Q1 2025

Industrial Market Report

ST. LOUIS, MO

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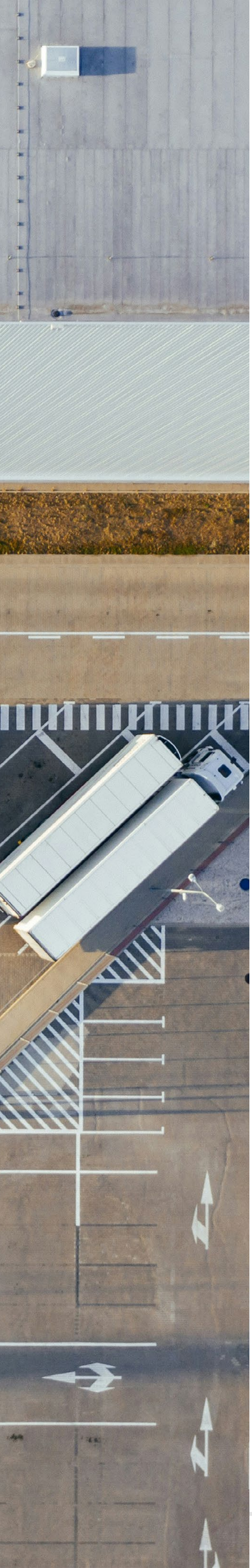


St. Louis, MO

Industrial Report

Demand remained robust in the first quarter despite ongoing tariff uncertainty. By the end of Q1 2025, the St. Louis industrial market posted an overall vacancy rate of 3.9%—the lowest in three years. The last time vacancy dipped below 4% was in Q3 2022. This improvement was fueled by strong net absorption, which surged 133% quarter-over-quarter (QOQ) to 1,371,495 square feet, up from 986,375 square feet. The Metro East and St. Charles County submarkets were the primary drivers of this activity.

Market Fundamentals

Vacancy Rate
3.9%
QOQ

Year-To-Date Net Absorption
1,317,495 SF
QOQ

Year-To-Date Leasing Activity
2,709,029 SF
QOQ

Avg. Direct Asking Lease Rate (NNN)
$6.20/SF
QOQ

Under Construction
3,207,351 SF
QOQ

*The information contained herein has been given to us by sources we deem reliable. We have no reason to doubt its accuracy, however, we do not make any guarantees. All information should be verified before relying thereon.

Source: NAI DESCO & CoStar Property®

Economic Indicators

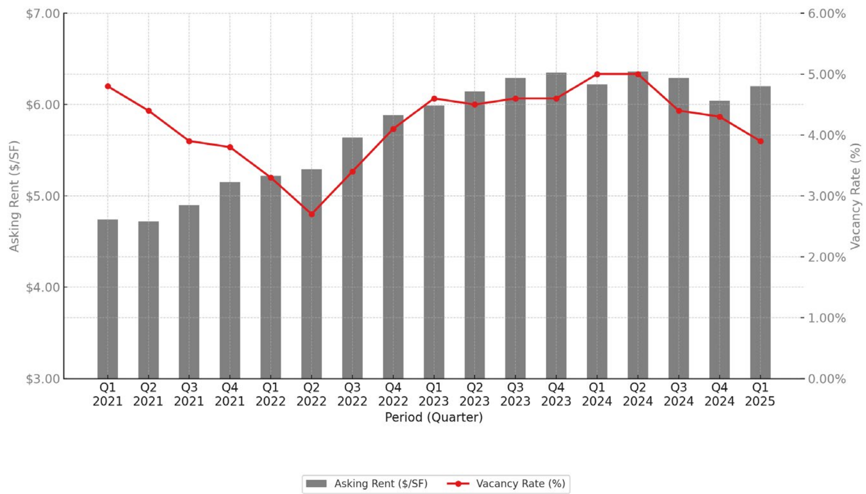
St. Louis Unemployment Rate
4.1%

United States Unemployment Rate
4.2%

United States 10-Yr Treasury Note
4.24%

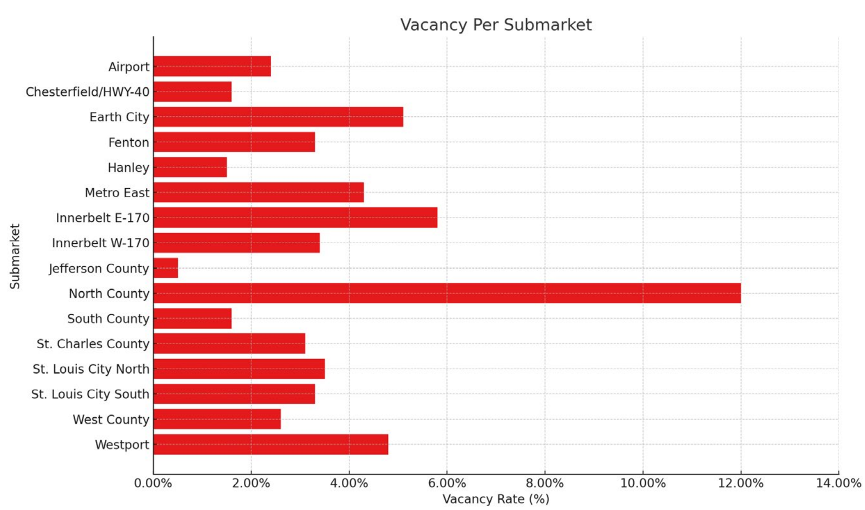
Overall Vacancy & Asking Rent

Overall vacancy declined from 5.0% to 3.9% in Q1 2025 — supported by positive net absorption and a sign of tightening market conditions. With the decline in vacancy, asking rents remained elevated—rising from $6.04 to $6.20 per square foot in Q1 2025. This reflects a 16-basis-point increase, or roughly 2.65% growth compared to the previous quarter.



Vacancy Per Submarket

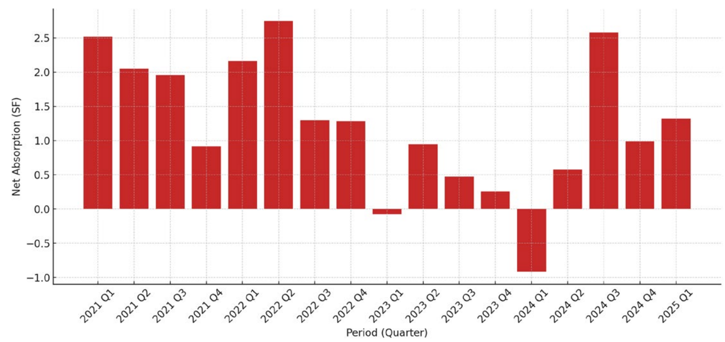
The St. Louis industrial market displays a wide range of vacancy rates across submarkets. North County recorded the highest vacancy rate at nearly 12%, significantly above the market average. In contrast, Jefferson County posted the lowest vacancy, falling well below 1%. Other submarkets with tight conditions include South County, Hanley, and Chesterfield/HWY-40, all under 2%. Meanwhile, areas like Innerbelt E-170, Earth City, and Westport showed moderate vacancy rates between 4% and 6%.



Absorption

In Q1 2025, net absorption surged to 1,371,495 square feet— bringing the past four quarter total to 5.6 MSF. This represents the fourth straight quarter of positive net absorption, underscoring sustained tenant demand and market stability. The Metro East and St. Charles County submarkets led this strong performance. The positive momentum follows a period of softness in 2023 and early 2024, as highlighted in the 5-Year Absorption chart.

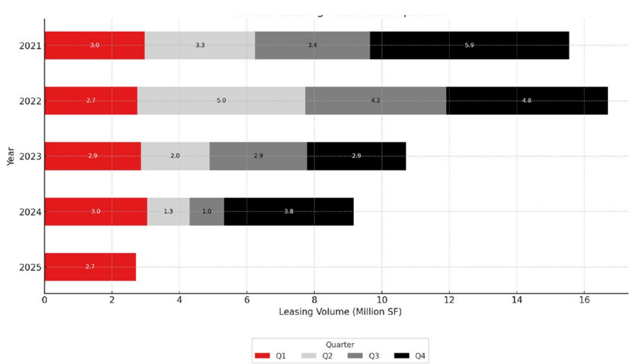
5-Year Absorption Graph



Leasing

Leasing activity totaled 2,709,029 square feet in Q1 2025—down 29% from Q4 2024 but generally consistent with 2023 levels. The decline may be attributed to a lack of available, high-quality space rather than reduced demand. Metro East, Earth City, and North County were the most active submarkets during the quarter.

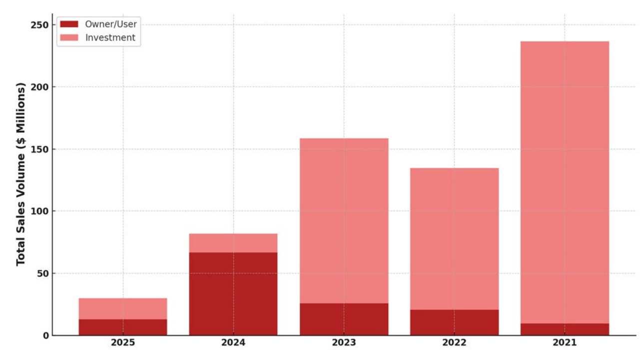
Annual Lease Volume Comparison Graph



Sales

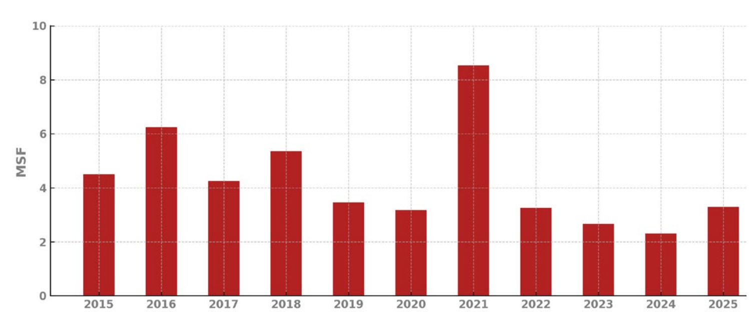
Sales activity in Q1 2025 marked a notable low point in volume compared to the past five years. This downturn is likely driven by a combination of elevated interest rates and a shortage of high-quality, available inventory. Owner/user transactions have remained relatively steady. In contrast, investment sales have been more volatile, impacted by tighter capital markets and investor caution amid broader economic and trade policy uncertainty.

5-Year Sales Comparison Graph



Construction

The current construction pipeline totals 3.2 MSF. In Q1 2025, 1.24 MSF of new industrial projects broke ground, led by Amazon's 933,656-square-foot build-to-suit facility at Gateway TradePort VI. Notably, 81% of the construction pipeline consists of build-to-suit projects, highlighting a continued shift toward tenant-specific development rather than speculative building.



Market Statistics Q1 2025

* See submarket map on page 9

Submarket	Inventory		Vacancy								
	Bldgs.	SF	Direct (SF)	Total (SF)	Overall Vacancy Rate	Overall Net Absorption	YTD Overall Net Absorption	Leasing Activity	YTD Deliveries	Under Construction	Avg. Overall Direct NNN Asking Rate
Airport	246	23,339,669	564,162	564,162	2.4%	(39,966)	(39,966)	115,595	0	1,183,277	$5.62
Chesterfield/Hwy-40	165	6,087,217	99,057	99,057	1.6%	(6,033)	(6,033)	23,270	0	407,056	$11.32
Earth City	317	24,972,159	745,962	1,273,727	5.1%	(186,347)	(186,347)	319,068	0	0	$5.33
Fenton	234	10,796,151	358,850	358,850	3.3%	(44,783)	(44,783)	15,326	0	0	$7.34
Hanley	234	5,785,586	81,254	85,644	1.5%	(33,598)	(33,598)	44,218	0	0	$10.91
Metro East	775	58,261,603	2,130,277	2,480,557	4.3%	1,019,063	1,019,063	1,613,989	16,800	1,044,456	$5.01
Innerbelt E-170	199	10,384,234	600,947	600,947	5.8%	0	0	0	0	30,000	$7.40
Innerbelt W-170	353	12,615,325	426,875	426,875	3.4%	(119,887)	(119,887)	90,538	0	0	$8.09
Jefferson County	286	6,797,399	37,137	37,137	0.5%	(4,120)	(4,120)	26,811	0	114,000	$11.17
North County	150	14,486,661	1,714,559	1,744,216	12.0%	148,343	148,343	228,461	0	350,000	$5.59
South County	264	9,557,016	155,020	155,020	1.6%	(5,300)	(5,300)	6,330	0	0	$7.69
St. Charles County	786	37,417,479	1,082,422	1,150,382	3.1%	473,395	473,395	96,849	0	61,100	$8.01
St. Louis City North	745	36,839,529	1,216,069	1,273,519	3.5%	(5,747)	(5,747)	37,875	0	0	$5.48
St. Louis City South	842	34,747,382	1,152,060	1,152,060	3.3%	146,783	146,783	25,262	200,000	0	$5.10
West County	142	4,854,189	125,977	125,977	2.6%	(14,864)	(14,864)	12,000	0	17,462	$10.88
Westport	393	16,648,616	750,608	798,706	4.8%	(9,444)	(9,444)	53,437	0	0	$7.12
ST. LOUIS TOTALS	**6,131**	**313,590,215**	**11,241,236**	**12,326,836**	**3.93%**	**1,317,495**	**1,317,495**	**2,709,029**	**216,800**	**3,207,351**	**$6.20**

St. Louis Industrial Market Quarterly Comparison

Qtr	Inventory		Vacancy							
	Bldgs	SF	Direct (SF)	Total (SF)	Vacancy Rate	Overall Net Absorption	Leasing Activity	Deliveries (SF)	Under Construction	Avg. Overall Direct NNN Asking Rent
25 Q1	6,131	313,590,215	11,241,236	12,326,836	3.93%	1,317,495	2,709,029	216,800	3,207,351	$6.20
24 Q4*	6,129	313,373,415	12,344,106	13,439,449	4.31%	986,375	3,835,506	586,900	2,275,795	$6.04
24 Q3*	6,122	312,786,515	12,007,245	13,798,257	4.40%	2,578,620	1,020,578	643,500	2,835,095	$6.29
24 Q2	6,119	312,143,015	14,101,405	15,724,056	5.00%	575,459	1,265,297	656,048	3,416,595	$6.35
24 Q1	6,114	311,486,967	14,071,134	15,655,967	5.00%	(914,515)	3,038,384	606,365	3,933,381	$6.22

CoStar Revised

Notable Construction Projects Q1 2025

Building Name | Address	Submarket	Type-Major Tenants	Owner	Const. Status	SF
600 S James McDonnel Blvd, Hazelwood	Airport	Speculative	Bamboo Equity Partners	Under Const. - 26Q3	83,277
Boeing Expansion - Airport Road, Berkley	Airport	Build-to-Suite - Boeing	Boeing	Under Const. - 26Q1	1,100,000
Classroom Library - 17970 Edison Ave., Chesterfield	Chesterfield/Hwy-40	Build-to-Suite - Classroom Library	Classroom Library	Completed - 25Q1	70,000
PFG Expansion - Ferguson	North County	Build-to-Suite - PFG	PFG	Under Const. - 25Q3	350,000
River Valley Logistics | Bldg. 2, River Valley Drive, Maryland Heights	Chesterfield/Hwy-40	Speculative	NorthPoint Development	Under Const. - 25Q2	350,000
Gateway Tradeport 6, 1601 Tradeport Pkwy, Pontoon Beach	Metro East	Build-to-Suite - Amazon	Amazon	Under Const. - 26Q2	933,656
2880 Arnold Tenbrook Rd, Arnold	Jefferson County	Speculative	Gateway Industrial Development	Under Const. - 25Q4	102,000
ICL-IP America Inc | St. Louis City	St. Louis City North	Build-to-Suite	ICL	Under Const. - 25Q3	140,000

Notable Lease Transactions Q1 2025

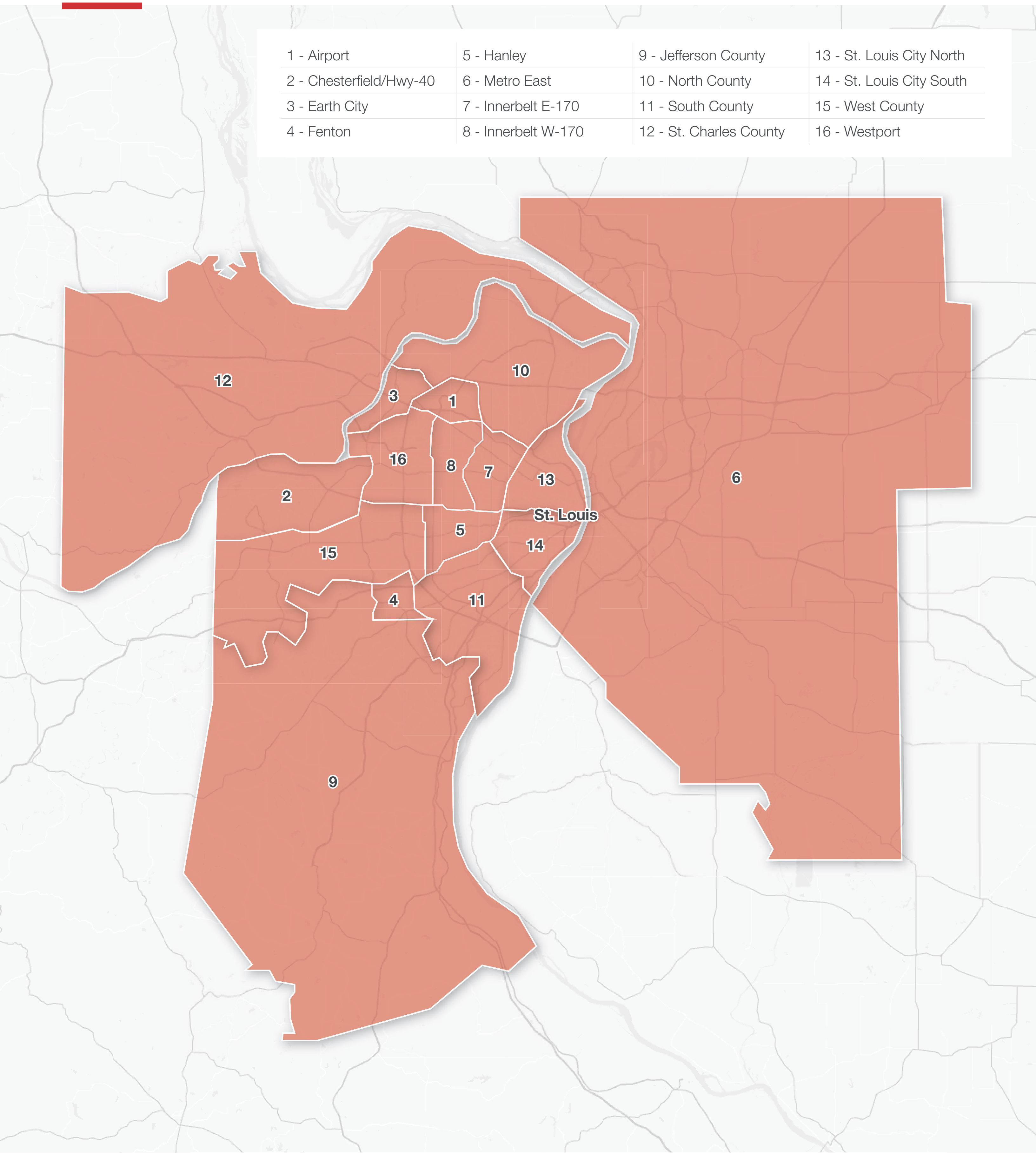
Property	Submarket	Tenant	SF	Type
2601 Westway Drive	Metro East/Edwardsville	Amerhart	187,969	New
6200-6228 Pershall Rd	Airport/Hazelwood	Rug Doctor	69,975	New/Sublease
5710 Inner Park Dr	Metro East/Edwardsville	Tesla	431,336	New
8410-8500 Valcour Ave	South County	Schroeder & Tremayne, Inc	296,107	Renewal

Notable Sale Transactions Q1 2025

Property	Submarket	Seller	Buyer	SF	Price	$/PSF	Type
1 Research Park Dr.	St. Charles County	Four Springs Capital Trust	Box Equities	95,112	$7,725,000	$81.22	Investment
1564-1568 Fencorp Dr.	Fenton	BRE, LLC	Watson Home Properties, LLC	45,572	$3,750,000	$82.29	Owner / User
13222 Lakefront Dr.	Earth City	ECRB, LLC	JP Mathis, LLC	33,309	$2,700,000	$81.06	Owner / User
4132 Shoreline Dr.	Earth City	ENP Shoreline, LLC	KR Realty, LLC	35,198	$2,796,000	$79.44	Investment
2359-2369 Schuetz Rd.	Westport	Tamir, LLC	AC Systems, Inc	23,200	$2,479,000	$106.85	Owner / User

Submarket Map

1 - Airport	5 - Hanley	9 - Jefferson County	13 - St. Louis City North
2 - Chesterfield/Hwy-40	6 - Metro East	10 - North County	14 - St. Louis City South
3 - Earth City	7 - Innerbelt E-170	11 - South County	15 - West County
4 - Fenton	8 - Innerbelt W-170	12 - St. Charles County	16 - Westport



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NAI DESCO is a top-tier commercial real estate brokerage and property management firm serving Eastern Missouri and Southern Illinois. As the local affiliate of NAI Global, we leverage deep market expertise and global reach to drive value for buyers, sellers, owners, tenants, and developers.

Backed by a team of seasoned brokers with decades of experience, we provide unmatched market insight, strategic guidance, and a client-first approach that delivers results. Rooted in integrity, collaboration, and results-driven service, we are committed to delivering strategic solutions that fuel growth and strengthen communities.

With access to NAI Global's network—325+ offices across 65 countries, 5,800 professionals, and over 1.1 billion square feet managed—we bring a world of opportunity to our clients while staying deeply invested in the markets we serve.

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