

Fall 2023 Industrial Report

Industrial Report

Fall 2023 | Featured Listings



ST. LOUIS INDUSTRIAL | MARKET BUZZ

The vacancy rate across the St. Louis industrial market continues to remain below its long-term average. The region has a vacancy rate of 4.4% as of 2023q3 up from the all-time low in CoStar's data history of 2.7% at the beginning of 2022 as demand has not kept up with the recent influx of new supply as several building delivered vacant.

Over the past 12 months, absorption reached 2.2 million SF, down from 6.2 million SF a year ago. While tenants have continued to expand, most have been in a range of 100,000-250,000 SF. Offsetting these gains has been space givebacks by tenants such as Dial, ITF and Spectrum Brands.

Leasing activity has also started to slow, falling below five million SF during the first two quarters of 2023 for the first time in two years as tenants pull back following a historic demand run in 2021 and 2022. As a result, the region's vacancy rate could rise moderately during 2023 if demand continues at its current pace.

Currently, the construction pipeline in the region measures 3.7 million SF, which is only 1.1% percent of the total inventory. This is considerably lower than the national average. However, the limited supply of new buildings expected to become available in the second half of this year and in 2024 will help reduce the market's downside risk. It's worth noting that some of the largest projects, such as American Foods and Davidson Logistics, are built to suit and won't be available for lease.

Developers are also pulling back due to higher interest rates and stricter lending requirements. Through the first half of the year, just one speculative building over 250,000 SF broke ground, that was NorthPoint Development's first building at Lakeside Logistics Center in St. Charles County.

Rents increased 6.7% over the past 12 months. The average asking rate across the market is now \$7.00/SF, on par with markets such as Cincinnati and Kansas City. Smaller property logistics properties continue to ask for a premium over their larger counterpart. Several buildings under 200,000 SF ask \$7-9/SF, while larger projects over 300,000 SF are in the \$4-\$6/SF range. Rent growth should begin to decelerate further if vacancy rates increase in the near term due to slowing demand.

Source: CoStar

The NAI DESCO Industrial Brokerage Group



Corbin Cox
Associate
314-994-2326



Tim Cribbin
Associate
314-994-4448



Meghan Donovan
Associate
314-994-2320



Michelle Goodwin
CCIM, Principal
314-994-4944



Dan Hayes
Vice President
314-994-4068



Brian Schnuck
Associate
314-994-2321



John Sheahan SIOR
Principal
314-994-4176



Reilly Sheahan
Associate
314-994-4957



Peter Sheahan
Principal
314-994-4081



Bob Staniforth SIOR
Vice President
314-994-2329

Recent Transactions

Dan Hayes represented CHF Development, LLC in the sale of a 100,361 SF industrial building at 3505 Tree Court Industrial Blvd in St. Louis

Tony Salerno and Michelle Goodwin represented Retail Place, LLC in the sale of a 63,588 SF industrial building at 9401 Illinois Route 15 in Belleville

John Sheahan and Reilly Sheahan represented Richards Building Supply Co. in the lease of a 59,466 SF industrial space at 13955 Riverport Place Dr in Maryland Heights

Tim Cribbin represented Lumberyard Supply Co. in the sale of a 48,000 SF industrial building at 5060-5130 Manchester Ave in St. Louis City

Peter Sheahan represented Schnuck Markets, Inc. in the lease of a 50,400 SF industrial space at 9220 Shortline Ct in Olivette

Reilly Sheahan represented Shapiro Metals Co. in the lease of a 25,626 SF industrial space at 8000 Hall Street in St. Louis City

Bill Barnes and Tim Cribbin represented JA Freight, LLC in the lease of a 14,400 SF industrial space at 10750 Baur Blvd in Creve Coeur

Kevin McKeon represented Lee Procurement Solutions, Co. in the lease of a 13,610 SF industrial space at 1849-1897 Craig Rd in Maryland Heights



5757 Manchester Ave, St. Louis, MO 63110

SUBMARKET	St. Louis City
SIZE	25,846 SF
SALE PRICE	\$1,420,000
CONTACT	Michelle Goodwin 314-994-4944 Meghan Donovan 314-994-2320

25,846 sf office/warehouse building, 10% office finish, 20,785 sf warehouse, 10'-12' clear height, 2 drive-in doors, 3-phase power, +/- 5,000 fenced outside storage, ample parking



566 Leffingwell Ave, Kirkwood, MO 63122

SUBMARKET	West County
SIZE	32,280 SF
LEASE RATE	\$8.50 PSF, NNN
CONTACT	John Sheahan 314-994-4176

32,280 sf office/warehouse building, 3,630 sf office finish, 18'-25' ceilings, 4 docks and 1 large drive-in, 3 phase electric, floor drains, fully wet sprinklered, 35 car parking



3952 Clayton Ave, St. Louis, MO 63110

SUBMARKET	St. Louis City
SIZE	16,370 SF
LEASE RATE	\$10.50 PSF, NNN
CONTACT	Reilly Sheahan 314-994-4957 Peter Sheahan 314-994-4081

16,370 sf single tenant industrial building, +/-35% office finish, 1 dock, 4 drive-in doors, 3-phase power, 12'-15' clear ceilings, easy access to I-44 & I-64, zoned J-Industrial District



5933-5941 Jackson Ave, Berkeley, MO 63134

SUBMARKET	North County
SIZE	9,000-13,500 +/- SF
LEASE RATE	\$3,500-\$4,500 / MO, MG
CONTACT	Tim Cribbin 314-994-4448

9,000 +/- office/warehouse svc center, 3,000 +/- sf warehouse, 3,000 +/- sf two-level mezzanine, heavy power, 3rd floor storage available, 16'5" ceiling height, individual bays for dead storage



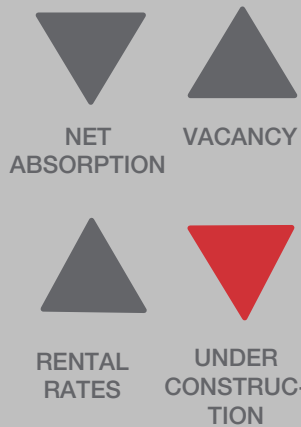
1100 Stafford St, Washington, MO 63090

SUBMARKET	Franklin County
SIZE	85,150 SF
LEASE RATE	Contact Broker
CONTACT	Brian Schnuck 314-994-2321

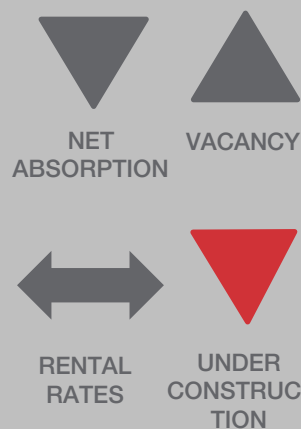
85,150 sf industrial space, 2 outdoor storage lots, heavy power, 4-1600 amp systems, 2-3 phase 208, 2-3 phase 240, office space up to 10,000 sf, 4 dock high doors, 2 drive-in doors

Quarterly Statistics

3Q23 vs. 3Q22



3Q23 vs. 2Q23



Sale Comps

The next two pages provide recent industrial sale comps in the St. Louis metropolitan area. For more information contact a NAI DESCO broker.

ST. CHARLES COUNTY

1 The National Wood Flooring Association purchased a 10,568 SF warehouse at **14 Research Park Dr** for \$1,733,964 (**\$164.08 psf**)

2 Nexus Holdings, LLC purchased a 71,930 SF warehouse at **3613 Mueller Rd** for \$3,000,000 (**\$41.71 psf**)

WEST COUNTY

1 3505 Tree Court Industrial, LLC, purchased a 100,361 SF warehouse at **3505 Tree Court Industrial Blvd** for \$8,400,000 (**\$83.69 psf**)

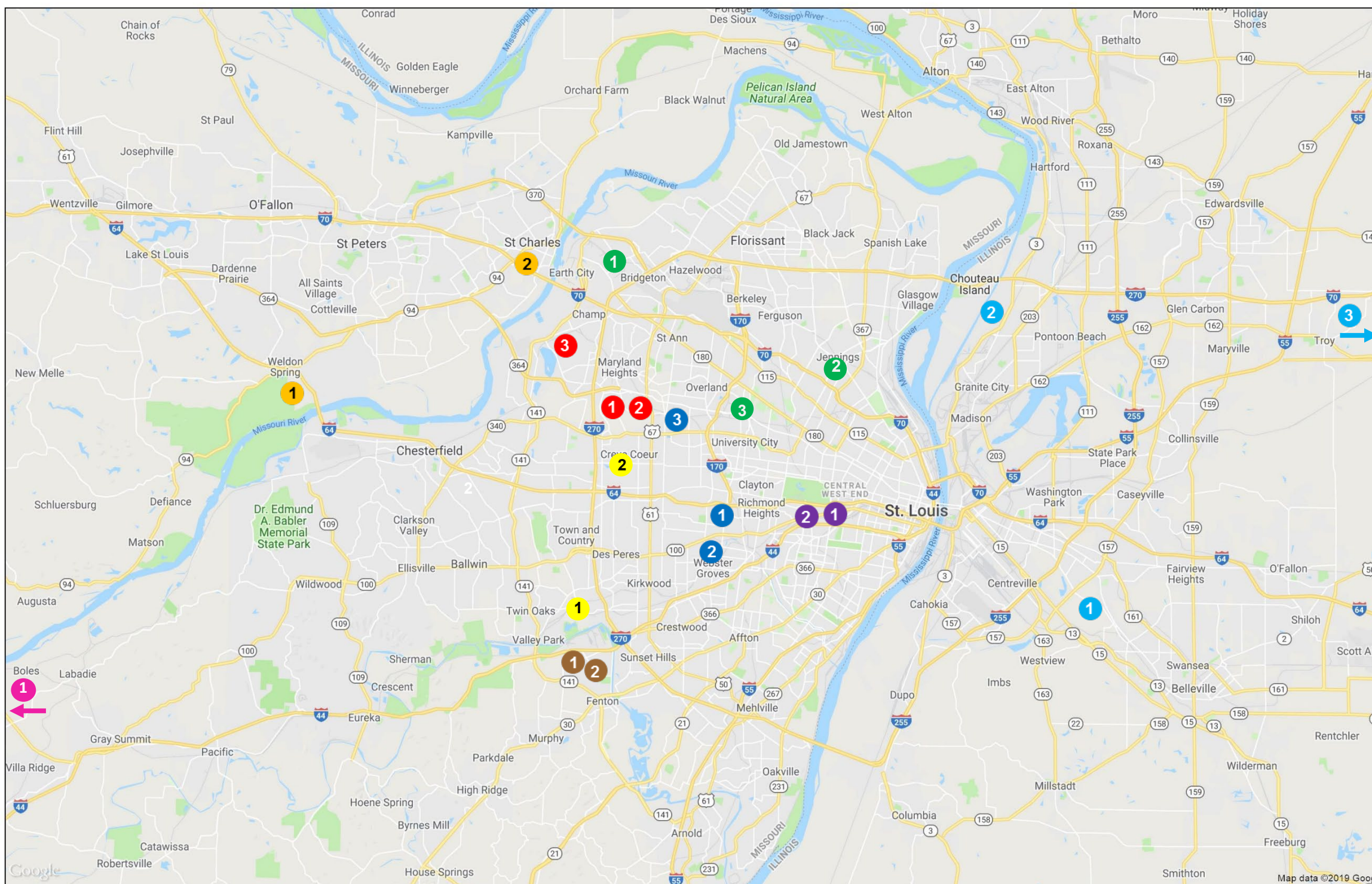
2 JPH Real Estate, LLC purchased a 87,700 SF warehouse at **2303 Schuetz Rd** for \$6,450,000 (**\$73.55 psf**)

EARTH CITY / NORTH CO

1 Lacan Properties, LLC purchased a 13,080 SF warehouse at **13010 Gist Rd** for \$499,000 (**\$38.14 psf**)

2 Ashman Properties, LLC purchased a 140,000 SF warehouse at **6401 W. Florissant Rd** for \$1,250,000 (**\$8.93 psf**)

3 Darnell T. West purchased a 135,074 SF warehouse at **2001-2085 Walton Rd** for \$6,426,000 (**\$47.57 psf**)



WESTPORT / MARYLAND HEIGHTS

1 CVD Assets, LLC purchased a 28,930 SF warehouse at **11993-11999 Borman Dr** for \$2,540,000 (**\$87.80 psf**)

2 BMO-II Meadows, LLC purchased a 42,214 SF warehouse at **1828-1844 Lackland Hill Pkwy** for \$4,720,000 (**\$111.86 psf**)

3 DCL Properties, LLC purchased a 55,510 SF warehouse at **2200 Forte Ct** for \$4,370,000 (**\$78.72 psf**)

ILLINOIS

1 Retail Place, LLC purchased a 63,588 SF warehouse at **9401 IL Route 15** for \$4,109,375 (**\$64.62 psf**)

2 Granite City Holding, LLC purchased a 20,000 SF warehouse at **30 Central Industrial Dr** for \$1,700,000 (**\$85.00 psf**)

3 D Tak, LLC purchased a 45,726 SF warehouse at **915 Hemlock St** for \$1,580,000 (**\$34.55 psf**)

ST. LOUIS CITY

1 Conroad Associates, L.P. purchased a 48,000 SF warehouse at **5060-5130 Manchester Ave** for \$1,050,000 (**\$21.87 psf**)

2 JITNOT Properties, LLC purchased a 9,228 SF warehouse at **5467 Highland Park Dr** for \$800,000 (**\$86.69 psf**)

CENTRAL COUNTY

1 318 WHQ, LLC purchased a 9,000 SF warehouse at **318 Hanley Industrial Court** for \$1,000,000 (**\$111.11 psf**)

2 Holtzman Group, LLC purchased a 15,214 SF warehouse at **152 E. Kirkham Ave** for \$703,000 (**\$46.21 psf**)

3 C&E Investment Properties, Inc. purchased a 211,000 SF warehouse at **1555 Page Industrial Ct** for \$13,000,000 (**\$61.61 psf**)

FENTON / SOUTH COUNTY

1 Netcom, Inc. purchased a 12,231 SF warehouse at **910 Bolger Ct** for \$2,195,000 (**\$179.46 psf**)

2 Fenpark Holdings, LLC purchased a 22,800 SF warehouse at **1505-1523 Fenpark Dr** for \$2,750,000 (**\$120.61 psf**)

JEFFERSON / FRANKLIN COUNTIES

1 MMK Real Estate, LLC purchased a 164,375 SF warehouse at **5025 Old Highway 100** for \$2,200,000 (**\$13.38 psf**)