Northmarq

CONSTRUCTION ACTIVITY

UNDER CONSTRUCTION	2,234
UNITS DELIVERED (YTD)	1,940

MARKET FUNDAMENTALS

VACANCY RATE	6.0%
YEAR-OVER-YEAR CHANGE	-10bps
ASKING RENTS	$1,230
YEAR-OVER-YEAR CHANGE	+0.5%

TRANSACTION ACTIVITY (YTD)

MEDIAN PRICE PER UNIT	$159,900

ST. LOUIS MULTIFAMILY
Q3 2025

MARKET INSIGHTS

Vacancy and asking rents improve

HIGHLIGHTS

- Multifamily operating conditions in St. Louis gained some ground during the third quarter, highlighted by continued absorption and a healthy vacancy decline. Developers continued to deliver new units at a steady pace, with roughly 1,900 units completed so far this year.
- Vacancy tightened during the third quarter, dipping 30 basis points after fluctuating throughout the earlier months of the year. Year over year, the vacancy rate is down 10 basis points to 6.0%.
- Asking rents inched higher by 0.1% during the past three months to $1,230 per month. During the past 12 months, rents increased by 0.5%.
- Multifamily investment sales activity in St. Louis during the first nine months of this year roughly matches the number of sales recorded through the same period in 2023 and 2024. Pricing has continued to rise, with the year-to-date median sale price at $159,900 per unit, up 50% from 2024.

ST. LOUIS MULTIFAMILY MARKET OVERVIEW

Operating fundamentals in the St. Louis multifamily market improved during the third quarter after posting mixed conditions in the earlier months of the year. The vacancy rate edged lower during the third quarter and has remained in a narrow range of 6.0% to 6.3% since the beginning of 2024. Asking rents continued to tick up, building upon gains recorded during the second quarter. One key influence on property performance has been the wave of new development in St. Louis. Although construction has cooled from the highs of 2022 and 2023, year-to-date deliveries remain elevated relative to the long-term average. Demand has also strengthened, as evidenced by robust absorption this year, which has helped to mitigate the impact new supply and support overall market stability.

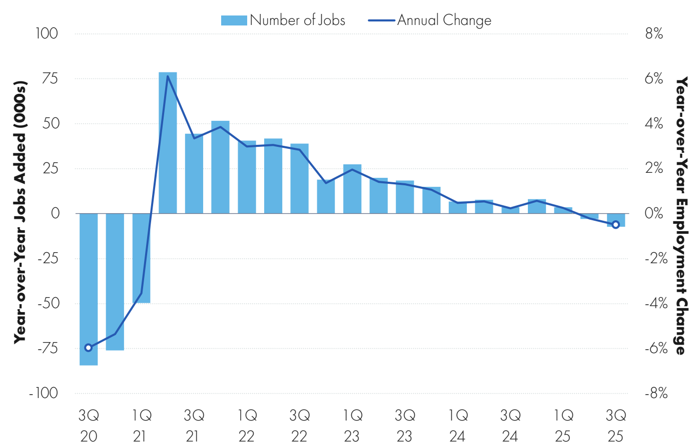
The St. Louis multifamily investment market continues to perform well. Total sales to this point in the year are in line with historical norms, while activity in many major markets is still trailing levels recorded prior to 2020. Pricing in 2025 has been elevated, with the median sale price to this point in the year at $159,900 per unit, up 50% from 2024. A key driver of rising pricing has been activity in the Central West End submarket, which generally features the highest-priced properties in St. Louis. After recording no sales in 2022 and limited activity in 2023, the Central West End accounted for 13% of all transactions year-to-date in 2025 with a median sale price of $233,000 per unit. As pricing has increased, cap rates have remained stable, ranging between 5.0% and 6.5% throughout 2025.

EMPLOYMENT

- The labor market in St. Louis continues to soften, with the local workforce declining by 0.5% in the past 12 months. This represents a loss of approximately 7,200 workers across the region.
- While growth was muted in some industries, the healthcare and social assistance sector continued to add employees at a strong pace. Employers in this sector added 5,800 employees during the past year, representing an increase of 2.5%.
- The leisure and hospitality sector was another source of growth. This sector increased by 2,500 positions annually, rising 1.6%.
- **FORECAST:** Several recent high-profile closures have weakened labor conditions, though modest growth is expected to return in the coming months, softening year-end employment losses. In 2025, employment is forecast to dip 0.3%, a reduction of about 5,000 workers.

Healthcare and social assistance sector added 5,800 employees.

EMPLOYMENT OVERVIEW



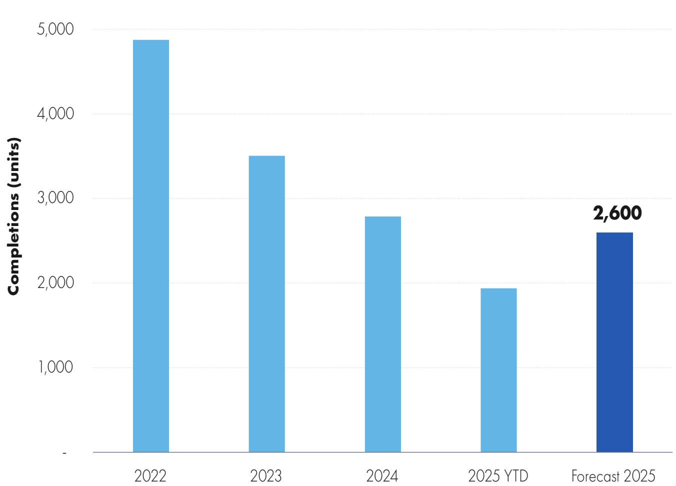
Sources: Northmarq, Bureau of Labor Statistics

DEVELOPMENT & PERMITTING

- Developers continued to bring new units online during the third quarter, with roughly 800 units delivered in the past three months. Year to date, approximately 1,900 units have been completed in St. Louis, up 6% from the same period in 2024.
- The construction pipeline has expanded in recent months. Projects totaling 2,200 units are currently under construction, up 13% from one year ago. The number of units being built in the region has hovered between roughly 2,000 and 2,200 units since early 2024.
- Multifamily permitting remains modest. So far in 2025, permits for approximately 1,000 units have been issued, down 50% from the trailing five-year average for the same period.
- **FORECAST:** While the pace of multifamily deliveries to this point in 2025 has exceeded levels recorded in the same period of last year, annual completions will likely trail the 2024 total. In 2025, roughly 2,600 units are on track to be delivered, down 7% from last year.

Approximately 1,900 units have been completed.

DEVELOPMENT TRENDS



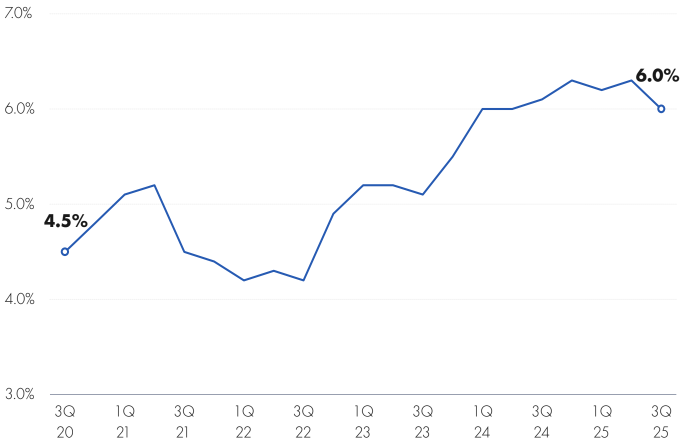
Sources: Northmarq, CoStar

VACANCY

- Multifamily vacancy in St. Louis began to tighten during the third quarter, decreasing by 30 basis points to 6.0%. During the past 12 months, area vacancy is down 10 basis points.
- St. Louis City North, the largest submarket in the region, was a leader in vacancy improvement. Year over year, the vacancy rate in this area has fallen by 120 basis points to 10.2%.
- The Manchester/West County submarket also posted significant vacancy decreases in recent periods while already being one of the lowest-vacancy submarkets in the metro. Vacancy in Manchester/West County declined by 60 basis points over the past year to 3.2%.
- **FORECAST:** Strengthened demand has improved the outlook for vacancy conditions. The vacancy rate in St. Louis is forecast to end 2025 at 6.0%, down 30 basis points annually.

Vacancy in Manchester/West County dipped 60 basis points.

VACANCY TRENDS



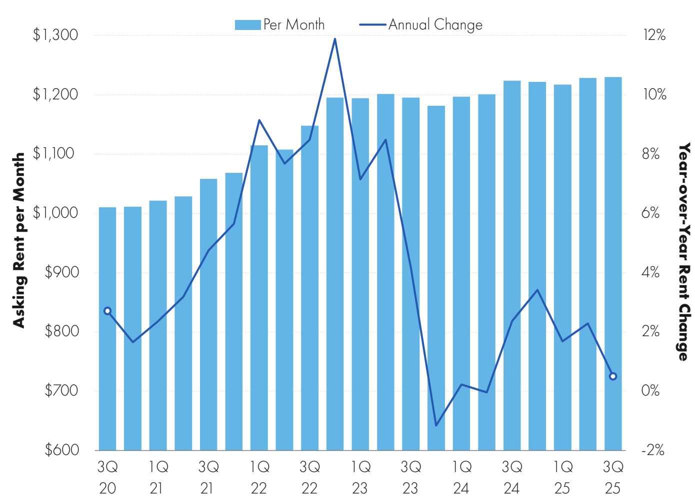
Sources: Northmarq, REIS

RENTS

- Asking rents in St. Louis inched higher during the third quarter, rising by 0.1% to $1,230 per month. Year over year, average asking rents are up 0.5%.
- The St. Louis City South submarket maintained its spot as the leader for rent growth. During the past 12 months, asking rents in St. Louis City South climbed 6.5% to $1,402 per month.
- Another area that posted outsized rent performance is the East of I-44 submarket, containing areas such as Ascott and Lemay. Rents in this submarket are currently $935 per month, up 4.3% annually.
- **FORECAST:** Rent growth is expected to continue at a steady pace, but annual gains will likely lag levels recorded in 2024. At the end of this year, asking rents in St. Louis are forecast to reach roughly $1,235 per month, a 1.2% annual gain.

Year over year, average asking rents are up 0.5%.

RENTS TRENDS



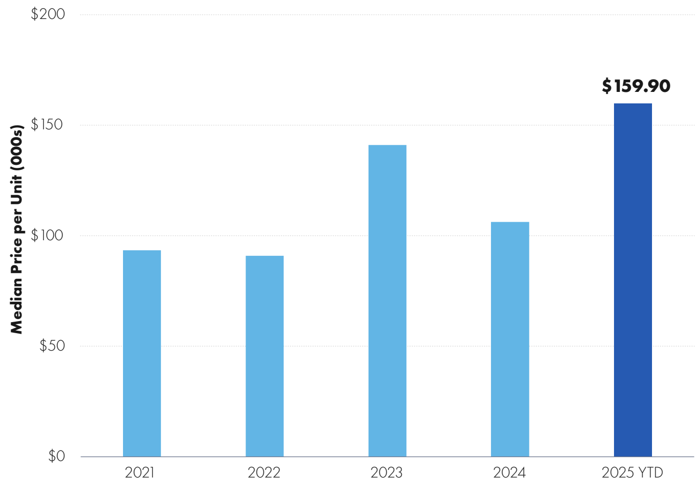
Sources: Northmarq, REIS

MULTIFAMILY SALES

- The pace of transactions in St. Louis slowed in the third quarter, though year-to-date figures remain healthy. Transaction totals during the first nine months of 2025 were nearly identical to figures from the same period in both 2023 and 2024.
- Multifamily pricing continued to rise in recent months. Year to date, the median sale price is $159,900 per unit, up 50% from 2024. Compared to the previous peak in 2023, the median sale price has risen 13%.
- Following rapid increases in 2022 and 2023, cap rates have leveled off. Since the beginning of this year, cap rates have averaged between 5.0% and 6.5%.

The median sale price is $159,900 per unit.

INVESTMENT TRENDS



Sources: Northmarq, CoStar

RECENT TRANSACTIONS MULTIFAMILY SALES ACTIVITY

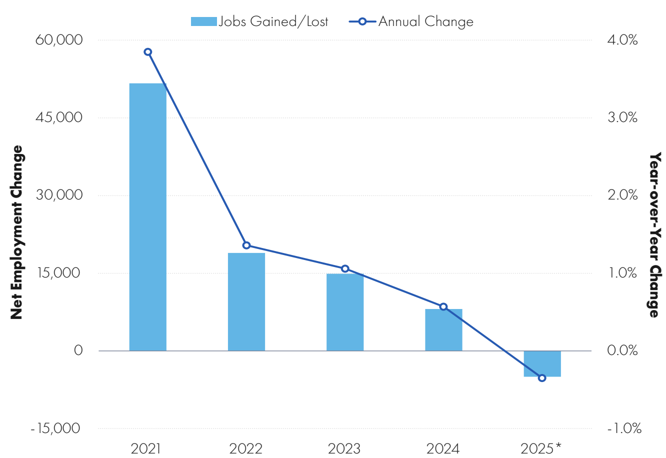
PROPERTY NAME	STREET ADDRESS	YEAR BUILT	UNITS	SALES PRICE	PRICE/UNIT
McKenzie	8400 Delmar Boulevard, Clayton	2023	251	$72,000,000	$286,853
Chroma	4041 Choteau Avenue, Saint Louis	2018	346	$88,000,000	$254,335
Storyboard on Stoney Pines	1735 Old State Road M, Barnhart	2024	128	$21,650,000	$169,141

LOOKING AHEAD

Shifts in St. Louis multifamily operating conditions during the fourth quarter are forecast to be modest but generally favorable. The pace of deliveries in the closing months of the year is on track to roughly match the second and third quarter figures, while absorption levels have been steadily rising throughout the year. Supply and demand are anticipated to remain near equilibrium in the coming months, keeping the vacancy rate around 6.0%. Vacancy conditions are projected to remain stable into early next year, with modest improvements likely as development activity slows. Operators should have room to push rents higher, though growth is likely to be moderate in the near term. As new construction slows, rent gains are projected to return to trend, rising by roughly 3.5% per year.

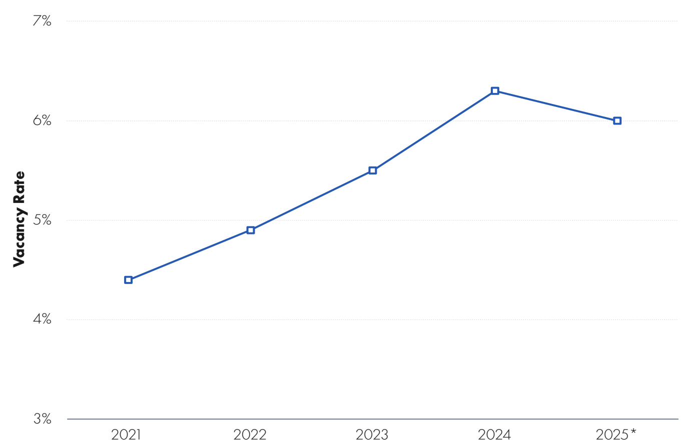
Multifamily transaction volume in St. Louis is expected to finish 2025 at roughly the same level as it did in 2024. While the Mid County area has led the region in activity to this point in the year, transaction activity is likely to pick up in the Downtown St. Louis and the East Metro submarkets, where the number of listings is elevated. Properties that are currently publicly listed for sale in St. Louis, on average, are approximately 20 years older than those sold so far in 2025. This could put upward pressure on cap rates and impact per-unit pricing, though class-specific metrics may still improve.

EMPLOYMENT FORECAST



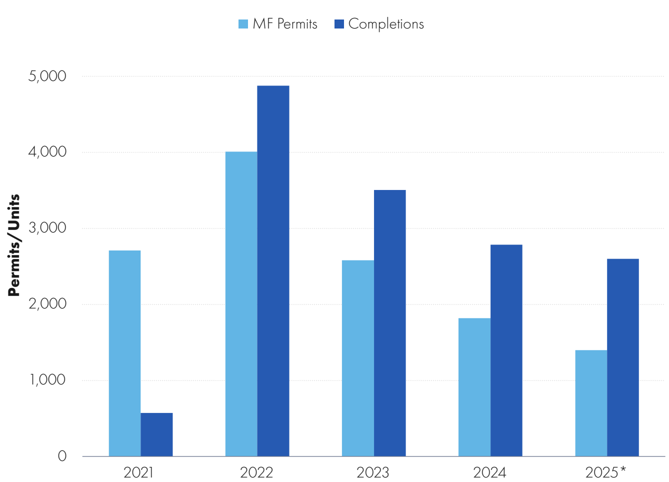
** Year End Forecast*
Sources: Northmarq, Bureau of Labor Statistics

VACANCY FORECAST



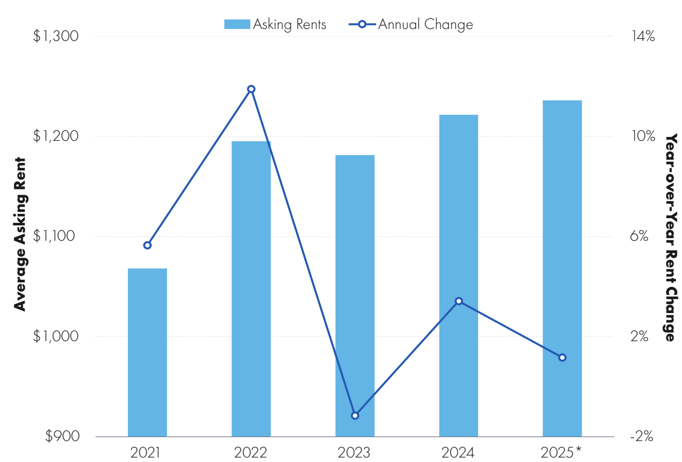
** Year End Forecast*
Sources: Northmarq, REIS

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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