

Historic Low Vacancy

In a year with over 617,000 square feet of positive absorption, most submarkets ended 2017 at historically low vacancy levels. Overall, St. Louis ended 2017 with a direct office vacancy rate of 11.5%. For comparison, year-end vacancy was 14.2% at the end of 2015 and 12.1% at the end of 2016.

Clayton, arguably the most desired submarket, ended the year with a direct vacancy rate of 6.2%. Even more impressive, Class A space in Clayton reached its lowest levels in five years, landing at 4.25%.

Numerous other submarkets also ended 2017 with Class A vacancy rates at their lowest point in the last five years. Westport, Olive/I-270, Manchester/I-270, I-44/I-270, and Earth City all finished strong in 2017.

Low vacancy rates, coupled with the demand for high quality space, jump-started new office development in St. Louis.

In 2017, St. Louis County added four notable buildings to the market. World Wide Technology completed its new, single-tenant project in Westport. Bunge North America finished their new building in Chesterfield. Lastly, two multi-tenant developments came online – Sunset Ridge in Des Peres and Delmar Gardens III in Chesterfield.

Combined, these four buildings delivered approximately 530,000 square feet of Class A space. Of that, only 48,000 square feet remains available today, with the largest contiguous block at 19,885 square feet.

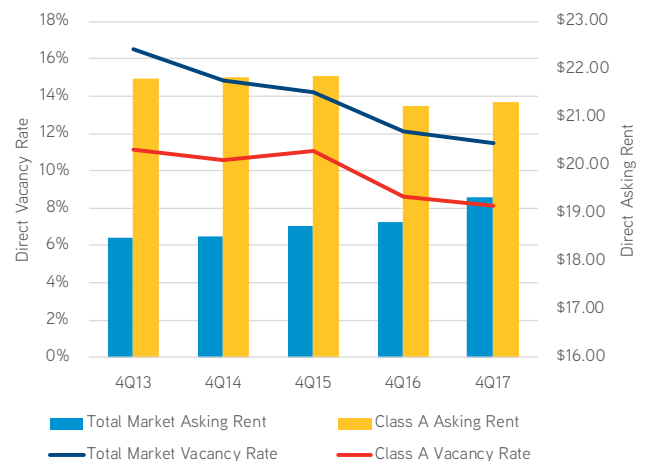
St. Louis City ended 2017 with a direct vacancy rate of 20.2% for all classes of office space, and 15.6% for Class A. Two new, exciting spec developments, Ballpark Village Phase 2 and 4220 Duncan will add 380,000 square feet. Much of this space is preleased to noteworthy tenants such as PwC and Microsoft.

One big question facing St. Louis City's CBD is the now empty 1.4 million square feet at the former AT&T office tower. The City rates above do not include this building which is currently on the auction block.

Market Indicators

Market Indicators	Q3 2017	Q4 2017	Q1 2018 FORECAST
VACANCY	↓	↑	↓
ABSORPTION	↑	↑	↑
CONSTRUCTION	↔	↔	↔
RENTAL RATE	↑	↑	↑

Vacancy & Rental Rates



Q4 2017 Submarket Snapshot*

Greater St. Louis Region							
MARKET	EXISTING INVENTORY (SF)	OVERALL VACANT SF	OVERALL VACANCY %	DIRECT VACANT SF	DIRECT VACANCY %	OVERALL NET ABSORPTION (YTD)	DIRECT AVERAGE RENT
CLASS A							
St. Louis City	5,557,440	928,974	16.72%	869,110	15.64%	(143,343)	\$18.86
Clayton	4,608,770	205,600	4.46%	195,873	4.25%	107,566	\$27.71
Westport	1,293,264	58,253	4.50%	52,081	4.03%	302,992	\$20.60
Olive/I-270	2,309,900	193,556	8.38%	156,681	6.78%	69,883	\$25.12
Chesterfield	4,566,748	324,824	7.11%	239,656	5.25%	185,886	\$27.33
Manchester/I-270	1,077,958	84,448	7.83%	61,340	5.69%	35,839	\$23.68
I-44/I-270	365,127	5,529	1.51%	5,529	1.51%	3,788	\$24.01
Earth City	1,613,798	190,541	11.81%	103,507	6.41%	110,000	\$18.86
Airport	715,275	48,347	6.76%	400	0.06%	0	\$0.00
St. Charles County	968,016	219,339	22.66%	182,499	18.85%	(38,630)	\$20.12
Class A Totals	23,076,296	2,259,411	9.79%	1,866,677	8.09%	633,981	\$21.31
CLASS B							
St. Louis City	4,888,660	1,263,944	25.85%	1,207,184	24.69%	(98,355)	\$15.46
Clayton	3,291,431	253,228	7.69%	250,488	7.61%	49,924	\$19.97
Westport	1,869,915	396,000	21.18%	376,782	20.15%	(92,449)	\$17.88
Olive/I-270	3,413,485	355,859	10.43%	312,178	9.15%	(15,990)	\$17.59
Chesterfield	2,153,278	235,830	10.95%	215,904	10.03%	9,765	\$21.09
Manchester/I-270	1,157,474	97,515	8.42%	87,906	7.59%	11,193	\$20.25
I-44/I-270	2,600,355	165,949	6.38%	135,238	5.20%	(1,696)	\$20.78
Earth City	1,214,043	223,078	18.37%	197,364	16.26%	(22,570)	\$15.75
Airport	1,576,175	379,870	24.10%	360,652	22.88%	145,806	\$17.02
St. Charles County	1,451,565	176,373	12.15%	163,609	11.27%	7,100	\$16.82
Class B Totals	23,616,381	3,547,646	15.02%	3,307,306	14.00%	(7,272)	\$17.85
CLASS C							
St. Louis City	1,845,222	408,920	22.16%	408,920	22.16%	(25,457)	\$13.55
Clayton	545,033	77,244	14.17%	77,244	14.17%	(8,835)	\$17.68
Westport	48,100	7,018	14.59%	7,018	14.59%	(2,378)	\$14.91
Olive/I-270	207,598	12,440	5.99%	12,440	5.99%	(440)	\$13.29
Chesterfield	68,630	0	0.00%	0	0.00%	0	\$12.00
Manchester/I-270	44,322	3,443	7.77%	3,443	7.77%	7,135	\$16.78
I-44/I-270	193,889	30,253	15.60%	20,644	10.65%	2,593	\$18.43
Earth City	0	0	-	0	-	0	\$13.95
Airport	55,462	13,640	24.59%	13,640	24.59%	(3,940)	\$18.32
St. Charles County	370,995	40,940	11.04%	40,940	11.04%	22,566	\$15.23
Class C Totals	3,379,251	593,898	17.57%	584,289	17.29%	(8,756)	\$15.91
MARKET TOTALS	50,071,928	6,400,955	12.78%	5,758,272	11.50%	617,953	\$19.34

*Q4 2017 numbers compiled from Colliers International research and SIOR St. Louis research

Top 10 Sale Transactions of 2017

PROPERTY	SUBMARKET	PRICE	SF	PRICE SF	CLASS
1831 Chestnut St - Part of Portfolio	St. Louis City	\$74,264,500	424,518	\$174.94	B
172-190 Carondelet Plz	Clayton	\$85,500,000	325,172	\$262.94	A
Barrett Woods Portfolio	Manchester / I-270	Unlisted	218,287	NA	B
1 Savvis Pky	Chesterfield	Unlisted	156,000	NA	A
14755 N Outer 40 Rd	Chesterfield	\$27,500,000	143,473	\$191.67	A
13690 Riverport Dr	Earth City	\$9,896,250	132,375	\$74.76	A
502-514 Earth City Expy	Earth City	\$2,800,000	128,289	\$21.83	B
1 Progress Point Pky	St. Charles County	\$15,000,000	123,540	\$121.42	A
16305 Swingley Ridge Rd	Chesterfield	\$12,900,000	120,163	\$107.35	A
1000-1008 Clark Ave	St. Louis City	\$8,139,664	120,000	\$67.83	A

Top 10 Lease Transactions of 2017

TENANT	SUBMARKET	PROPERTY	RSF	CLASS	TYPE
St. Louis County	Earth City	700 Northwest Plz	140,000	A	New Lease
Centene	Olive/I-270	12443 Olive Blvd	103,585	A	New Lease
Cushman & Wakefield	Chesterfield	575 Maryville Centre Dr	91,994	B	New Lease
TriZetto	Earth City	3300 Rider Trl S	87,002	A	New Lease
Centene	Clayton	7930 Clayton Rd	80,342	A	New Lease
Rabo Agrifinance	Chesterfield	14767 N Outer 40 Rd	75,000	A	New Lease
Daugherty Systems, Inc.	Olive/I-270	3 CityPlace Dr	63,724	A	Renewal/Expansion
Aclara Technologies	Westport	77 Westport Plaza	63,250	A	New Lease
ACE American Insurance Company	St. Charles County	1 Progress Point Pky	47,233	A	New Lease
Centene	Clayton	7733 Forsyth Blvd	45,018	A	New Lease

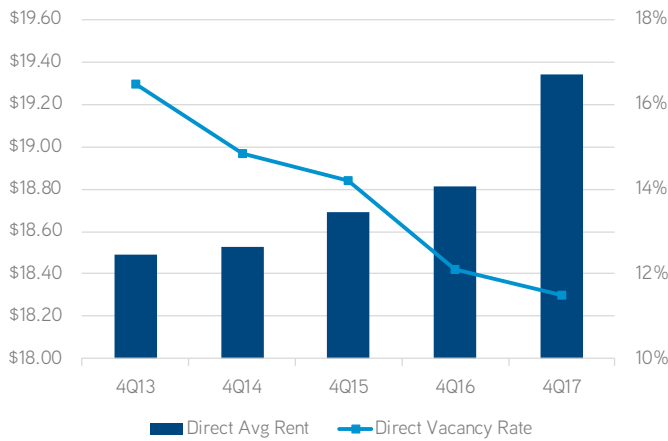
Top Construction Projects of 2017

BUILDING NAME	ADDRESS	SUBMARKET	CLASS	TYPE	SF	EST. COMPLETION
Centene Tower - Phase II	2-20 S Hanley Rd	Clayton	A	BTS	640,000	Q1 2020
Monsanto Expansion	700 Chesterfield W	Chesterfield	A	BTS	590,000	Q4 2018*
Pfizer	875 Chesterfield Pky W	Chesterfield	A	BTS	285,000	Q2 2018*
World Wide Technology HQ	Westport Plz	Westport	A	BTS	210,000	Completed*
Ballpark Village Phase II	Cardinal Way	St. Louis City	A	Spec	200,000	Q2 2019
4220 in CORTEX	4220 Duncan Ave	St. Louis City	A	Spec	180,000	Q2 2018
Bunge North America	Timberlake Manor Pky	Chesterfield	A	BTS	145,000	Completed*
Delmar Gardens III	14767 N Outer 40 Rd	Chesterfield	A	BTS	125,000	Completed
Fenton Logistics Park Office	1050 Dodge Dr	I-44/I-270	A	Spec	120,000	Q4 2018

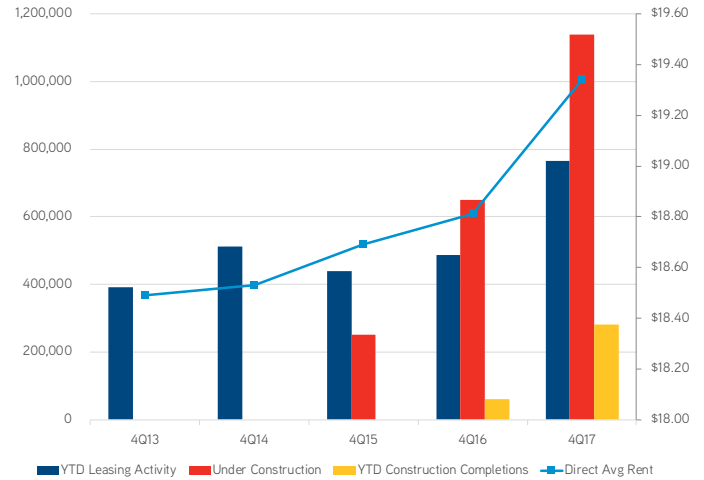
*Not included in office statistics (corporate campus or headquarters)

Historic Overview

5-Year Rents & Vacancy Rates

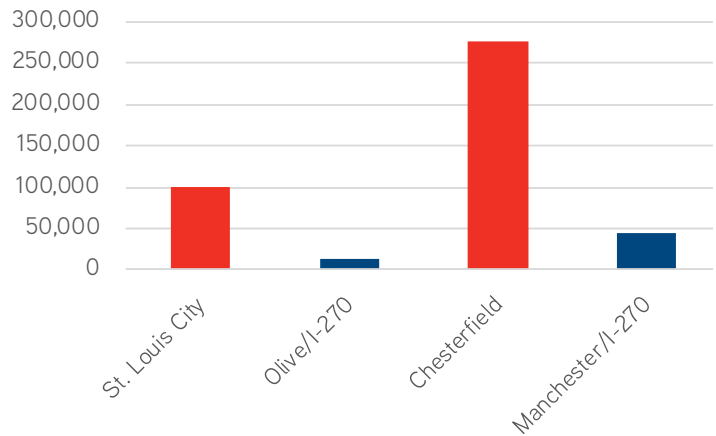
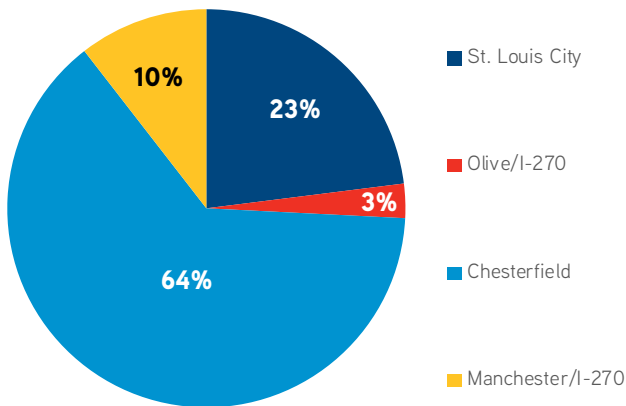


5-Year Leasing, Construction & Rent Overview

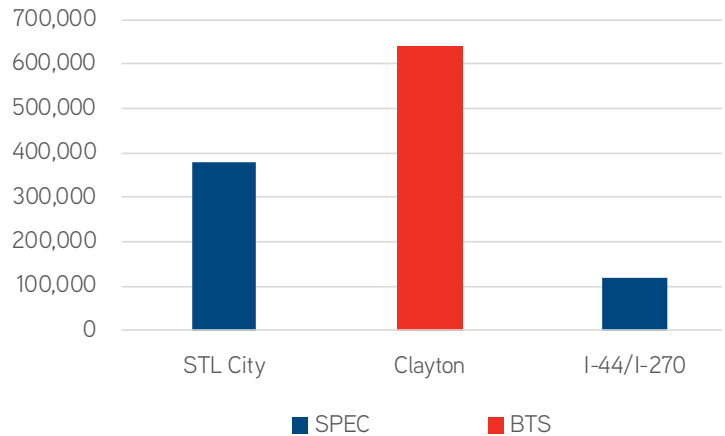
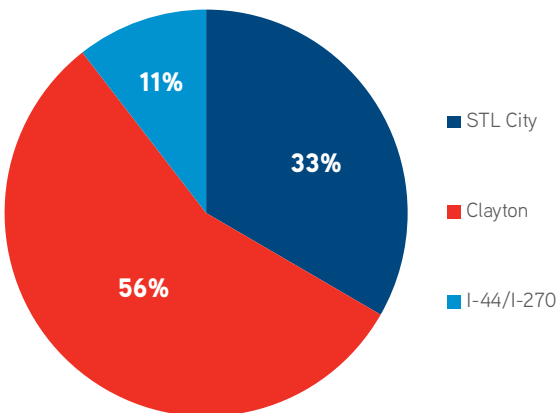


Development Overview

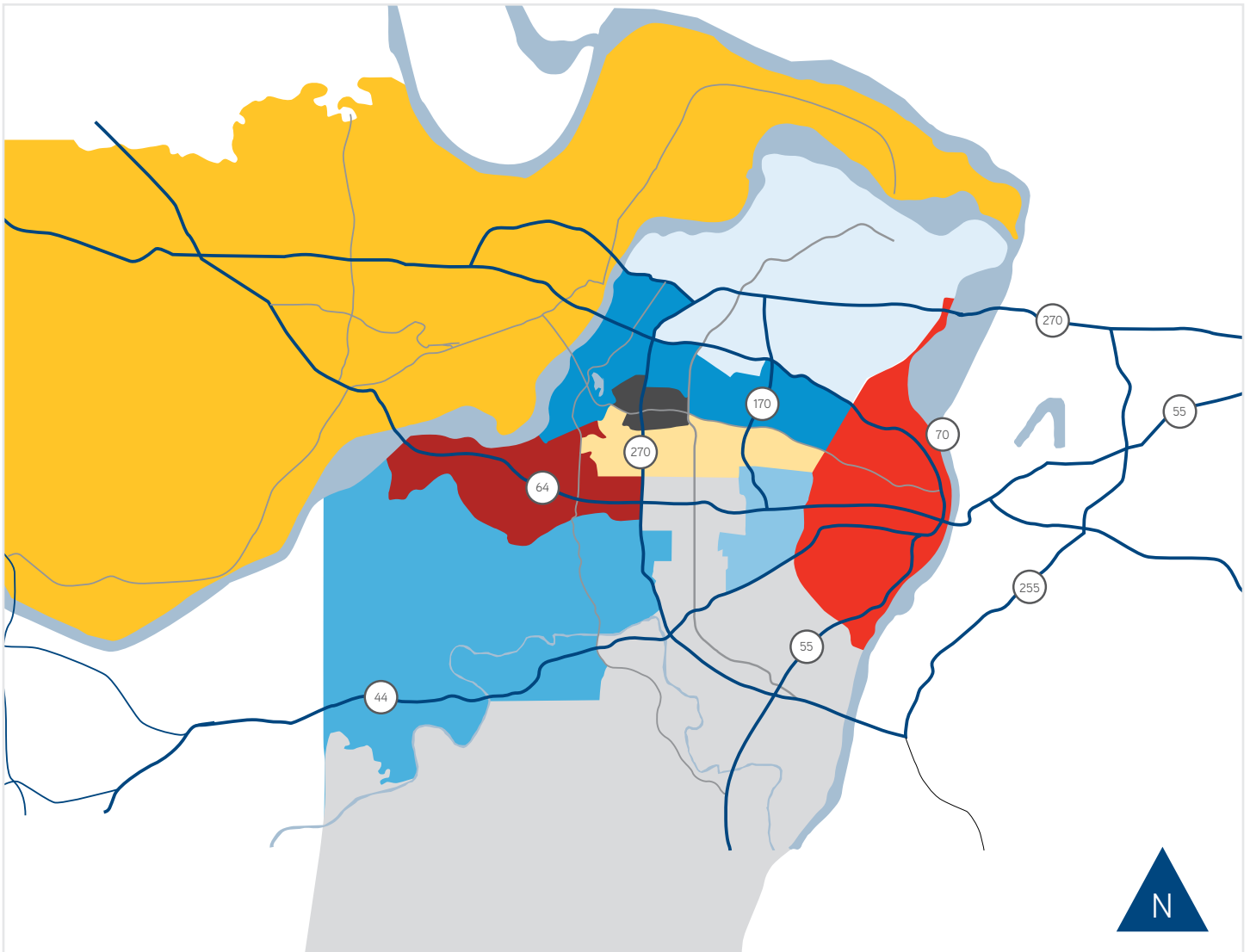
Construction Completions













Under Construction



Greater St. Louis Region SUBMARKET MAP



	ST. LOUIS CITY # of Buildings - 85		CHESTERFIELD # of Buildings - 86		AIRPORT # of Buildings - 32
	CLAYTON # of Buildings - 101		MANCHESTER/ I-270 # of Buildings - 47		ST. CHARLES COUNTY # of Buildings - 96
	WESTPORT # of Buildings - 50		I-44/ I-270 # of Buildings - 67		
	OLIVE/ I-270 # of Buildings - 103		EARTH CITY # of Buildings - 24		

\$2.6

billion in
annual revenue

68

countries

2.0

billion square feet
under management

15,000

professionals
and staff

72,000

lease/sale transactions

\$105

billion total
transaction volume

MARKET CONTACT

C. Kevin Gallagher, CCIM, SIOR
Executive Vice President and Managing Director | St. Louis

REGIONAL AUTHORS

Allison Gray | Director of Research
Pam Boelhauf | Director of Marketing & Public Relations

Colliers International | St. Louis
101 S. Hanley Road, Ste. 1400
St. Louis, MO | USA
+1 314 863 4447



About Colliers International

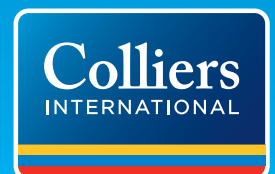
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