

Economic Overview

According to the Bureau of Labor Statistics, the unemployment rate dropped 0.6 percentage points from 4.4% in April 2016 to 3.8% in April 2017. The unemployment rate decreased due to more opportunities being offered throughout the St. Louis area and compares favorably to Missouri (3.9%) and lower than the US (4.4%). The St. Louis metropolitan statistical area nonfarm job creation totaled 8,500 over the past year. Industrial using jobs (manufacturing and trade transportation and utilities) decreased by 1,600 jobs during the past year.

Market Overview

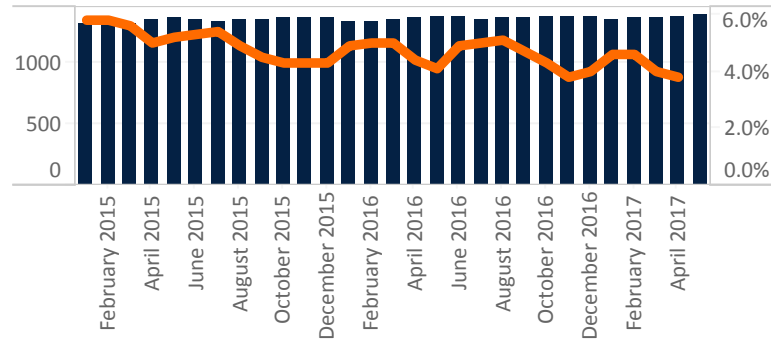
The St. Louis industrial market recorded a positive 146,780 square feet (sf) of overall absorption during 2Q 2017. Both the total and direct vacancy rates remained flat year-over-year and closing at 6.7% and 6.6%, respectively. Weighted average asking rents in all uses increased 4.2% recording \$4.48 per square foot (psf) at the close of 2Q 2017 compared to 2Q 2016. Weighted average rents for Warehouse/Distribution increased 2.1% year-over-year, recording \$3.78 psf at the close of 2Q 2017. Flex rents decreased 2.4% year-over-year, recording \$7.60 psf at the close of 2Q 2017.

Market Highlights

Six new buildings were delivered this quarter totaling more than 1.2 million square feet (msf). New deliveries included Gateway East 624 with 624,150 sf, NorthPark with 537,753 sf, a 35,000 sf building in Chesterfield, Bobcat's building with 25,000 sf, BixTex/Tex Trail with 17,000 sf and the Laclede Gas building with 15,000 sf. Construction is still going strong with more than 3.6 msf under construction; North St. Louis County leads the way with over 1.9 msf. Major occupiers of space for 2Q 2017 included Fairfield Manufacturing, Quiet Logistics, XPO Logistics Supply Chain Inc. and We Ship Express. Several large tenants including BookSource, Specialty Papers and Pilkington NA are expected to occupy new or expanded space in the upcoming quarters.

St. Louis Employment

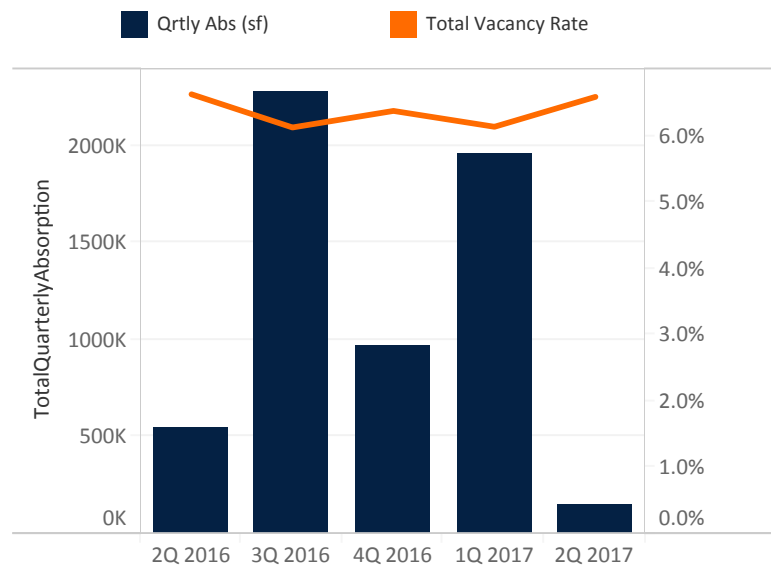
Source: BLS



Market Recap

Inventory (sf)	234,693,250
# of Bldgs	4,016
Qrtly Abs (sf)	146,780
Total Avail Rate	9.2%
Total Vacancy Rate	6.6%
U/C Inventory (sf)	3,659,288
Delivered (sf)	1,254,403
Weighted Average Asking Rate (NNN)	\$4.48

Absorption and Vacancy Rate



Overview by Specific Use (Total)

Specific Use	Inventory (sf)	Avail (sf)	Vacant (sf)	Vacancy Rate	Qrtly Abs (sf)	YTD Net Abs (sf)
Flex	14,238,708	2,418,482	1,845,518	13.0%	17,429	-104,168
Lt Ind	51,698,021	3,239,503	1,902,518	3.7%	179,645	391,424
Mfg	42,432,924	1,754,454	1,201,901	2.8%	-49,923	115,926
Whse/Dist	126,323,597	14,191,911	10,505,528	8.3%	-371	1,657,097
Overall	234,693,250	21,604,350	15,455,465	6.6%	146,780	2,060,279

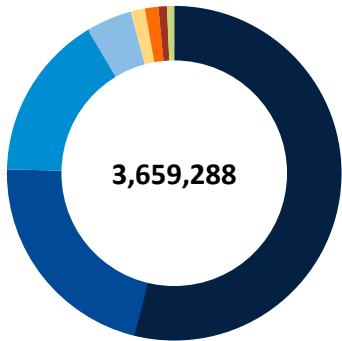
Overview by Market (Total)

Market Name	Specific Use	Inventory (sf)	Avail (sf)	Vacant (sf)	Vacancy Rate	Qrtly Abs (sf)	YTD Net Abs (sf)
Illinois North	Flex	120,813	21,716	21,716	18.0%	0	0
	Lt Ind	2,477,752	176,745	122,283	4.9%	0	152,000
	Mfg	5,149,604	272,429	272,429	5.3%	0	0
	Whse/Dist	21,337,652	1,723,941	1,398,141	6.6%	-159,200	-114,200
	<i>Subtotal</i>	29,085,821	2,194,831	1,814,569	6.2%	-159,200	37,800
Illinois South	Flex	256,919	0	0	0.0%	0	0
	Lt Ind	3,807,346	115,656	44,100	1.2%	28,800	28,800
	Mfg	1,680,723	0	0	0.0%	0	0
	Whse/Dist	5,226,600	170,000	0	0.0%	0	0
	<i>Subtotal</i>	10,971,588	285,656	44,100	0.4%	28,800	28,800
Saint Charles Cty	Flex	1,606,986	220,687	210,119	13.1%	5,900	22,618
	Lt Ind	7,108,624	426,865	309,866	4.4%	4,484	-28,718
	Mfg	4,119,867	86,860	24,860	0.6%	-8,900	-8,900
	Whse/Dist	11,213,478	456,761	100,046	0.9%	-8,200	1,156,691
	<i>Subtotal</i>	24,048,955	1,191,173	644,891	2.7%	-6,716	1,141,691
Saint Louis City	Flex	1,474,839	73,089	73,089	5.0%	0	-6,571
	Lt Ind	15,799,432	1,205,146	768,336	4.9%	-78,759	-69,066
	Mfg	10,877,261	406,754	131,782	1.2%	-53,596	-53,596
	Whse/Dist	29,458,265	5,014,500	3,803,900	12.9%	212,299	299,240
	<i>Subtotal</i>	57,609,797	6,699,489	4,777,107	8.3%	79,944	170,007
St Louis Cty-Mid	Flex	1,610,635	331,970	187,922	11.7%	-10,092	-18,589
	Lt Ind	7,368,005	606,382	328,547	4.5%	28,665	-8,526
	Mfg	5,108,012	415,305	389,609	7.6%	12,573	14,833
	Whse/Dist	9,676,283	495,494	342,054	3.5%	20,384	10,328
	<i>Subtotal</i>	23,762,935	1,849,151	1,248,132	5.3%	51,530	-1,954
St Louis Cty-North	Flex	3,317,586	888,149	771,844	23.3%	18,366	-48,959
	Lt Ind	4,913,207	315,419	113,319	2.3%	59,071	168,130
	Mfg	7,456,249	394,718	274,718	3.7%	0	128,600
	Whse/Dist	33,846,968	4,775,375	3,699,336	10.9%	479,652	833,703
	<i>Subtotal</i>	49,534,010	6,373,661	4,859,217	9.8%	557,089	1,081,474
St Louis Cty-South	Flex	1,062,202	75,223	51,053	4.8%	-4,640	-2,562
	<i>Subtotal</i>	18,600,600	1,388,962	1,095,758	5.9%	-425,116	-349,809
Overall		234,693,250	21,604,350	15,455,465	6.6%	146,780	2,060,279

Overview by Market (Total) Cont'd

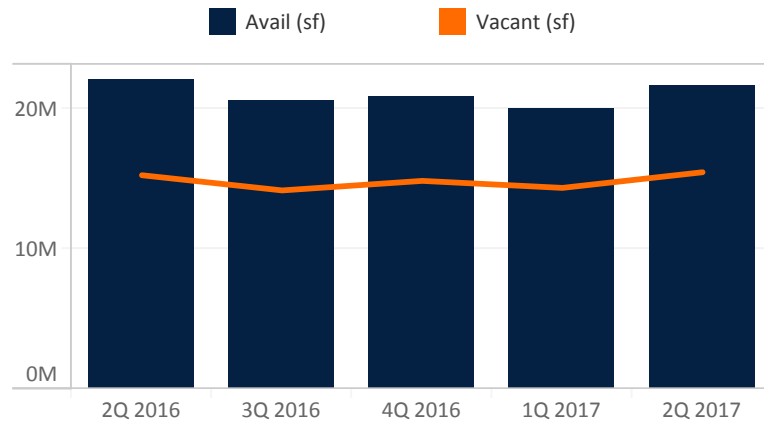
Market Name	Specific Use	Inventory (sf)	Avail (sf)	Vacant (sf)	Vacancy Rate	Qrtly Abs (sf)	YTD Net Abs (sf)
St Louis Cty-South	Lt Ind	4,845,821	125,237	95,190	2.0%	94,645	136,445
	Mfg	5,086,604	155,010	92,478	1.8%	0	34,989
	Whse/Dist	7,605,973	1,033,492	857,037	11.3%	-515,121	-518,681
	<i>Subtotal</i>	18,600,600	1,388,962	1,095,758	5.9%	-425,116	-349,809
West St Louis Cty	Flex	1,762,065	326,716	249,919	14.2%	-652	-85,634
	Lt Ind	1,869,861	87,085	17,887	1.0%	28,697	14,407
	Mfg	1,003,631	11,053	3,700	0.4%	0	0
	Whse/Dist	1,695,742	0	0	0.0%	6,000	8,960
	<i>Subtotal</i>	6,331,299	424,854	271,506	4.3%	34,045	-62,267
Westport	Flex	3,026,663	480,932	279,856	9.2%	8,547	35,529
	Lt Ind	3,507,973	180,968	102,990	2.9%	14,042	-2,048
	Mfg	1,950,973	12,325	12,325	0.6%	0	0
	Whse/Dist	6,262,636	522,348	305,014	4.9%	-36,185	-18,944
	<i>Subtotal</i>	14,748,245	1,196,573	700,185	4.7%	-13,596	14,537
Overall		234,693,250	21,604,350	15,455,465	6.6%	146,780	2,060,279

Construction by Market

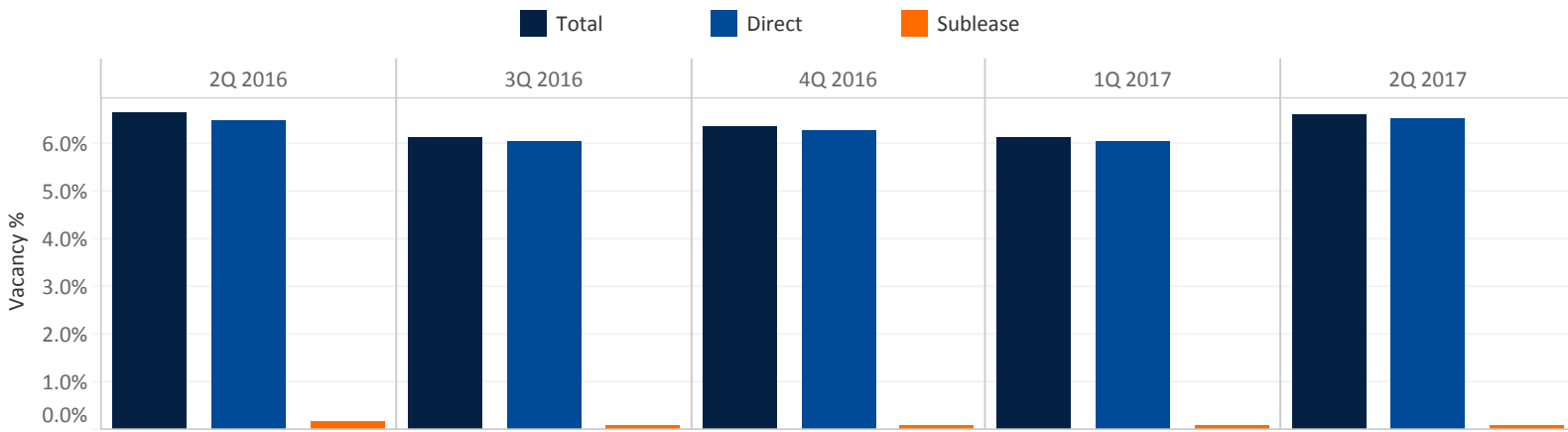


- St Louis Cty-North
- Saint Charles Cty
- West St Louis Cty
- St Louis Cty-South
- Saint Louis City
- Illinois North
- Westport
- St Louis Cty-Mid

Total Available and Vacant



Vacancy Rate



Overview by Specific Use (Direct)

Specific Use	Inventory (sf)	Avail (sf)	Vacant (sf)	Vacancy Rate	Qtrly Abs (sf)	YTD Net Abs (sf)
Flex	14,238,708	2,382,074	1,830,568	12.9%	17,429	-91,856
Lt Ind	51,698,021	3,176,054	1,848,470	3.6%	179,645	391,424
Mfg	42,432,924	1,594,454	1,103,901	2.6%	-49,923	115,926
Whse/Dist	126,323,597	14,015,840	10,491,865	8.3%	-28,903	1,657,097
Overall	234,693,250	21,168,422	15,274,804	6.5%	118,248	2,072,591

Overview by Specific Use (Sublease)

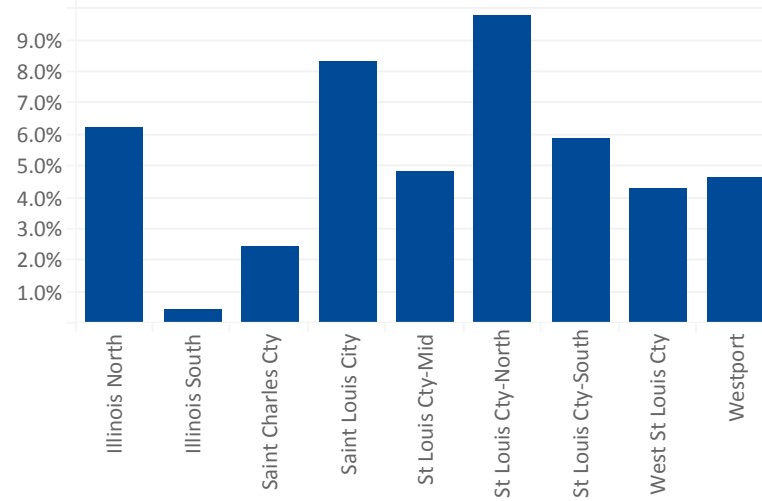
Specific Use	Inventory (sf)	Avail (sf)	Vacant (sf)	Vacancy Rate	Qtrly Abs (sf)	YTD Net Abs (sf)
Flex	14,238,708	36,408	14,950	0.1%	0	-12,312
Lt Ind	51,698,021	63,449	54,048	0.1%	0	0
Mfg	42,432,924	160,000	98,000	0.2%	0	0
Whse/Dist	126,323,597	176,071	13,663	0.0%	28,532	0
Overall	234,693,250	435,928	180,661	0.1%	28,532	-12,312

Direct Vacancy Rates

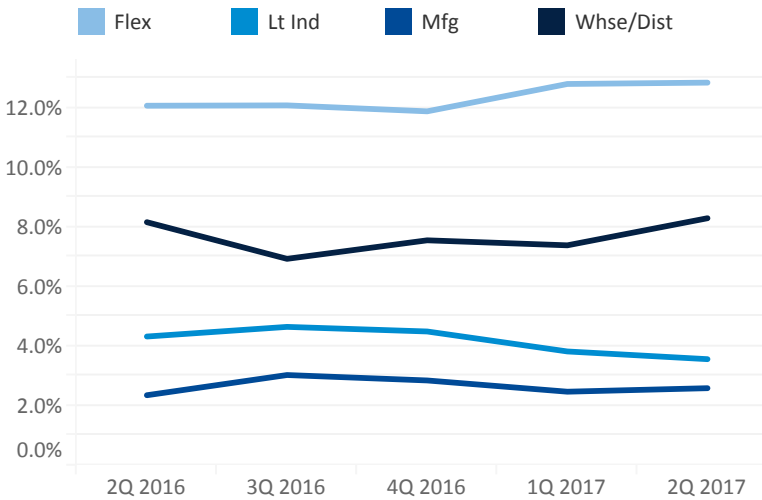
By Market and Specific Use

Market Name	Specific Use	Quarter Year				
		2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017
Illinois North	Flex	21.0%	21.0%	18.0%	18.0%	18.0%
	Lt Ind	7.9%	6.1%	6.3%	4.9%	4.9%
	Mfg	5.4%	5.4%	5.4%	5.3%	5.3%
	Whse/Dist	9.1%	1.8%	3.2%	3.0%	6.6%
Illinois South	Flex	0.0%	0.0%	0.0%	0.0%	0.0%
	Lt Ind	1.9%	1.9%	1.9%	1.9%	1.2%
	Mfg	0.0%	0.0%	0.0%	0.0%	0.0%
	Whse/Dist	0.0%	0.0%	0.0%	0.0%	0.0%
Saint Charles Cty	Flex	16.1%	16.4%	14.6%	13.5%	13.1%
	Lt Ind	3.2%	3.0%	3.0%	3.4%	3.6%
	Mfg	0.3%	0.3%	0.4%	0.4%	0.6%
	Whse/Dist	0.5%	0.5%	0.9%	0.8%	0.9%
Saint Louis City	Flex	6.0%	7.4%	4.3%	5.0%	5.0%
	Lt Ind	5.0%	5.8%	5.7%	4.4%	4.9%
	Mfg	0.7%	0.7%	0.7%	0.7%	1.2%
	Whse/Dist	11.4%	11.3%	13.7%	13.6%	12.9%
St Louis Cty-Mid	Flex	12.5%	12.0%	10.3%	11.1%	11.7%
	Lt Ind	4.2%	4.8%	4.4%	4.9%	4.5%
	Mfg	6.0%	6.9%	6.0%	6.0%	5.7%
	Whse/Dist	3.7%	3.3%	3.6%	3.7%	3.5%
St Louis Cty-North	Flex	19.0%	19.3%	21.8%	23.4%	22.8%
	Lt Ind	6.2%	6.4%	5.7%	3.5%	2.3%
	Mfg	2.1%	5.4%	5.4%	3.7%	3.7%
	Whse/Dist	11.0%	11.5%	11.0%	10.9%	10.9%
St Louis Cty-South	Flex	2.8%	4.2%	4.3%	4.4%	4.8%
	Lt Ind	4.5%	4.2%	4.2%	3.3%	2.0%
	Mfg	2.5%	2.5%	2.5%	1.8%	1.8%
	Whse/Dist	4.4%	4.5%	4.1%	4.1%	11.3%
West St Louis Cty	Flex	6.2%	5.8%	7.5%	12.6%	14.2%
	Lt Ind	1.9%	1.8%	1.7%	2.5%	1.0%
	Mfg	0.4%	0.4%	0.4%	0.4%	0.4%
	Whse/Dist	1.1%	0.5%	0.5%	0.4%	0.0%
Westport	Flex	12.6%	11.4%	10.4%	9.5%	9.2%
	Lt Ind	2.4%	4.3%	4.2%	3.3%	2.9%
	Mfg	2.0%	1.8%	0.6%	0.6%	0.6%
	Whse/Dist	7.0%	5.3%	4.3%	4.1%	4.7%
Overall		6.5%	6.0%	6.3%	6.0%	6.5%

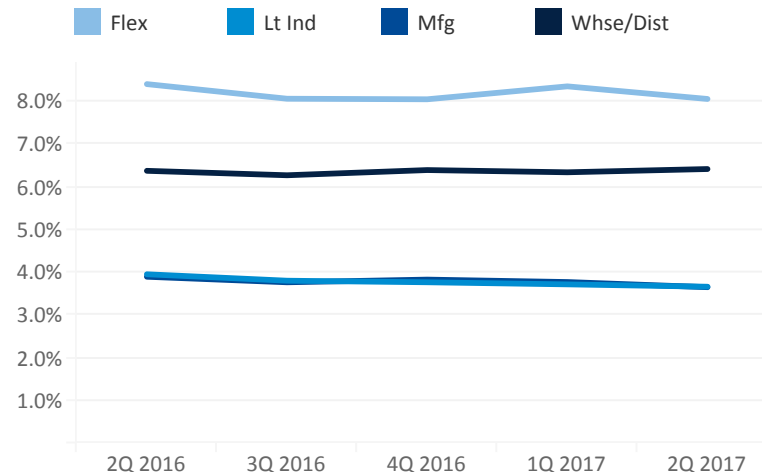
By Market



St. Louis By Specific Use



National by Specific Use

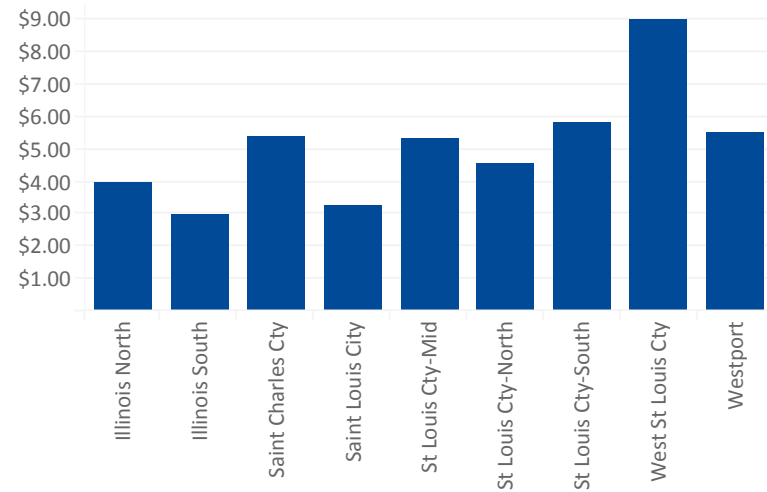


Direct Weighted Average Asking Rates (NNN)

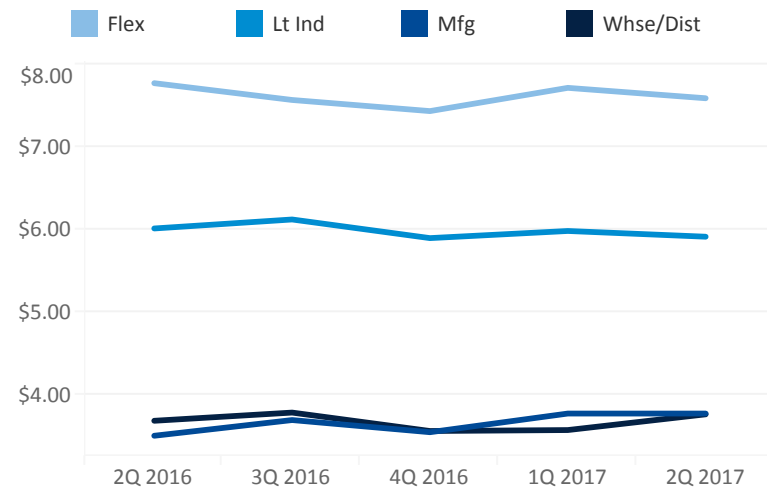
By Market and Specific Use

Market Name	Specific Use	Quarter Year				
		2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017
Illinois North	Flex	\$9.75	\$9.75	\$9.75	\$9.75	\$9.75
	Lt Ind	\$5.54	\$5.54	\$6.47	\$6.47	\$8.22
	Mfg	\$3.25	\$3.25	\$3.25	\$3.25	\$3.25
	Whse/Dist	\$3.72	\$3.59	\$3.67	\$3.67	\$3.67
Illinois South	Flex	-	-	-	-	-
	Lt Ind	\$4.33	\$3.61	\$4.04	-	-
	Mfg	-	-	-	-	-
	Whse/Dist	\$3.21	\$3.21	\$3.21	\$3.21	\$2.95
Saint Charles Cty	Flex	\$7.43	\$6.20	\$6.25	\$6.25	\$6.25
	Lt Ind	\$6.22	\$6.61	\$6.51	\$6.81	\$6.78
	Mfg	-	-	-	-	-
	Whse/Dist	\$5.31	\$5.25	\$5.55	\$4.70	\$4.36
Saint Louis City	Flex	\$7.45	\$7.18	\$7.21	\$7.25	\$7.25
	Lt Ind	\$7.80	\$6.87	\$6.96	\$6.19	\$6.08
	Mfg	\$3.20	\$3.20	\$3.20	\$3.37	\$3.37
	Whse/Dist	\$2.83	\$3.11	\$3.03	\$2.78	\$2.80
St Louis Cty-Mid	Flex	\$7.53	\$7.65	\$6.85	\$6.58	\$6.84
	Lt Ind	\$4.27	\$4.05	\$3.89	\$5.35	\$5.13
	Mfg	\$3.50	\$4.17	-	-	-
	Whse/Dist	\$3.58	\$3.36	\$3.35	\$4.10	\$4.54
St Louis Cty-North	Flex	\$7.43	\$7.35	\$7.27	\$8.08	\$7.61
	Lt Ind	\$5.45	\$5.41	\$5.91	\$4.87	\$4.88
	Mfg	\$3.03	\$3.03	\$3.03	\$5.00	\$5.00
	Whse/Dist	\$4.01	\$4.00	\$3.65	\$3.87	\$3.96
St Louis Cty-South	Flex	\$12.30	\$12.66	\$12.30	\$12.30	\$13.26
	Lt Ind	\$6.23	\$6.47	\$6.00	\$5.58	\$6.73
	Mfg	\$5.50	\$5.50	\$5.50	\$4.19	\$4.19
	Whse/Dist	\$5.22	\$5.42	\$5.33	\$5.89	\$5.59
West St Louis Cty	Flex	\$8.09	\$8.39	\$8.32	\$8.40	\$9.31
	Lt Ind	\$11.61	\$9.73	\$9.30	\$8.58	\$7.93
	Mfg	-	-	-	-	-
	Whse/Dist	-	-	-	-	-
Westport	Flex	\$7.72	\$7.33	\$7.36	\$7.31	\$7.12
	Lt Ind	\$5.78	\$8.97	\$8.16	\$7.36	\$6.43
	Mfg	\$5.25	\$6.50	\$6.50	\$6.50	\$6.50
	Whse/Dist	\$4.26	\$4.21	\$4.29	\$4.51	\$4.47
Overall		\$4.30	\$4.60	\$4.34	\$4.38	\$4.48

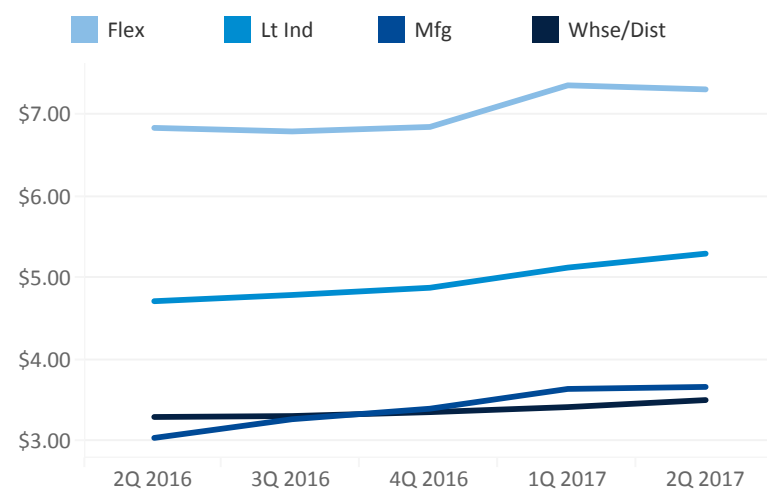
By Market



St. Louis by Specific Use

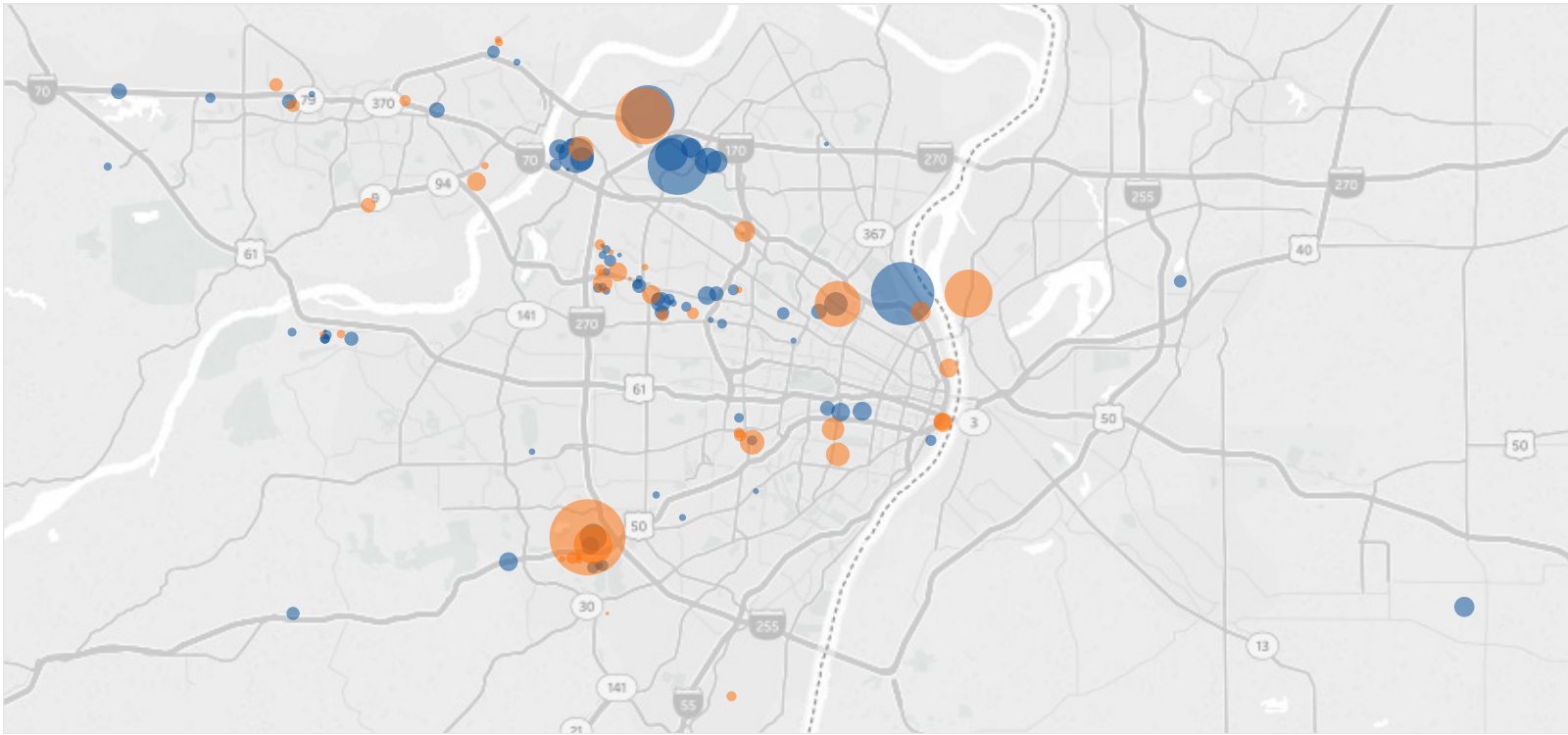


National by Specific Use



Absorption Map

■ Negative
 ■ Positive



Largest Positives (Total)

PropertyName	Significant Transactions	Market Name	Specific Use	
6504 Prescott Ave	Fairfield Manufacturing 300,000 sf	Saint Louis City	Whse/Dist	300,000
Hazelwood Logistics Center 2	Quiet Logistics 270,980 sf	St Louis Cty-North	Whse/Dist	270,980
Park 370 - Building II	XPO Logistics Supply Chain Inc 213,558 sf	St Louis Cty-North	Whse/Dist	213,558
13600-13680 Shoreline Dr	24 Seven MO Inc dba We Ship Express 91,497 sf	St Louis Cty-North	Whse/Dist	91,985
Brown Campus 2	BioMatrix 43,055 sf; Coastal Business Supplies 30,652 sf	St Louis Cty-North	Whse/Dist	77,600
Cassens Business Center 2	Hiab USA 52,845 sf	St Louis Cty-South	Lt Ind	52,845
6038 N Lindbergh Blvd	Eternal Food Service 50,540 sf	St Louis Cty-North	Whse/Dist	50,540
5704 Natural Bridge Ave	Undisclosed tenant 40,000 sf	Saint Louis City	Whse/Dist	40,000

Largest Negatives (Total)

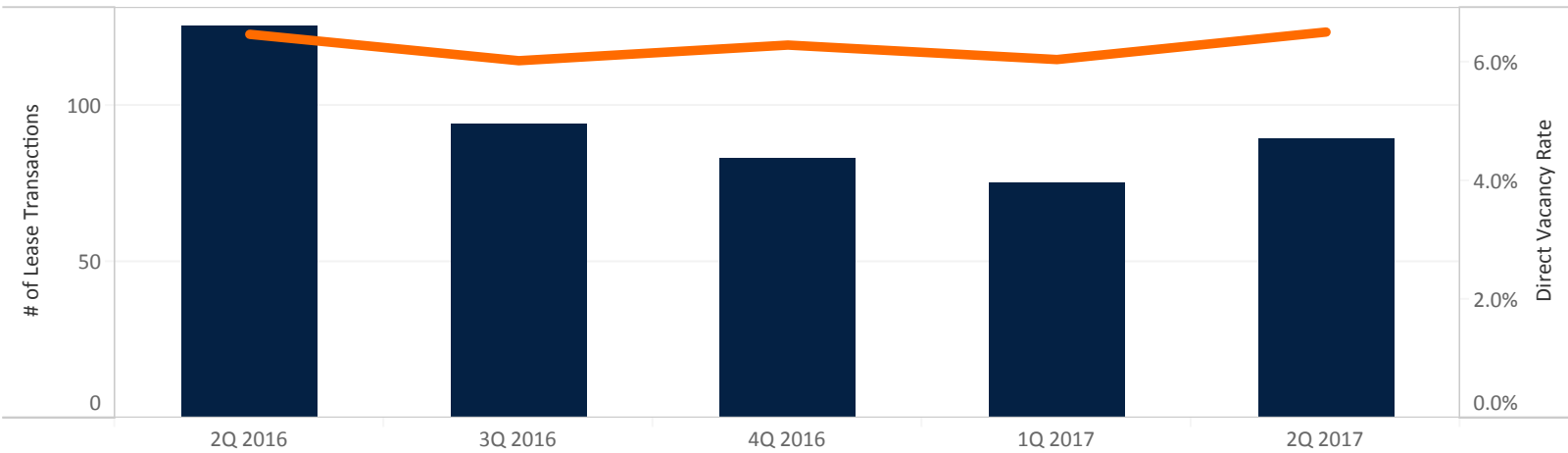
PropertyName	Significant Transactions	Market Name	Specific Use	
1201 W 1st St Bldg 3	Fairfield Manufacturing -170,000 sf	Illinois North	Whse/Dist	-170,000
5661 Natural Bridge Ave	Remanufacturing Business Furniture -157,000 sf	Saint Louis City	Whse/Dist	-157,000
Corporate 44 Bldg 5	Re-Sort Solutions -61,057 sf; Undisclosed tenant -48,440 sf	St Louis Cty-South	Whse/Dist	-109,497
3905 Ventures Way	Graebel Van Lines -45,024 sf	St Louis Cty-North	Whse/Dist	-45,024
Sunnen Business Park	St Louis County Economic Development -43,213 sf	St Louis Cty-Mid	Flex	-43,213
4500-4502 Fyler Ave	Capitol Kitchen and Bath Center -39,960 sf	Saint Louis City	Lt Ind	-39,960
5033 Southwest Ave	Undisclosed tenant -11,000 sf; Undisclosed tenant -25,000 sf	Saint Louis City	Whse/Dist	-36,000
4678-4698 World Pkwy	Cushman & Wakefield Operations Center -31,328 sf	St Louis Cty-North	Flex	-31,328

Leasing Activity Trends

Direct Vacancy Rate

Lease Transactions

Quarter Year



Leasing Activity (# of New Deals)

Size Range (sf)

<2.5K

2.5K - 5K

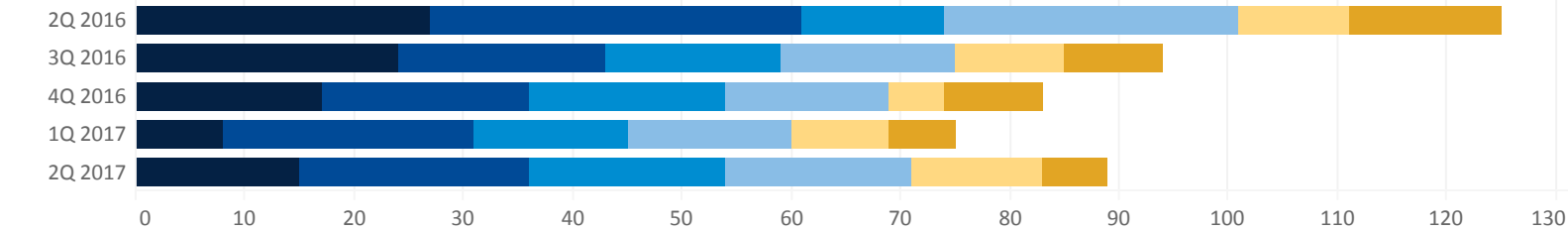
5K - 10K

10K - 25K

25K - 50K

>50K SF

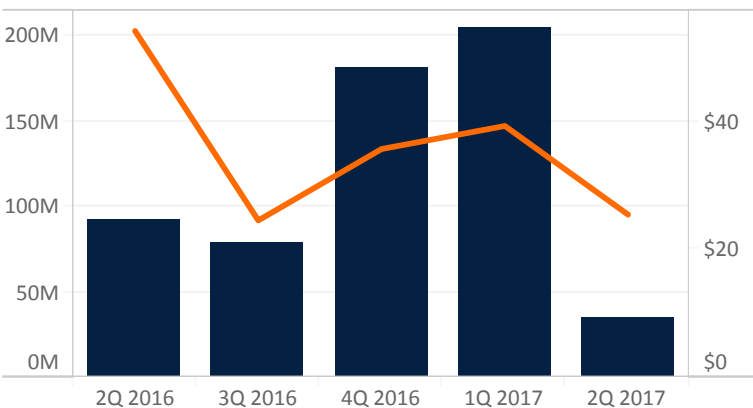
Quarter Year



Sales Volume vs. Price/SF

Aggregate Sales Volume

Avg Price/sf



Top Sales

Property	Sale Date	Buyer	Sale Price
111 Boulder Industrial Dr	04/21/2017	Raven Development	\$6,750,000
20 Central Industrial Dr	04/13/2017	James F Haug	\$6,100,000
3505 Tree Court Industrial Blvd	04/21/2017	First Mid-Illinois Bank and Trust NA	\$4,300,000
4400 Planned Industrial Dr	04/11/2017	OMH US LLC	\$3,465,829
3763-3801 Forest Park Ave	04/28/2017	Midas Hospitality	\$2,400,000

Terminology

Term	Definition
Direct Vacant (sf)	The total of the vacant square footage in a building that is being marketed by an agent representing the landlord.
Flex/R&D	30+% is finished office; less than 24' clear height; at least one dock/drive-in door.
Lt Ind	Bldg size is less than 50,000 sf, can be subdivided; less than 18' + clear height.
Mfg	Bldg size is greater than 10,000 sf; used for manufacturing purposes; includes features such as heavy power, cranes, above average floor load capacity, specialized systems and equipment, etc.
Net Absorption (sf)	The net change in occupied square feet from quarter to quarter, expressed in square feet.
Sublease (sf)	Space that is offered for lease by a current tenant, or his agent, within a property. Whether the tenant is paying rent or not, the space is considered vacant only if it is unoccupied.
Total Available (sf)	All of the available leasable space within a building, whether it is occupied or vacant, for direct lease or sublease space. Space can be available but not vacant, for example, if the landlord, or his agent, is marketing space that will be coming available at a future date because a tenant is planning to move.
Total Vacant (sf)	The total of all of the vacant square footage within a building, including both direct and sublease space.
Tracked Inventory	The total square feet (sf) of all existing single and multi-tenant industrial properties greater than 10,000 sf.
Weighted Average Rents	The weighted average of all direct asking lease rents expressed as a NNN rental rate and weighted on total direct available sf.
Whse/Dist	Includes Warehouse-Distribution, Warehouse-Freezer/Cooler, Truck Terminal and Bulk Warehouse properties

This information has been obtained from sources believed reliable. While we do not doubt its accuracy, we have not verified it and make no guarantee, warranty or representation about it. It is your responsibility to independently confirm its accuracy.

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