

Yardi® Matrix

Middling Growth In the Midwest

Multifamily Report Summer 2018

Developers Target Core Submarkets

Tech Sector Provides Boost

Home Values Decrease

ST. LOUIS MULTIFAMILY

Yardi® Matrix

Market Analysis

Summer 2018

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Solid Supply Impacts Occupancy

St. Louis' rental market stayed stable in 2017: Due to solid employment—led by health-care and tech jobs—the metro has begun adding high-paid professionals. St. Louis continues to be one of the most affordable markets in the U.S., but workforce-grade housing is lacking due to construction in the segment being largely ineffective for developers. Despite a slowdown in supply in the first months of the year, a large swath of deliveries in 2017 has continued to exert pressure on occupancy rates.

Employment was steady in the metro, with 12,900 jobs being added in the 12 months ending in March. The professional and business services sector led gains with 6,800 jobs added, a 3.2% change. Education and health services also improved at a good rate, adding 6,600 jobs, strengthening its position as one of the metro's main economic drivers. The office market continued to attract domestic and foreign investors. As part of the office industry's development, Microsoft is planning a \$50 million investment in local jobs, facilities and software grants, further bolstering the tech sector.

Roughly 4,200 units were under construction as of May, pointing to further inventory expansion. Investment activity was strong in the first months of the year, as more than \$228 million in rental assets changed hands. Overall, Yardi Matrix expects a 2.5% rise in St. Louis rents for the whole of 2018.

Recent St. Louis Transactions

The Alinea



City: St. Louis
 Buyer: Strategic Properties of North America
 Purchase Price: \$60 MM
 Price per Unit: \$238,000

Haven on the Lake



City: Maryland Heights, Mo.
 Buyer: FPA Multifamily
 Purchase Price: \$48 MM
 Price per Unit: \$ 90,341

The Villages of General Grant



City: St. Louis
 Buyer: Monarch Investment and Management Group
 Purchase Price: \$46 MM
 Price per Unit: \$ 83,394

Heritage Estates



City: St. Louis
 Buyer: Monarch Investment and Management Group
 Purchase Price: \$35 MM
 Price per Unit: \$ 89,622