



Q4 2016 Office Market Report

MARKET TRENDS

Compared to Previous Quarter

Vacancy Rate



Net Absorption



Rental Rates



Construction



Fourth quarter continued to show signs of improvement for the St. Louis office market. The office vacancy rate for the St. Louis market showed a slight decrease of .6% at the end of the fourth quarter 2016. The overall vacancy rate was 12.5% at the end of the fourth quarter 2016, and 13.1% at the end of the third quarter 2016. While most submarkets showed improvement or little change, the overall Clayton submarket showed a slight increase of .5% due to an increase in Class B vacancy. The Clayton Class A vacancy rate showed a slight decrease from 5.3% in third quarter 2016 to 5.1% at the end of the fourth quarter 2016. The Clayton submarket continued to have the lowest vacancy rate.

Overall office net absorption increased from last quarter. There were positive 321,582 square feet absorbed at the end of the fourth quarter 2016. At the end of the third quarter 2016, net absorption was positive 80,389 square feet.

The average quoted asking rental rate in the St. Louis office market also showed an increase. The overall average quoted rental rate ended the fourth quarter 2016 at \$19.64 per square foot per year. That compares to \$19.55 per square foot at the end of the third quarter 2016.

Although there was no new construction delivered in fourth quarter 2016, while 250,000 square feet of office remained under construction; including Delmar Gardens III, which will be delivering 125,000 square feet to the West County submarket.

NOTEWORTHY SALE



Gershman Commercial Equities purchased One Chesterfield Place, a 143,473 SF Class A office building located in Chesterfield at 14755 N. Outer Forty Road.

NOTEWORTHY SALE



Sara Investments purchased 3 Class A office buildings located in Des Peres; Corporate Hill I, II & III totaling 289,300 SF.

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)	89	14,575,379	2,223,583	2,272,126	15.6%	136,904	0	0	\$16.25
St. Louis City (Other than CBD)	38	2,249,683	128,339	162,339	7.2%	37,616	60,000	0	\$18.46
Clayton	75	7,391,577	521,072	525,612	7.1%	(40,384)	0	0	\$23.59
Olive-270/ Westport	115	7,529,090	890,532	907,077	12.0%	71,721	0	0	\$20.22
West County	111	7,641,101	561,153	578,596	7.6%	106,717	0	185,000	\$23.36
South County	57	2,849,676	331,823	331,823	11.6%	(25,212)	0	0	\$21.59
North County	68	4,871,099	1,174,526	1,181,359	24.3%	22,823	0	0	\$17.52
St. Charles	42	2,434,970	195,802	299,702	12.3%	(2,566)	0	0	\$17.71
Illinois	68	2,886,762	301,767	301,767	10.5%	13,963	0	65,000	\$18.02
Totals	670	52,429,337	6,328,597	6,560,401	12.5%	321,582	60,000	250,000	\$19.64

Source: CoStar Property®

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
Peabody Energy*	701 Market St.	160,514	CBD
Centene	Pierre Laclède Center II	45,018	Clayton
Gershman Mortgage	16253 Swingley Ridge	24,024	West County
Charter Communications**	Riverport Tower	14,017	North County
Talisen Technologies*	West Park I	15,000	Olive-270/Westport

*Renewal ** Expansion

FEATURED PROPERTY



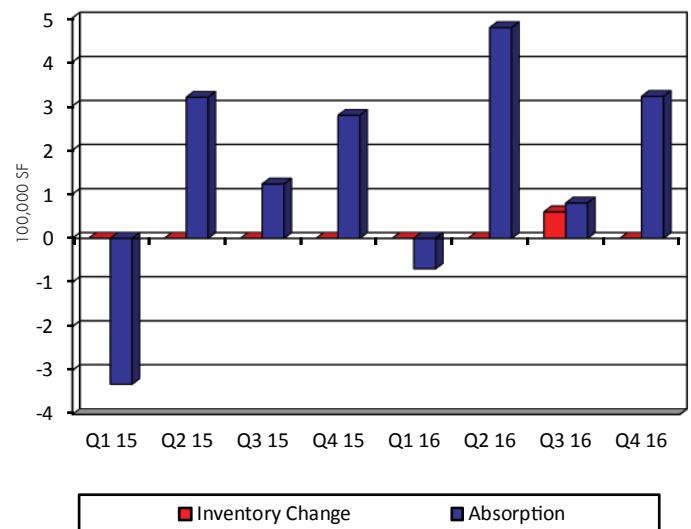
One Chesterfield Place
14755 N. Outer Forty Road
Chesterfield, MO 63017

- 1,072 SF - 7,006 SF Available
- Remodeled Lobby, On-Site Food Service & Outdoor Seating Area Completed in 2016
- Complimentary Covered & Surface Parking Available
- Easy Access to I-64, I-270 & Hwy. 141
- Lease Rate: \$27.00 PSF

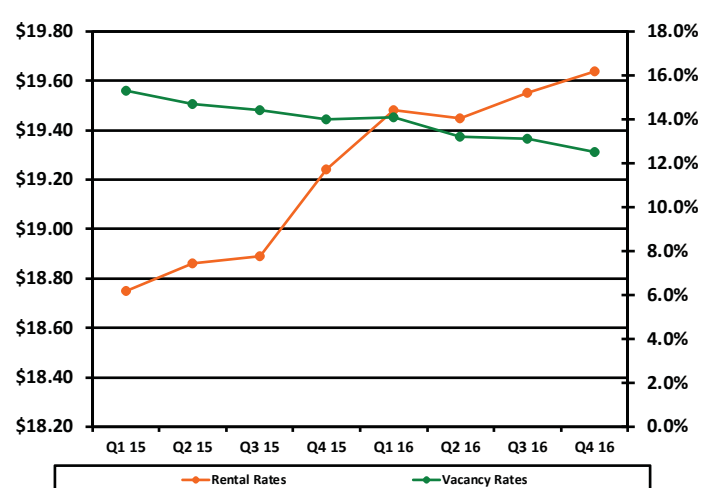
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Overall Office Inventory & Absorption



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.