

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. Retail using jobs (industries include trade transportation and utilities) decreased by 2,400 jobs during the past year.

Market Overview

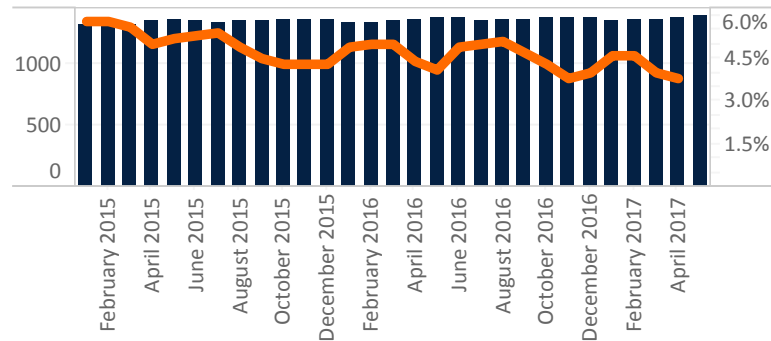
The St. Louis retail market recorded a negative 216,976 square feet (sf) of overall absorption during 2Q 2017. Direct absorption totaled negative 213,976 sf. Direct vacancy rates remained flat at 7.7% during the same time period. Weighted average asking rents in all uses increased 1.8% recording \$11.93 per square foot (psf) at the close of 2Q 2017 compared to 2Q 2016. Convenience/Strip Center property types weighted average rents declined 2.8% year-over-year, recording \$13.22 psf at the close of 2Q 2017. Weighted average rents for Neighborhood/Community Centers improved 7.2% year-over-year, recording \$12.08 psf at the close of 2Q 2017.

Market Highlights

The negative absorption reported in 2Q 2017 can be attributed to multiple chain retailers closing their doors. Electronics and home appliance retailer, hhgregg closed all stores in the St. Louis area, Gordman's closed their store in Chesterfield, and Kmart closed two stores; one in Missouri and one in Illinois. The overall market experienced positive net gains during the quarter with Urban Air Trampoline, Farm and Home Supply of Quincy, and Dicks Sporting Goods all occupying large blocks of space. Several large tenants including TJ Max, Ultra and No Leash Needed are expected to occupy new space in 3Q 2017.

St. Louis Employment

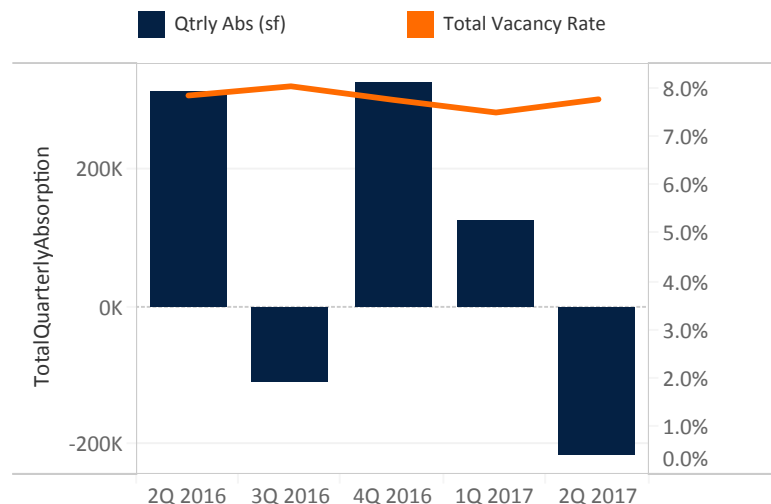
Source: BLS



Market Recap

Inventory (sf)	79,601,652
# of Bldgs	1,070
Qtrly Abs (sf)	-216,976
Total Avail Rate	9.1%
Total Vacancy Rate	7.8%
U/C Inventory (sf)	476,758
Delivered (sf)	10,000
Weighted Average Asking Rate (NNN)	\$11.93

Absorption and Vacancy Rate



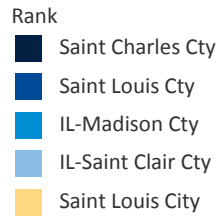
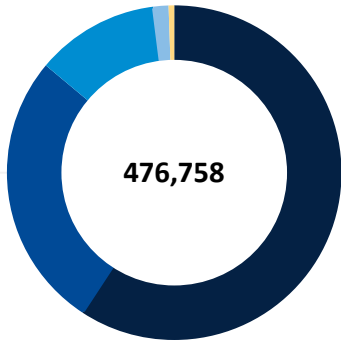
Overview by Specific Use (Total)

Specific Use	Inventory (sf)	Available (sf)	Vacant (sf)	Vacancy Rate	Qtrly Abs (sf)	YTD Net Abs (sf)
Conv/Strip Ctr	5,496,674	700,391	596,619	10.9%	37,550	2,209
Free/Gen	28,266,205	1,820,263	1,413,613	5.0%	-85,970	31,780
Nbrhd/Comm Ctr	34,677,777	4,590,240	4,031,172	11.6%	-78,419	-31,606
Reg/Power Ctr	11,160,996	170,555	159,155	1.4%	-90,137	-92,412
Overall	79,601,652	7,281,449	6,200,559	7.8%	-216,976	-90,029

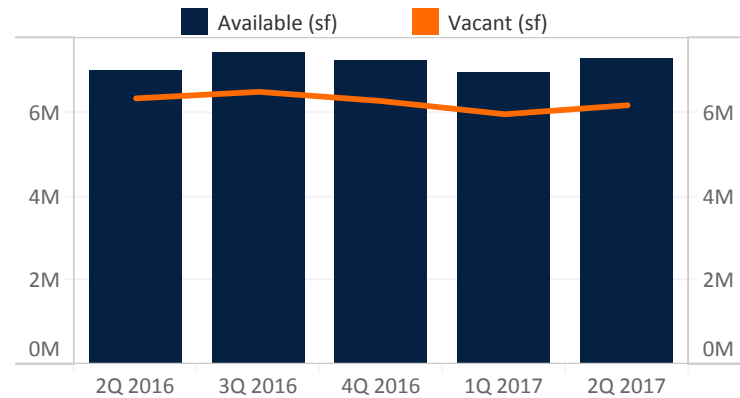
Overview by Market (Total)

Market Name	Specific Use	Inventory (sf)	Available (sf)	Vacant (sf)	Vacancy Rate	Qtrly Abs (sf)	YTD Net Abs (sf)
IL-Madison Cty	Conv/Strip Ctr	334,167	19,022	17,022	5.1%	7,557	5,057
	Free/Gen	2,313,759	55,802	55,802	2.4%	10,441	10,441
	Nbrhd/Comm Ctr	2,549,745	280,519	292,838	11.5%	52,695	48,643
	Reg/Power Ctr	639,172	2,446	2,446	0.4%	-2,446	-2,446
	<i>Subtotal</i>	5,836,843	357,789	368,108	6.3%	68,247	61,695
IL-Saint Clair Cty	Conv/Strip Ctr	423,857	40,004	25,354	6.0%	0	0
	Free/Gen	3,234,968	184,973	184,029	5.7%	-4,348	31,028
	Nbrhd/Comm Ctr	3,321,821	492,600	458,084	13.8%	-8,275	-3,668
	Reg/Power Ctr	1,094,245	0	0	0.0%	0	0
	<i>Subtotal</i>	8,074,891	717,577	667,467	8.3%	-12,623	27,360
Saint Charles Cty	Conv/Strip Ctr	806,035	113,805	91,794	11.4%	32,560	29,321
	Free/Gen	3,876,940	173,511	80,686	2.1%	-11,661	-18,507
	Nbrhd/Comm Ctr	7,373,694	805,190	682,876	9.3%	71,045	72,508
	Reg/Power Ctr	1,181,378	1,143	1,143	0.1%	0	0
	<i>Subtotal</i>	13,238,047	1,093,649	856,499	6.5%	91,944	83,322
Saint Louis City	Conv/Strip Ctr	964,078	167,686	144,556	15.0%	0	-838
	Free/Gen	3,848,741	249,186	249,186	6.5%	-1,670	290
	Nbrhd/Comm Ctr	2,076,569	272,581	246,733	11.9%	-116,857	-114,839
	Reg/Power Ctr	160,000	0	0	0.0%	0	0
	<i>Subtotal</i>	7,049,388	689,453	640,475	9.1%	-118,527	-115,387
Saint Louis Cty	Conv/Strip Ctr	2,968,537	359,874	317,893	10.7%	-2,567	-31,331
	Free/Gen	14,991,797	1,156,791	843,910	5.6%	-78,732	8,528
	Nbrhd/Comm Ctr	19,355,948	2,739,350	2,350,641	12.1%	-77,027	-34,250
	Reg/Power Ctr	8,086,201	166,966	155,566	1.9%	-87,691	-89,966
	<i>Subtotal</i>	45,402,483	4,422,981	3,668,010	8.1%	-246,017	-147,019
Overall		79,601,652	7,281,449	6,200,559	7.8%	-216,976	-90,029

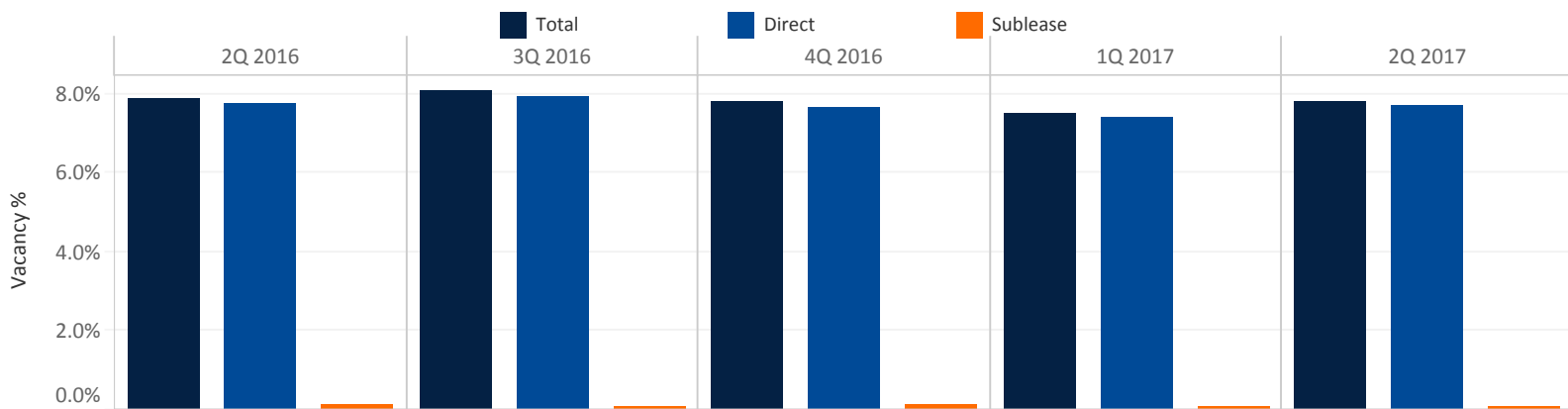
Construction by Market



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)
Conv/Strip Ctr	5,496,674	686,638	582,866	10.6%	32,550	-2,791
Free/Gen	28,266,205	1,791,055	1,406,896	5.0%	-85,970	13,977
Nbrhd/Comm Ctr	34,677,777	4,521,778	3,978,202	11.5%	-70,419	-33,243
Reg/Power Ctr	11,160,996	170,555	159,155	1.4%	-90,137	-92,412
Overall	79,601,652	7,170,026	6,127,119	7.7%	-213,976	-114,469

Overview by Specific Use (Sublease)

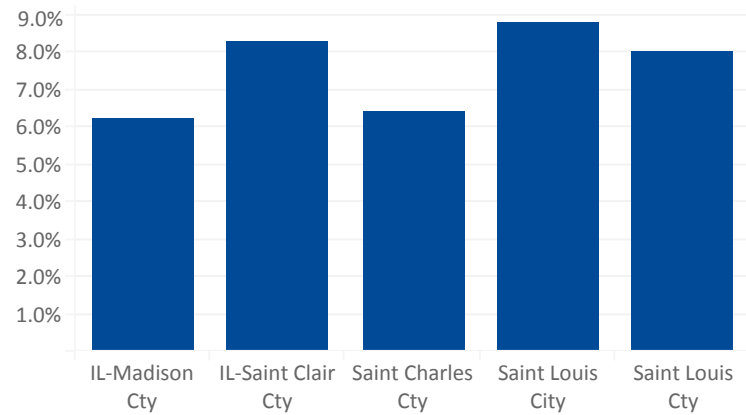
Specific Use	Inventory (sf)	Avail (sf)	Vacant (sf)	Vacancy Rate	Qtrly Abs (sf)	YTD Net Abs (sf)
Conv/Strip Ctr	5,496,674	13,753	13,753	0.3%	5,000	5,000
Free/Gen	28,266,205	29,208	6,717	0.0%	0	17,803
Nbrhd/Comm Ctr	34,677,777	68,462	52,970	0.2%	-8,000	1,637
Reg/Power Ctr	11,160,996	0	0	0.0%	0	0
Overall	79,601,652	111,423	73,440	0.1%	-3,000	24,440

Direct Vacancy Rate

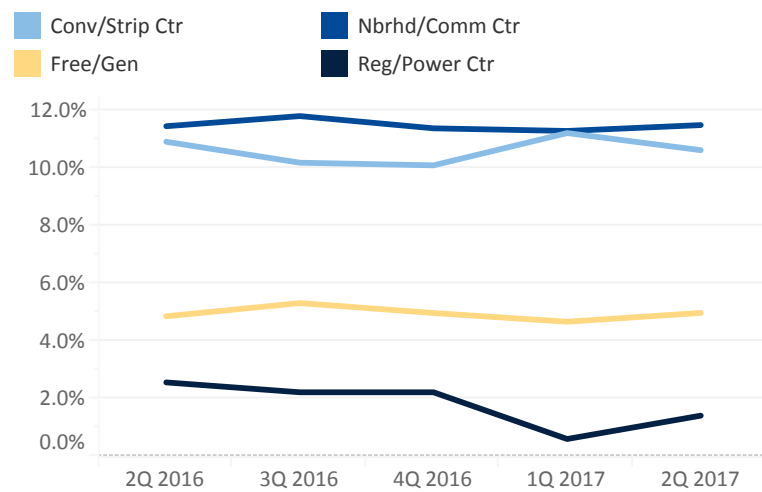
By Market and Specific Use

Market Name	Specific Use	Quarter Year				
		2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017
IL-Madison Cty	Conv/Strip Ctr	8.0%	6.6%	6.6%	7.4%	5.1%
	Free/Gen	3.6%	3.4%	3.4%	2.9%	2.4%
	Nbrhd/Comm Ctr	13.8%	13.6%	13.2%	13.3%	11.3%
	Reg/Power Ctr	0.0%	0.0%	0.0%	0.0%	0.4%
IL-Saint Clair Cty	Conv/Strip Ctr	3.6%	3.0%	4.2%	6.0%	6.0%
	Free/Gen	6.3%	6.2%	6.4%	5.4%	5.7%
	Nbrhd/Comm Ctr	12.7%	13.9%	13.7%	13.5%	13.8%
	Reg/Power Ctr	0.0%	0.0%	0.0%	0.0%	0.0%
Saint Charles Cty	Conv/Strip Ctr	16.7%	14.8%	14.1%	14.8%	11.4%
	Free/Gen	1.4%	1.3%	1.6%	1.8%	2.1%
	Nbrhd/Comm Ctr	9.0%	9.9%	10.1%	10.2%	9.2%
	Reg/Power Ctr	0.1%	0.1%	0.1%	0.1%	0.1%
Saint Louis City	Conv/Strip Ctr	15.9%	15.7%	14.9%	15.0%	15.0%
	Free/Gen	6.3%	6.3%	6.4%	6.4%	6.4%
	Nbrhd/Comm Ctr	5.3%	5.6%	5.5%	5.4%	11.0%
	Reg/Power Ctr	0.0%	0.0%	0.0%	0.0%	0.0%
Saint Louis Cty	Conv/Strip Ctr	9.6%	9.0%	9.0%	10.2%	10.2%
	Free/Gen	5.2%	6.1%	5.3%	5.1%	5.6%
	Nbrhd/Comm Ctr	12.5%	12.6%	11.8%	11.6%	12.0%
	Reg/Power Ctr	3.4%	3.0%	3.0%	0.8%	1.9%
Overall		7.7%	8.0%	7.7%	7.4%	7.7%

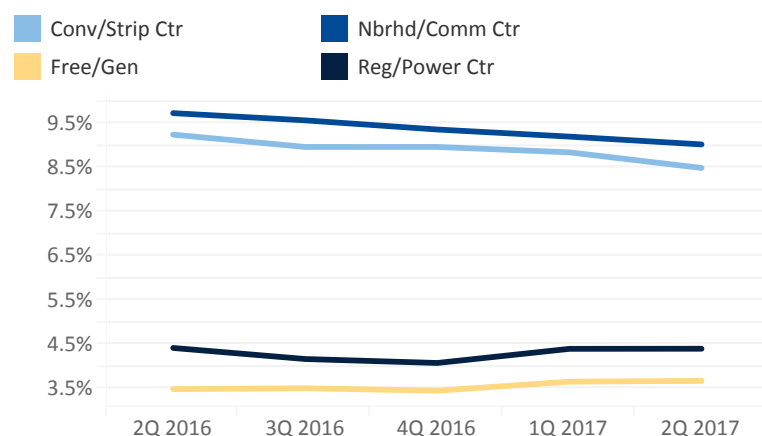
By Market



St. Louis by Specific Use



National by Specific Use

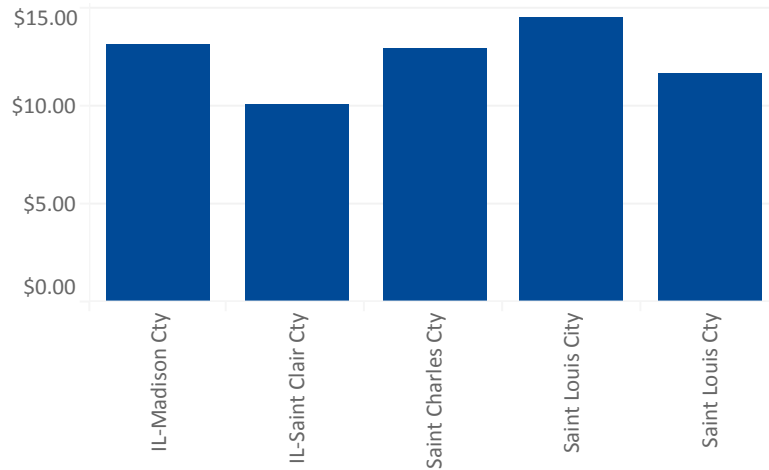


Direct Weighted Average Asking Rates (NNN)

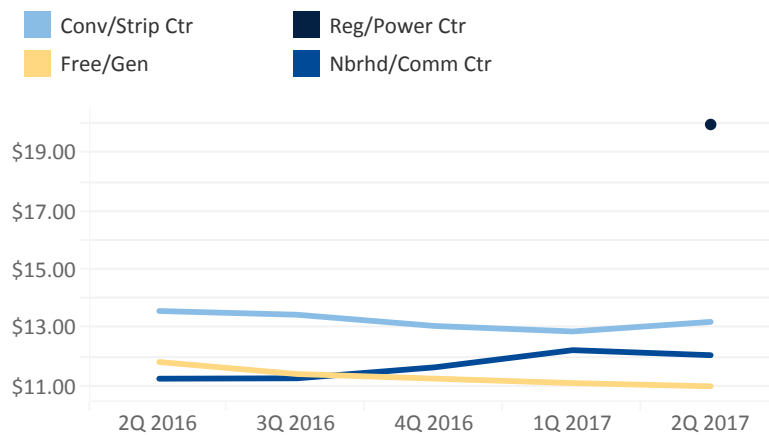
By Market and Specific Use

Market Name	Specific Use	Quarter Year				
		2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017
IL-Madison Cty	Conv/Strip Ctr	\$14.68	\$15.52	\$12.38	\$12.38	\$12.38
	Free/Gen	\$15.36	\$15.36	\$15.55	\$13.63	\$14.15
	Nbrhd/Comm Ctr	\$7.29	\$7.51	\$7.11	\$13.24	\$13.09
	Reg/Power Ctr	-	-	-	-	-
IL-Saint Clair Cty	Conv/Strip Ctr	\$15.39	\$15.93	\$15.92	\$15.92	\$15.92
	Free/Gen	\$11.84	\$17.56	\$13.38	\$15.93	\$11.64
	Nbrhd/Comm Ctr	\$8.94	\$9.72	\$10.25	\$10.18	\$9.61
	Reg/Power Ctr	-	-	-	-	-
Saint Charles Cty	Conv/Strip Ctr	\$13.24	\$13.23	\$13.38	\$13.78	\$14.05
	Free/Gen	\$12.31	\$12.37	\$12.60	\$10.67	\$10.79
	Nbrhd/Comm Ctr	\$13.24	\$13.07	\$13.54	\$13.58	\$13.33
	Reg/Power Ctr	-	-	-	-	-
Saint Louis City	Conv/Strip Ctr	\$12.82	\$12.73	\$12.14	\$11.87	\$11.87
	Free/Gen	\$21.11	\$20.55	\$20.82	\$21.22	\$22.84
	Nbrhd/Comm Ctr	\$12.00	\$12.00	\$12.00	\$12.00	\$12.00
	Reg/Power Ctr	-	-	-	-	-
Saint Louis Cty	Conv/Strip Ctr	\$14.02	\$13.45	\$13.10	\$12.78	\$13.33
	Free/Gen	\$10.40	\$9.83	\$9.89	\$9.93	\$9.92
	Nbrhd/Comm Ctr	\$12.16	\$11.91	\$12.23	\$12.45	\$12.28
	Reg/Power Ctr	-	-	-	-	\$20.00
Overall		\$11.72	\$11.54	\$11.71	\$12.04	\$11.93

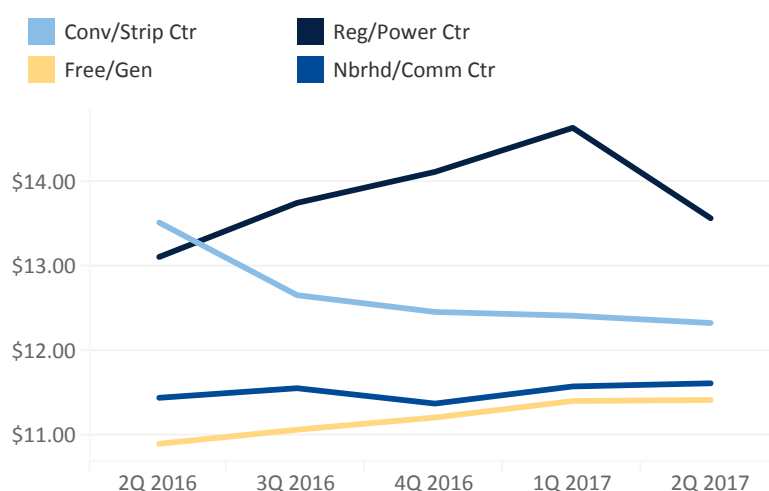
By Market



St. Louis by Specific Use

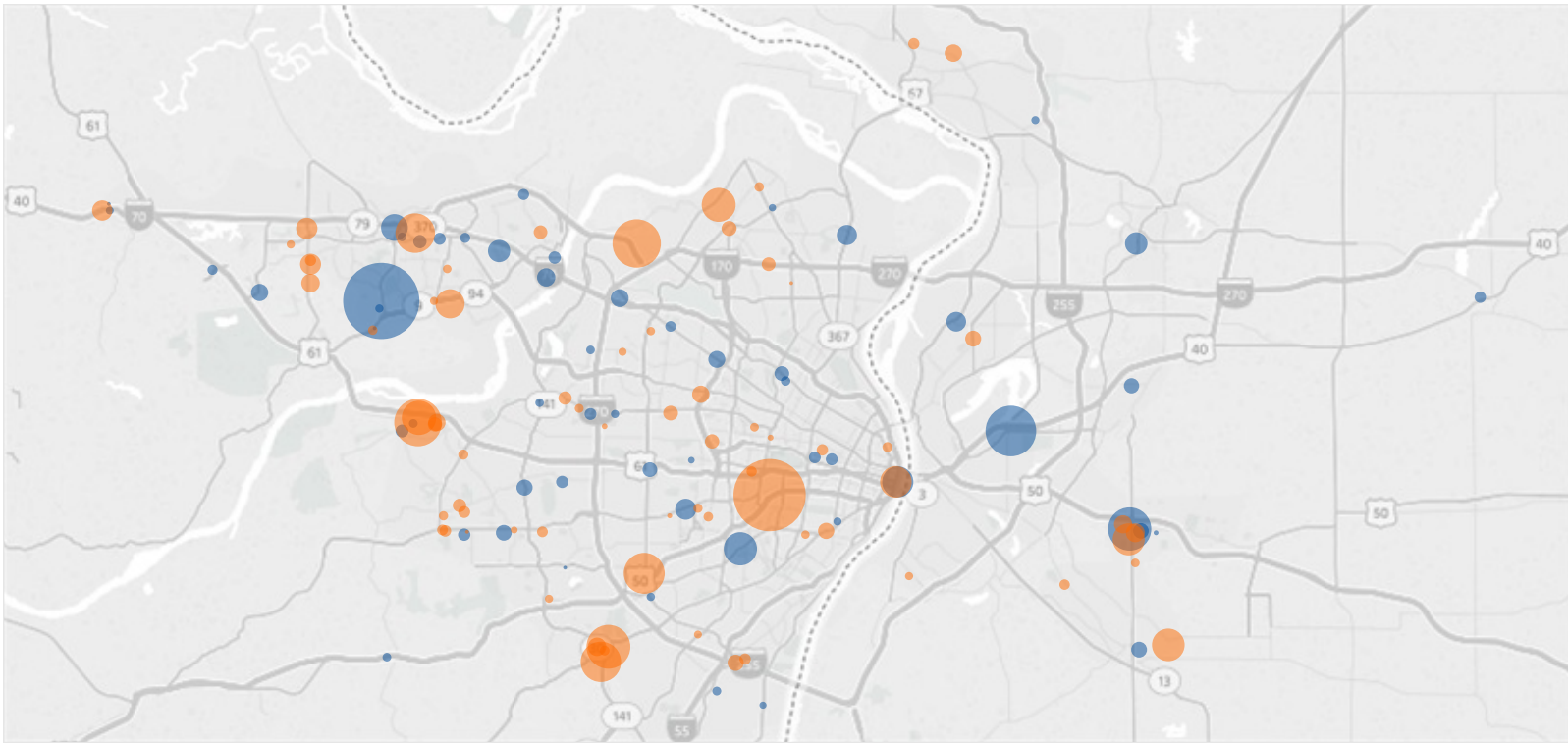


National by Specific Use



Absorption Map

■ Negative
 ■ Positive



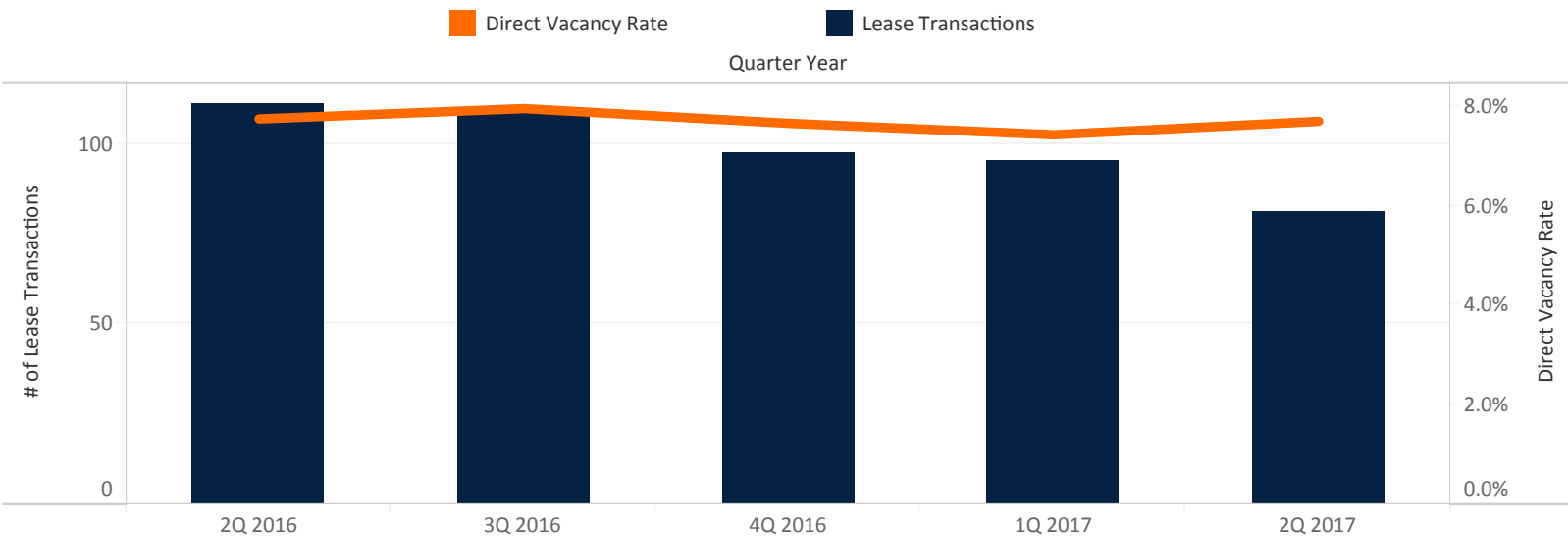
Largest Positives (Total)

PropertyName	Significant Transactions	Market Name	Specific Use	
Farm & Home Supply	Farm&Home Supply Co 66,000 sf; Urban Air Trampoline 60,000 sf	Saint Charles Cty	Nbrhd/Comm Ctr	126,000
Fairview City Centre	Dick's Sporting Goods 45,085 sf	IL-Saint Clair Cty	Nbrhd/Comm Ctr	40,000
The Center at Kenrick Plaza	Rockin' Jump 25,082 sf; SSM Select 3,037 sf; StL Rehab -4,300 sf	Saint Louis Cty	Nbrhd/Comm Ctr	23,348
University Pointe II Bldg II	We Rock the Spectrum 5,029 sf; Hansen's Meat Company 2,803 sf	IL-Madison Cty	Free/Gen	10,441
Bogey Hills Plaza	Half Price Books 9,048 sf; Undisclosed tenant 1,200 sf	Saint Charles Cty	Nbrhd/Comm Ctr	10,248
Colonial Square	Undisclosed tenant 9,072 sf	Saint Louis Cty	Nbrhd/Comm Ctr	9,072
Mayfair Plaza	Washington Univ Dialysis Clinic 6,019 sf; Check N Go 2,310 sf	Saint Louis Cty	Nbrhd/Comm Ctr	8,329
Walmart Plaza	Undisclosed tenant 1,200 sf; Davita 5,600 sf	IL-Madison Cty	Conv/Strip Ctr	8,000

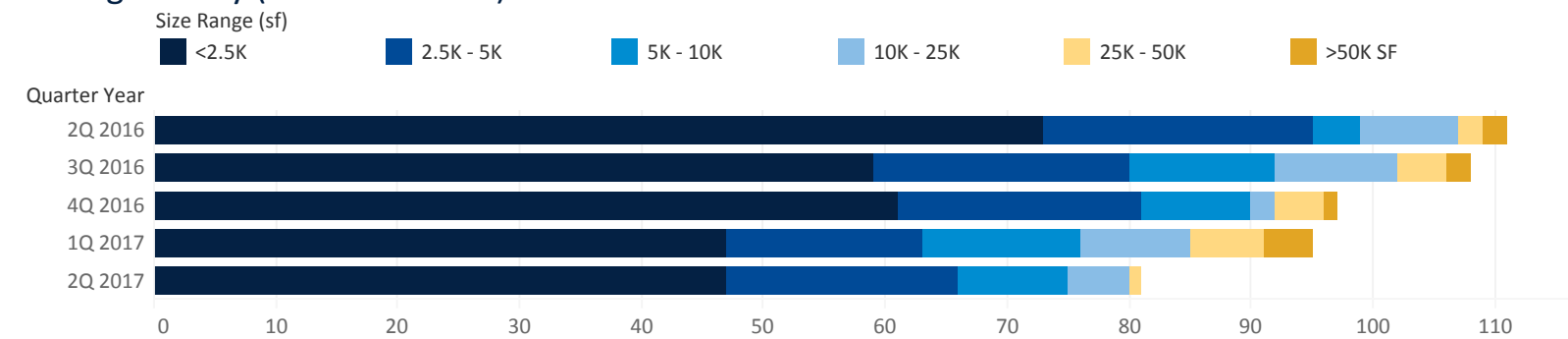
Largest Negatives (Total)

PropertyName	Significant Transactions	Market Name	Specific Use	
St. Louis Marketplace	KMart -113,057 sf	Saint Louis City	Nbrhd/Comm Ctr	-113,057
St Louis Outlet Mall	Marshalls -50,186 sf	Saint Louis Cty	Reg/Power Ctr	-50,186
Chesterfield Commons West	Gordman's -48,380 sf	Saint Louis Cty	Nbrhd/Comm Ctr	-48,380
Western Plaza Bldg 1	Value Village -41,134 sf	Saint Louis Cty	Free/Gen	-41,134
Kirkwood Crossing	Sports Authority -35,764 sf	Saint Louis Cty	Nbrhd/Comm Ctr	-35,764
Gravois Bluffs Shopping Center	HHGregg -34,780 sf	Saint Louis Cty	Reg/Power Ctr	-34,780
Crossings at Mid Rivers	HHGregg -33,305 sf	Saint Charles Cty	Nbrhd/Comm Ctr	-33,305
hh gregg	HHGregg -25,000 sf	Saint Louis Cty	Free/Gen	-25,000

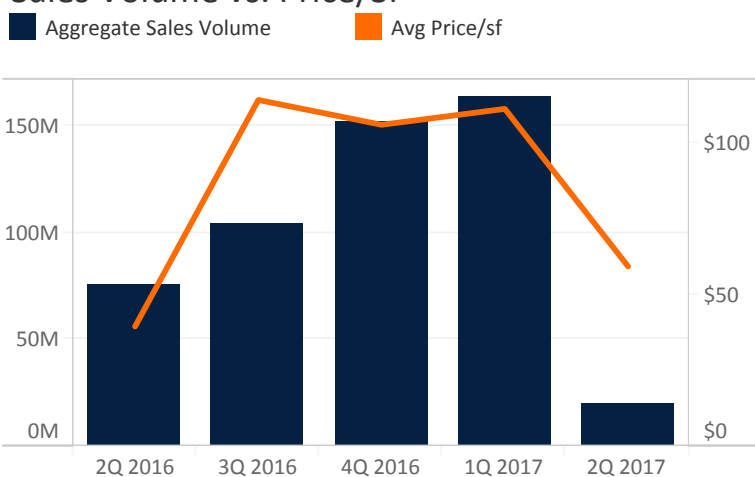
Leasing Activity Trends



Leasing Activity (# of New Deals)



Sales Volume vs. Price/SF



Top Sales

Property	Sale Date	Buyer	Sale Price
Manchester Plaza	05/24/2017	Urban Edge Properties	\$10,600,600
12110 Lusher Rd	06/14/2017	Quiktrip Corporation	\$1,450,000
4733 McPherson Ave	05/04/2017	Winter Holdings	\$1,000,000
Wilshire Village Shopping Center	04/25/2017	Namdar Realty Group	\$950,000
Advance Auto Parts	04/27/2017	Exchangeright Net Leased Portfolio 16 LLC	\$820,000

Terminology

Term	Definition
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.
Conv/Strip Ctr	Includes Conv/Strip Ctr and Mixed Use Properties
Direct Vacant (sf)	The total of the direct vacant square footage in a building that is being marketed.
Freestanding/General Retail	Includes Anchored Strip Center, Automotive, Bank, Big Box, Freestanding and General properties.
Inventory	The total square feet (sf) of all single and multi-tenant buildings greater than 20,000 sf, including owner occupied facilities.
Nbrhd/Comm Ctr	Includes Community Ctr and Neighborhood Ctr properties.
Net Absorption (sf)	The net change in occupied square feet from quarter to quarter, expressed in square feet.
Regional/Power	Includes Lifestyle Ctr, Outlet Ctr, Specialty Ctr, Super Regional, Power and Regional Center properties.
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.
Total Vacant (sf)	The total of all of the vacant square footage within a building, including both direct and sublease space.
Weighted Average Rent	The weighted average of all direct asking lease rents expressed as a NNN rental rate and weighted on total direct available sf.

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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- 3 Saint Charles County
- 4 Madison County
- 5 Saint Clair County

