

St. Louis Regional Industrial Real Estate Market Indicators and Workforce Statistics



The St. Louis region has two years of record-setting industrial real estate market.

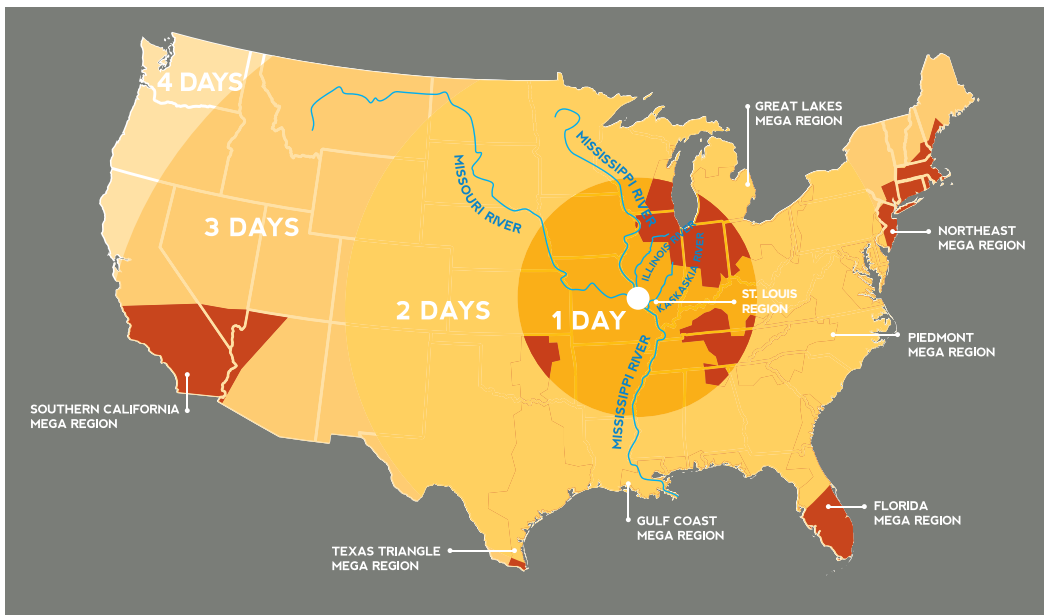
The St. Louis region's industrial real estate market continues to set records and is supported by market indicators and workforce statistics. This is the first of many publications by the St. Louis Regional Freightway that **spotlights** the region's high growth locations and ability to deliver a job-ready workforce. The below links provide insight into the region's industrial real estate market and workforce.

1. Industrial Real Estate Market Indicators

2. Leading Industrial Developers/ Owners and Construction Volumes

3. Industrial Job-Ready Workforce Statistics

4. Economic Activity in 8th Federal Reserve District MSAs



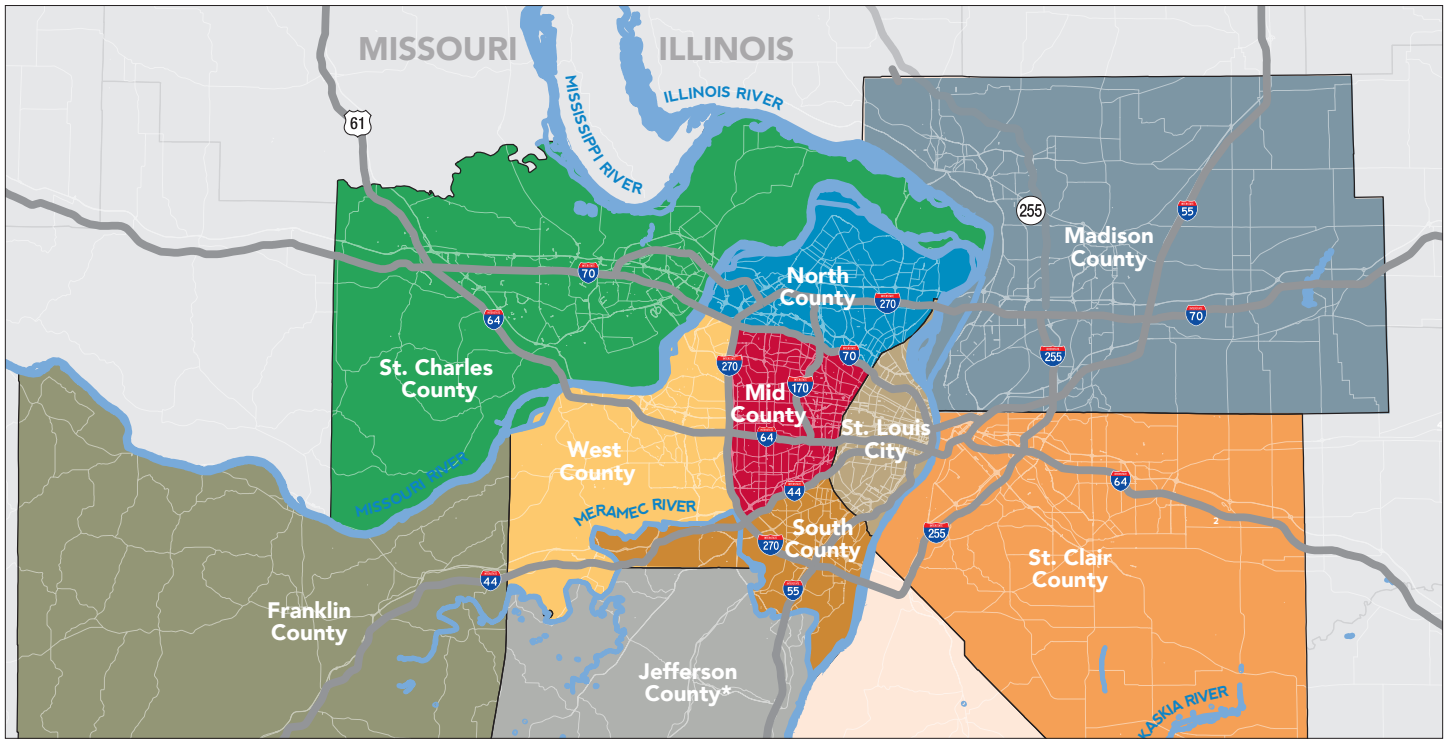
DRIVE TIME

The St. Louis region is located within 500 miles of one-third of the U.S. population, is in close proximity to mega regions with the largest concentration of manufacturing, transportation and warehousing, and a one-day truck drive to Chicago, Memphis, Kansas City, Nashville, Columbus and other important transportation hubs – linking the St. Louis region to the entire nation and the global supply chain.

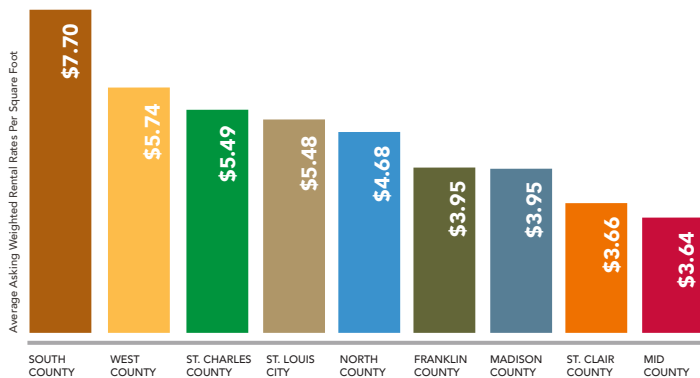
“Growth in a region's economy is rarely by accident, or simply because of the natural assets or advantages a region has; it takes work. Here in St. Louis you understand that and you're working together.”

MATTHEW ROSE, EXECUTIVE CHAIRMAN, BNSF RAILWAY

St. Louis Region Industrial Real Estate Market Indicators



St. Louis Region Industrial Market
Average Weighted Asking Rental NNN Rates*

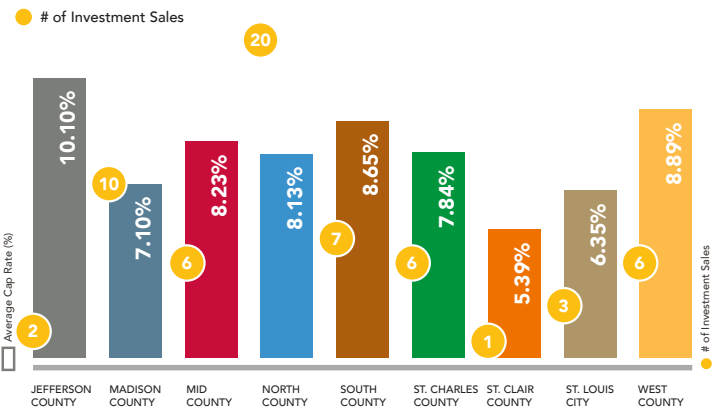


Source: CoStar Analytics 10/11/2018 Export: St. Louis MSA; Existing industrial building over 10,000 square feet, over 24 feet clear; single story

*Jefferson Co., MO and Monroe Co., IL do not have asking rates available on CoStar.

- The South County submarket in the St. Louis region has higher asking rates because it is a high demand market with limited inventory supply. There has been recent construction in this market in the Fenton Logistics Park. The park began construction in 2017 with current asking rents of \$5.95 per square feet for NNN. The fourth building is currently under construction and is 100% pre-leased.
- The average weighted asking rental rates for the St. Louis MSA is \$4.91 per square feet.
- The average weighted asking rental rates for the Kansas City, MO MSA is \$4.95 per square feet.

St. Louis Region Industrial Market
Average Cap Rate (Activity since 2016)**



Source: CoStar Comps, Real Capital Analytics, Colliers Comps System; St. Louis MSA industrial sales since 2016, buildings over 10,000 square feet with recorded cap rates

**Franklin County, MO and Monroe County, IL do not have available investment sales/cap rate data

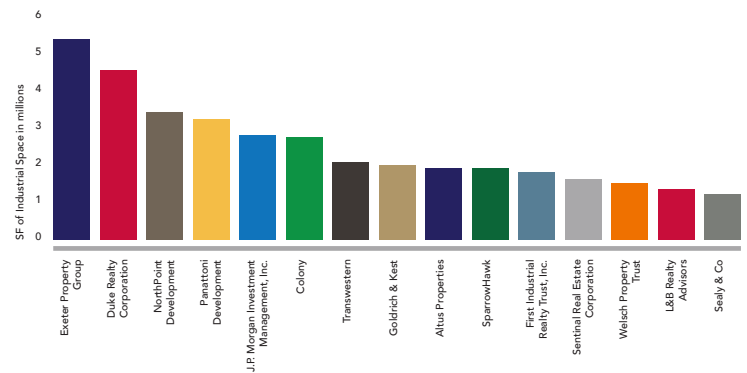
- North County had the most activity with nine cap rate sales occurring in Hazelwood City alone.
- The lowest cap rate purchase occurred in the Mid County submarket with a small 14,000 square feet building trading for a 5.12% cap rate.
- The lowest cap rate for a major industrial building was the SparrowHawk Real Estate Strategists purchase of 1659 Sauget Business Boulevard in Sauget, Illinois for over \$16 million (\$33.26 per square feet) at a 5.39% cap rate.
- The average cap rate for the entire St. Louis MSA is 8.0% over a recorded 60 transactions.

St. Louis Region Leading Industrial Developers / Owners and Construction Volumes

Top Industrial Owners — St. Louis MSA
Buildings over 50,000 square feet (SF) October 2018*

Rank	Owner Name	# of Buildings	Total Bldg SF
1	Exeter Property Group	23	5,210,747
2	Duke Realty Corporation	14	4,492,115
3	NorthPoint Development	10	3,360,747
4	Panattoni Development	6	3,256,451
5	J.P. Morgan Investment Management, Inc.	4	2,789,511
6	Colony	21	2,769,850
7	Transwestern	8	2,059,800
8	Goldrich & Kest	3	1,994,000
9	Altus Properties	17	1,848,622
10	SparrowHawk	5	1,561,592
11	First Industrial Realty Trust, Inc.	6	1,554,715
12	Sentinel Real Estate Corporation	2	1,453,604
13	Welsch Property Trust	1	1,262,648
14	L&B Realty Advisors	2	1,145,130
15	Sealy & Co	4	1,056,418

Top Industrial Owners — St. Louis MSA
Buildings over 50,000 square feet (SF)*

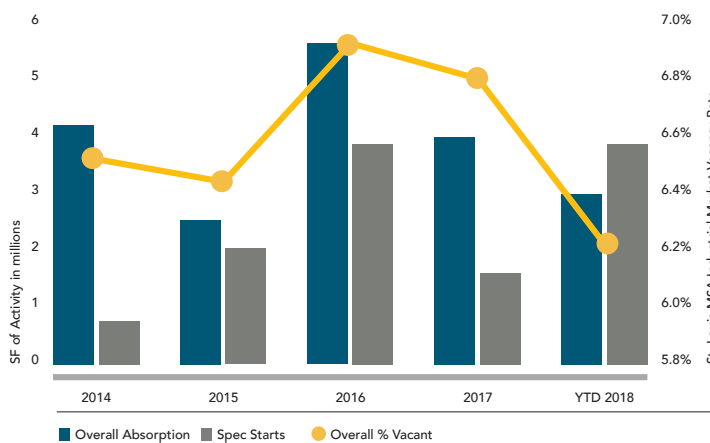


Total Developers — Industrial Real Estate Projects Since 2016*

Developer	# of Properties	Total Bldg SF	Main Submarket
TriStar Properties	4	3,217,900	Edwardsville, IL
NorthPoint Development	8	1,825,217	Hazelwood, MO
Panattoni Development	2	1,316,678	Edwardsville & Hazelwood
Duke Realty	3	1,267,000	Saint Peters, MO
Exeter	1	674,752	Edwardsville, IL
CRG	1	537,753	North County, MO
Scannell Properties	1	496,209	Saint Peters, MO
KP Development	3	486,000	Fenton, MO

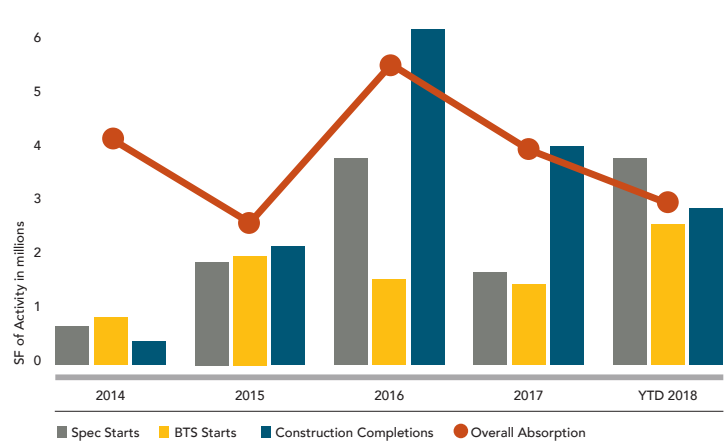
*Source – Real Capital Analytics / Colliers Data – October 2018 – St. Louis MSA Industrial Buildings over 50,000 square feet

Industrial Speculative Development Square Feet (SF)
St. Louis MSA



Source – Colliers Industrial 2Q 2018 Industrial Stats
(Industrial Buildings over 10,000 square feet in the St. Louis MSA)

Construction Volume Square Feet (SF)
St. Louis MSA



Source – Colliers Industrial 2Q 2018 Industrial Stats
(Industrial Buildings over 10,000 square feet in the St. Louis MSA)

"Since 2016, Amazon has opened four separate facilities in metro St. Louis, each performing different functions. A fifth facility under construction in Premier 370 in St. Peters MO is an 855,000 square foot fulfillment center which will bring Amazon's total square footage here to over 2.7 million."

GEOFF ORF, SENIOR VICE PRESIDENT, COLLIER'S INTERNATIONAL

The region is home to over 30 distribution centers with over 500,000 square feet. Occupiers include:



Here's a closer look at the top three drivers of growth from the perspective of private industry representatives with first-hand knowledge of the St. Louis Region.

[CLICK HERE FOR A CLOSER LOOK](#)

1. AVAILABILITY OF SPACE
AND SPEED OF DELIVERY

2. JOB-READY
WORKFORCE

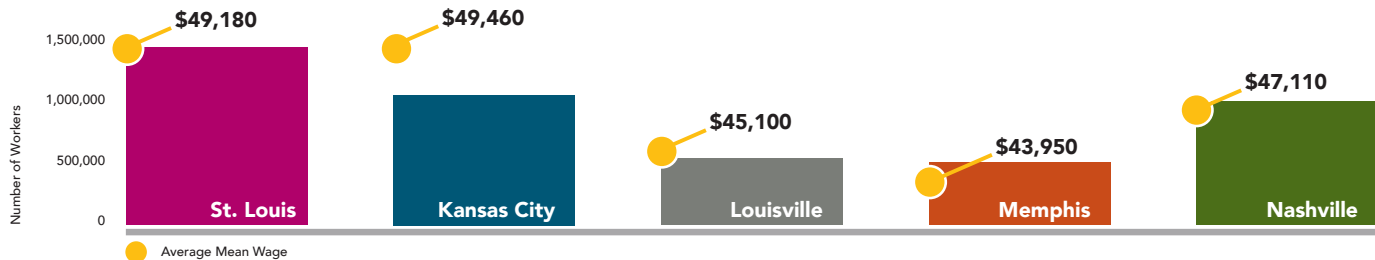
3. EXCEPTIONAL
FREIGHT ASSETS

St. Louis Region Industrial Job-Ready Workforce

Mean Average Wage	Annual Mean Wage St. Louis MSA	Number of Workers St. Louis MSA
All Occupation	\$49,180	1,356,630
All Transportation and Material Moving Occupation	\$36,810	87,140
Transportation, Storage, and Distribution Managers	\$100,160	1,350
Logisticians	\$80,270	2,170
First Line Supervisors of Helpers, Laborers, and Material Movers	\$54,600	3,250
Laborers, Freight Stock, and Material Movers	\$32,730	24,420
All Production Occupation	\$39,810	81,640
First Line Supervisor, Production and Operating Worker	\$63,590	5,580
Assemblers and Fabricators, All Other, Including Team Assemblers	\$34,860	9,370
CNC Machine Tool Programmers (Metal and Plastic)	\$59,860	220
CC Machine Tool Operators (Metal and Plastic)	\$43,100	1,940
Machinists	\$48,130	3,480
Welders, Cutters, Solderers, and Brazers	\$39,930	2,780
Helpers/Production Workers	\$31,260	1,730

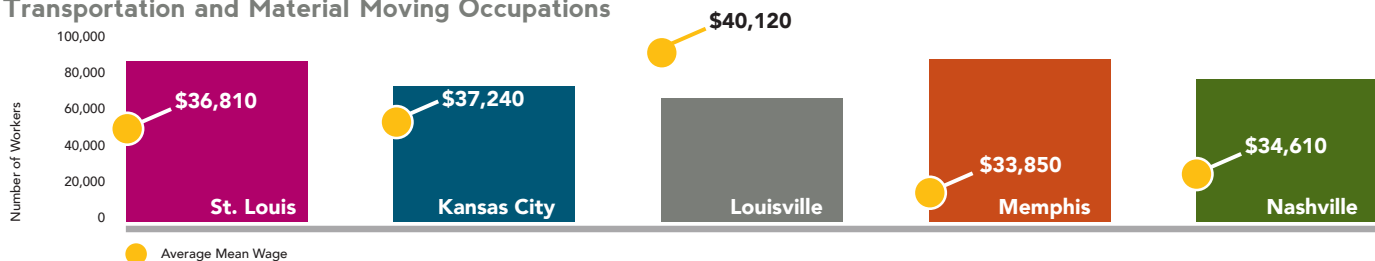
Source – Employment and Wage Estimates, BLS May 2017

All Occupation



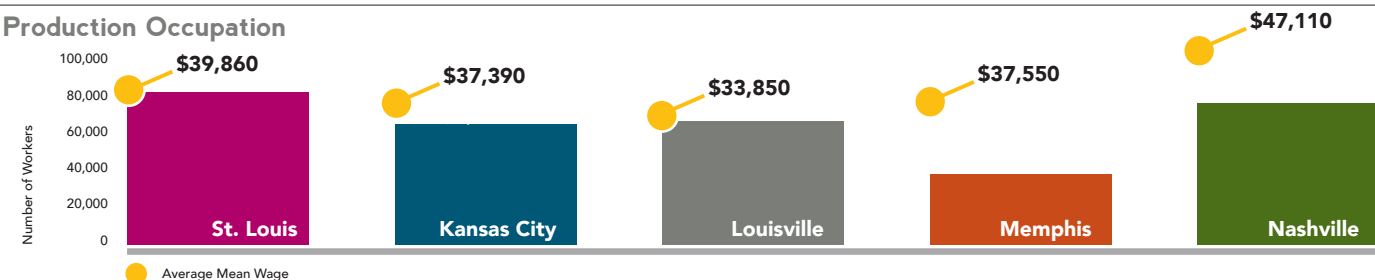
Source: May 2017 Metropolitan and Nonmetropolitan Area Occupational Employment and Wage Estimates <https://www.bls.gov/oes/current/oesrcma.htm>

Transportation and Material Moving Occupations



Source: May 2017 Metropolitan and Nonmetropolitan Area Occupational Employment and Wage Estimates <https://www.bls.gov/oes/current/oesrcma.htm>

Production Occupation



Source: May 2017 Metropolitan and Nonmetropolitan Area Occupational Employment and Wage Estimates <https://www.bls.gov/oes/current/oesrcma.htm>



Among comparatively sized Midwestern cities, the St. Louis region has the largest number of workers employed in manufacturing, many in the top sectors of aerospace and motor vehicles.

When it comes to labor force, the St. Louis Region delivers. The availability of a strong workforce is among the factors fueling Amazon's growth in the region, the opening of General Motors' 1 million square foot 3PL facility, expansion of Reckitt Benckiser's operations, the addition of another 500,000 square foot FedEx facility and much more. St. Louis-based World Wide Technology is the latest major corporation announcing expansion plans in the region, with its recent decision to expand into additional space in Edwardsville, Illinois, and add another 500 jobs to its regional workforce there, which already totals 1,500 jobs.

"The workforce, we've heard from many businesses, is abundant and skilled, and a lot of the users are taking advantage of that."

JON HINDS,
FIRST VICE PRESIDENT, CBRE



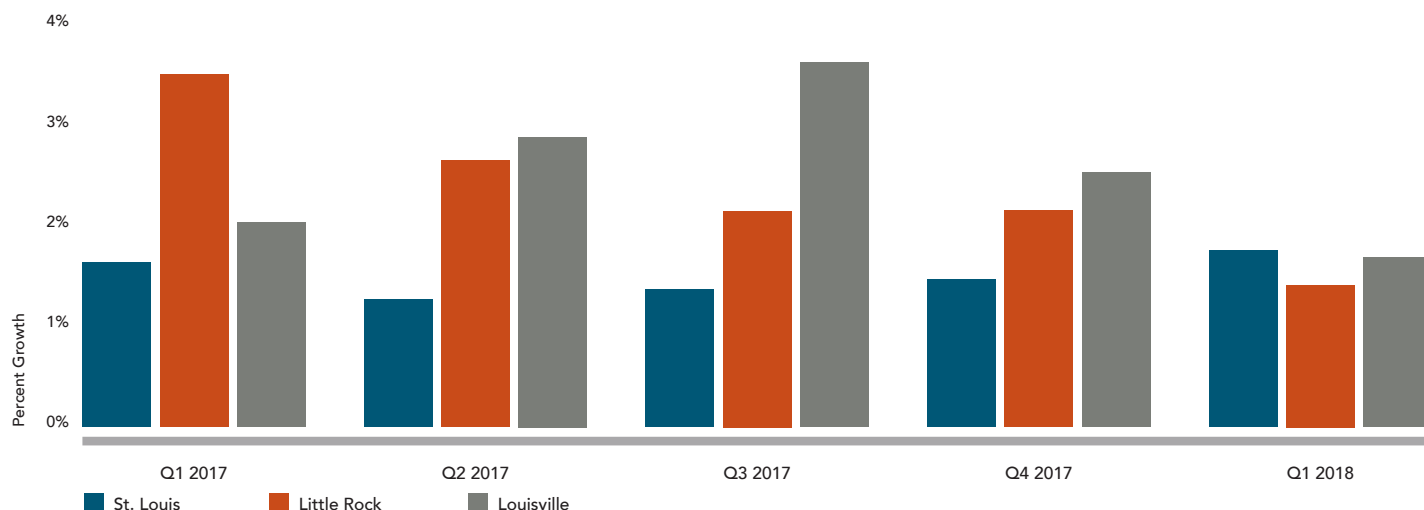
St. Louis is one of the largest hubs of aerospace manufacturing in the country, supporting over 17,000 generally high-wage positions. Location quotients indicate that aerospace manufacturing is uniquely concentrated in St. Louis, with the third highest concentration of such activity in the country, behind only Wichita and Seattle.



"We have a huge labor pool entering the workplace with a strong foundation of supply chain knowledge. There's talent with passion for our industry, which makes it easier for us to hire, develop and keep good people."

LINDSEY GRAVES, COO, SUNSET TRANSPORTATION
Inbound Logistics, May 2017

Economic Activity in the Eighth Federal Reserve District MSAs



Source – Federal Reserve Bank of St. Louis https://fredblog.stlouisfed.org/2018/01/metro-area-economic-conditions/?utm_source=series_page&utm_medium=related_content&utm_term=related_resources&utm_campaign=fredblog

A Market to Watch!

Customers are placing a greater emphasis on faster and cheaper orders with flexible shopping and delivery options. With this emphasis, retailers need more warehouses in locations closer to population centers like the St. Louis region. Centrally located in the United States along the Mississippi River, the St. Louis region has six Class I railroads, four interstates, two international cargo airports and developable industrial land and buildings, all supported by the necessary labor force to meet growing e-commerce demands. It's a powerful combination that provides greater supply chain efficiencies.

Established as the St. Louis region's go-to source for coordinating freight activities, the St. Louis Regional Freightway provides site selection and other assistance to manufacturing, logistics, and multimodal transportation companies and their service providers. As a business enterprise of Bi-State Development, the Freightway plays

a critical role in the growth of our region's manufacturing and distribution sector within the City of St. Louis and seven bi-state counties in Missouri and Illinois.

The St. Louis Regional Freightway's website is an interactive, one-stop source for freight knowledge. The extensive content on TheFreightway.com was compiled with the help of industry leaders in manufacturing, distribution, real estate, and logistics, and reflects a diverse region of various economic and industrial advantages.

For more information on how the Freightway can work for you, please contact the St. Louis Regional Freightway.

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Executive Director

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"We're excited to continue growing our team with our first state-of-the-art fulfillment center in Missouri. Our ability to expand in Missouri is the result of two things: incredible customers and an outstanding workforce. Amazon is committed to providing great opportunities for employment and creating a positive economic impact for the region."

SANJAY SHAH, VICE PRESIDENT OF NORTH AMERICA CUSTOMER FULFILLMENT, AMAZON