



### MARKET AT A GLANCE



**OCCUPANCY RATE** **94.3%**  
Down **20 bps** since 3Q16



**ASKING RENT** **\$943**  
Up **1.4%** since 3Q16

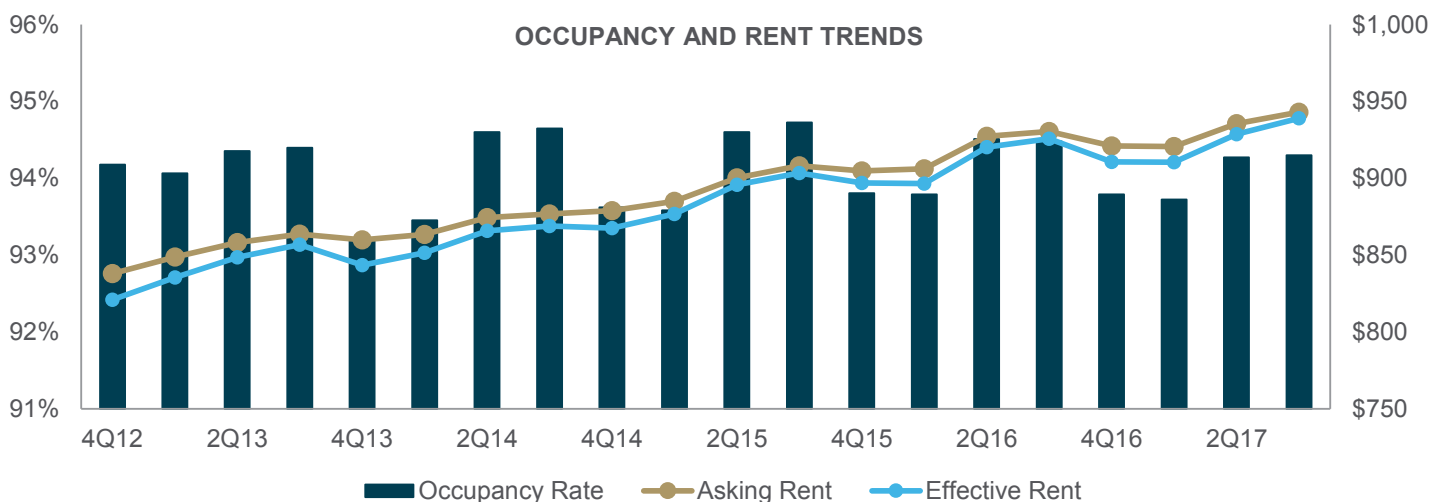


**CONCESSIONS** **0.4%**  
Down **30 bps** since 3Q16

### OCCUPANCY AND RENT TRENDS

#### RENT APPRECIATES 1.4%, WORKFORCE RISES 0.8%

For the second-consecutive year, annual deliveries accelerated in the St. Louis metropolitan area. Developers completed 1,709 apartment units since the third quarter of 2016, up 26% year over year. Conversely, absorption weakened this year, with 1,090 newly occupied apartments by the end of third quarter compared to 3,416 units one year prior. The supply-demand imbalance caused occupancy to tick down 20 basis points annually to 94.3% in September 2017. One of the largest projects completed in the metro was the 254-unit Alinea Town & Country apartment community, a short drive to one of the neighborhood's major employers Mercy Hospital St. Louis, employing 5,822 workers. By year-end another 732 apartments are planned metrowide across 10 projects as deliveries shift toward the Clayton/Mid-County submarket. The 250-unit Two Twelve Clayton began lease-up in third quarter and was anticipated to complete by year-end. Amid an acceleration of new inventory, operators tempered rent growth. Monthly rent across the metro ended the third quarter at \$943, appreciating 1.4% compared to 2.5% in the year prior. To optimize returns, average concessions were trimmed 30 basis points during the last year to 0.4% of asking rent.



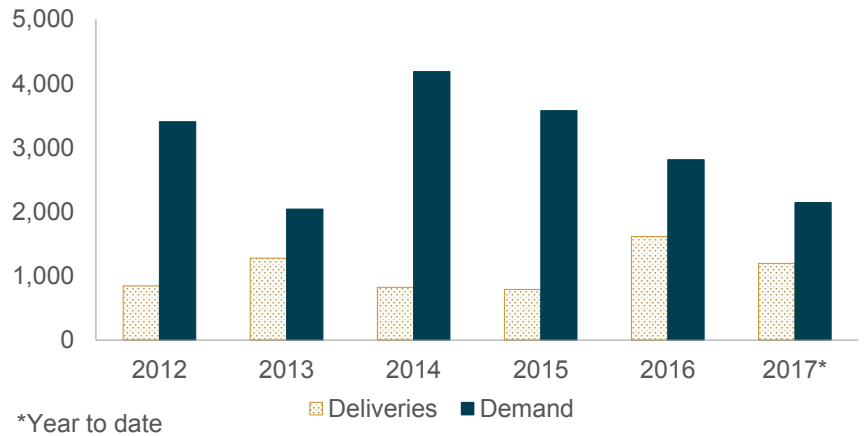
**DELIVERIES AND DEMAND**



**DELIVERIES** 1,196  
Units YTD



**NET ABSORPTION** 2,145  
Units YTD



**ECONOMIC TRENDS**

2016 4.8% ..... **UNEMPLOYMENT\*** ..... 2017 4.0%  
**-80 BPS CHANGE**

2016 1.36m ..... **EMPLOYMENT\*** ..... 2017 1.38m  
**0.8% CHANGE**

2016 57.4k ..... **EXISTING SFH SALES\*\*** ..... 2017 66.5k  
**15.9% CHANGE**

2016 \$161.5k ..... **MEDIAN SFH PRICE\*\*** ..... 2017 \$163.1k  
**1.0% CHANGE**

2016 1.63% ..... **10-YEAR TREASURY\*\*** ..... 2017 2.20%  
**60 BPS CHANGE**

St. Louis headcounts grew by 10,300 positions, or 0.8%, annually through August 2017. Coinciding with employment expansion, the metrowide unemployment rate decreased 80 basis points, arriving at 4.0% in August. Companies in education and health services segment, the largest of Greater St. Louis' employment sectors, provided an outsized boost to the metro with 6,000 additions, up 2.4%. These new health care workers build on the 5,900 employees added in the prior 12 months. Centene Corp. broke ground in April on its \$770 million Clayton expansion project, expected to add 2,000 health care jobs when completed in 2019. Hiring was also robust in the professional and business services and the financial activities employment sectors, which added a combined 5,700 white-collar personnel. Manufacturing jobs rebounded, adding 1,200 workers since last August, compared to employment contraction of 200 workers in the prior four quarters. The 4,900 job losses, principally among the trade, transportation, and utilities sector, tamped down local employment growth since last year.

\*August; \*\*September



# ST. LOUIS

MULTIFAMILY REPORT

## SUBMARKET BREAKDOWN

| SUBMARKET NAME             | OCCUPANCY    |              | AVG RENT INCREASE |             | AVG RENT     |              | NET ABSORPTION |              | DELIVERED UNITS |              |
|----------------------------|--------------|--------------|-------------------|-------------|--------------|--------------|----------------|--------------|-----------------|--------------|
|                            | 3Q16         | 3Q17         | 3Q16              | 3Q17        | 3Q16         | 3Q17         | 3Q17           | ANNUAL       | 3Q17            | ANNUAL       |
| Airport/I-70               | 95.3%        | 93.2%        | 10.4%             | -1.9%       | \$670        | \$658        | 368            | -246         | 0               | 0            |
| Clayton/Mid-County         | 94.1%        | 92.9%        | -2.0%             | -10.5%      | \$1,428      | \$1,279      | 58             | 306          | 150             | 513          |
| East of I-44               | 97.2%        | 96.9%        | 5.7%              | 3.8%        | \$762        | \$791        | -18            | -22          | 0               | 0            |
| Florissant/North County    | 93.0%        | 91.6%        | 3.6%              | -0.1%       | \$721        | \$720        | 55             | -136         | 0               | 0            |
| Jefferson County / Other   | -            | 97.1%        | -                 | -           | -            | \$1,010      | 0              | 0            | 0               | 0            |
| Madison County             | 97.4%        | 98.2%        | -                 | -5.3%       | \$891        | \$844        | -12            | 72           | 0               | 0            |
| Manchester/West County     | 94.8%        | 95.6%        | 0.7%              | 0.9%        | \$993        | \$1,002      | -16            | 396          | 0               | 317          |
| Maryland Heights/NW County | 94.3%        | 94.2%        | 1.0%              | -1.7%       | \$971        | \$955        | 103            | 182          | 76              | 204          |
| South                      | 96.1%        | 96.0%        | 4.3%              | 1.4%        | \$794        | \$805        | 22             | -10          | 0               | 0            |
| St. Charles County         | 94.8%        | 94.9%        | 4.3%              | 3.3%        | \$949        | \$980        | -56            | 266          | 63              | 263          |
| St. Clair County           | 96.3%        | 97.0%        | 4.3%              | -0.4%       | \$978        | \$974        | 6              | 93           | 0               | 0            |
| St. Louis City North       | 92.9%        | 92.0%        | -8.3%             | 4.9%        | \$1,056      | \$1,108      | 7              | 87           | 38              | 371          |
| St. Louis City South       | 94.4%        | 94.9%        | -21.5%            | -5.6%       | \$1,047      | \$988        | 21             | 103          | 18              | 41           |
| <b>TOTALS</b>              | <b>94.5%</b> | <b>94.3%</b> | <b>2.5%</b>       | <b>1.4%</b> | <b>\$930</b> | <b>\$943</b> | <b>538</b>     | <b>1,090</b> | <b>345</b>      | <b>1,709</b> |



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