

4Q25 St. Louis Industrial Market: Market Overview

4Q25



St. Louis Market Observations



Labor Markets

- The region's labor market loosened as macroeconomic conditions shifted. September's unemployment rate increased to 4.1%, 30 basis points below the national average of 4.4%.
- Year-over-year, job growth was strongest in the Education and Health sector, followed by Financial Activities. Information and Manufacturing posted the largest job losses over the past 12 months.
- Industrial firms are recalibrating their workforce needs. Locally, annual employment decreased in all three key industrial sectors: Construction by negative 1.1%; Trade/Transportation/Utilities by negative 1.3%; and Manufacturing by negative 4.2%.



Leasing Market Fundamentals

- The market loosened with negative 2.1 MSF of net absorption recorded during the quarter, bringing the total for 2025 to negative 2.2 MSF. The negative absorption was primarily due to Proctor & Gamble's 806,400-SF move-out at 3 Gateway Commerce Center East and Save-A-Lot's exit from 420,000 SF at 29 W Gateway Commerce Dr.
- The construction pipeline currently stands at 4.5 MSF, with 89% consisting of build-to-suit (BTS) projects. Speculative construction is expected to remain modest in 2026.
- Vacancy climbed 100 basis points to 5.4% in 2025, on par compared to other U.S. industrial markets which experienced 70+ bps increases during the same time period. Although vacancy recently peaked above 5%, the market has enjoyed relative stability since 1Q23, supporting future rental rate growth fundamentals and spurring developers to explore select development options.



Major Transactions

- True Fitness Technology, Inc. signed a 10-year lease for the entire 254,460-SF One Glazer Way building located in St. Charles, MO. The fitness equipment manufacturer will begin occupying the space in February 2026.
- AIT Worldwide Logistics signed a lease for 228,260 SF of the 448,975-SF multi-tenant building located at 13201-13221 Corporate Exchange in Bridgeton, MO. The firm will begin occupying the space in February 2026.
- Cardinal Health signed an eight-year sublease for the entire 189,560-SF flex facility located at 13333 Lakefront Dr. in Earth City, MO. Cardinal Health will begin occupying the space in January 2026.
- Multi Color Corporation renewed 87,500 SF of space at 6880 Heege Rd. in Afton, MO.
- Elevator leased the entire 67,300-SF building located at 1230 Macklind Ave. in St. Louis to open a co-warehousing space. The firm is expected to move in by the end of March 2026.



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 5.3% to 5.7% in 2026, 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 slowly rise in 2026 due to the fact rates have remained flat since 2Q23, as liquidity constraints led landlords to lower rents rather than offer larger concession packages. Marquee submarkets with limited availability are expected to continue to maintain prime rent levels with annual rental rate increases expected to range from 3.5% to 5.0%.

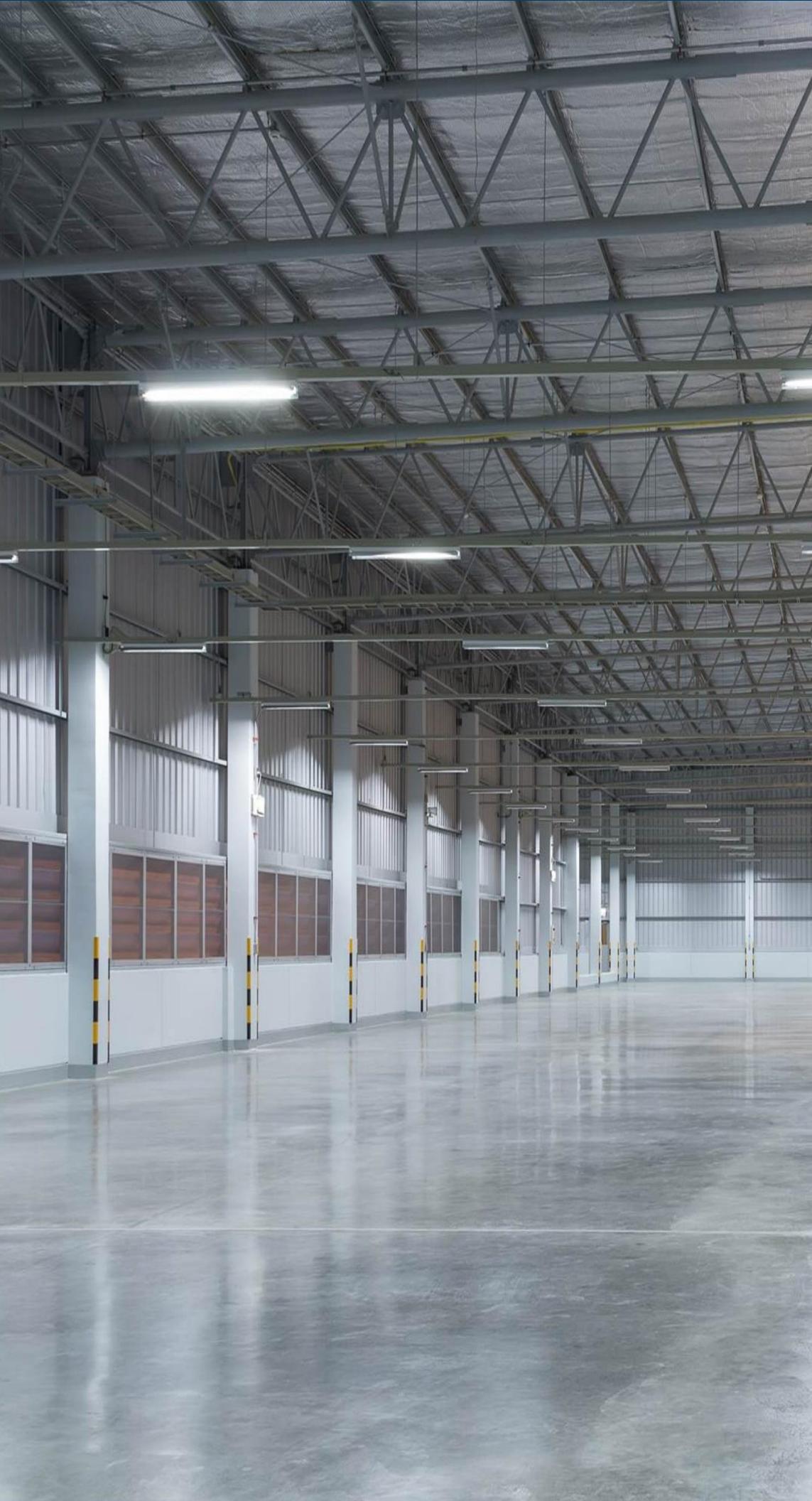
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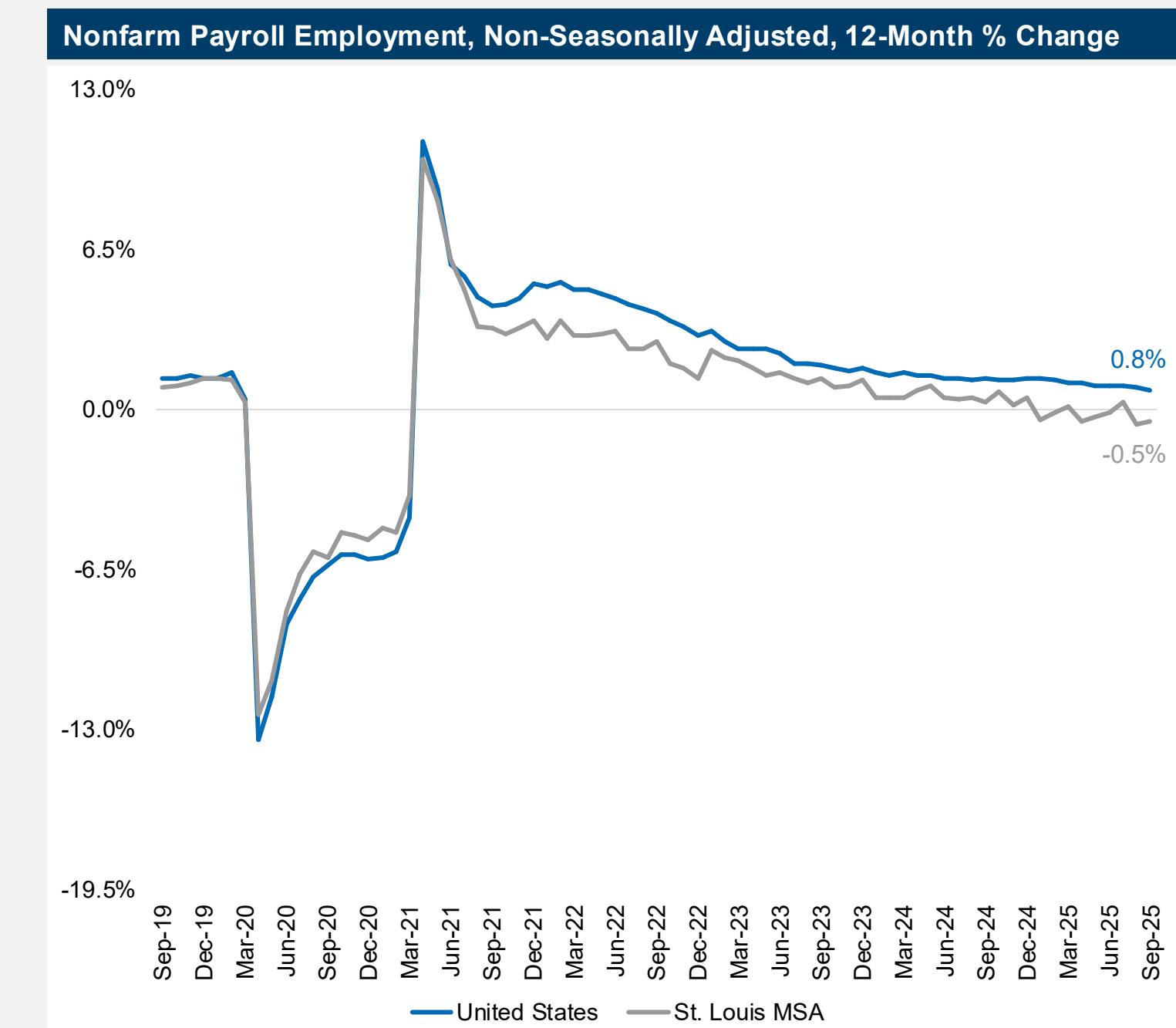
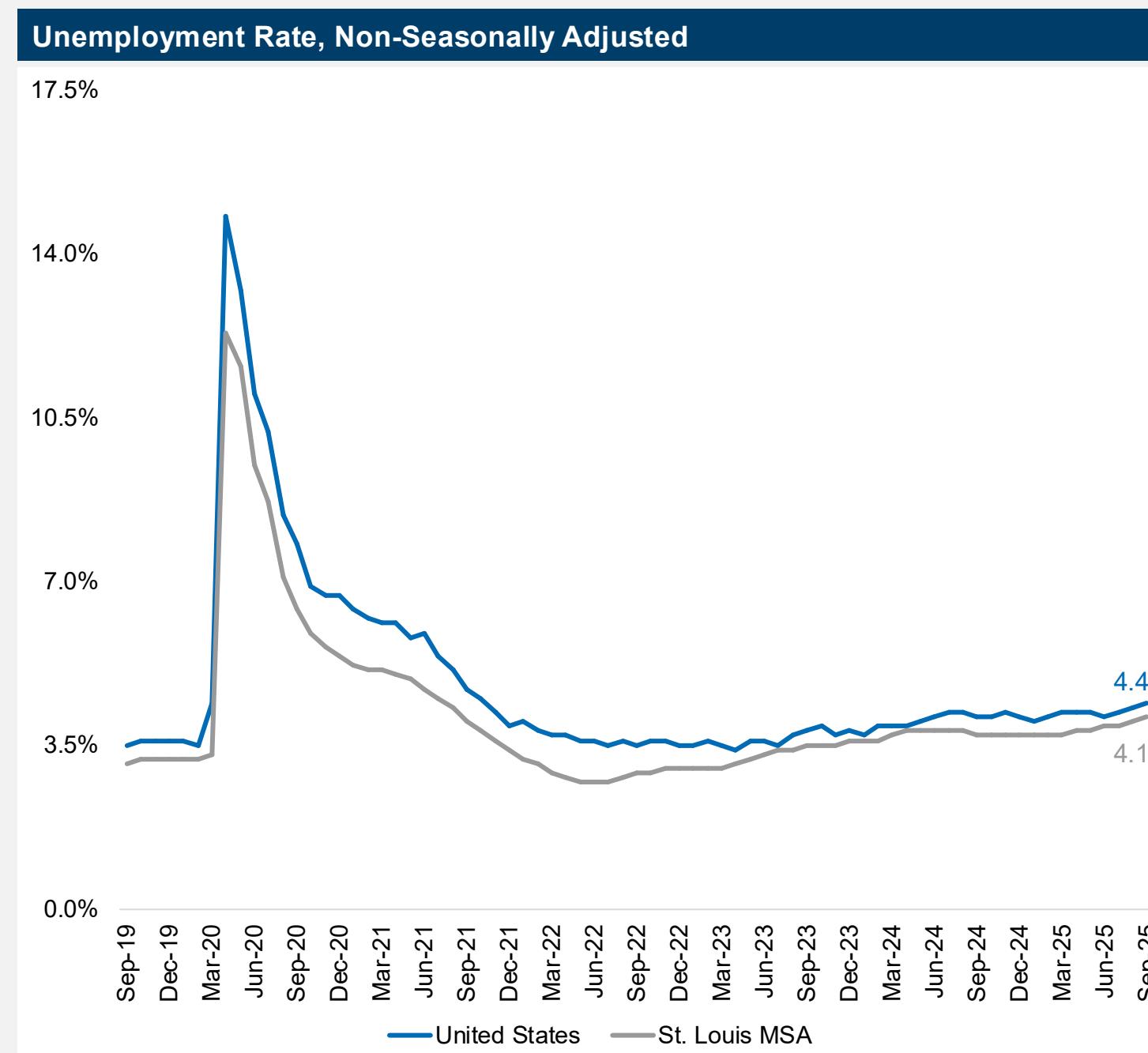
Economy

4Q25 ST. LOUIS INDUSTRIAL MARKET OVERVIEW



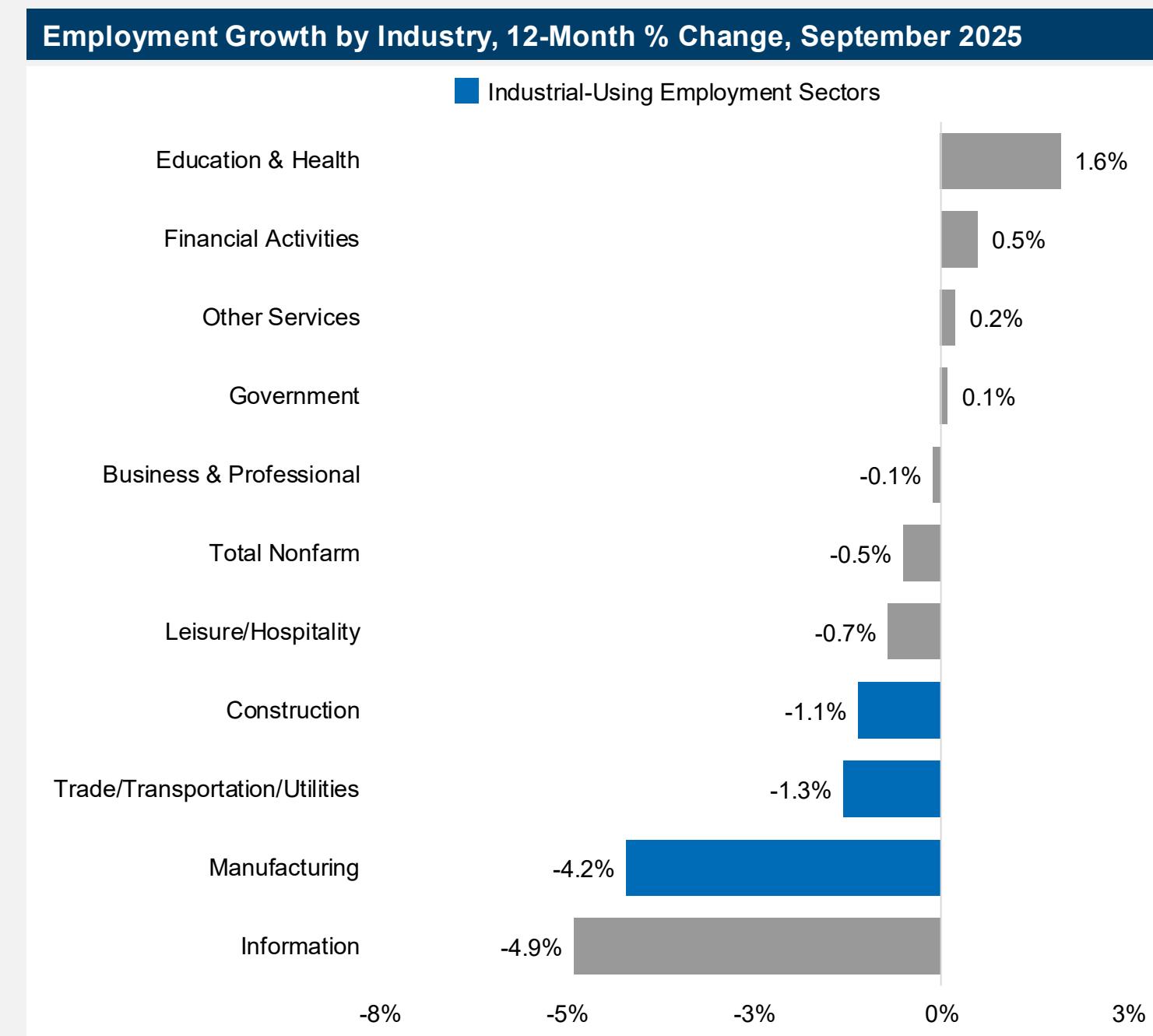
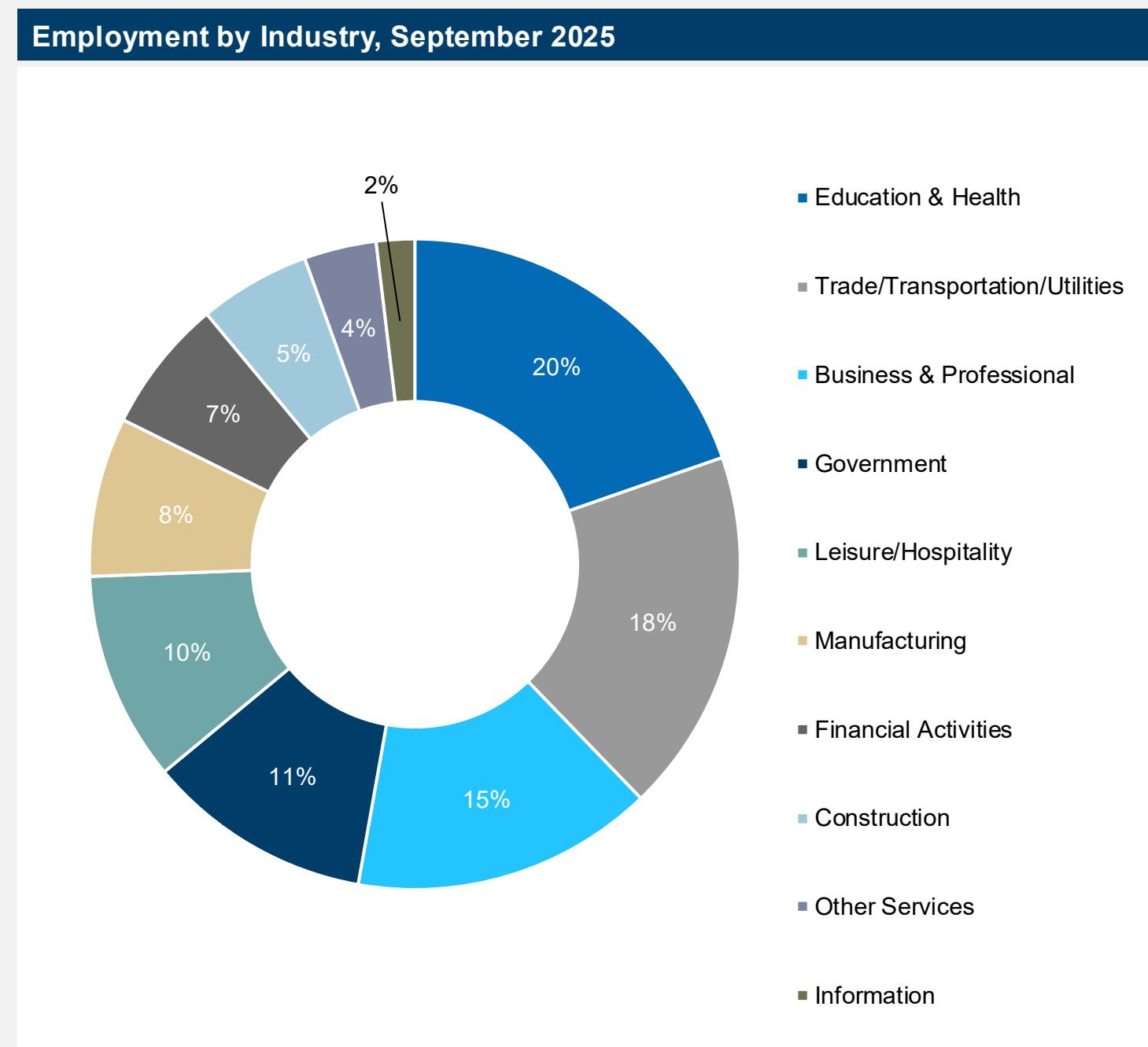
Metro Employment Trends Signal Increasing Unemployment

Due to a lapse in appropriations in the BLS, the collection of select data points were cancelled for the months of October and November. The St. Louis region's labor market loosened as unemployment increased 10 basis points in September. The regional unemployment rate now stands 30 basis points below the national average, signaling economic strength. Nonfarm payroll employment in the region remains in negative territory at negative 0.5%. According to FRED, Fed Labor Market Conditions Indicators, activity declined modestly to 0.20, while momentum decelerated modestly to -0.25 in November 2025.



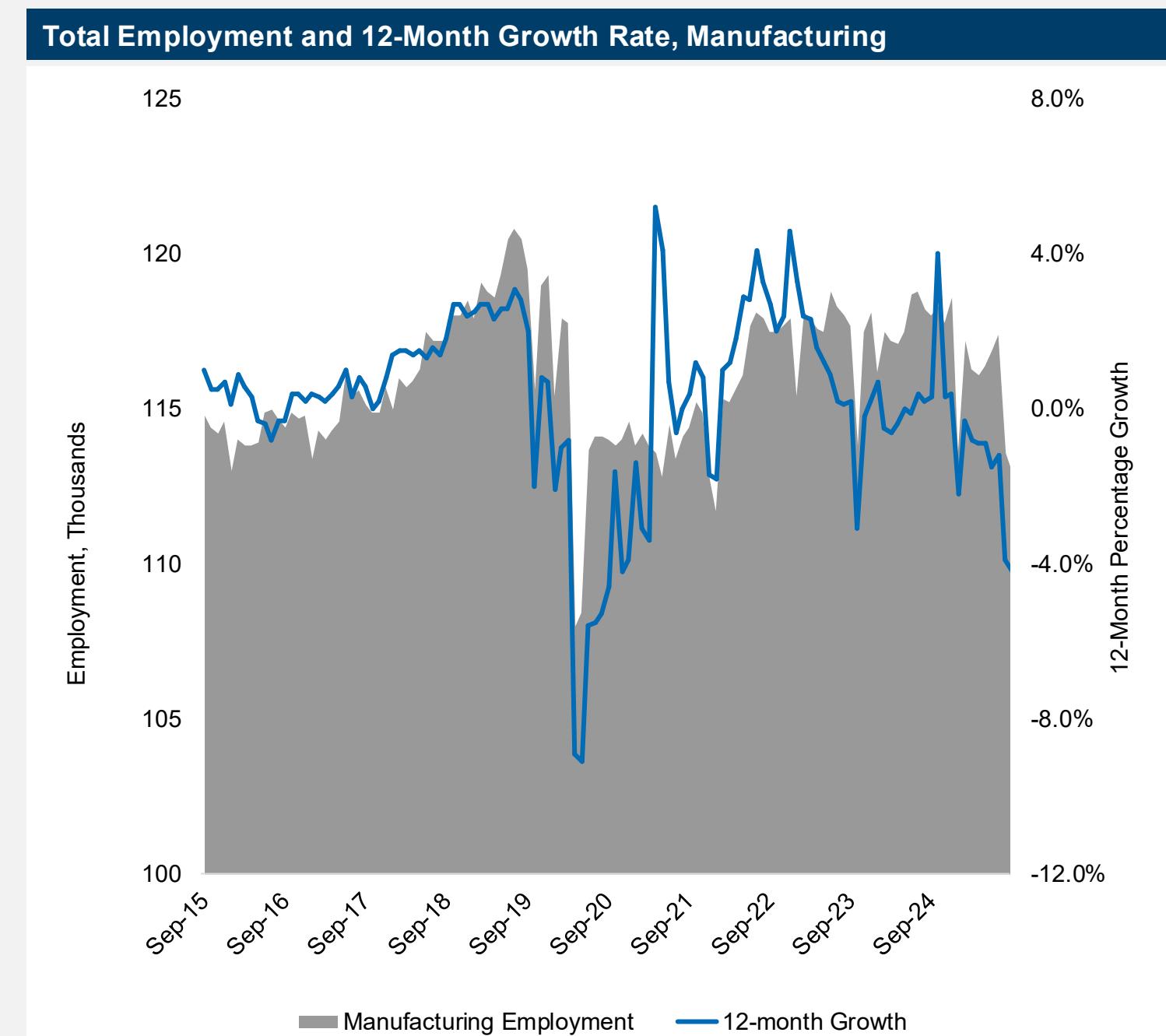
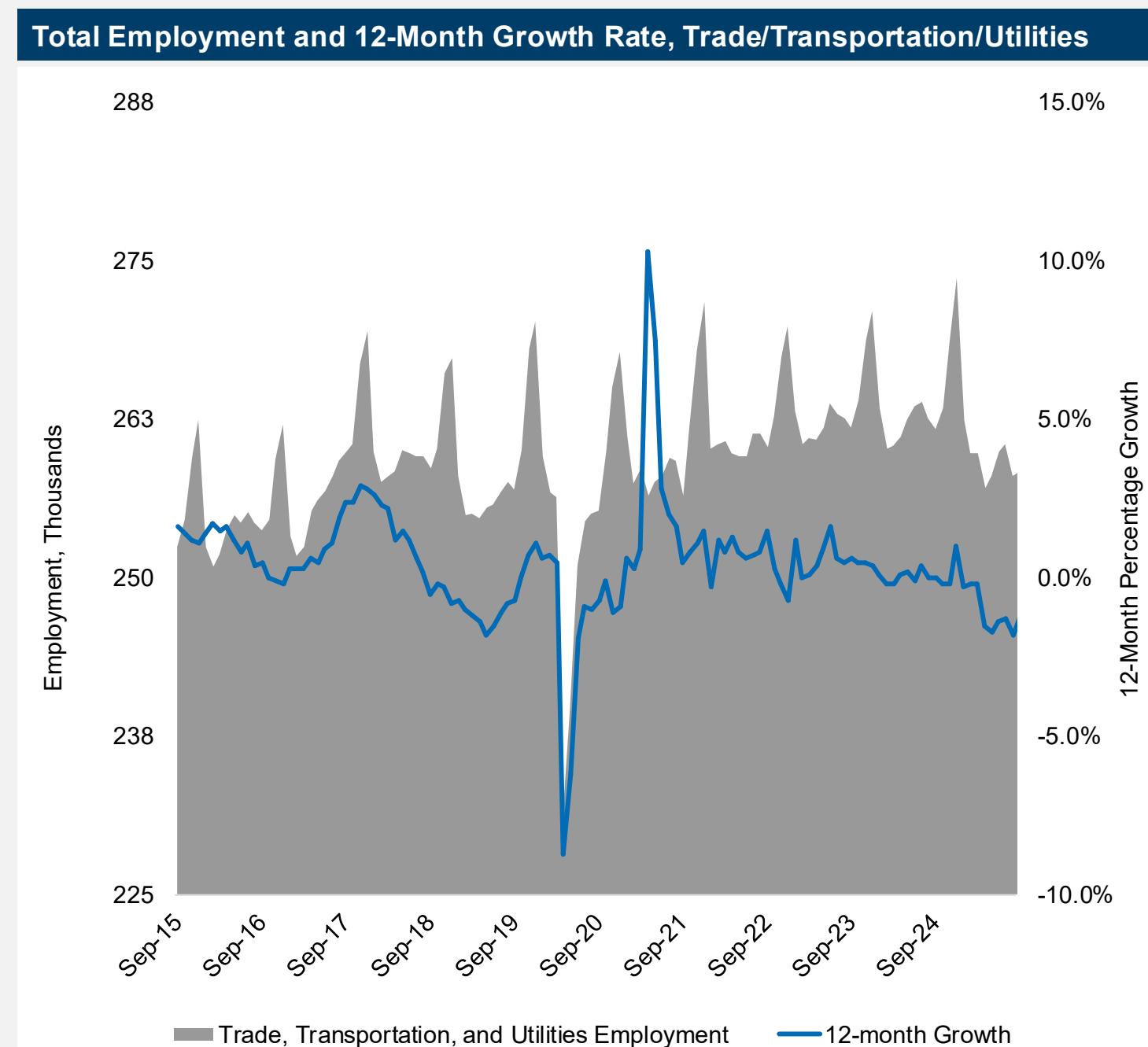
Education and Health and Financial Activities Sectors Lead Regional Job Gains

Due to a lapse in appropriations in the BLS, the collection of select data points were cancelled for the months of October and November. The Education and Health sector led regional annual job growth, followed by Financial Activities. The Information and Manufacturing sectors posted the largest job losses, with declines of 4.9% and 4.2%, respectively. All three industrial-occupying industries experienced annual job losses.



Overall Industrial Employment Falls Below Pre-Pandemic Levels

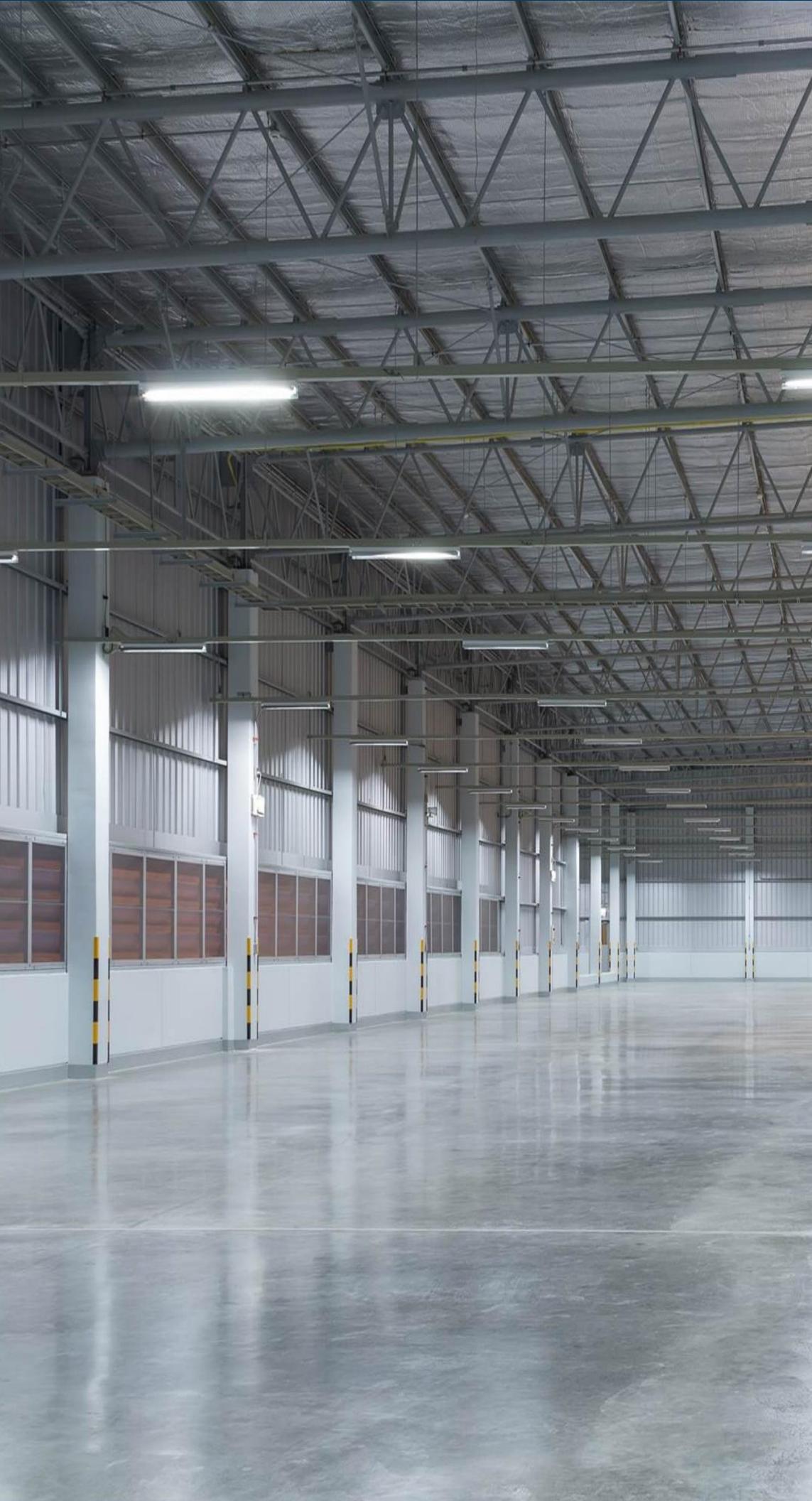
Due to a lapse in appropriations in the BLS, the collection of select data points were cancelled for the months of October and November. Industrial employment has fallen below pre-pandemic levels for both the Trade/Transportation/Utilities and Manufacturing sectors. While a slight seasonal dip is typical at the start of each year, the region's industrial employment has decreased to levels on par with 3Q 2019 and 4Q 2019.



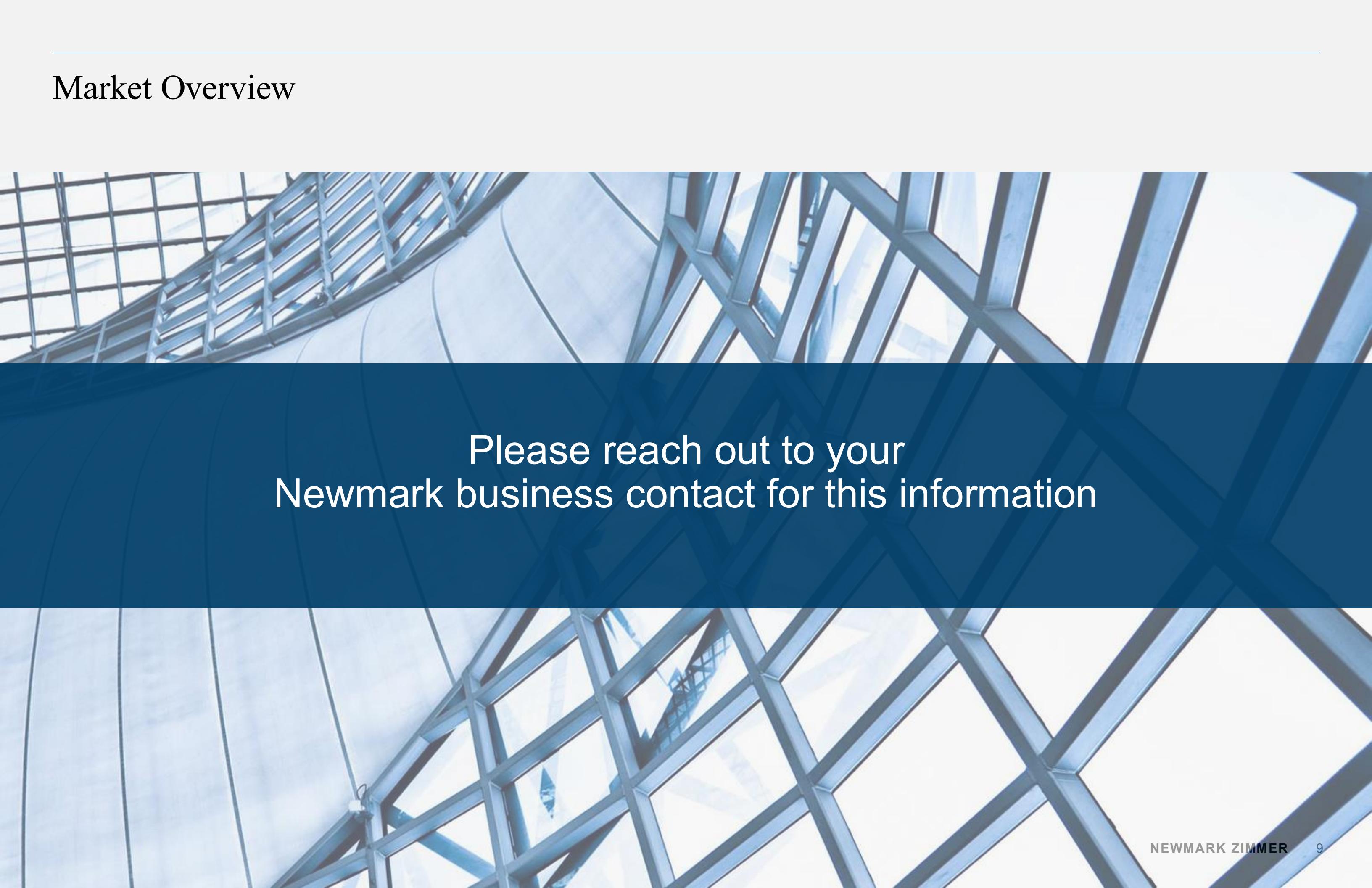
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Leasing Market Fundamentals

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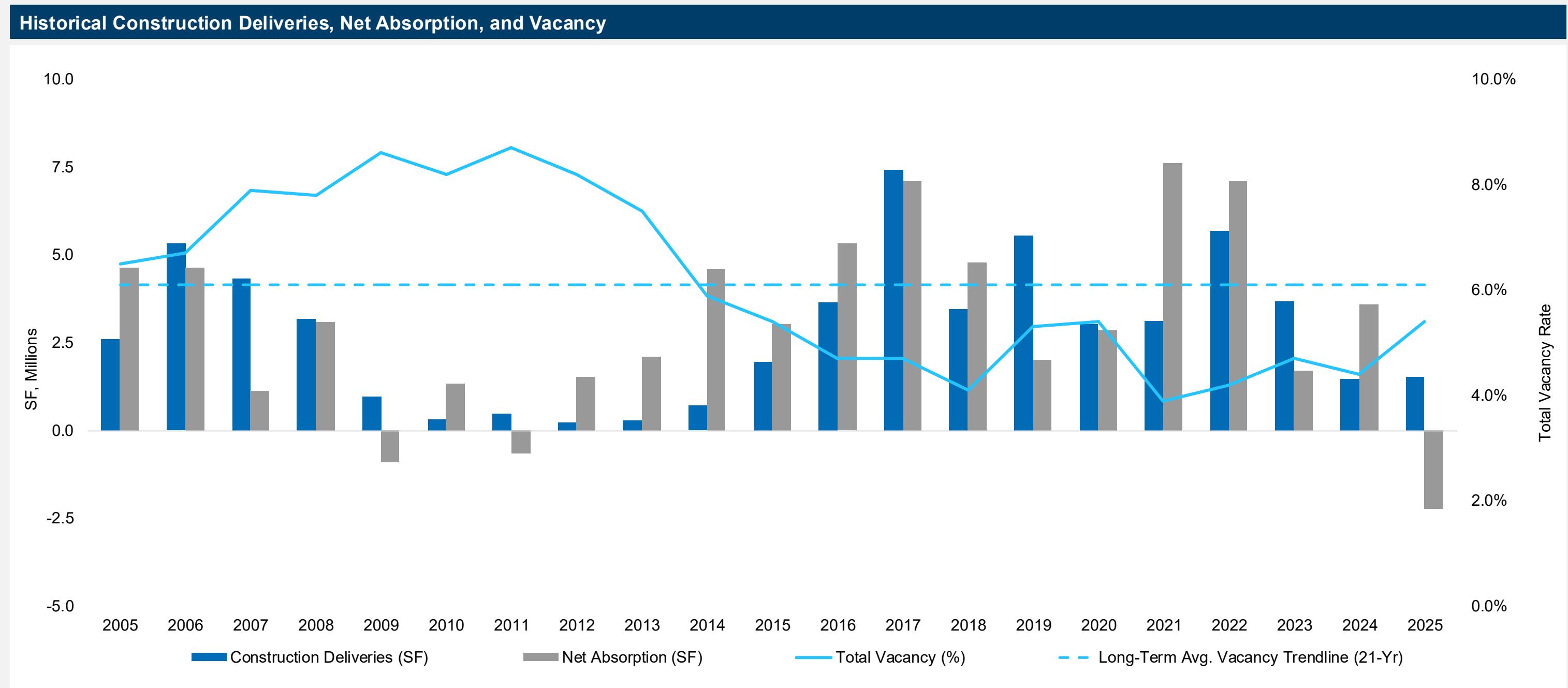
Market Overview



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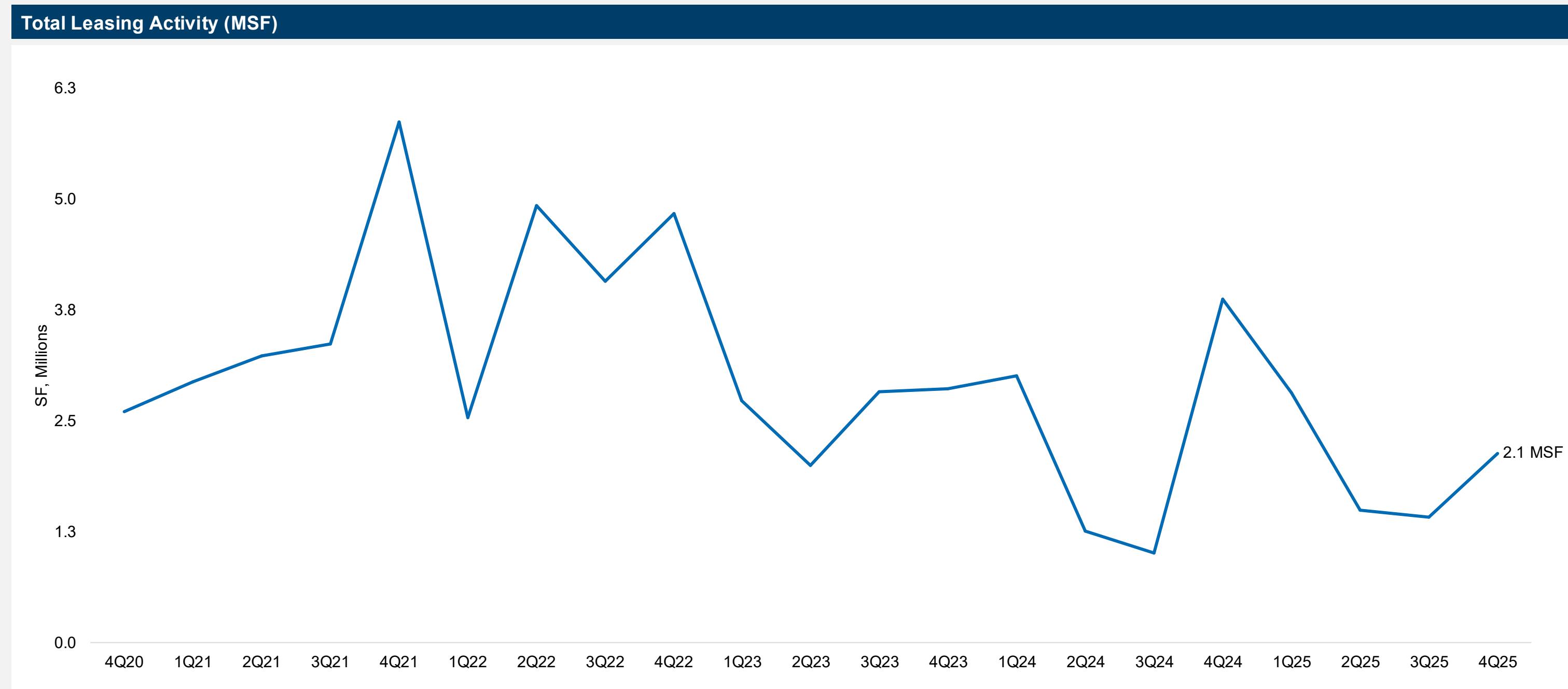
Vacancy Increases As Net Absorption Turns Negative In 2025

Vacancy increased by 1.0% year over year to 5.4% as tenants reassessed their space requirements. The market responded with most new deliveries being build-to-suit projects. Leasing activity will begin to pick up in 2026, marking a shift from earlier tenant caution to above-average activity in the mid- and large-sized industrial segment.



Industrial Leasing Activity Accelerates To 2.1 Million SF

Industrial space demand totaled 2.1 million SF in the fourth quarter of 2025. In 2024, activity in large bulk buildings slowed significantly, while midsized and small-bay industrial spaces remained resilient. Tenant leasing velocity and rent growth in the Class A bulk segment are expected to strengthen in 2026.

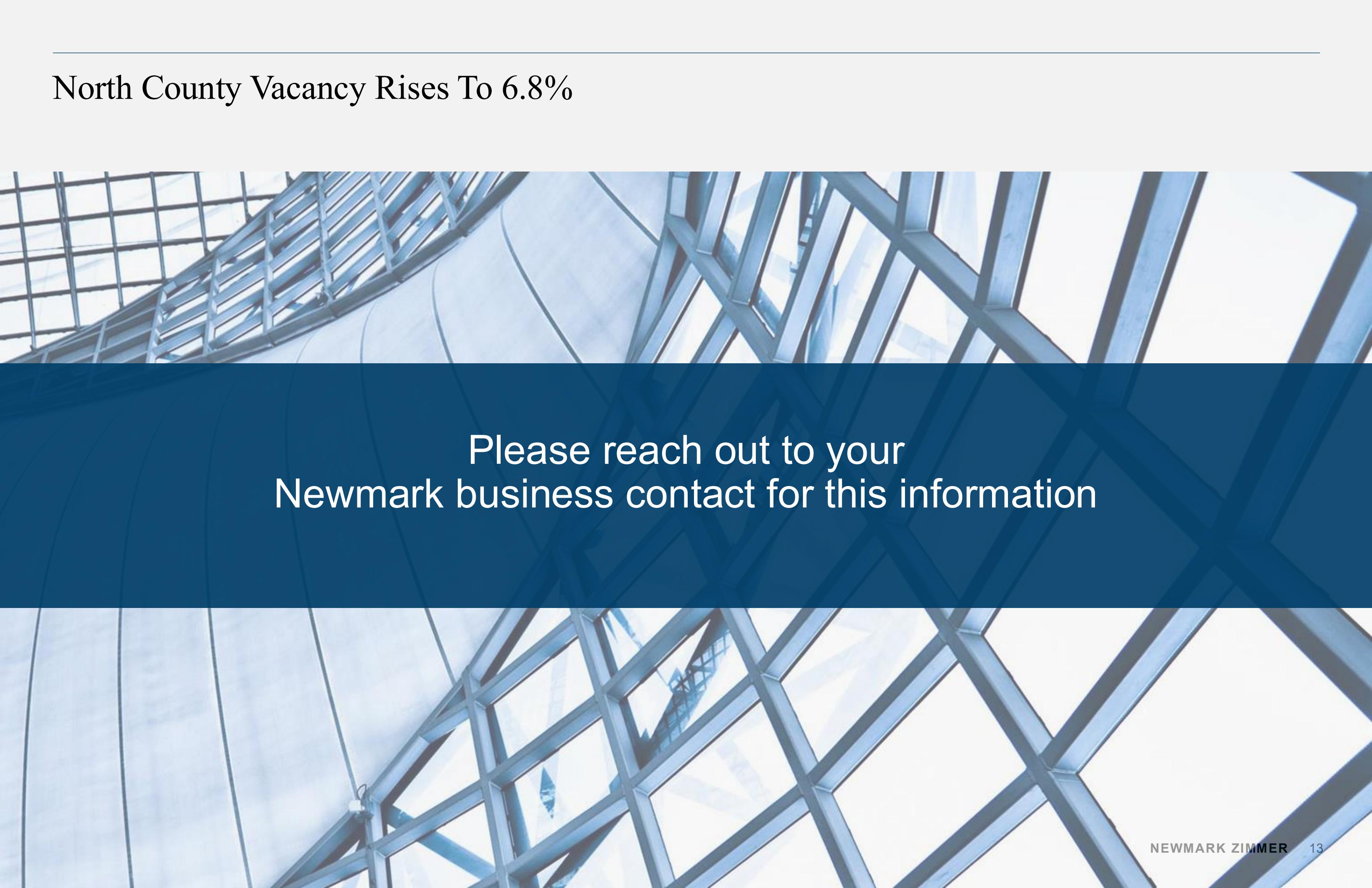


Class A Warehouse Leasing Percentage Registers 63.4% In 2025

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 accounted for 63.4% of overall activity; a significant increase from the pre-pandemic average of 44.8% recorded between 2015 and 2019.



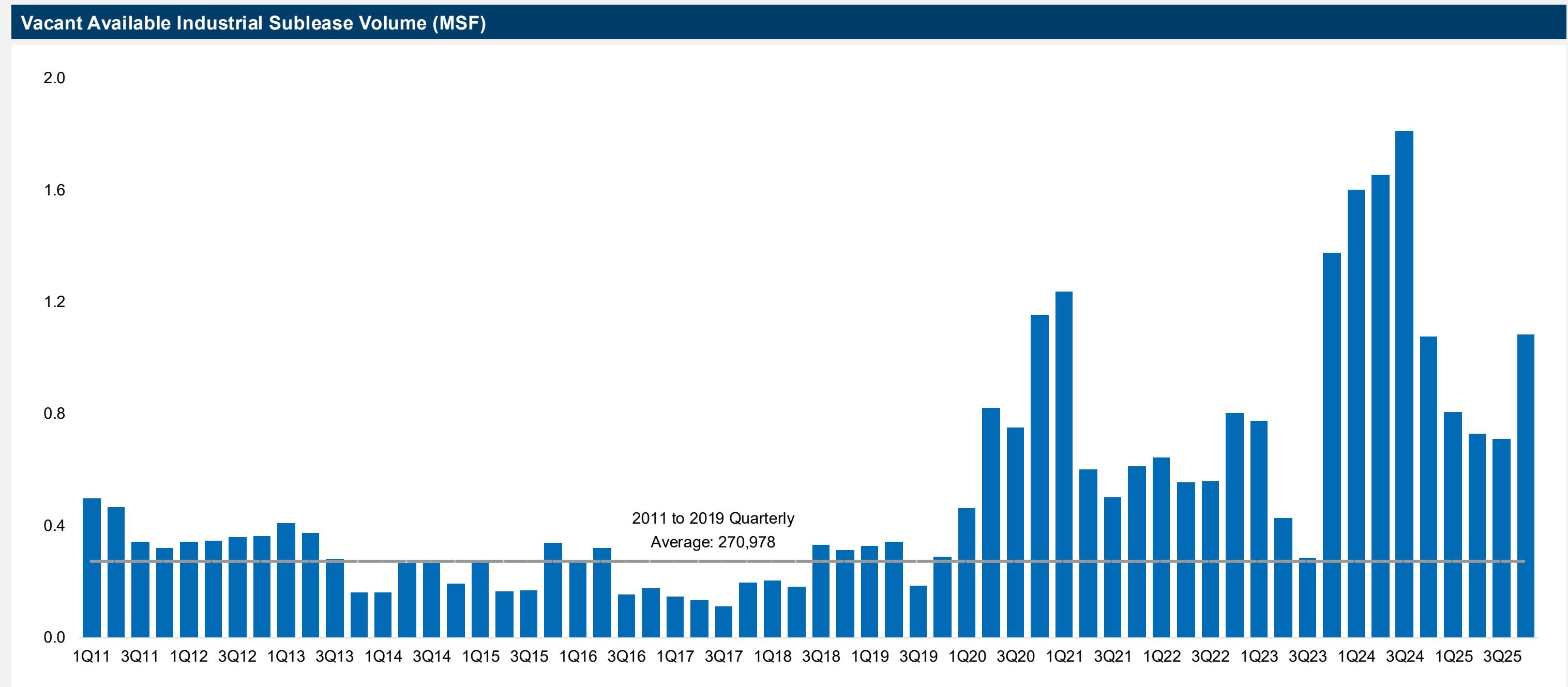
North County Vacancy Rises To 6.8%



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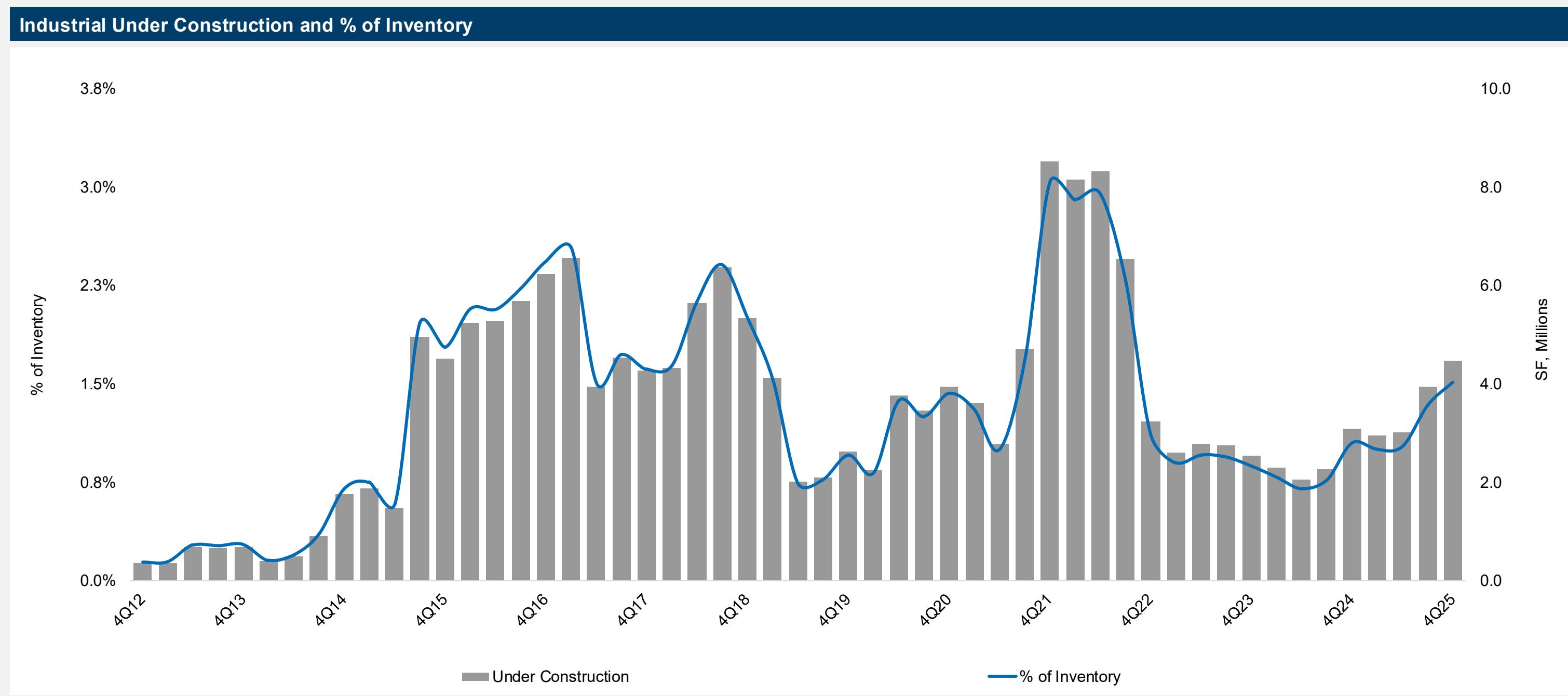
Vacant Sublease Availability At 1.1 MSF; Only 0.2% Of Market

Vacant sublease availability has declined from a peak of 1.8 million SF in the third quarter of 2024 to 1.1 million SF in the fourth quarter of 2025. Sublease additions are projected to moderate towards 750,000 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.



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 4.5 million SF. Build-to-suit projects account for 89% of current development. Speculative construction is expected to remain limited in 2026; however, developers are reevaluating paused projects and analyzing potential land positions as leasing activity gains momentum.



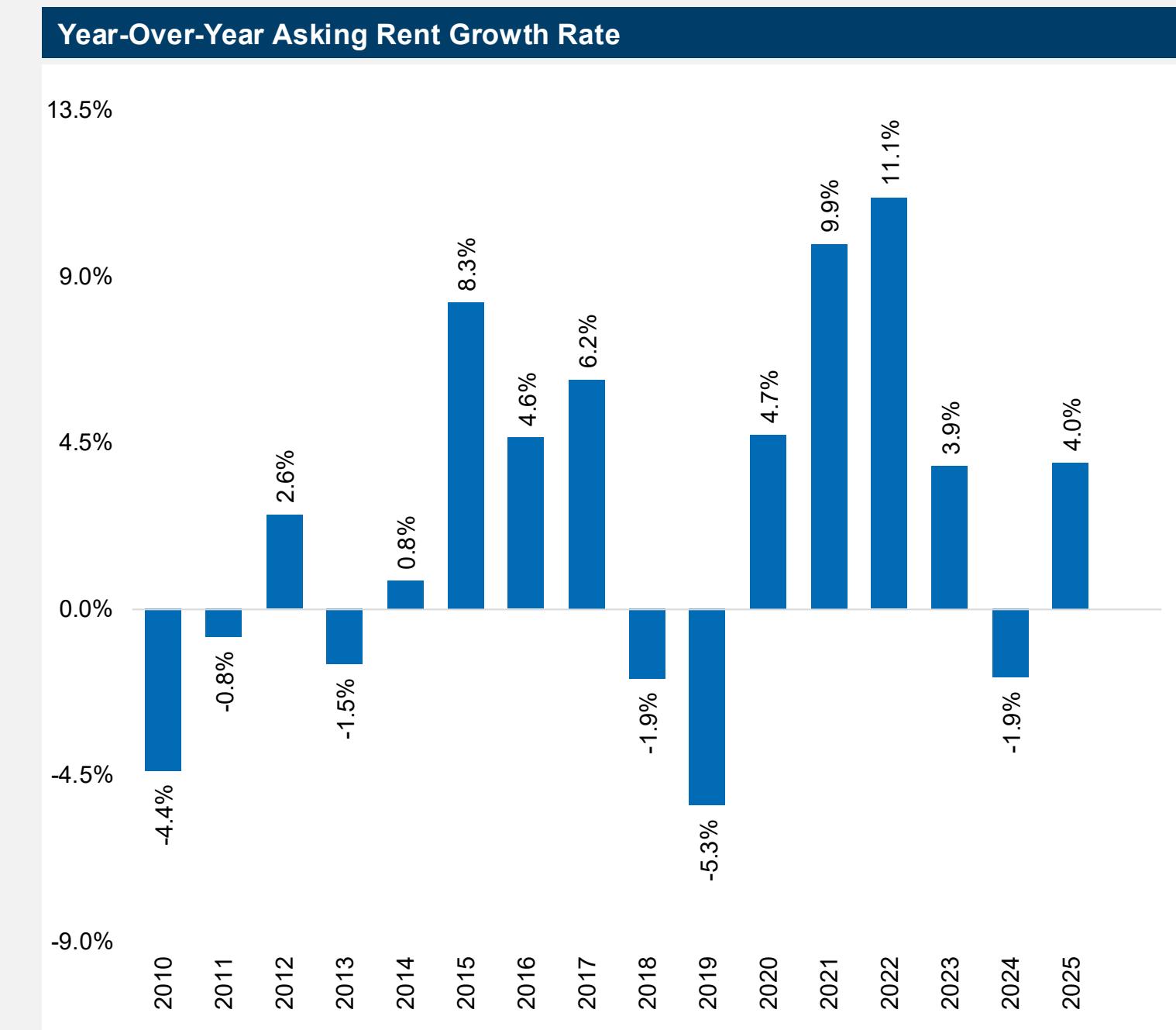
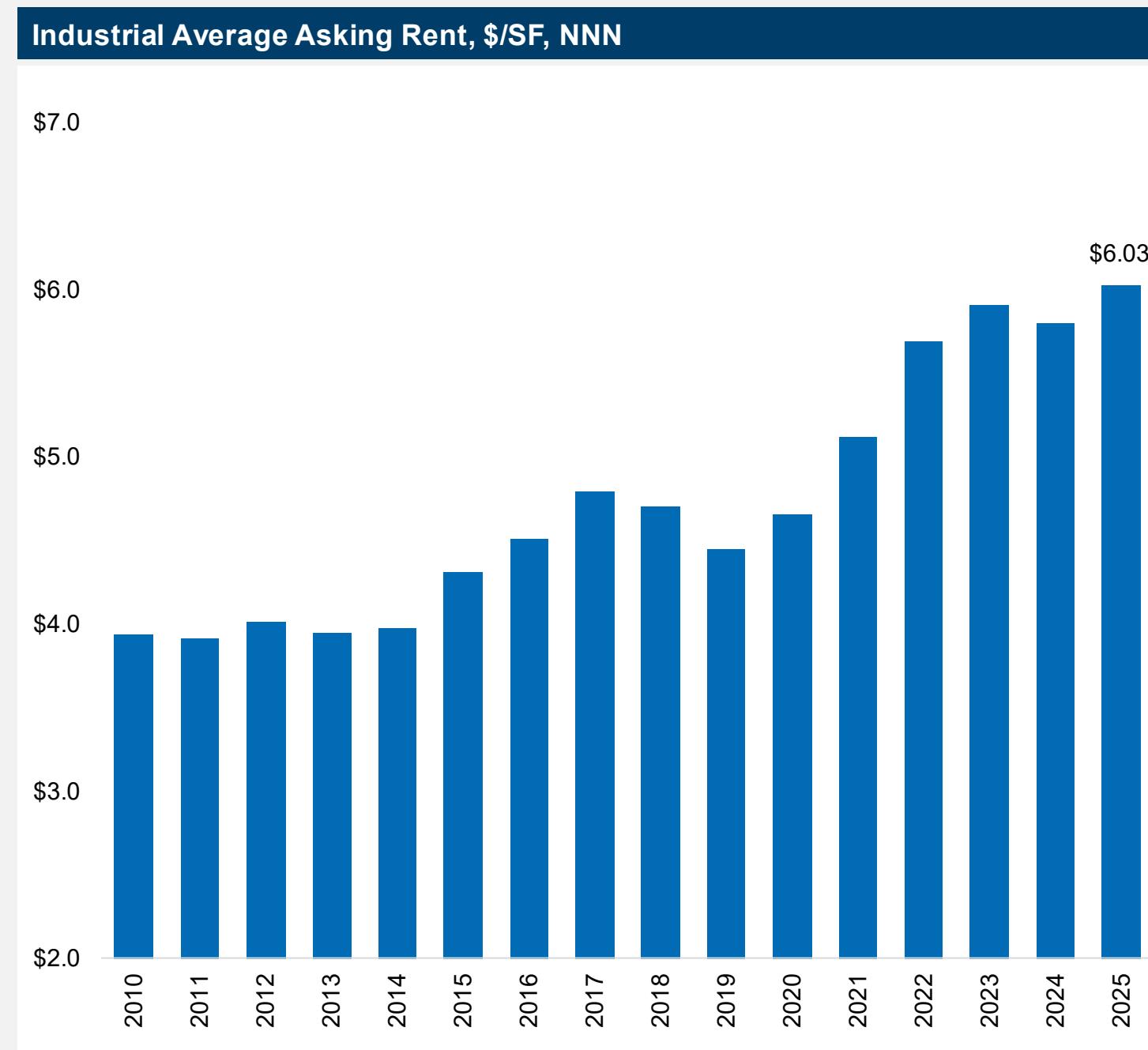
Limited Speculative Construction Focused On Small- And Midsized Facilities



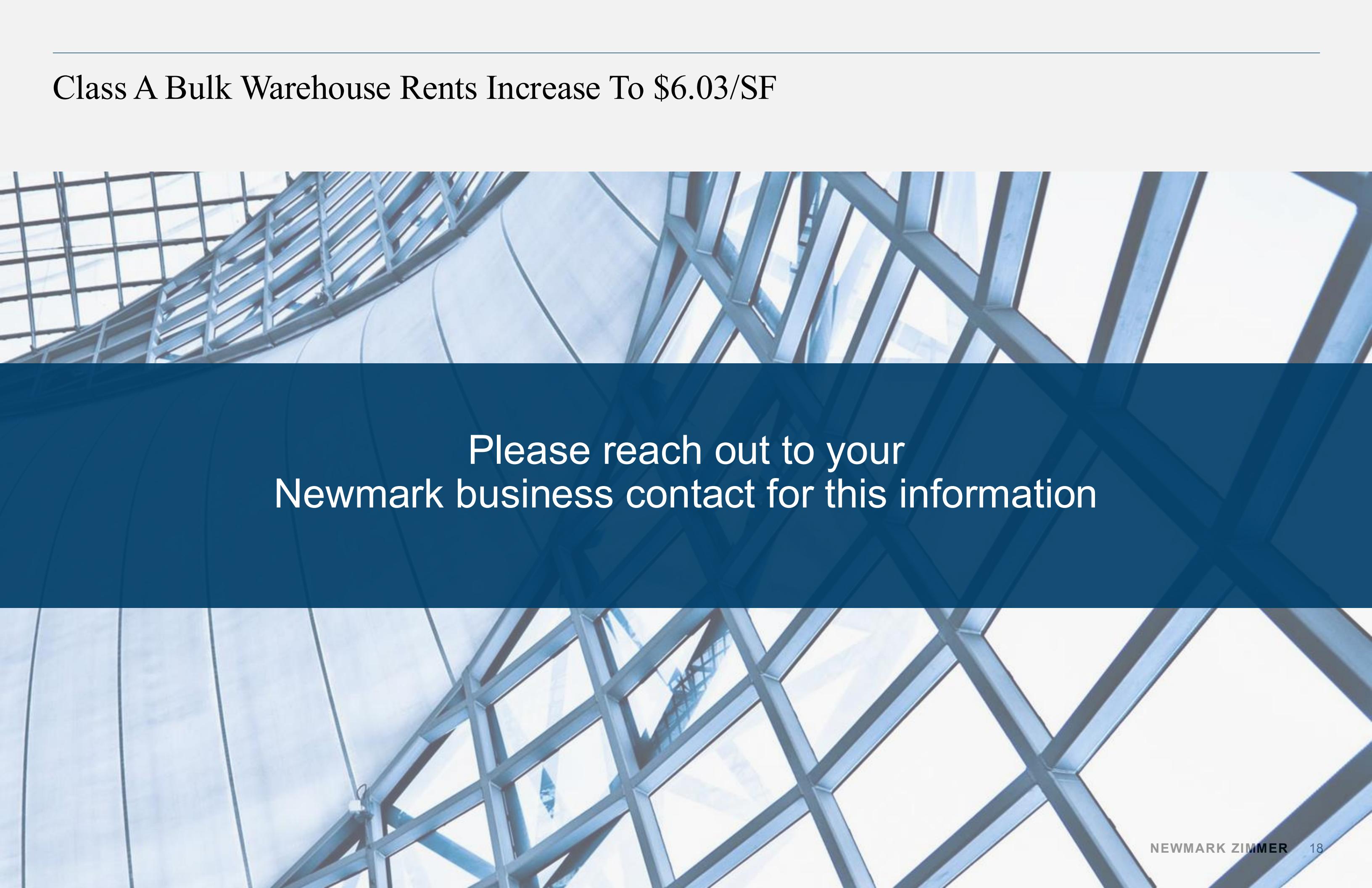
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Record Industrial Asking Rents Climb To \$6.03/SF

Aggregate rental rate growth reached a record 29.4% 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 the past two years, climbing 2.0%. Asking rental rate growth is expected to range from 2.25% to 3.5% in 2025.



Class A Bulk Warehouse Rents Increase To \$6.03/SF



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4Q25 Notable News & Leasing Activity

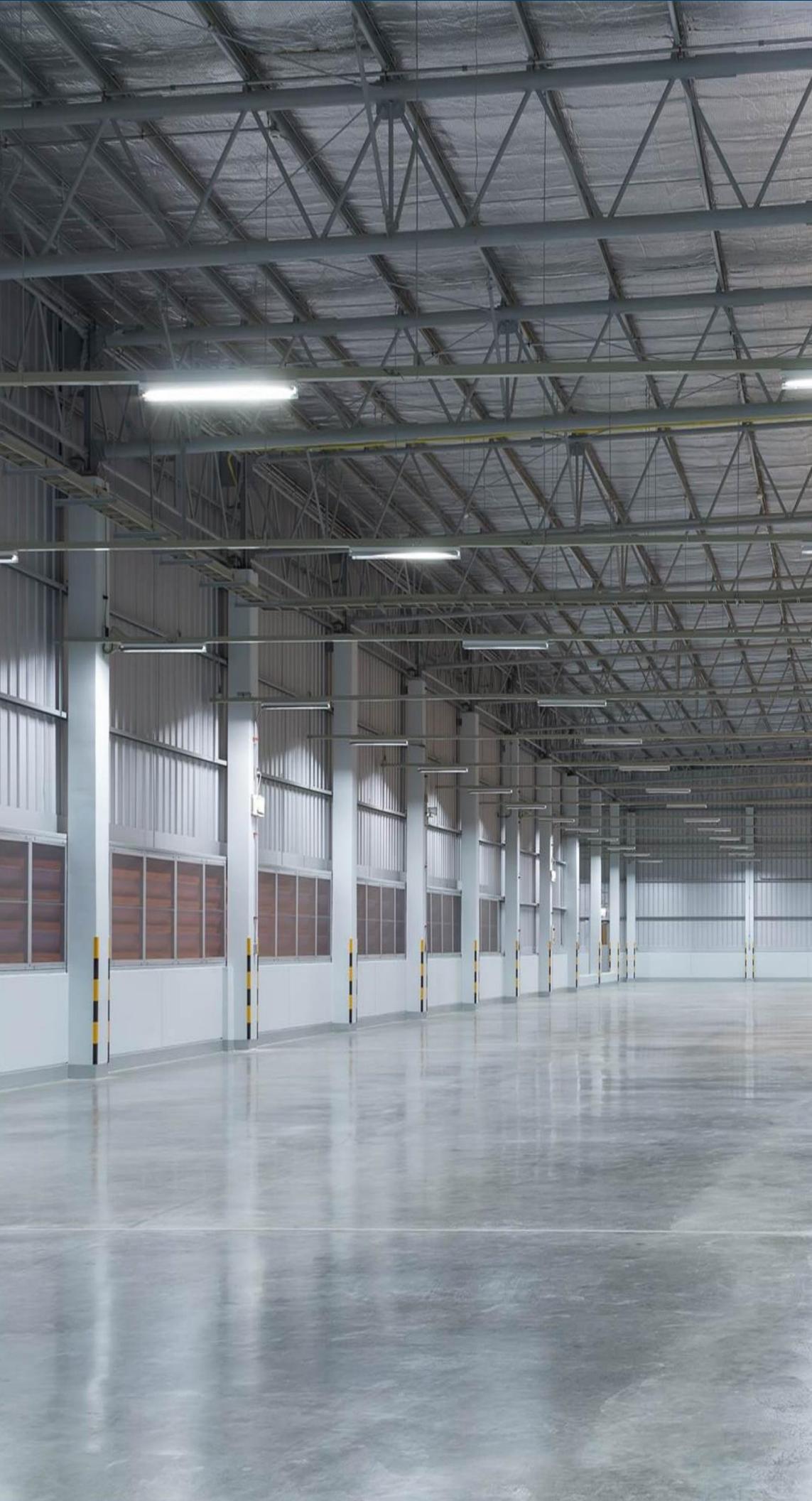
The market recorded negative 2.2 million SF of net absorption in 2025, compared to 1.5 million SF of new deliveries during the same period. Leasing activity is expected to be driven by the North County, Metro East, and St. Charles County submarkets in 2026. Over the past five years, these submarkets achieved net absorption of 7.8 million SF in North County, 5.0 million SF in Metro East, and 1.8 million SF in St. Charles County, supported by strong leasing momentum and competitive rental rates.

Select News & Lease Transactions					
Tenant	Building(s)	Submarket	Type	Square Feet	
True Fitness Technology, Inc.	1 Glazer Way	St. Charles County	Direct New	254,460	
<i>True Fitness Technology, Inc. signed a 10-year lease for the entire 254,460-SF One Glazer Way building located in St. Charles, MO. The fitness equipment manufacturer will begin occupying the space starting in February 2026.</i>					
AIT Worldwide Logistics	13201-13221 Corporate Exchange	North County	Direct New	228,260	
<i>AIT Worldwide Logistics signed a lease for 228,260 SF of the 448,975-SF multi-tenant building located at 13201-13221 Corporate Exchange in Bridgeton, MO. The firm will begin occupying the space starting in February 2026.</i>					
Cardinal Health	13333 Lakefront Drive	North County	Sublease	189,560	
<i>Cardinal Health signed an eight-year sublease for the entire 189,560-SF flex facility located at 13333 Lakefront Dr. in Earth City, MO. The space was formerly occupied by Legacy Pharmaceutical Packaging. Cardinal Health will begin occupying the space starting in January 2026.</i>					
Multi Color Corporation	6880 Heege Road	South County	Renewal	87,500	
<i>Multi Color Corporation announced it renewed 87,500 SF of space at 6880 Heege Rd. in Affton, MO.</i>					
Elevator	1230 Macklind Avenue	St. Louis City	Direct New	67,300	
<i>Elevator leased the entire 67,300-SF building located at 1230 Macklind Ave. in St. Louis to open a co-warehousing space. The firm is expected to move in by the end of March 2026.</i>					

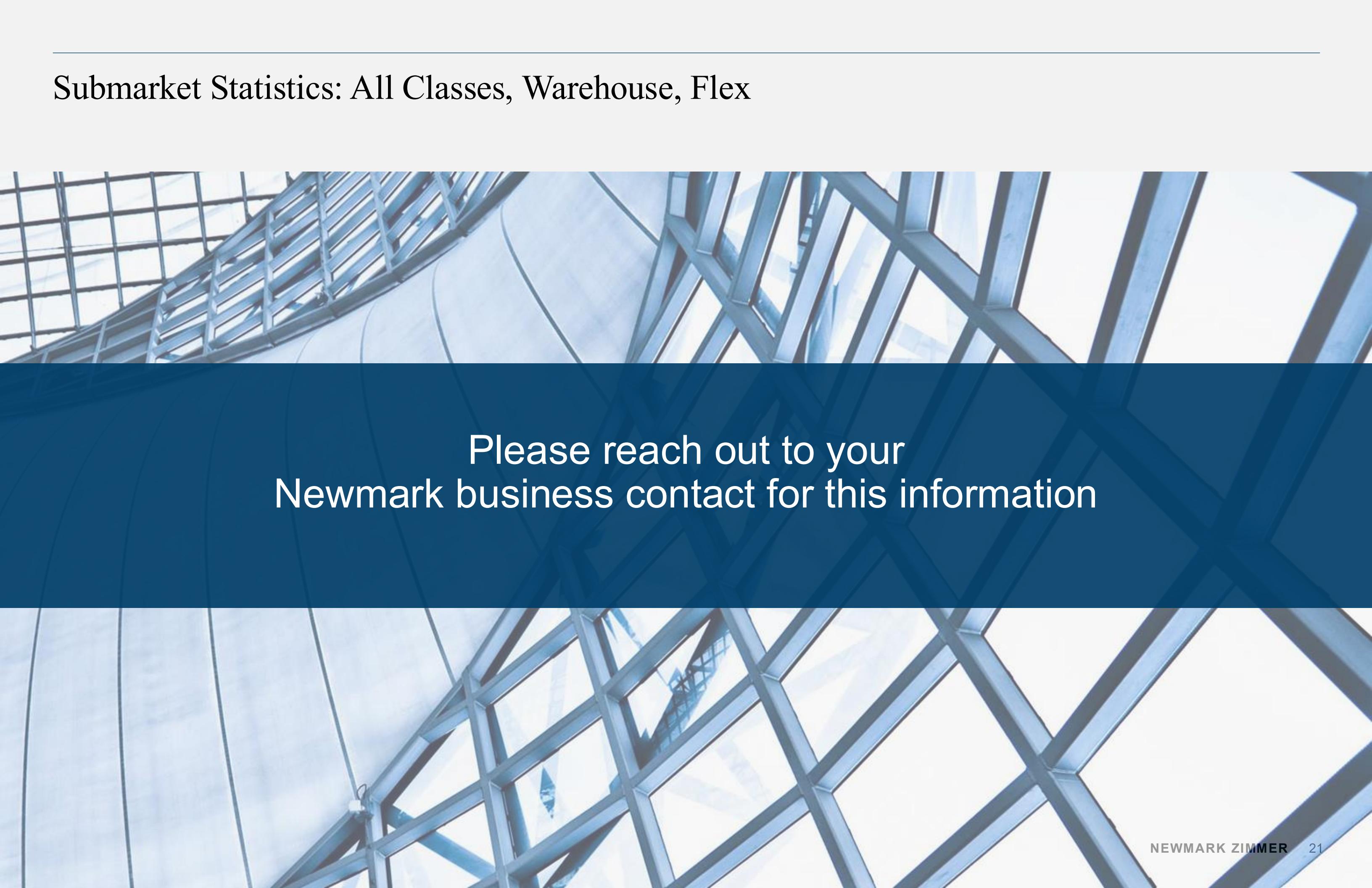
03

Submarket Statistics

4Q25 ST. LOUIS INDUSTRIAL MARKET OVERVIEW



Submarket Statistics: All Classes, Warehouse, Flex



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