

2022 MID-YEAR

ST. LOUIS MO

Multifamily Report

BERKADIA[®]

a Berkshire Hathaway and Jefferies Financial Group company





Jobs Added / Lost

LAST 12 MONTHS

26,800

↑ 2.0%

NEXT 12 MONTHS*

15,600

↑ 1.1%

Unemployment

MID-YEAR 2022

3.4%

↓ 130 BPS YOY

MID-YEAR 2023*

3.7%

↑ 30 BPS YOY

*Projected

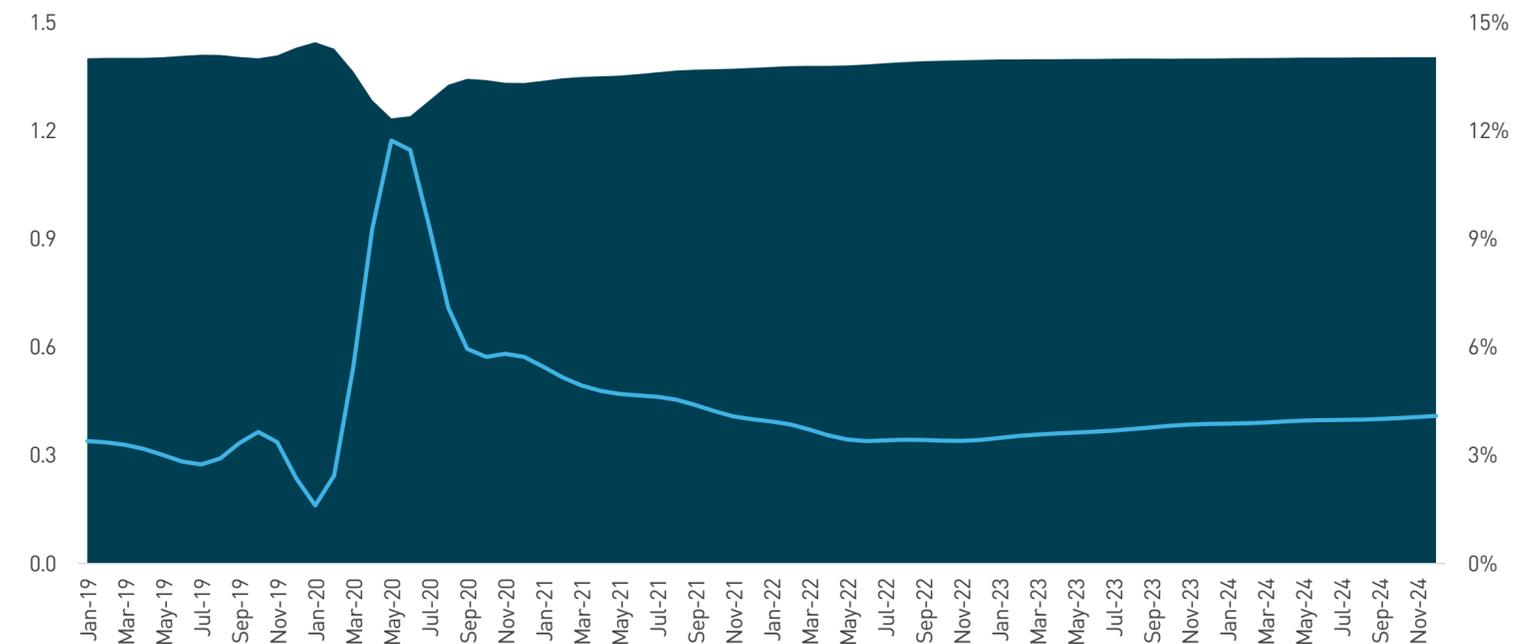
ST. LOUIS, MO EMPLOYMENT

In recent years, St. Louis has increasingly become a robust hub for start-ups and tech companies due to its talent-rich environment from local universities. With companies expanding their operations in the area, other businesses have taken notice. For example, leading cloud security company, NetSkope decided to open a new office in the Greater St. Louis area and wanting to recruit new employees from Washington University, Maryville University, and Missouri University of Science and Technology. NetSkope is not the only company expanding in the area. Thermo Fisher Scientific is investing \$82.5 million to expand operations at its biologics drug substance manufacturing facility in St. Louis County that

will add 169 jobs. Davidson Logistics is also expanding, adding 500,000 square feet next to its existing facility that will cost between \$30 and \$40 million and will house over 200 employees.

At the metro level, employers added 26,800 net jobs to local payrolls, growing employment 2.0% year over year. The professional and business services sector added the most jobs in the past year, growing 3.9%, or by 8,200 jobs. The trade, transportation, and utilities sector followed with the addition of 7,700 jobs. With company expansions and job sectors growing, the metro's unemployment rate dropped 130 basis points annually to 3.4%.

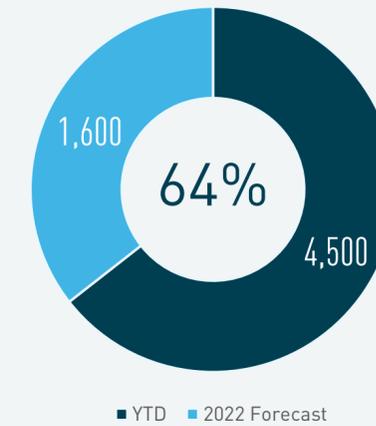
Employment Trends



SOURCE: Moody's Analytics

Who's Hiring?

PROFESSIONAL & BUSINESS SERVICES INDUSTRY



16%
OF ALL JOBS IN THE METRO

\$88,100
AVERAGE ANNUAL SALARY

Top Professional & Business Services Employers

BRYAN CAVE 1,600 JOBS

Maritz® 1,500 JOBS

World Wide Technology 1,500 JOBS

In The News

- Thermo Fisher Scientific to invest \$82.5M in expansion
- Scale announces new office in Downtown St. Louis
- Davidson Logistics expansion will create 200 jobs



ST. LOUIS, MO

DELIVERIES & ABSORPTION

2022 Units*

DELIVERIES

2,794

ABSORPTION

-236

2023 Units*

DELIVERIES

2,931

ABSORPTION

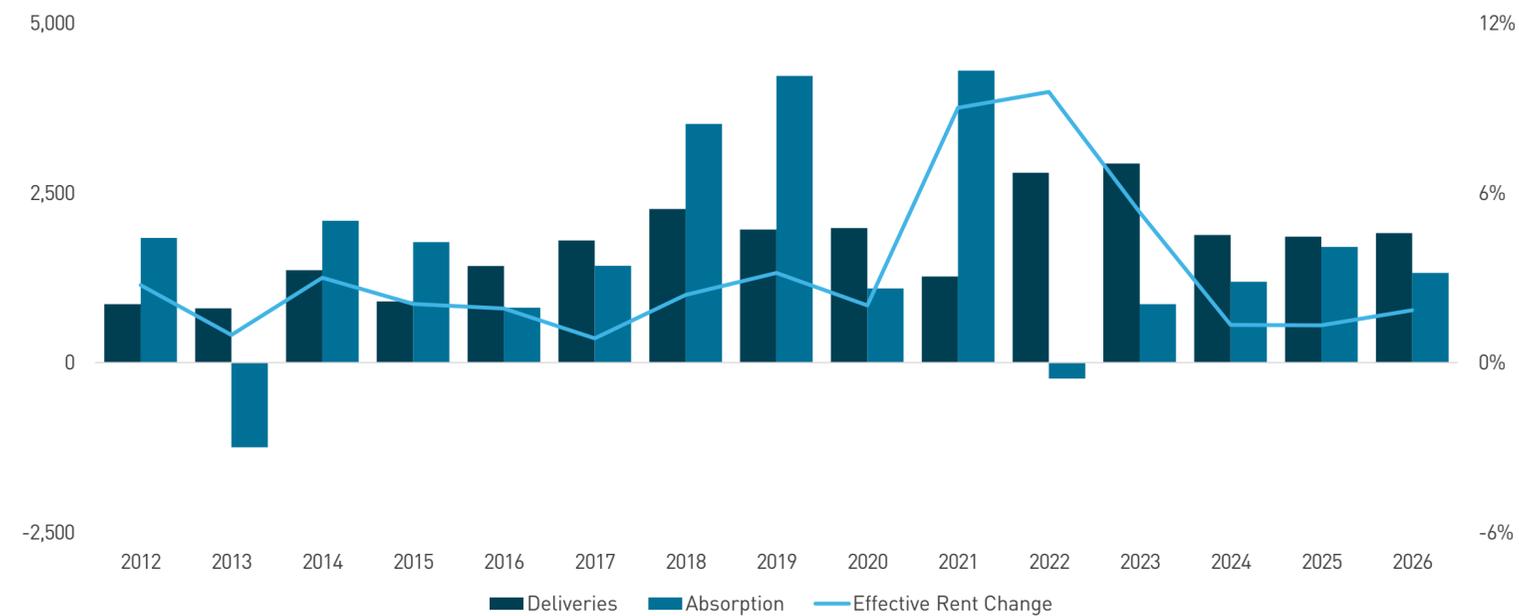
862

*Projected

With companies expanding and growing the economy, multifamily developers are expected to deliver more than 3,100 units across the metro in the next year. Additions would outpace the metro's five-year average of nearly 1,900 units. Builders have a strong focus on developing the downtown area. The St. Louis City submarket is projected to have more than 800 units come online in the next the year. For example, a Kansas City developer proposed The Fielder Lofts, a luxury apartment complex that will have 125 to 130 units. The \$31 million apartment complex is set to be at Mike Shannon's former downtown restaurant, close to Busch Stadium. Another \$130 million project began construction of one of downtown's largest vacant buildings in the first quarter of 2022. The complex

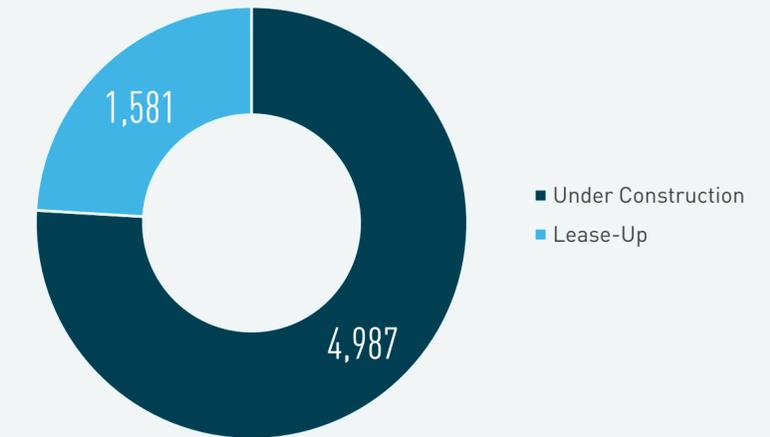
will have 384 apartments with 400 underground parking spots, just two blocks away from the under-construction Major League Soccer stadium. Half of the apartments will be done by summer 2023, while the remainders will wrap up in early 2024. The spark in development was caused by sustained demand in recent year, peaking in 2021. In the past 12 months, over 2,600 units were absorbed across Greater St. Louis. Listed in the Top 15 Cities for Young Professionals by SmartAsset, St. Louis's demand is only projected to increase looking forward.

Deliveries, Absorption, & Effective Rent Change

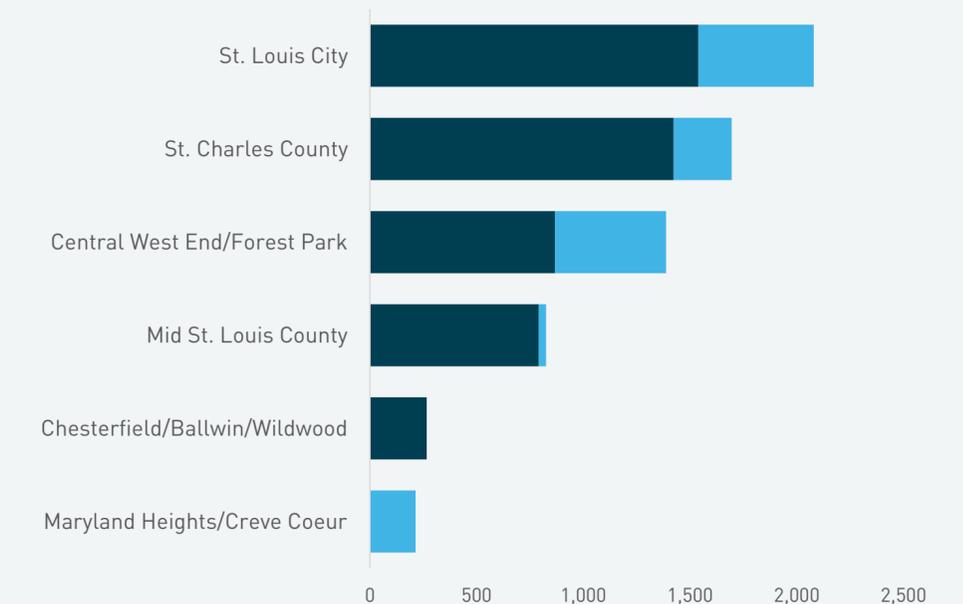


Source: RealPage

Market Pipeline



Top Submarket Pipelines

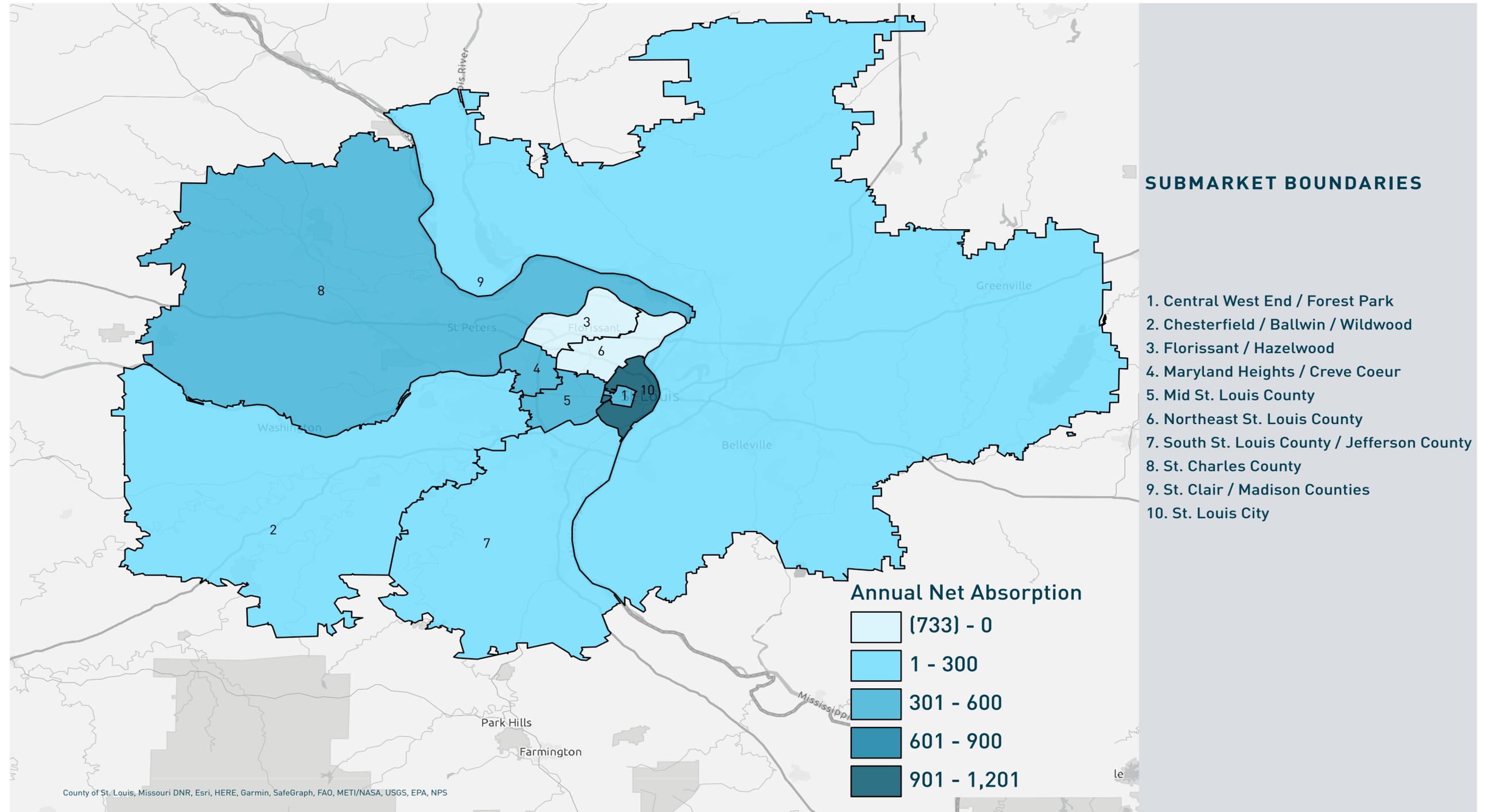




With a growing economy and multifamily builders focusing on downtown development, the St. Louis City submarket led the metro in leasing activity in the last year. Of the 2,617 units absorbed throughout the metro, 45.8% of net move-ins came from St. Louis City. Net absorption in the submarket reached 1,201 units in the past 12 months. As a downtown submarket, residents have the urban amenities for a cost of living that is below the national average and other Midwest cities. Downtown St. Louis is home to the iconic Gateway Arch, Busch Stadium, trendy dining and shopping, and a variety of entertainment and nightlife. Niche labeled Downtown St. Louis as one of the best places to live in Missouri. Looking forward, leasing activity is projected to settle down from hyperactivity in the next few years.

ST. LOUIS, MO

SUBMARKET ANNUAL ABSORPTION





ST. LOUIS, MO RENT & OCCUPANCY

Effective Rent

2Q 2022

\$1,179

↑ 9.7% YOY

Occupancy

2Q 2022

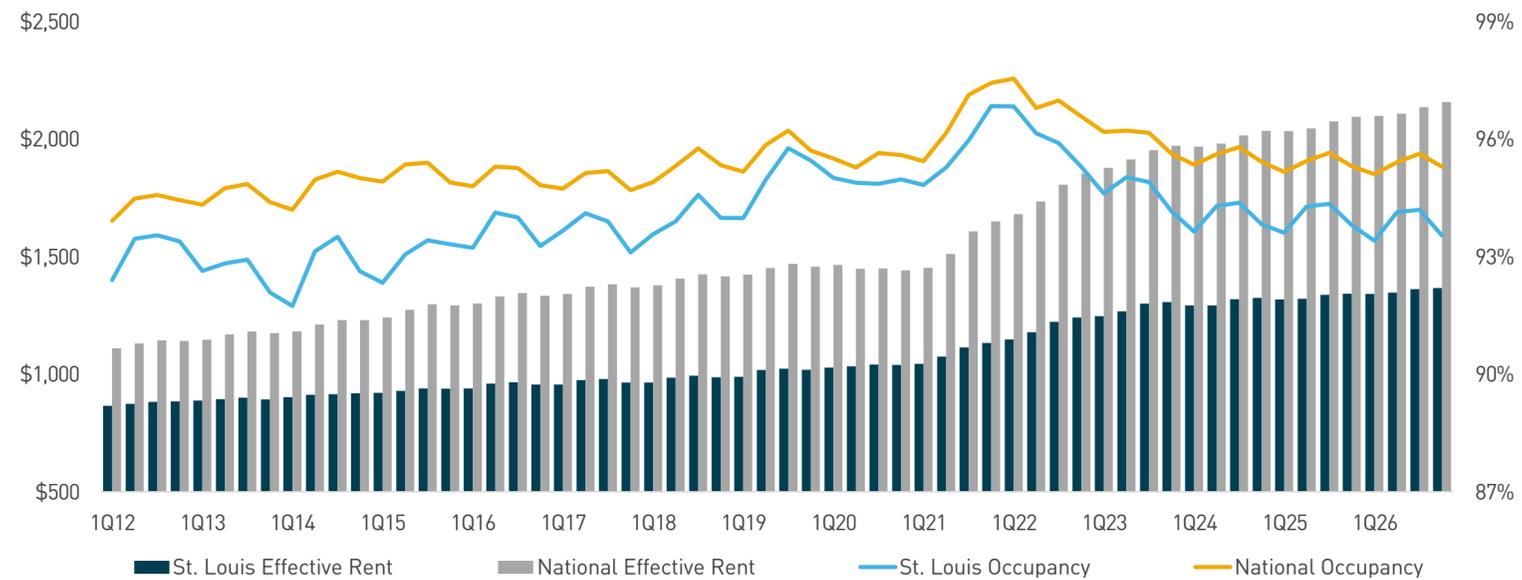
96.2%

↑ 90 BPS YOY

Over the past year, Greater St. Louis experienced a 9.7% effective rent increase to \$1,179 per month in the second quarter. The change was far above the five-year average rent growth of 2.3%. Though this is a large increase for the metro, a 9.7% change is one of the lowest annual increases in the country. The relatively low effective rent change maintained St. Louis's integrity of being an affordable city for young professionals. The positive effective rent change stems from a rebounding economy, recently elevated leasing activity, and ascending occupancy. Across the metro, occupancy rose 90 basis points annually to 96.2% in the second quarter of 2022. Half of the metro's submarkets had an annual increase of 100 basis points or more. The Central West End/Forest

Park submarket had the largest occupancy year-over-year increase, raising 300 basis points to 95.8%. The Central West End/Forest Park submarket is nestled in next to the St. Louis City submarket. Its location provides easy access to the Downtown St. Louis Business District and other downtown amenities, ideal for the urban renter. Home to Washington University, the return of students to the area for in-person learning in part impacted the submarket's annual occupancy change.

St. Louis vs. National Effective Rent & Occupancy



Source: RealPage

Submarket Performance

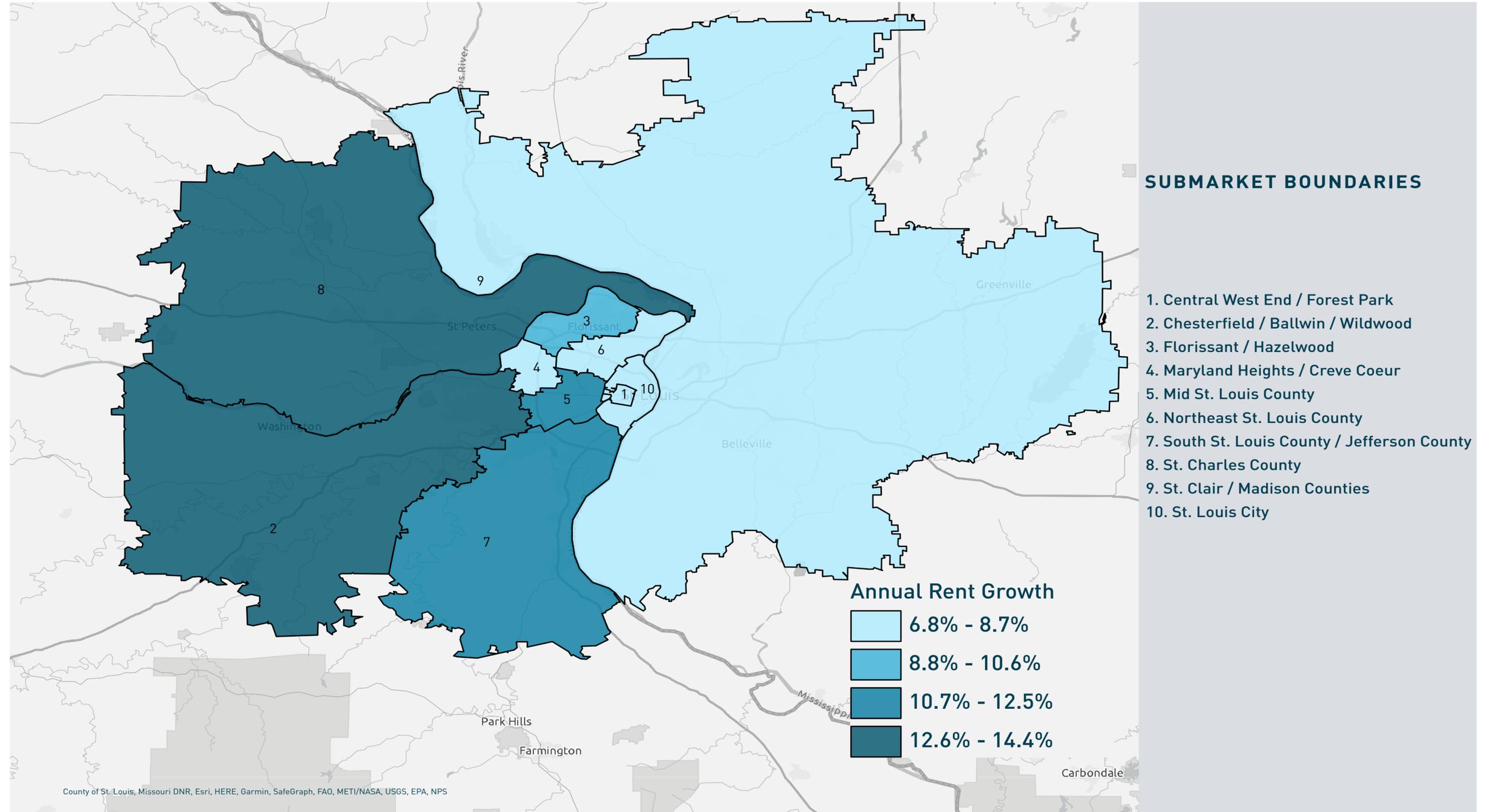
SUBMARKET NAME	2Q22 OCCUPANCY	YOY (BPS)	2Q22 EFFECTIVE RENT	YOY
Central West End/Forest Park	95.80%	300	\$1,540	6.80%
Chesterfield/Ballwin/Wildwood	98.20%	150	\$1,350	12.80%
Florissant/Hazelwood	95.40%	-20	\$955	10.30%
Maryland Heights/Creve Coeur	97.60%	170	\$1,172	8.00%
Mid St. Louis County	95.40%	200	\$1,554	11.50%
Northeast St. Louis County	91.60%	-260	\$748	8.20%
South St. Louis/Jefferson County	97.90%	0	\$971	11.70%
St. Charles County	97.40%	-10	\$1,299	14.40%
St. Clair/Madison Counties	97.60%	100	\$1,144	6.90%
St. Louis City	95.10%	200	\$1,120	6.90%



ST. LOUIS, MO

SUBMARKET ANNUAL RENT CHANGE

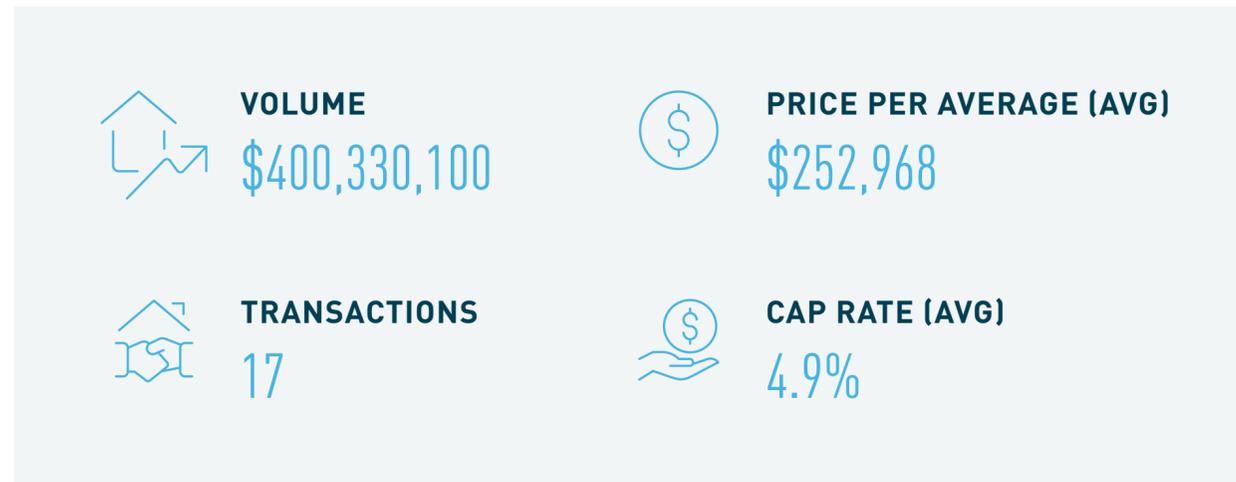
Greater St. Louis's suburban submarkets had the greatest annual effective rent change, specifically, the St. Charles County and Chesterfield/Ballwin/Wildwood submarkets. The St. Charles County submarket had the highest effective rent increase, rising 14.4% to \$1,299 per month in the second quarter of 2022. Meanwhile, the Chesterfield/Ballwin/Wildwood submarket grew 12.8% to \$1,350 per month. The submarkets are notorious for being home to some of the highly sought suburban towns in the area, specifically Chesterfield. Both submarkets also boast a new lease trade out rate of over 15.0%, indicating that more new people are moving to these submarkets. The suburban areas of Metro St. Louis are experiencing elevated annual rent increases in part because of a lack of single-family inventory paired with home values rising 12.1% year over year. More residents were pushed towards the apartment market.



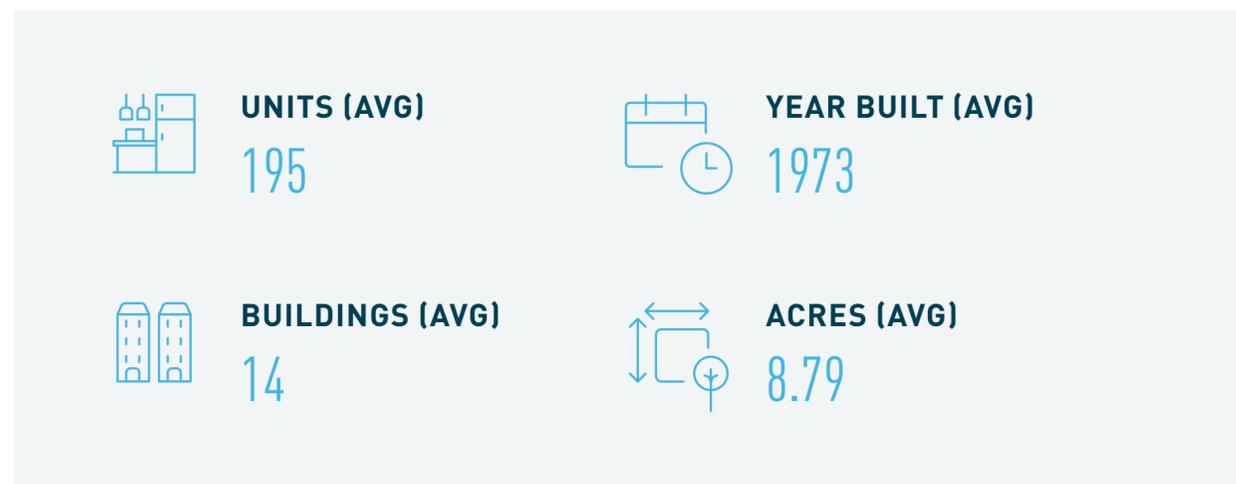


ST. LOUIS, MO SALES

2022 Year to Date*



What's Trading?*



Source: Real Capital Analytics
*\$10m+

Top Buyers**

BUYER	LOCATION
Invesco Real Estate	Atlanta, GA
Beitel Group	Brooklyn, NY
Great Lakes Capital	South Bend, IN
Michelson Organization	Clayton, MO
Oro Capital Advisors	Beverly Hills, CA

Top Sellers**

SELLER	LOCATION
Balke Brown Associates	Saint Louis, MO
Strategic Props of NA	Lakewood, NJ
Pearl Companies	Indianapolis, IN
Koman Group	Clayton, MO
B&M Management	Montgomery, AL

**Past 24 Months

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Sources: RealPage; Moody's Analytics; Real Capital Analytics

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