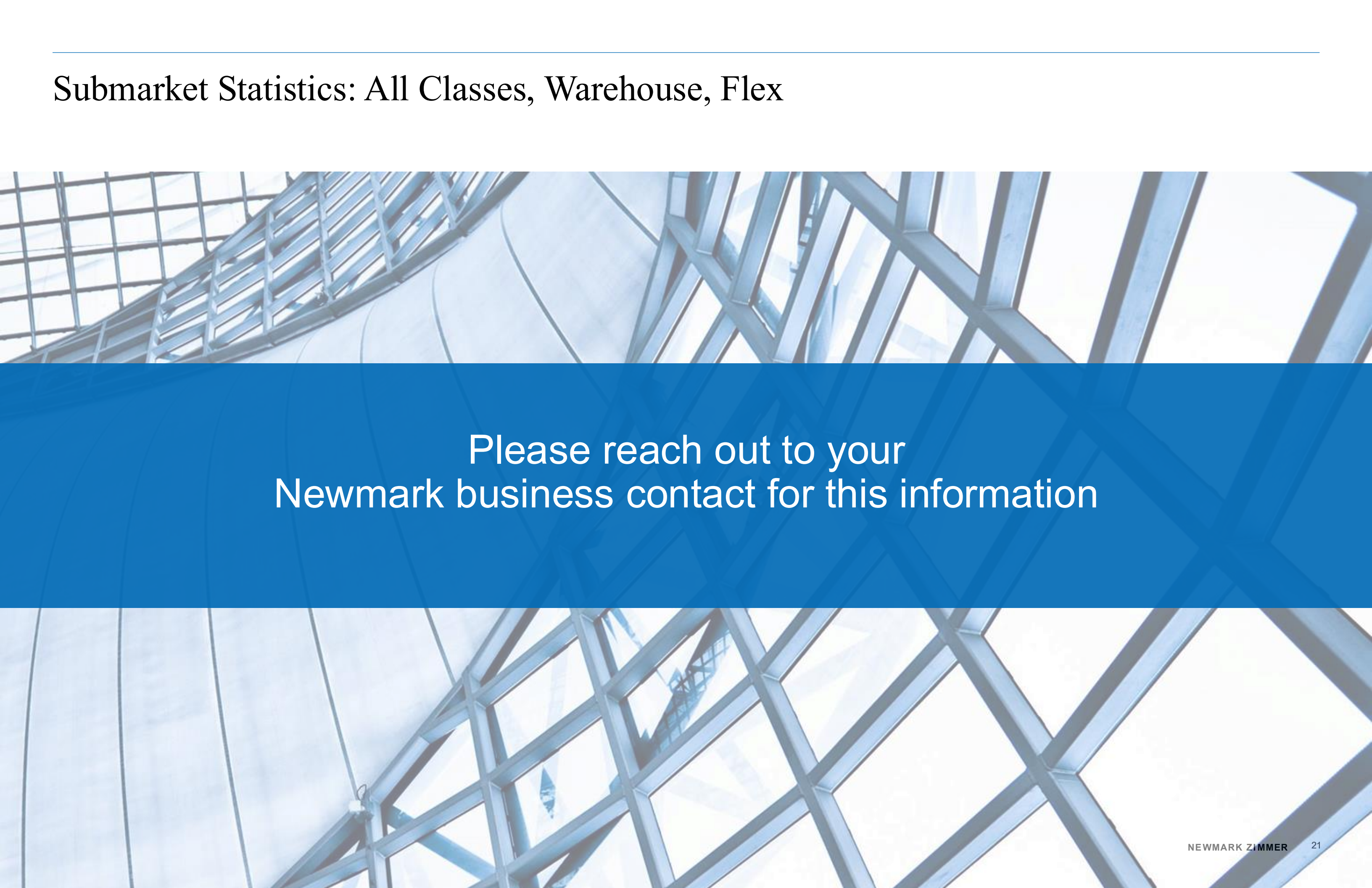
Source: Newmark Research

3Q25

Submarket Statistics



Submarket Statistics: All Classes, Warehouse, Flex



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