Northmarq

MARKET INSIGHTS

Per-unit sale prices push higher as rents rise

CONSTRUCTION ACTIVITY

UNDER CONSTRUCTION	1,977
UNITS DELIVERED (YTD)	1,103

MARKET FUNDAMENTALS

VACANCY RATE	6.5%
YEAR-OVER-YEAR CHANGE	+50bps
ASKING RENTS	$1,232
YEAR-OVER-YEAR CHANGE	+2.5%

TRANSACTION ACTIVITY (YTD)

MEDIAN PRICE PER UNIT	$159,100

ST.LOUIS MULTIFAMILY
2Q 2025

HIGHLIGHTS

- Multifamily deliveries in St. Louis spiked during the second quarter, pushing the vacancy rate higher while rent growth resumed. Projects totaling approximately 900 units came online in the last three months, up from roughly 200 units in the previous quarter.
- The vacancy rate trended higher in recent months after a brief decline in the first quarter. Local vacancy increased by 30 basis points to 6.5% and is up 50 basis points year over year.
- Following a dip at the start of the year, rents rose 1.2% during the second quarter, the strongest three-month increase in nearly a year. Asking rents have increased 2.5% in the past 12 months, reaching $1,232 per month.
- Sales volume during the first half of the year aligned with average levels recorded during the past few years. Pricing remains elevated, with the median price reaching $159,100 per unit year to date. Cap rates continue to range between 5.0% and 6.5%.

ST. LOUIS MULTIFAMILY MARKET OVERVIEW

Operating conditions in the St. Louis multifamily market were mixed during the second quarter. After a slight decline at the start of the year, the vacancy rate began to inch higher, reaching the mid-6% range after spending much of the past year closer to 6%. Despite this uptick, rents showed positive momentum, recording their strongest quarterly increase in nearly a year and maintaining a healthy annual pace of growth. A major driver of property performance has been the pace of new construction in the region. Although deliveries have slowed since peaking in 2022, annual totals remain about 60% above the market's long-term trend. Correspondingly, area vacancies have risen above their 10-year average, currently sitting about 100 to 150 basis points higher than historical norms.

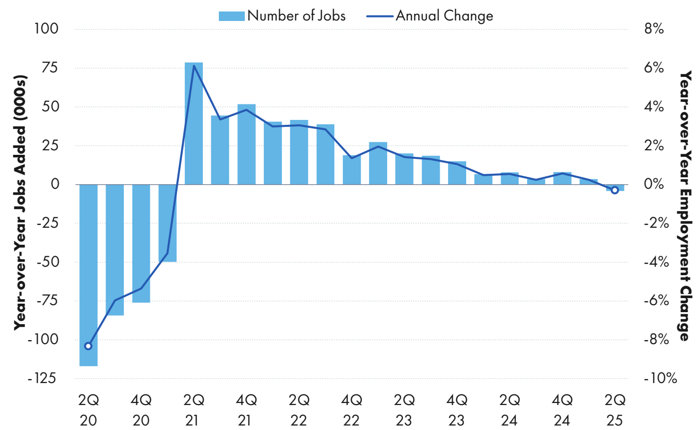
St. Louis has been one of the more consistent major markets for investment sales activity in recent years. The market has not recorded sharp upward spikes or steep declines in transaction volumes since 2020, a trend that remained in place through the first half of this year. The number of sales recorded during the first half of 2025 was nearly identical to levels from the same period in 2024 and closely tracked the market's trailing five-year average for first half sales. While transaction activity has remained consistent, pricing has shifted significantly. The median price per unit is up 50% from last year at $159,100. Year to date, only three transactions have closed below the 2024 median price. Cap rates in St. Louis range between 5.0% and 6.5%.

EMPLOYMENT

- Total employment in St. Louis declined in recent months after climbing at a steady pace throughout the past few years. During the past 12 months, local employers have trimmed payrolls by 0.3%, a loss of approximately 4,100 jobs. Since 2015, the local market has added an average of nearly 10,000 net new jobs per year, reflecting a growth rate of about 0.7%.
- The healthcare and social assistance sector in St. Louis continues to lead the region in employment gains. Year over year, employers in this sector have expanded payrolls by 3.8% with the addition of 8,600 new hires.
- Modest hiring in the mining, logging, and construction sector has supported the local economy. Employers added more than 1,800 jobs in these industries in the past year, a 2.2% rate of expansion across the sector.
- **FORECAST:** Employment growth is expected to pick back up in the coming quarters, but gains for the full year are projected to be modest. Total employment is forecast to expand by 5,000 positions in 2025, an increase of 0.4%

Since 2015, the local market has added nearly 10,000 jobs per year.

EMPLOYMENT OVERVIEW

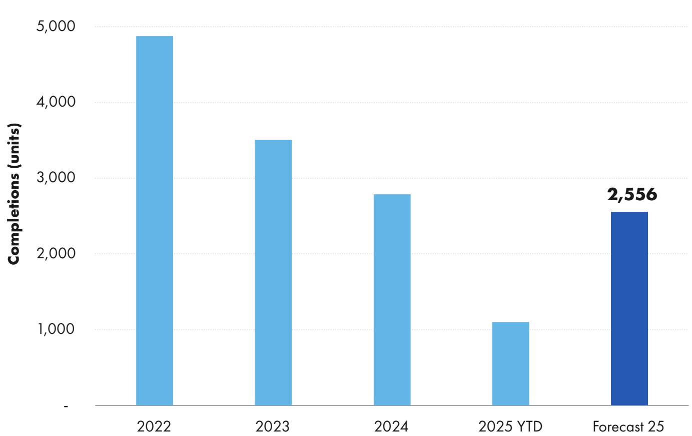


Sources: Northmarq, Bureau of Labor Statistics

DEVELOPMENT & PERMITTING

During the first half of 2025, just over 1,100 units were delivered.

DEVELOPMENT TRENDS



Sources: Northmarq, CoStar

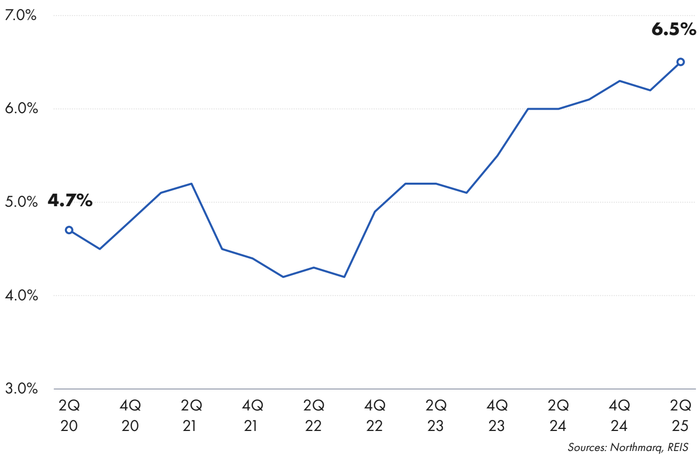
- The pace of multifamily deliveries accelerated during the second quarter following a slow start to the year. During the first half of 2025, just over 1,100 units were delivered in St. Louis, with 80% of that total completed in the last three months.
- The number of units under construction in St. Louis has remained relatively steady in recent periods, as completions and starts have closely tracked one another. There are approximately 2,000 units currently underway, down from a peak of more than 3,500 units a few years ago.
- Multifamily permitting has been light to this point in 2025. Year to date, permits for roughly 650 units have been pulled, down about 50% from the total recorded during the previous six months.
- **FORECAST:** The pace of multifamily deliveries continues to slow following a peak in 2022. Projects totaling approximately 2,550 units are scheduled to come online in 2025, down 8% from last year.

VACANCY

- The vacancy rate in St. Louis climbed 30 basis points during the second quarter after trending lower during the first few months of 2025. Year over year, area vacancy has risen by 50 basis points to 6.5%.
- While vacancy increases were recorded across much of the region during the past 12 months, the Manchester/West County area posted considerable improvement. Compared to one year ago, the vacancy rate in the Manchester/West County area has dropped by 120 basis points to 3.4%.
- The St. Louis City North submarket also experienced a decline in vacancy in recent periods, though the rate remains elevated compared to the broader market. Vacancy ended the second quarter at 10.7%, down 30 basis points from one year earlier. As vacancies in the submarket have tightened, rents have pushed higher.
- **FORECAST:** Vacancy in St. Louis is expected tick higher in the second half of 2025. The vacancy rate is forecast to reach 6.7%, a 40-basis point increase for the full year.

Year over year, area vacancy has risen by 50 basis points.

VACANCY TRENDS

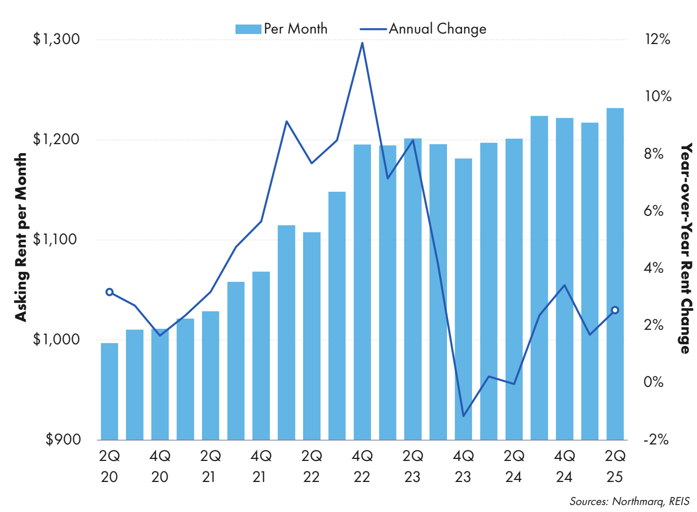


RENTS

- Asking rents in St. Louis rose in the second quarter after declining in the previous two quarters. Asking rents advanced by 1.2% during the second quarter to $1,232 per month. Year over year, asking rents are up 2.5%.
- The St. Louis City South submarket led rent growth over the past year, with asking rents spiking 6% to $1,413 per month. Most of this growth occurred in the past three months, as rents in this submarket rose 3.1% during the second quarter alone.
- Only one submarket in the St. Louis area recorded a decrease in rents during the past year. The Airport/I-70 submarket, the most affordable submarket in St. Louis, recorded a modest 0.2% decrease in asking rents, falling by less than $2 to $722 per month.
- **FORECAST:** Rents in St. Louis should sustain a similar pace of growth through the remainder of 2025. Asking rents are forecast to rise 2.5% for the full year to roughly $1,250 per month.

Year over year, asking rents are up 2.5%.

RENTS TRENDS

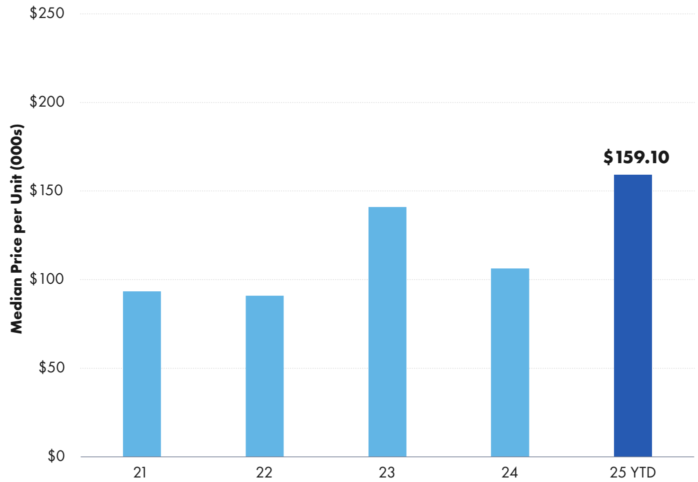


MULTIFAMILY SALES

- Transaction volume in St. Louis was active during the second quarter, bringing first-half sales in line with the previous year. Sales volume in the first half of 2025 also closely tracked the market's trailing five-year average for the same period.
- Pricing remains elevated in St. Louis, with the median sale price reaching $159,100 per unit in 2025, up 50% from last year and marking a new market peak.
- Cap rates have ranged between 5.0% to 6.5% in 2025. Newer properties have traded near the lower-end of the range, while cap rates for workforce product generally have been 6.0% or higher.

The median sale price in 2025 is $159,100 per unit.

INVESTMENT TRENDS



Sources: Northmarq, CoStar

RECENT TRANSACTIONS MULTIFAMILY SALES ACTIVITY

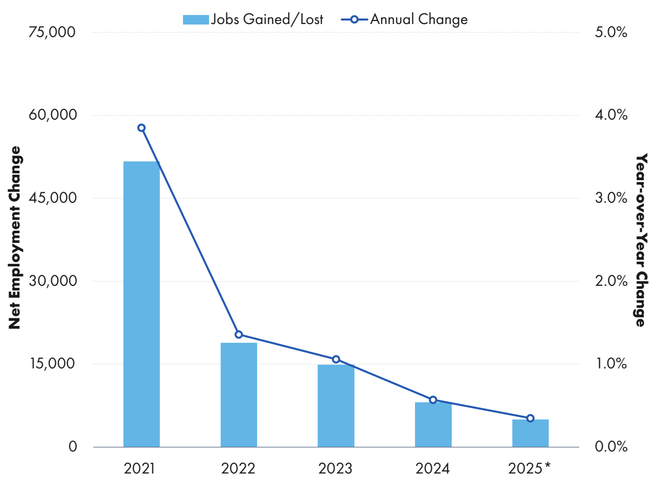
PROPERTY NAME	STREET ADDRESS	YEAR BUILT	UNITS	SALES PRICE	PRICE/UNIT
Residences at Streets of St. Charles	1650 Beale Street, St. Charles	2013	309	$63,273,583	$204,769
The Station at St. Peters	2000 Swenson Lane, St. Peters	2023	180	$36,100,000	$200,556
Reflection Cove	13992 Reflection Drive, Manchester	1990	194	$30,022,373	$154,755

LOOKING AHEAD

The trends that were observed in the St. Louis multifamily market during the second quarter are expected to continue through the remainder of the year. Developers will maintain a steady pace of activity, with deliveries in 2025 projected to decline by about 10% compared to 2024. Still, inventory growth will exceed the region's long-term average, and the cumulative impact of several years of heightened delivery totals is expected to result in slightly higher vacancy rates. The influx of new, high-quality inventory is contributing to rent growth. Deliveries peaked in 2022 and rents have increased by approximately $100 per month in properties delivered since that year. As these newer units are steadily absorbed, there may be room for additional rent growth. A slowdown in permitting activity should ultimately thin the development pipeline, positioning the market for vacancy improvement and continued rent growth in 2026.

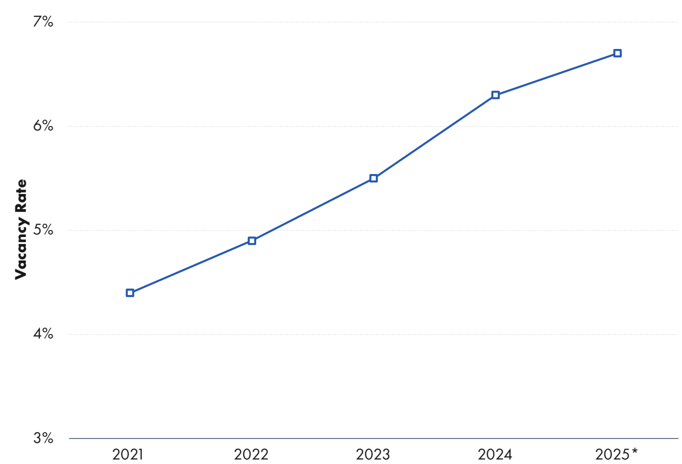
Multifamily investment sales activity in St. Louis is projected to maintain its current course through the rest of 2025, with a transaction count likely ending the year in line with the market's trailing five-year average. While the properties that sold in the first half were spread out across the region, the Mid-County area, typically the region's most active submarket, may be poised for increased activity levels in the second half. Additionally, several properties were listed for sale in Downtown St. Louis as the second quarter came to a close. The majority of properties that are publicly listed for sale are Class B assets, which have already been trading at elevated pricing and in higher volumes than in recent years. There is little indication that cap rates are expected to move outside of current ranges, and cap rates for the remainder of the year will likely be determined by the quality and performance of the properties that change hands.

EMPLOYMENT FORECAST



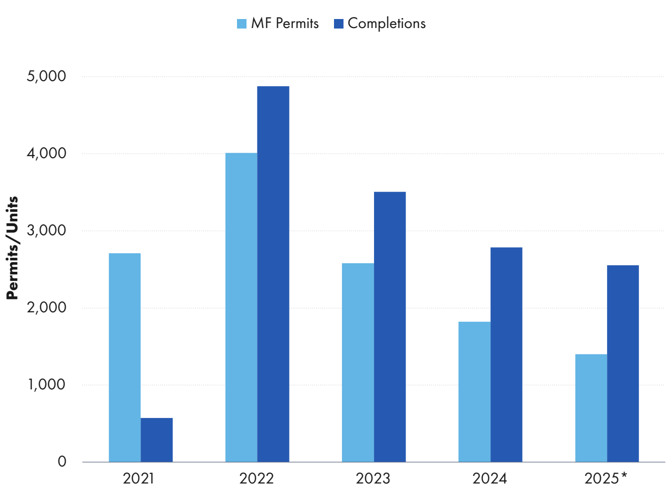
* Year End Forecast
Sources: Northmarq, Bureau of Labor Statistics

VACANCY FORECAST



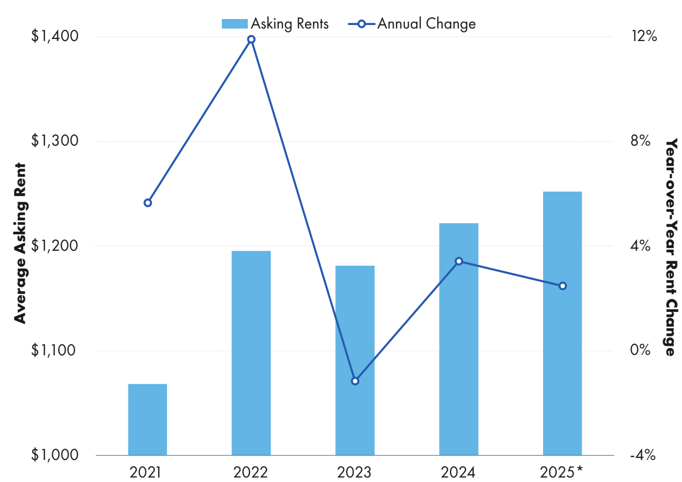
* Year End Forecast
Sources: Northmarq, REIS

CONSTRUCTION & PERMITTING FORECAST



* Year End Forecast
Sources: Northmarq, CoStar, Census Bureau

RENTS FORECAST



* Year End Forecast
Sources: Northmarq, REIS

FOR MORE INFORMATION, **PLEASE CONTACT**

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