

Spring 2024 Industrial Report

ST. LOUIS INDUSTRIAL | MARKET BUZZ

While St. Louis industrial tenant demand is softening, industrial space availability remains tight at the beginning of 2024. The St. Louis industrial market has a vacancy rate of 4.3%, which, despite the national trend of rising vacancy in 2023, has been flat in the past year, as local deliveries have slowed following a record second half of 2022. With a limited amount of speculative space still under construction, the market's vacancy rate looks set to remain below the U.S. average of 5.7%.

The local tenant base has continued growing in recent quarters but softening macroeconomic conditions have weighed on leasing and absorption so far this year. In 2023, absorption reached 1.7 million SF, down from 4.9 million SF in the prior year. Some tenants have continued to expand, with most being local and regional operators, leasing in a range of 50,000-200,000 SF. At the same time, space givebacks by large occupiers such as Dial, ITF, and Walgreens have partially offset these gains.

As larger tenants have pulled back, leasing activity has also slowed, falling below 9 million SF during 2023. This represents a decline of 18% from the same period in 2022. As a result, the region's vacancy rate could rise moderately in the first half of 2024 if demand continues at its current pace.

Developers are also pulling back due to higher interest rates and stricter lending requirements. Even though construction starts are not far off from the previous year, they have primarily been driven by build-to-suit projects. In 2023, 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. As of the beginning of 2024, the construction pipeline in the region measures 3.9 million SF, which is only 1.1% of the total inventory.

This is considerably lower than the national average of 2.4%. The limited supply of new buildings expected to become available during the remainder of this year and in 2024 will help reduce the market's downside risk. At the beginning of 2024, the availability rate of buildings under construction over 100,000 SF was only 26.8%, well below the national rate of 59%, with most of the largest projects already leased by tenants, including American Foods, Davidson Logistics, and Boeing.

Following the broader trend across the rest of the county, year-over-year rent growth has slowed to 4.4%, down from the peak of 8.0% achieved in 2022. Rent growth is projected to slow further as a cooling economy slows tenant demand, but downside risks for rents in 2024 are more limited in Saint Louis than in other markets due to limited supply-side pressures.

Source: CoStar

The NAI DESCO Industrial Brokerage Group



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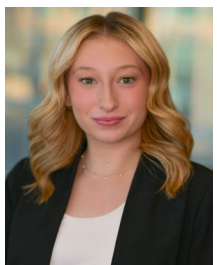
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Industrial Report

Spring 2024 | Featured Listings

NAIDESCO

Recent Transactions

Michelle Goodwin represented KTMS, LLC in the lease of a 10,000 SF industrial space at 10256 Page Industrial Blvd. in St. Louis

Corbin Cox represented Mission Filtration MO, Inc. in the lease of a 20,000 SF industrial space at 1208 Ambassador Blvd. in St. Louis

John Sheahan represented Jeffrey & Marjory Sharp in the sale of a 32,280 SF industrial building at 566 Leffingwell Ave. in Kirkwood

Tony Salerno represented Terra Firma USA, Inc. in the lease of a 10,019 SF industrial space at 951 Harmsted Court in St. Charles

Tim Cribbin represented Berkshire Realty in the sale of a 17,055 SF industrial building at 6800 Odell Street in St. Louis City

Bill Barnes represented Four Rivers Real Estate, LLC in the sale of a 17,160 SF industrial building at 9260 & 9290 W. Florissant Ave. in Ferguson

Bob Staniforth represented Marstan Investments, LLC in the sale of a 7,500 SF industrial space at 8466 Natural Bridge Rd in Bel Nor

John Sheahan represented Engineered Packaging Systems, Inc. in the lease of a 12,061 SF industrial space at 855 Horan Dr in Fenton



7,896 sf office/warehouse space, 3,276 sf office space, 12' clear, 1 dock, 1 drive-in, 3 phase power, warehouse fully conditioned, rear fenced area with shed included.



16,370 sf single tenant industrial building., +/- 35% office finish, 1 dock, 4 drive-in doors (2-14'x14' & 2-12'x12'), 3-phase power, 12'-15' clear ceilings, zoned J-Industrial District



28,000 sf warehouse for sublease, 2 truck-high loading docks, 6 service bays, 1 platform loading dock, 20' clear height, Goodwill Industries is the Sublessor, long term lease available.



23,500 sf office/warehouse building, approx. 11% office finish, 16'-17' clear ceiling, 5 docks-1 drive in, fully climate controlled and fully sprinklered, recent improvements, leased to BASF Corporation.



14,658 sf office/warehouse building, 2,000 sf office space, 16' clear height, three 8'x10' loading docks, one 8'x10' ramped drive-in, newly replaced roof, brand new renovated office finish, wet sprinklered system, 24 parking spaces.

719 Rudder Rd, Fenton, MO

SUBMARKET	South County
SIZE	7,896 SF
LEASE RATE	\$8.00 PSF, NNN
CONTACT	Tim Cribbin 314-994-4448

3952 Clayton Ave, St. Louis, MO

SIZE	16,370 SF
LEASE RATE	\$10.50 PSF, NNN
CONTACT	Peter Sheahan 314-994-4081 Tim Cribbin 314-994-4448

5888 Highway 100, Washington, MO

SUBMARKET	Franklin County
SIZE	28,000 SF
SUBLEASE RATE:	\$5.50 PSF, Gross
CONTACT	Corbin Cox 314-994-2326 Peter Sheahan 314-994-4081

3585 Tree Court Industrial Blvd, St. Louis, MO

SUBMARKET	St. Louis County Unincorporated
SIZE	23,500 SF
SALE PRICE	\$1,950,000
CONTACT	Michelle Miller 314-994-4944 John Sheahan 314-994-4176

10450 Baur Blvd, Olivette, MO

SUBMARKET	Central County
SIZE	14,658 SF
SALE PRICE	\$1,500,000
CONTACT	Meghan Donovan 314-994-2320

Quarterly Statistics

1Q24 vs. 1Q23



NET ABSORPTION



VACANCY



RENTAL RATES



UNDER CONSTRUCTION

1Q24 vs. 4Q23



NET ABSORPTION



VACANCY



RENTAL RATES



UNDER CONSTRUCTION

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 Page Partners purchased a 13,750 SF warehouse at **3525 New Town** for \$475,000 (**\$34.54 psf**)

2 Nexus Holdings, LLC purchased a 71,930 SF warehouse at **3613 Mueller Rd** for \$3,000,000 (**\$41.70 psf**)

WEST COUNTY

1 Katalyst Surgical, LLC purchased a 41,153 SF warehouse at **722 Goddard Ave** for \$4,600,000 (**\$111.77 psf**)

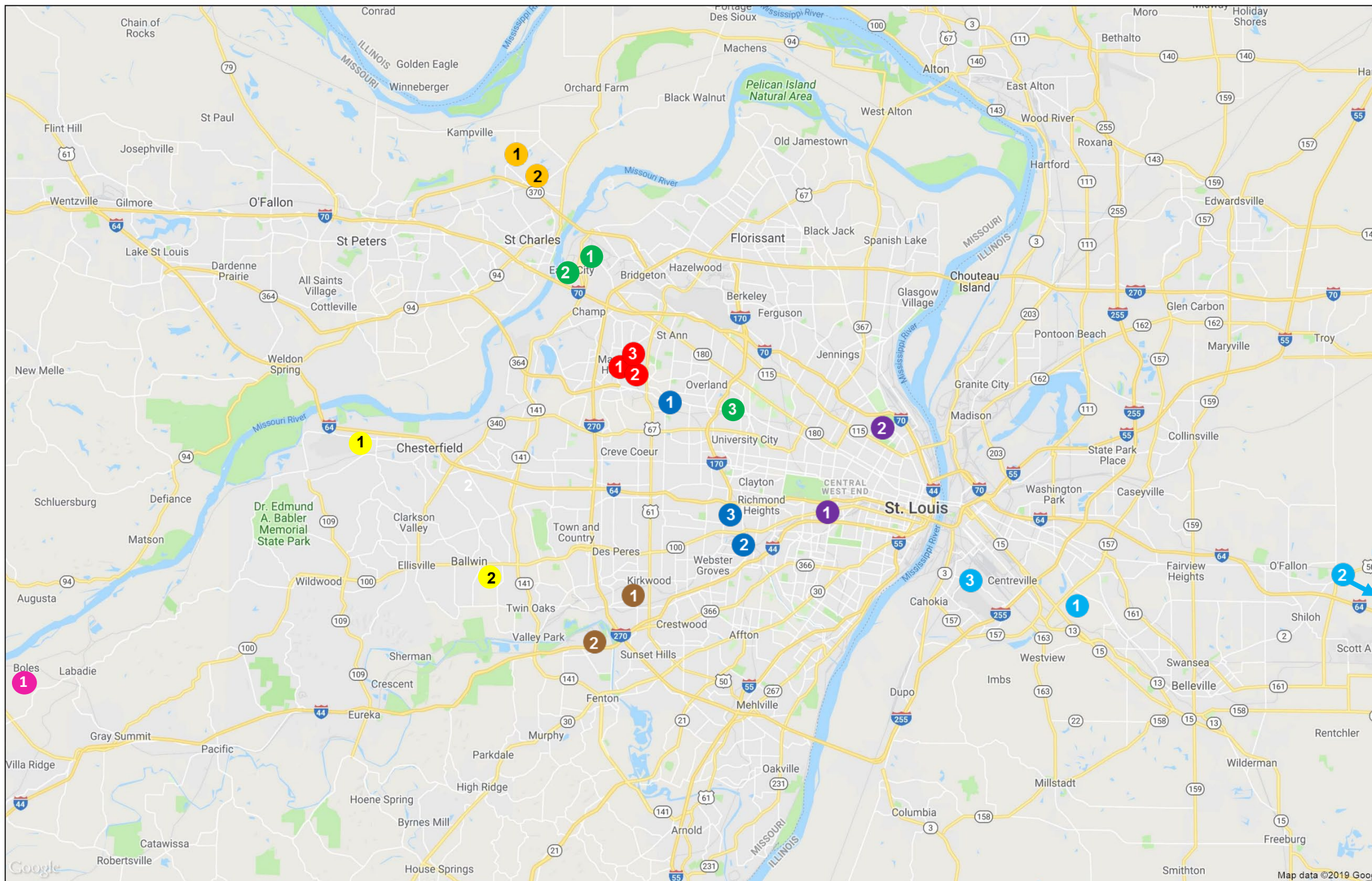
2 Modern Kitchen and Baths 2, LLC purchased a 13,440 SF warehouse at **221 Old Meramec Station Rd** for \$1,276,800 (**\$95.00 psf**)

EARTH CITY / NORTH CO

1 4500 Earth City Partners, LLC purchased a 78,000 SF warehouse at **4500 Earth City Expressway** for \$5,100,000 (**\$65.38 psf**)

2 Allied Medical purchased an 88,000 SF warehouse at **13504 & 13622 Lakefront Dr** for \$4,000,000 (**\$45.45 psf**)

3 Page Walton Industrial Property purchased a 129,523 SF warehouse at **1812-1838 Walton Rd** for \$8,900,000 (**\$68.71 psf**)



WESTPORT / MARYLAND HEIGHTS

1 The Little Bit Foundation purchased a 23,822 SF warehouse at **2446 Schuetz Rd** for \$2,310,000 (**\$96.96 psf**)

2 Gateway Section of Professional Golfers Assn. purchased a 5,300 SF warehouse at **15 Millpark Ct** for \$698,000 (**\$131.69 psf**)

3 CPI, LLC purchased a 49,950 SF warehouse at **11675 Fairgrove Industrial Dr** for \$2,900,000 (**\$58.05 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 Road Star Logistics, Inc. purchased a 8,472 SF warehouse at **1100 S. 45th St** for \$675,000 (**\$79.67 psf**)

3 Dennis Cooper Revocable Trust purchased a 15,000 SF warehouse at **1683 Sauget Business Park** for \$940,000 (**\$62.67psf**)

ST. LOUIS CITY

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

2 Export Auto Parts, LLC purchased a 50,000 SF warehouse at **3145 N. 14th St** for \$600,000 (**\$12.00 psf**)

CENTRAL COUNTY

1 Show Me Industrial Services, Inc. purchased a 11,584 SF warehouse at **10639 Midwest Industrial Blvd** for \$1,085,000 (**\$93.66 psf**)

2 Spire Missouri, Inc. purchased a 17,000 SF warehouse at **3920 Shrewsbury Ave** for \$1,325,000 (**\$77.94 psf**)

3 318 WHQ, LLC purchased a 9,000 SF warehouse at **318 Hanley Industrial Ct** for \$1,000,000 (**\$111.11 psf**)

FENTON / SOUTH COUNTY

1 Jeffrey & Marjory Sharp purchased a 32,280 SF warehouse at **566 Leffingwell Ave** for \$2,955,500 (**\$91.56 psf**)

2 Local Union 1 IBEW Building Corporation purchased a 30,160 SF warehouse at **940 Biltmore Dr** for \$3,440,000 (**\$114.05 psf**)

JEFFERSON / FRANKLIN COUNTIES

1 Franco Investments, LLC purchased a 35,054 SF warehouse at **Century Commerce Loop** for \$2,020,000 (**\$57.62 psf**)