Northmarq

CONSTRUCTION ACTIVITY

UNDER CONSTRUCTION	3,243
UNITS DELIVERED (YTD)	152

MARKET FUNDAMENTALS

VACANCY RATE	6.6%
YEAR-OVER-YEAR CHANGE	+20bps
ASKING RENTS	$1,234
YEAR-OVER-YEAR CHANGE	+1.3%

TRANSACTION ACTIVITY (YTD)

MEDIAN PRICE PER UNIT	$207,900

ST. LOUIS MULTIFAMILY
Q1 2026

MARKET INSIGHTS

Sales activity surges in the first quarter

HIGHLIGHTS

- Multifamily market conditions in St. Louis were relatively stable during the first quarter, with both rent and vacancy recording negligible changes. The pace of deliveries cooled in recent months, with fewer than 200 units completed year-to-date.
- The vacancy rate inched higher during the first quarter, rising by 10 basis points to 6.6%. Year over year, area vacancy increased by 20 basis points.
- Asking rents in St. Louis went effectively unchanged during the first three months of the year. Since the first quarter of last year, rents have risen 1.3%, reaching $1,234 per month.
- The number of multifamily transactions that took place during the first quarter nearly doubled from the same period in 2025. The median sale price increased by 23% from 2025 to $207,900 per unit, while cap rates held around 6.5%.

ST. LOUIS MULTIFAMILY MARKET OVERVIEW

Property fundamentals in St. Louis posted little movement in the first quarter, while longer-term trends have been more favorable. Asking rents are up from a year ago. Middle- and lower-tier properties led the way, with combined Class B and Class C rents posting a year-over-year increase of 2.5%. Southern submarkets generally posted the strongest rent gains, though nearly every submarket recorded rent growth. The vacancy rate has ticked higher, though both the quarterly and yearly shifts have been light. Consistent absorption helped tame rises in vacancy amid the wave of completions in recent years. From 2020 to 2024, there was an average of roughly 1,400 units absorbed annually. In the past 12 months, net absorption totaled approximately 1,500 units. Roughly half of all units that were absorbed during this period were in St. Charles County.

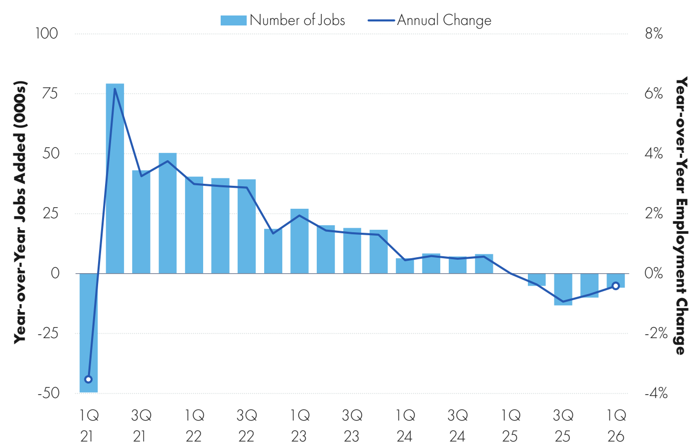
The St. Louis multifamily investment market recorded strong performance during the first quarter. There were roughly the same number of transactions in the first quarter of this year as there were during the entire second half of last year. Pricing pushed higher as well, with the median sale price so far this year rising 23% to $207,900 per unit. Class B assets made up 70% of all transactions in the first quarter, with median pricing on these properties increasing by 13% from last year. This, combined with a sharp decrease in Class C trades and an uptick in Class A pricing, pushed the market-wide median price higher. St. Charles County accounted for the greatest share of activity at roughly one-third of all trades, while Mid County also captured a significant portion at roughly 25% of all trades. Cap rates have held steady at 6.5% on average since mid-2025.

EMPLOYMENT

- Employment in St. Louis continued to soften in recent periods. Total employment decreased by 0.4% year over year, marking a loss of 5,900 positions across the market. The unemployment rate now sits at 4.3%, in line with the national average.
- Construction employment in St. Louis is increasing at one of the fastest rates in the country. During the 12-month period ending in the first quarter, employment in the sector spiked by 8.5% with the addition of 6,500 net new jobs.
- The largest share of construction jobs that have been brought to the market in the past year was for the development of the new Boeing defense facility. The project is supporting an estimated 1,200 construction jobs and is expected to deliver in phases between 2026 and 2030.
- **FORECAST:** Employment growth is forecast to return by the end of the year, though the total increase will likely be modest. In 2026, the St. Louis workforce is expected to expand by 0.5%, adding 7,100 workers.

Construction employment spiked by 8.5%.

EMPLOYMENT OVERVIEW



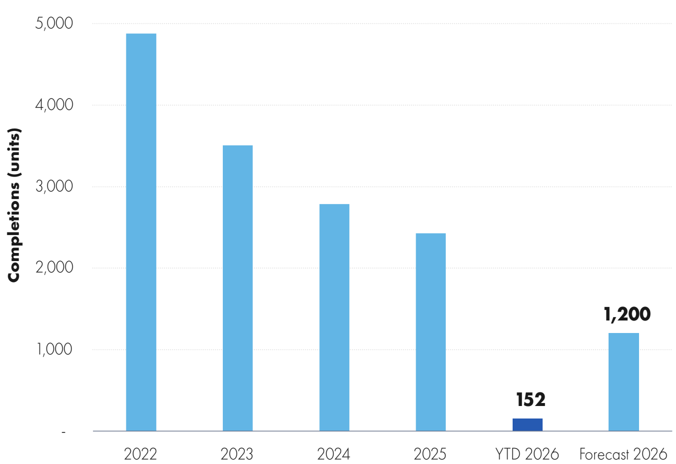
Sources: Northmarq, Bureau of Labor Statistics

DEVELOPMENT & PERMITTING

- The pace of deliveries in St. Louis continued to slow, with only one new property totaling 152 units coming online during the first quarter. Multifamily completions have been steadily declining for the past three years.
- Although the pace of completions has slowed, the number of multifamily units under construction in the market has risen considerably. There are currently over 3,200 units under construction in St. Louis, up 64% from the light levels recorded one year ago.
- Permitting picked up in the first quarter, with permits for nearly 500 multifamily units issued. While this was 40% higher than the first quarter of 2025, this figure is still in line with the trailing three year first-quarter average.
- **FORECAST:** Multifamily deliveries in St. Louis will slow considerably in 2026. There are currently projects totaling approximately 1,200 units on pace for completion this year, roughly half the 2025 delivery total.

There are currently over 3,200 units under construction.

DEVELOPMENT TRENDS

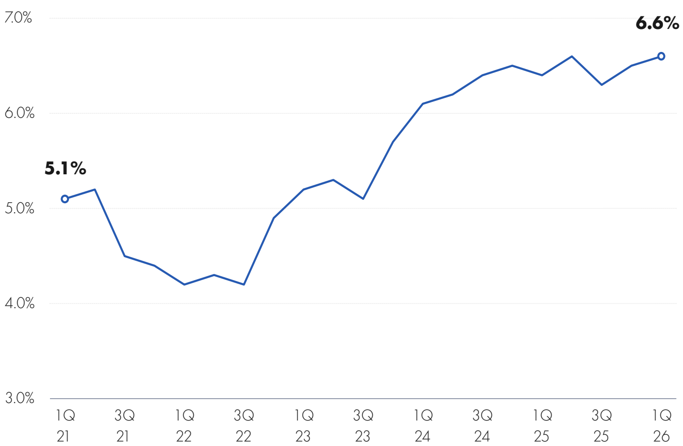


Sources: Northmarq, CoStar

VACANCY

Vacancy inched higher during the first quarter.

VACANCY TRENDS



Sources: Northmarq, REIS

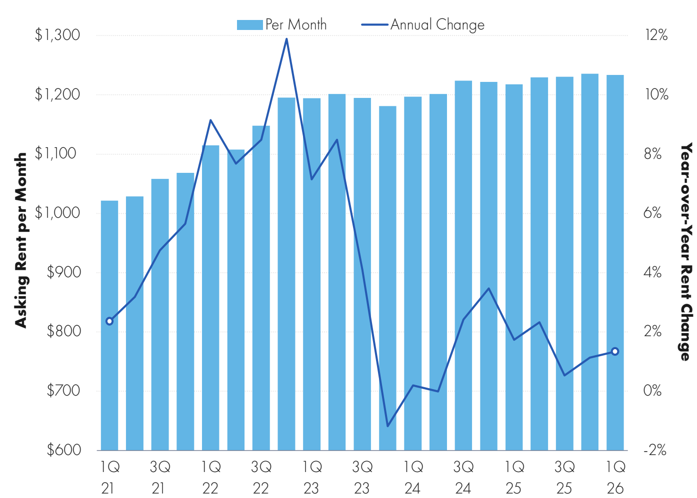
- Multifamily vacancy continued to inch higher, rising by 10 basis points during the first quarter to 6.6%. In the past 12 months, the vacancy rate in St. Louis has increased by 20 basis points.
- The Florissant/North County submarket is exhibiting the best vacancy performance in St. Louis. The vacancy rate in this area decreased by 80 basis points in the past year, ending the first quarter at 3.0%.
- Middle-tier and lower-tier properties are faring better than Class A properties in terms of vacancy performance. Year over year, the combined vacancy rate for Class B and Class C assets increased by just 10 basis points to 5.0%.
- **FORECAST:** As deliveries slow and absorption remains steady, the vacancy rate is expected to begin improving in 2026. By the end of the year, vacancy is forecast to dip to 6.2%, a 30-basis-point annual decline.

RENTS

- St. Louis asking rents edged slightly lower during the first quarter, decreasing by $2 per month to $1,234 per month. Year over year, asking rents increased by 1.3%.
- The St. Louis City South area posted the strongest rent growth of all major submarkets. Rents in this area climbed 2.7% during the past year to $1,407 per month.
- While Class A rents went effectively unchanged during the past 12 months, Class B and Class C combined rents posted solid growth. In the past year, middle-tier and lower-tier combined rents increased by 2.5% to $960 per month.
- **FORECAST:** Rents are projected to trend higher in the coming months, bringing annual growth in line with last year's pace. By year-end 2026, asking rents are forecast to climb 1.0% to roughly $1,250 per month, just shy of the 1.1% gain recorded in 2025.

Year over year, asking rents increased by 1.3%.

RENTS TRENDS



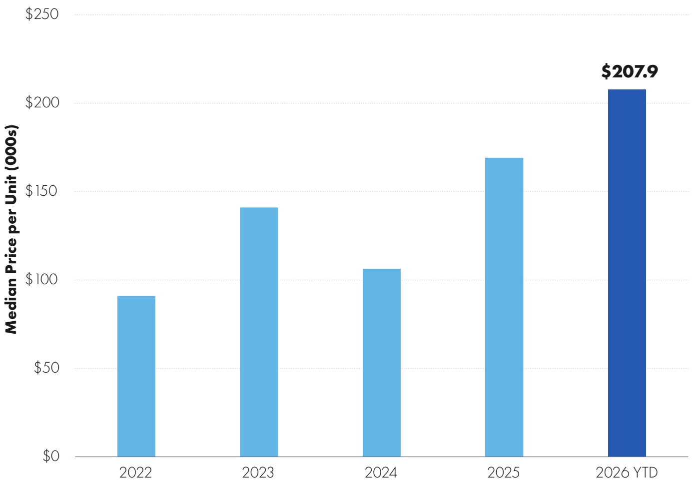
Sources: Northmarq, REIS

MULTIFAMILY SALES

- The pace of multifamily sales in St. Louis picked up considerably during the first quarter. The transaction count in the first quarter of this year doubled levels from the same period in 2025.
- Pricing continued to rise alongside the transaction count. The median multifamily sale price reached $207,900 per unit in the first quarter, an increase of 23% compared to last year.
- Current cap rates remain in line with levels recorded in 2025. So far in 2026, the average multifamily cap rate in St. Louis is roughly 6.5%. Compared to 2024, current cap rates are up by an average of 50 to 100 basis points.

The median sale price is up 23% from last year.

INVESTMENT TRENDS



Sources: Northmarq, CoStar

RECENT TRANSACTIONS MULTIFAMILY SALES ACTIVITY

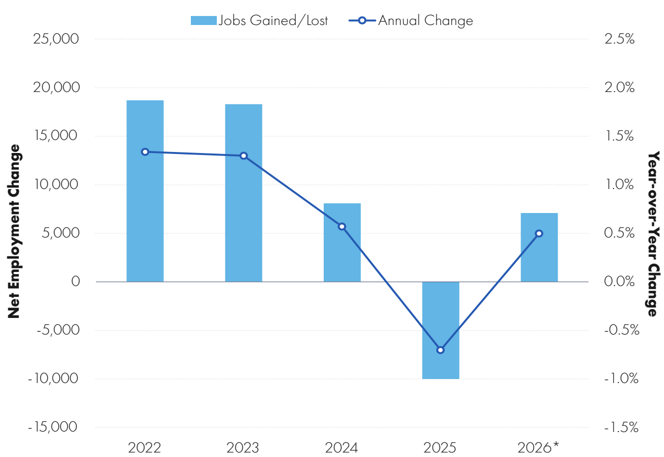
PROPERTY NAME	STREET ADDRESS	YEAR BUILT	UNITS	SALES PRICE	PRICE/UNIT
Chelsea Luxury Living	5539 Pershing Ave., St. Louis	2020	152	$42,000,000	$276,316
Springwell Apartments	238 West Wellspring Way, St. Charles	2017	57	$15,000,000	$263,158

LOOKING AHEAD

The drop in expected multifamily deliveries this year will have a widespread impact on operating conditions in St. Louis, though changes are expected to remain relatively modest. With roughly 1,200 units forecast for delivery in 2026, total completions will fall nearly 60% short of the trailing five-year average. Vacancy is expected to improve modestly across all tiers of multifamily properties, following four years of gradual upticks. That improvement will be driven not only by fewer deliveries but also by persistent apartment demand. Asking rents are projected to resume rising in the coming months, closing 2026 with growth roughly matching levels recorded in 2025. Even as other conditions have fluctuated, asking rents have risen in all but one of the past 15 years.

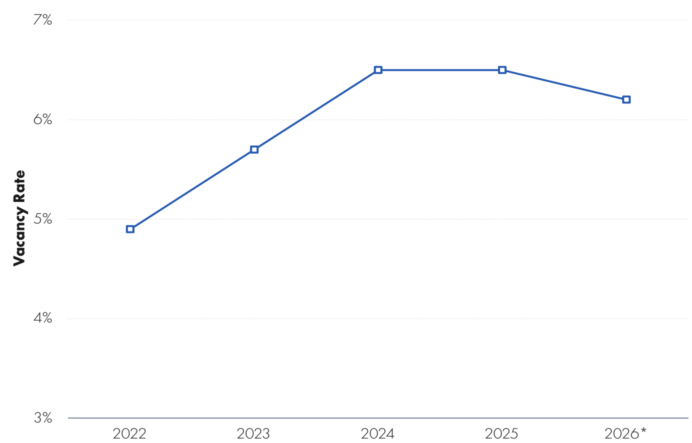
The elevated pace of multifamily transactions in St. Louis is expected to continue throughout 2026, pushing the transaction count back into the normal range for this market after dipping in 2025. Submarkets including Mid County, the East Metro, and Downtown St. Louis are poised to capture large shares of this year's activity, though there should be widespread increases in investor activity across most major submarkets. The share of Class C properties in the transaction mix should begin to rise throughout the year while Class A trades remain light. As older Class C properties begin to trade more frequently, pricing should soften from the elevated levels recorded in recent months.

EMPLOYMENT FORECAST



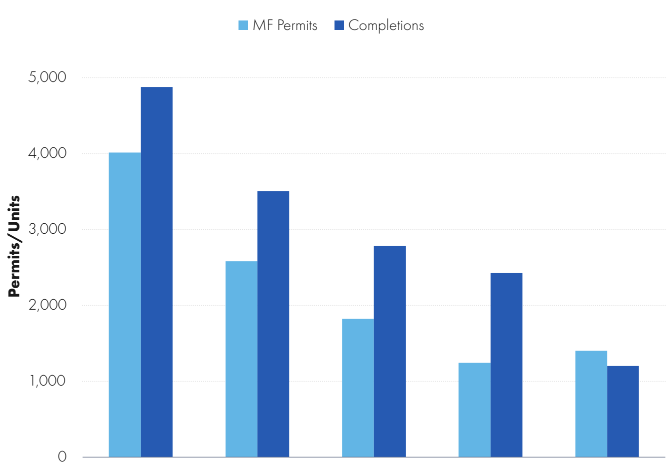
** Year End Forecast*
Sources: Northmarq, Bureau of Labor Statistics

VACANCY FORECAST



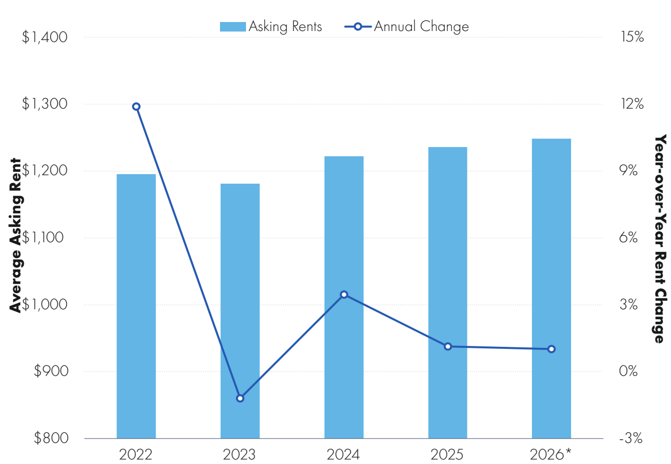
** Year End Forecast*
Sources: Northmarq, REIS

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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