Northmarq

CONSTRUCTION ACTIVITY

UNDER CONSTRUCTION	2,938
UNITS DELIVERED (YTD)	2,426

MARKET FUNDAMENTALS

VACANCY RATE	6.2%
YEAR-OVER-YEAR CHANGE	-10bps
ASKING RENTS	$1,236
YEAR-OVER-YEAR CHANGE	+1.1%

TRANSACTION ACTIVITY (YTD)

MEDIAN PRICE PER UNIT	$169,100

ST. LOUIS MULTIFAMILY
Q4 2025

MARKET INSIGHTS

New supply growth continues to ease

HIGHLIGHTS

- Property fundamentals strengthened in the St. Louis multifamily market in 2025, with both rents and vacancy recording improvements. The pace of deliveries has continued to slow, with roughly 2,400 new units coming online in the past year.
- The vacancy rate fluctuated throughout 2025, rising 20 basis during the fourth quarter. Still, the vacancy rate improved year over year, decreasing by 10 basis points to 6.2%.
- Rents continued to rise in 2025, increasing by 1.1% during the past year to $1,236 per month. Asking rents climbed 0.4% in the fourth quarter after posting modest gains in earlier months.
- A dip in investment sales activity in the second half of the year pulled the 2025 transaction count down 35% from 2024. Pricing surged, with the median sale price rising nearly 60% in 2025 to $169,100 per unit for the year.

ST. LOUIS MULTIFAMILY MARKET OVERVIEW

Operating conditions in the St. Louis multifamily market improved during the past year. This improvement was driven by consistent renter demand in the area, combined with decreasing new supply. Absorption in 2025 nearly matched the previous year's levels, and compared to the trailing five-year average, net move-ins are up 7%. Deliveries continued to decline. Projects totaling approximately 2,400 units came online in 2025, down 13% from last year and lagging the 2022 peak by 50%. Asking rents are up, rising both quarterly and annually. This growth was driven by middle-tier and lower-tier properties, with combined rents in these assets rising by nearly 3.0% in the past year as vacancy held steady. The overall vacancy rate inched higher during the closing months of the year, though it stayed below year-end 2024 levels.

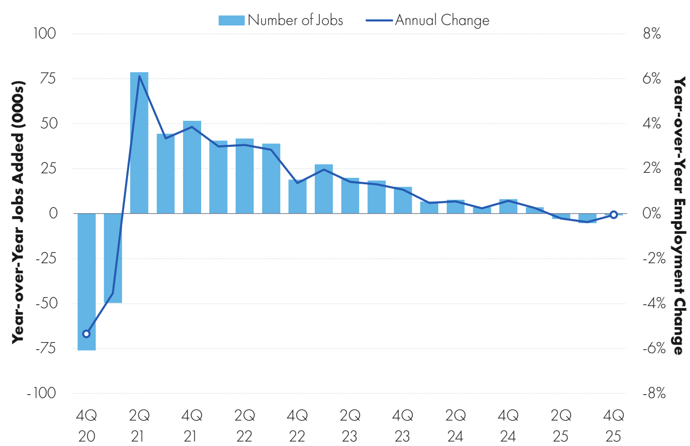
Multifamily investment activity cooled in 2025, though conditions remained healthy. Pricing was the strong point, with the median sale price rising considerably in the past year, reaching $169,100 per unit, up 20% from the previous peak recorded in 2023. The Mid County area continued to be one of the more active parts of the market, while North County, which contained 32% of all sales in 2024, recorded just two transactions in 2025. Activity picked up significantly in the Central West End submarket as well as in Jefferson County, specifically Fenton, with both of these submarkets accounting for roughly 20% of all multifamily sales each in the past year. Properties traded in a wide range of cap rates, generally from the low 5.0% to the low 7.0% range. However, the bulk of reported cap rates were in the mid 6.0% range.

EMPLOYMENT

- The St. Louis labor market remained essentially flat during the past year, with employment declining by 0.1%, a net loss of 900 jobs. This marks the first annual decrease in employment since 2020.
- While growth softened in parts of the labor market, the mining, logging, and construction sector added 2,700 jobs in 2025, a 3.5% increase year over year, signaling steady building activity across the region.
- The leisure and hospitality industry provided additional support for job growth. This sector expanded by 4,200 positions during the past year, rising by 3.0% after a net decline in 2024.
- **FORECAST:** Employment is expected to begin rising again in 2026 as some of the industries that have recorded recent losses begin to stabilize. In the next year, local employers are forecast to expand payrolls by 0.5%, adding roughly 7,000 jobs.

The leisure and hospitality sector expanded by 4,200 jobs.

EMPLOYMENT OVERVIEW

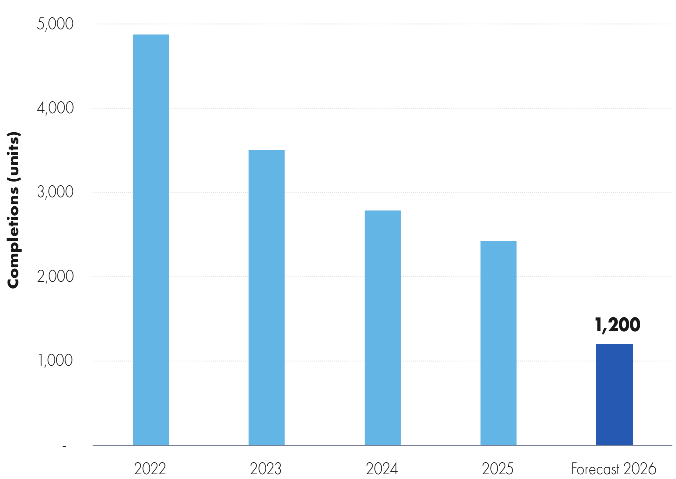


Sources: Northmarq, Bureau of Labor Statistics

DEVELOPMENT & PERMITTING

Approximately 2,400 units were completed in 2025.

DEVELOPMENT TRENDS



Sources: Northmarq, CoStar

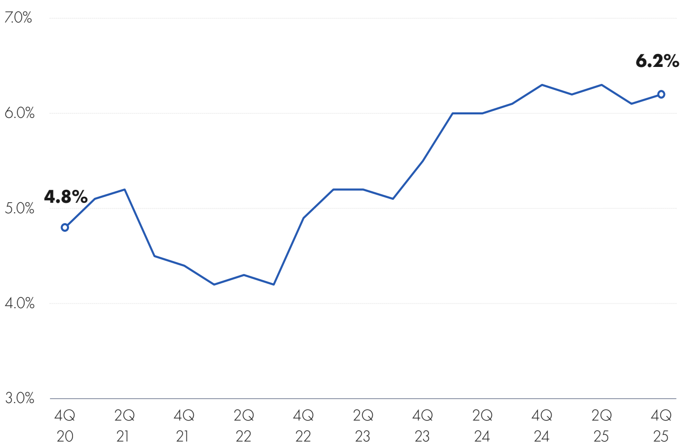
- Multifamily deliveries slowed for the third consecutive year, though supply growth remains elevated compared to historical averages. Projects totaling approximately 2,400 units were completed in 2025, down 13% from 2024. The trailing 10-year average is roughly 2,100 units.
- While the pace of completions decelerated in 2025, the number of units under construction climbed considerably. At the end of 2025, approximately 2,900 units were under construction, up 49% from one year earlier.
- Multifamily permitting remained light during the fourth quarter, as permits for roughly 300 units were issued. Total permitting in 2025 was down 32% from the previous year, with permits issued for projects totaling approximately 1,250 units.
- **FORECAST:** Deliveries are expected to continue slowing in 2026. Projects totaling roughly 1,200 units are on pace for completion, down 51% from 2025. This would make 2026 the second-lightest year for new construction in the past decade.

VACANCY

Vacancy dipped 10 basis points for the full year.

- The vacancy rate in St. Louis inched higher during the fourth quarter after improving in the preceding three months. Still, area vacancy dipped 10 basis points for the full year, closing 2025 at 6.2%.
- The St. Louis City North and City South submarkets, encompassing all of the city's urban core, led the market in vacancy improvements. In 2025, the City South area, South of I-64, posted a 120 basis point decrease in vacancy to 12.4%. The City North area posted a 90 basis point improvement during the same period to 10.2%.
- During the past year, Class A properties recorded a 20 basis point dip in vacancy to 8.3%. The combined rate for Class B and Class C properties went unchanged, remaining at 4.8%.
- **FORECAST:** A decelerating pace of deliveries in the next year should help to keep the vacancy rate on a downward trend. In 2026, the vacancy rate is projected to decrease by 20 basis points to 6.0%.

VACANCY TRENDS



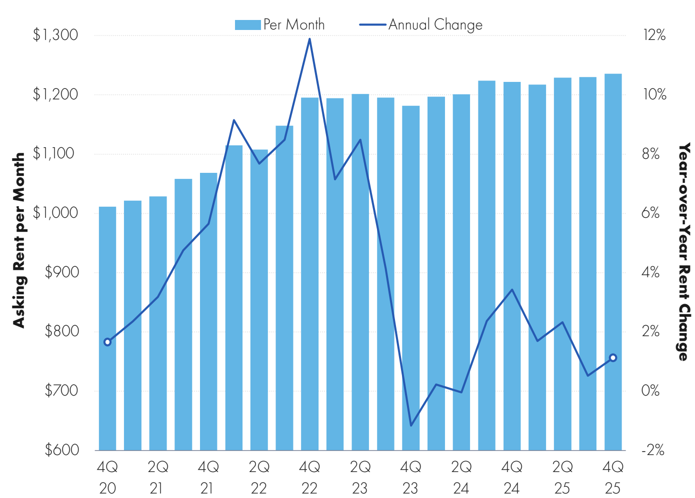
Sources: Northmarq, REIS

RENTS

Year over year, rents are up 1.1% to $1,236 per month.

- Asking rents in St. Louis continued to rise during the fourth quarter, increasing by 0.4%. Year over year, rents are up 1.1% to $1,236 per month.
- St. Charles County led the market in rent growth during the past year. Rents in this area increased by 2.0% in 2025 to $1,385 per month. The Maryland Heights area trailed just behind, with rents increasing by 1.9% annually to $1,189 per month.
- Middle-tier and lower-tier properties were the main drivers of rent growth in St. Louis. In 2025, combined rents for Class B and Class C properties increased by 2.7% to $962 per month.
- **FORECAST:** Rent growth is forecast to accelerate in 2026. By the end of the year, asking rents in St. Louis are projected to reach $1,255 per month, an annual increase of 1.5%.

RENTS TRENDS



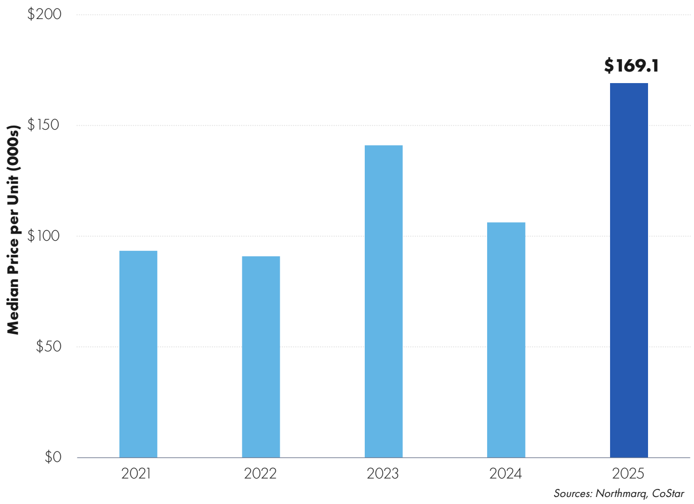
Sources: Northmarq, REIS

MULTIFAMILY SALES

- Multifamily sales activity in St. Louis remained light during the fourth quarter, with total sales during the final three months of 2025 trailing year-ago levels by 60%. The total transaction count for 2025 was down 35% from the previous year.
- In 2025, the median sale price was $169,100 per unit, up 59% from 2024 and 20% above the prior peak in 2023. This spike in pricing was primarily due to an uptick in sales in pricier areas such the Central West End, while sales in North County, one of the most affordable submarkets, came to a near halt after accounting for nearly one-third of all sales in 2024.
- Cap rates climbed in the second half of the year after remaining within the same range from early 2024 through the first half of 2025. Cap rates averaged roughly 6.5% in 2025, 50 to 100 basis points higher than levels recorded in the previous year.

In 2025, the median sale price was $169,100 per unit.

INVESTMENT TRENDS



RECENT TRANSACTIONS MULTIFAMILY SALES ACTIVITY

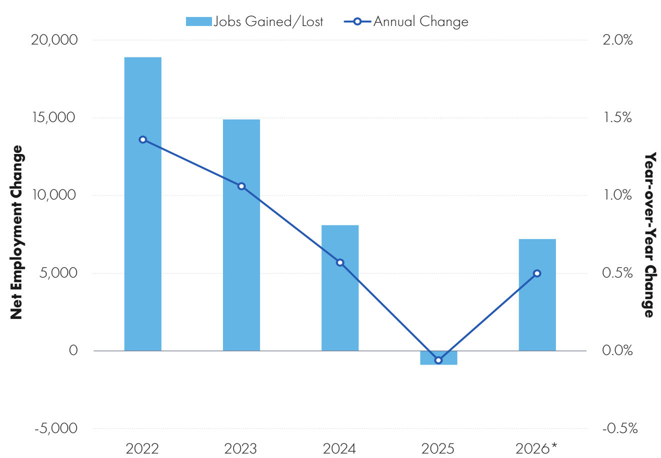
PROPERTY NAME	STREET ADDRESS	YEAR BUILT	UNITS	SALES PRICE	PRICE/UNIT
McKenzie	8400 Delmar Blvd., St. Louis	2023	251	$72,000,000	$286,853
Park Pacific	1226 Olive St., St. Louis	1928	230	$56,730,000	$246,652
Westminster Place Apartments	4005 Westminster Place, St. Louis	1989	341	$38,200,000	$112,023
Storyboard	1735 Old State Road M, Barnhart	2024	128	$21,650,000	$169,141

LOOKING AHEAD

The St. Louis multifamily market is poised for some modest improvement in 2026 as new supply continues to ease and renter demand persists. Developers are on track to deliver a comparatively light batch of units in 2026, marking one of the slowest years for construction in the past decade. This reduced pace of completions should help vacancy trend lower, supported by demand levels that have recently run ahead of longer term norms. Rents should gain some ground and the pace of increase in 2026 is expected to come in slightly faster than in the past year. With limited new supply and steady absorption, both vacancy conditions and rent growth should continue to trend on a positive path through the year, with the potential for further improvement extending into 2027.

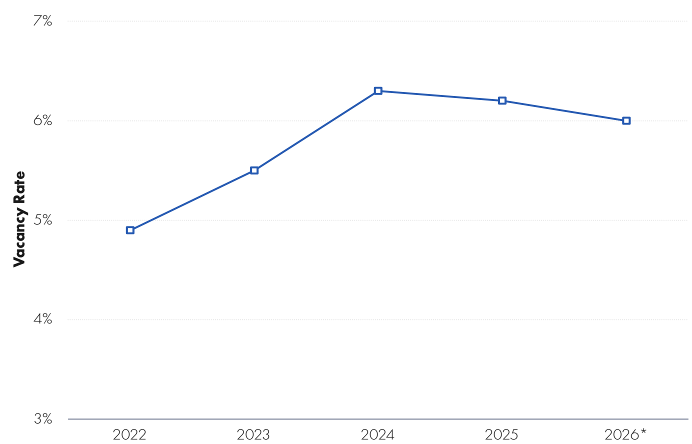
Multifamily investment activity in St. Louis is expected to pick up in 2026, supported by healthy buyer interest and gradually improving property fundamentals. Trading patterns may shift again by submarket. The North County area will likely gain a greater share of activity than it had in 2025, becoming one of the more active submarkets in St. Louis like it had been in recent years. Downtown St. Louis should record a higher level of activity as well, while the neighboring Central West End submarket is positioned to remain an active area for investment, building upon its recent uptick in activity. While cap rates rose in the second half of 2025, that recent upward shift may prove to be temporary. Cap rates are expected to stay within a range of 5.0% and 7.0% throughout much of 2026.

EMPLOYMENT FORECAST



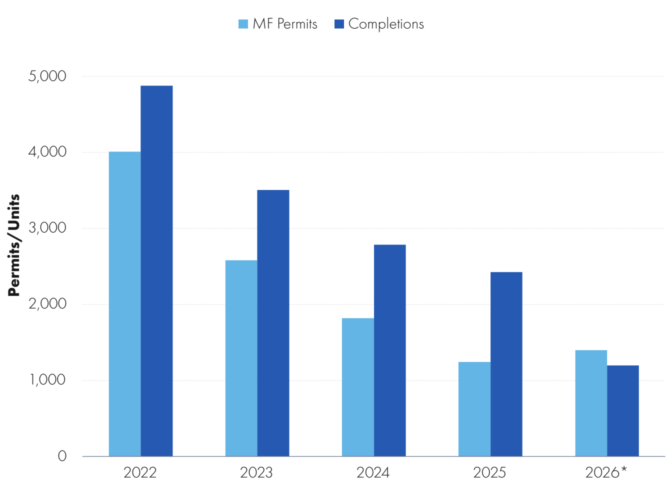
* Year End Forecast
Sources: Northmarq, Bureau of Labor Statistics

VACANCY FORECAST



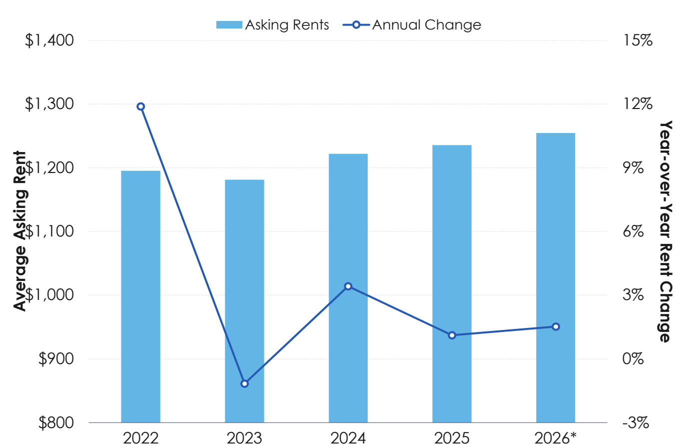
* Year End Forecast
Sources: Northmarq, REIS

CONSTRUCTION & PERMITTING FORECAST



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

RENTS FORECAST



* Year End Forecast
Sources: Northmarq, REIS

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