

CONSTRUCTION ACTIVITY



UNDER CONSTRUCTION **3,245**

UNITS DELIVERED (YTD) **553**

MARKET FUNDAMENTALS



VACANCY RATE **6.5%**

YEAR-OVER-YEAR CHANGE **-10bps**

ASKING RENTS **\$1,247**

YEAR-OVER-YEAR CHANGE **+1.4%**

TRANSACTION ACTIVITY (YTD)



MEDIAN PRICE PER UNIT **\$88,300**

ST. LOUIS MULTIFAMILY
Q2 2026

MARKET INSIGHTS

Sales activity picks up through the first half

HIGHLIGHTS

- Multifamily operating conditions in St. Louis are improving, with asking rents climbing and vacancy tightening. Deliveries remain light, with just 553 new units coming online since the beginning of the year.
- The vacancy rate ticked lower in the second quarter, declining by 20 basis points to 6.5%. Year over year, vacancy dipped 10 basis points.
- Asking rents rose 1.0% during the second quarter to \$1,247 per month, reversing a slight decline in the previous quarter. Over the past 12 months, rents are up 1.4%.
- Transaction activity across the St. Louis region reached one of its highest first-half levels this decade. While activity was up, the median sale price declined to \$88,300 per unit while average cap rates held steady at approximately 6.5%.

ST. LOUIS MULTIFAMILY MARKET OVERVIEW

Operating conditions in the St. Louis multifamily market improved during the second quarter, after holding mostly steady earlier in the year. Limited supply-side pressures are supporting the improvement, with year-to-date deliveries down 50% compared to the first half of 2025. Nearly every submarket recorded higher rents in the second quarter, with the South County area leading the market, followed by St. Charles County. The greatest vacancy improvements have generally occurred in the submarkets to the north and northwest of St. Louis City, where multifamily development has been limited in recent years and little to no new construction activity is currently underway. Much of the new construction activity in the St. Louis region is concentrated in the Mid County and western St. Charles County areas.

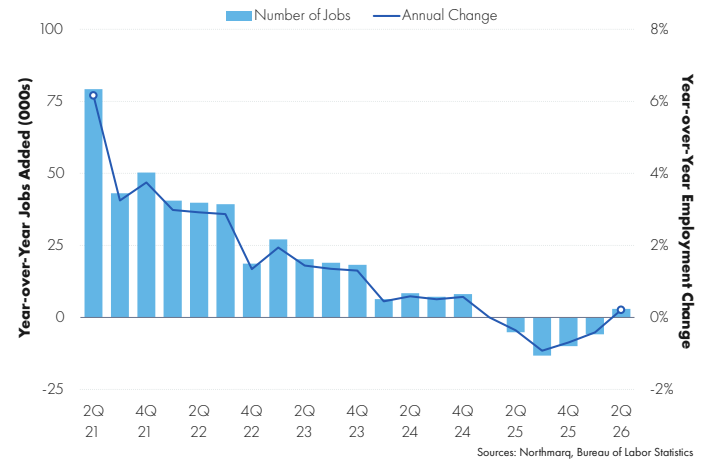
Investment activity in the St. Louis multifamily market continued to accelerate through the second quarter, with first-half transaction counts exceeding the same period in 2025 by 53%. Much of the increase was concentrated in the East Metro and St. Charles County areas, while Mid County remained among the metro's most active investment submarkets. Despite the rise in activity, pricing moved lower. In transactions where pricing was available, the median sale price fell to \$88,300 per unit, down 48% from 2025. This decline was driven more by a shift in the sales mix toward Class B assets and away from Class A assets. By comparison, the average sale price stands at \$150,700 per unit, down 10% from the 2025 average.

EMPLOYMENT

- Employment conditions in St. Louis improved in recent months, following decreases in local payrolls in recent periods. Year over year, total employment has grown by 0.2% with the addition of 3,000 jobs.
- The construction sector continued to drive the majority of area employment growth. In the past 12 months, employers in this sector have expanded their payrolls by 16%, hiring an additional 12,500 workers.
- The professional and business services sector began to grow again in recent months after declining steadily throughout the past three years. There have been 2,800 jobs added in this sector in the past year, an increase of 1.3%.
- **FORECAST:** Employment growth is expected to continue at a steady pace throughout the remainder of the year. In 2026, total employment in St. Louis is forecast to increase by 0.5% with the addition of roughly 7,000 workers.

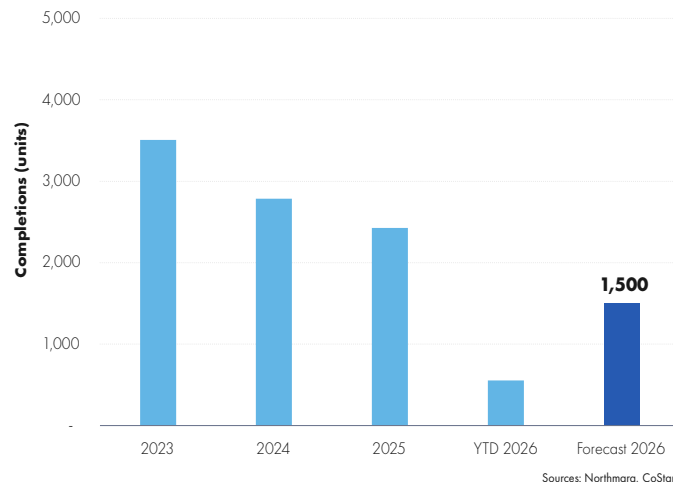
Total employment in St. Louis has grown by 0.2%.

EMPLOYMENT OVERVIEW



Roughly 550 units were delivered year to date.

DEVELOPMENT TRENDS

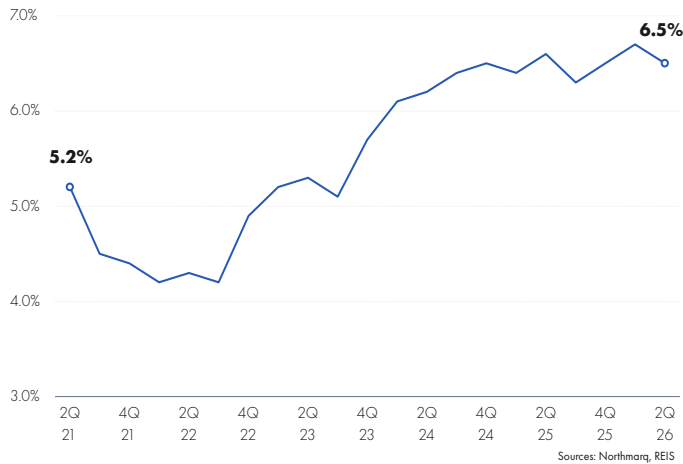


DEVELOPMENT & PERMITTING

- In the first half of 2026, projects totaling roughly 550 units were delivered in St. Louis, down 50% from one year ago.
- The total number of units under construction went effectively unchanged from the last quarter, with projects totaling approximately 3,200 units currently underway. Compared to the same point last year, the pipeline has expanded by 64%.
- Multifamily permitting continued to accelerate in the second quarter, with permits for over 600 units being issued. In the first half of the year, permits for nearly 1,100 units were issued, up 93% from the first half of 2025.
- **FORECAST:** Completions are expected to be light in 2026 relative to recent years. Projects totaling roughly 1,500 units are on pace for delivery this year, down nearly 50% from the trailing five-year average.

Year over year, vacancy is down 10 basis points.

VACANCY TRENDS



VACANCY

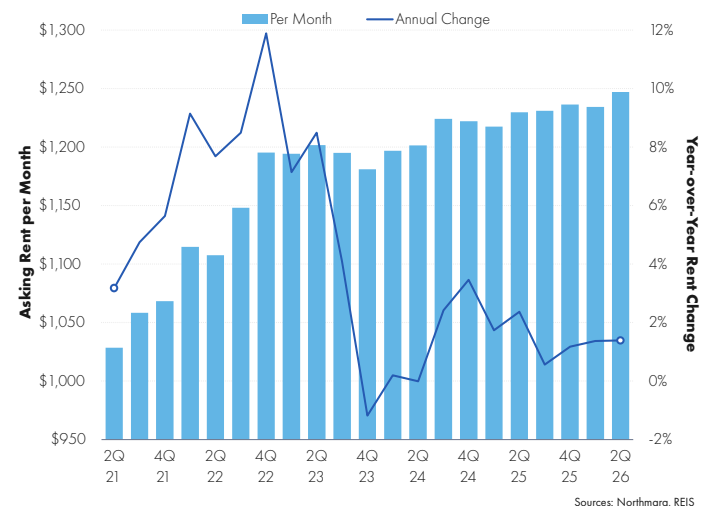
- Apartment vacancy in St. Louis improved during the second quarter, declining 20 basis points to 6.5%. Year over year, vacancy is down 10 basis points.
- The Florissant/North County area continues to outperform the rest of the market in vacancy improvements. In the past 12 months, the vacancy rate in this submarket fell by 130 basis points to 2.3%, leading to the tightest vacancy rate of all major submarkets.
- Class A vacancy began to improve in recent months. Year over year, the average vacancy rate in these properties decreased by 20 basis points to 9.0%. Despite inching higher by 10 basis points during the same period, the combined Class B and Class C vacancy rate remains much lower at 4.8%.
- **FORECAST:** The vacancy rate is expected to dip lower by the end of the year, though slowing absorption in recent months may keep the improvement modest. Vacancy is forecast to end 2026 at 6.4%, down 10 basis points from 2025.

RENTS

- Following a slight decline in earlier months, asking rents in St. Louis posted solid growth in the second quarter, rising 1.0% to \$1,247 per month. Year over year, asking rents are up 1.4%.
- The South County submarket led the market in rent growth. In the past 12 months, asking rents in this area increased 3.4% to \$949 per month. St. Charles County trailed in second place, rising 2.9% in the past year to \$1,409 per month.
- Middle-tier and lower-tier properties recorded the greatest rent growth. In the past 12 months, Class B and Class C combined asking rents increased 1.9% to \$969 per month. Class A rents increased 1.0% during the same period to \$1,651 per month.
- **FORECAST:** Rent growth is expected to continue throughout the second half of the year. By the end of 2026, asking rents are forecast to reach roughly \$1,255 per month, rising 1.5% annually.

Year over year average asking rents are up 1.4%.

RENTS TRENDS

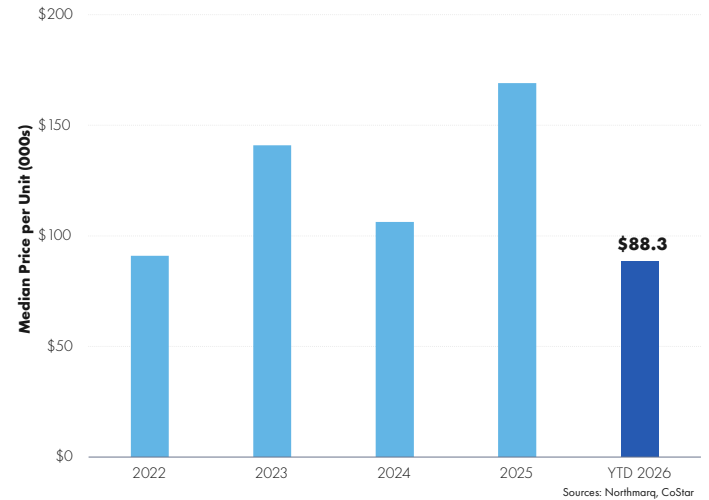


MULTIFAMILY SALES

- The first half of 2026 was one of the strongest periods for multifamily investment sales in St. Louis over the past decade, trailing only 2022. Year-to-date transaction counts exceeded the level recorded during the same period last year by more than 50%.
- Through the first half of this year, the median price was \$88,300 per unit, down 48% from the median price in 2025.
- There are significant pricing differences based on property class and vintage. Class A properties have sold for \$235,000 per unit and higher. The median price for Class B assets is down slightly from 2025 levels. Newer Class B properties can sell for \$150,000 per unit or more, while 1970s- and 1980s-vintage Class B complexes generally trade for closer to \$100,000 per unit. Among Class C properties, the median price to this point in 2026 is \$79,000 per unit.
- Cap rates remained in line with 2025 levels. In the first half of the year, the average cap rate was roughly 6.5%, up by roughly 50 to 100 basis points from cap rates recorded two years ago.

Cap rates remained in line with 2025 levels.

INVESTMENT TRENDS



RECENT TRANSACTIONS MULTIFAMILY SALES ACTIVITY

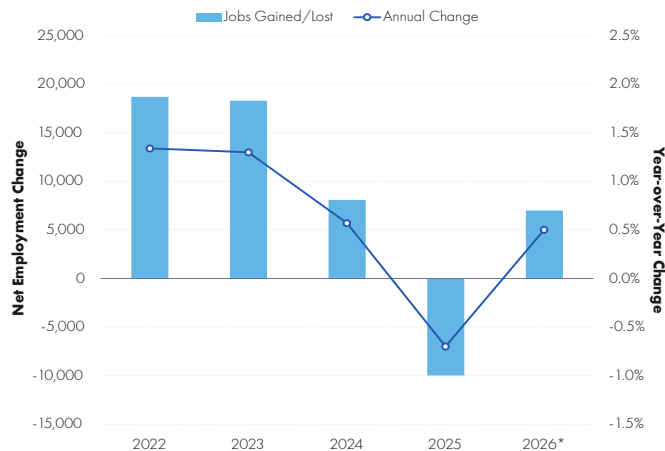
PROPERTY NAME	STREET ADDRESS	YEAR BUILT	UNITS	SALES PRICE	PRICE/UNIT
The Boulders at Katy Trail	100 Katy Trail Lane, St. Charles	2002	314	\$74,100,000	\$235,987
Villages at Lake Silvercote	100 Dry Brook Road, Wentzville	2017	381	\$70,000,000	\$183,727
Le Coeur Apartments	9860 Le Coeur Court, St. Ann	1971	95	\$7,354,600	\$77,417
The Diplomat Apartments	3530 Miami St., St. Charles	1965	60	\$2,900,000	\$48,333

LOOKING AHEAD

As the pace of multifamily deliveries remains light during the second half of the year, operating conditions in St. Louis are expected to continue improving at a gradual pace. Strong absorption in 2025 helped drive recent improvements in rents and vacancy, though absorption in the first half of this year is down roughly 70% from the same period in 2025. Combined with the slowing rate of inventory growth, this should lead to greater stabilization in the market throughout the next 6 to 12 months, with vacancy inching lower and rent growth remaining near current levels. The largest share of new construction this year will be in the Mid County area, where nearly 500 more units are set to come online by year-end.

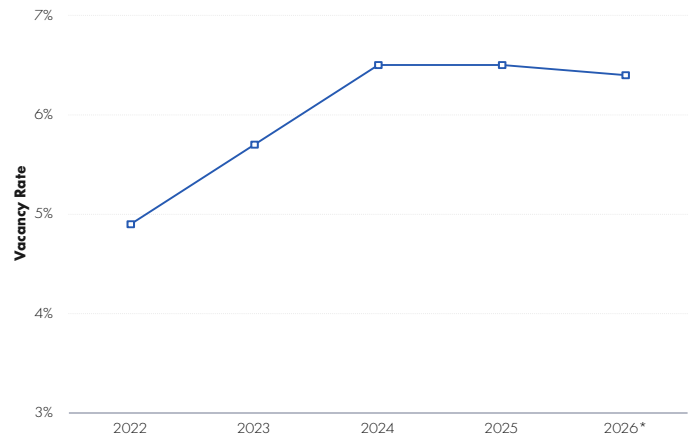
The number of sales is expected to remain elevated, making 2026 one of the strongest years for investment sales in St. Louis in the past decade. Many of the same trends that were recorded during the first half of the year are expected to continue throughout the next six months. Class B assets are forecast to continue accounting for an outsized share of the transaction mix while Class A activity remains limited to a small handful of sales. The Mid County and East Metro areas will likely be the leaders for activity within the greater market, though deals are still expected to close across the St. Louis metro. The recent cap rate stability is expected to persist through the coming months as a lack of Class A and Class C sales keeps the average rate from shifting meaningfully in either direction.

EMPLOYMENT FORECAST



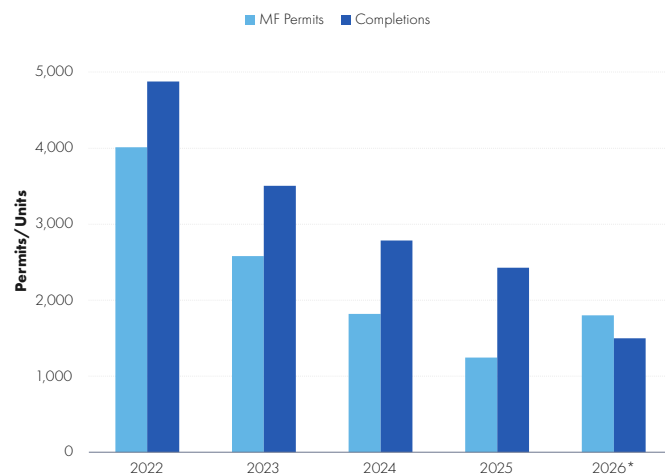
* Year-End Forecast
Sources: Northmarq, Bureau of Labor Statistics

VACANCY FORECAST



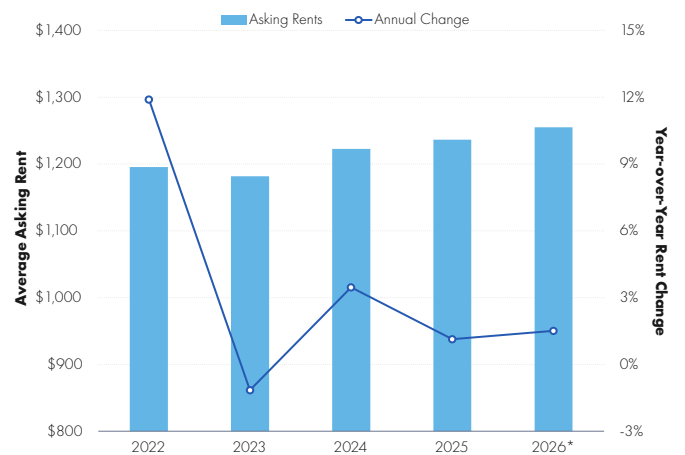
* Year-End Forecast
Sources: Northmarq, REIS

CONSTRUCTION & PERMITTING FORECAST



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

RENTS FORECAST



* Year-End Forecast
Sources: Northmarq, REIS



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