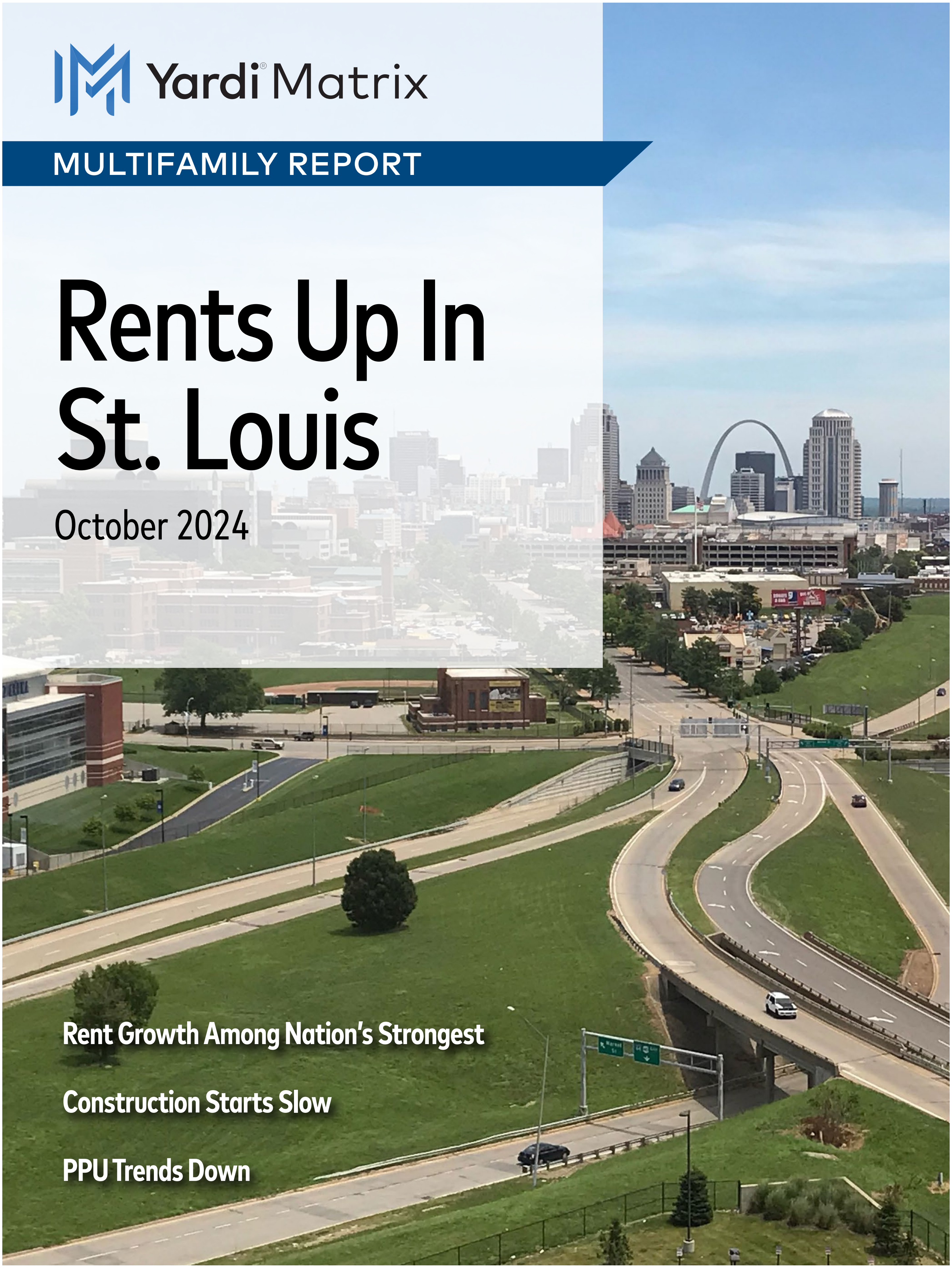
Yardi Matrix

MULTIFAMILY REPORT

Rents Up In St. Louis

October 2024



Rent Growth Among Nation's Strongest

Construction Starts Slow

PPU Trends Down

ST. LOUIS MULTIFAMILY

Yardi Matrix

Rates Tick Up, Occupancy Slides

St. Louis posted stable multifamily fundamentals through the third quarter of 2024, with strong rent growth and steady supply expansion. The advertised asking rent increased by 3.8% year-over-year through August, to $1,275, and significantly outpacing the national rate of 0.8%. However, occupancy felt the supply pinch, falling 80 basis points year-over-year as of July, to $93.5%.

Job growth was 1.6% year-over-year as of June, up 32,900 jobs, and 30 basis points higher than the U.S. figure. Three sectors lost 4,200 jobs combined—professional and business services, information and other services. Gains were led by education and health services (13,700 jobs) and leisure and hospitality (11,700 jobs). St. Louis unemployment rose to 4.6% in July, its highest level since 2021. The metro trailed the U.S. (4.3%) and Missouri (3.8%) and surpassed Illinois (5.2%), according to Bureau of Labor Statistics data. Projects slated for completion in 2024 include Siteman Cancer Center's 657,000-square-foot outpatient facility at Washington University Medical Campus, and a 72,000-square-foot expansion at America Center Convention Complex.

Developers delivered 1,959 units through August and had 4,803 units underway, but new construction slowed, with just 344 units breaking ground so far in 2024. Meanwhile, investors traded $426 million through August, with almost all sales for RBN assets. The per-unit price fell 20.6% year-to-date to $111,711.

Market Analysis | October 2024

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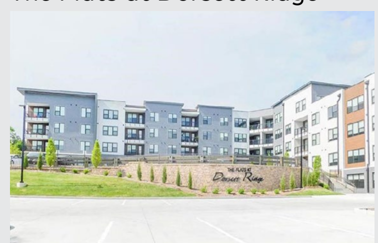
Recent St. Louis Transactions

Prairie Point

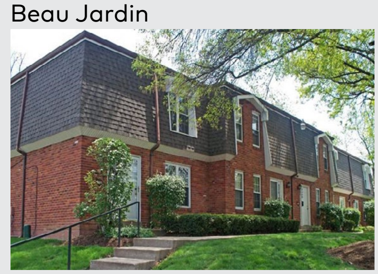
City: O'Fallon, Mo.
Buyer: Beitel Group
Purchase Price: $79 MM
Price per Unit: $209,595

The Flats at Dorsett Ridge



City: Maryland Heights, Mo.
Buyer: CAPREIT
Purchase Price: $54 MM
Price per Unit: $252,804

Beau Jardin



City: St. Louis
Buyer: Mills Properties
Purchase Price: $30 MM
Price per Unit: $147,929

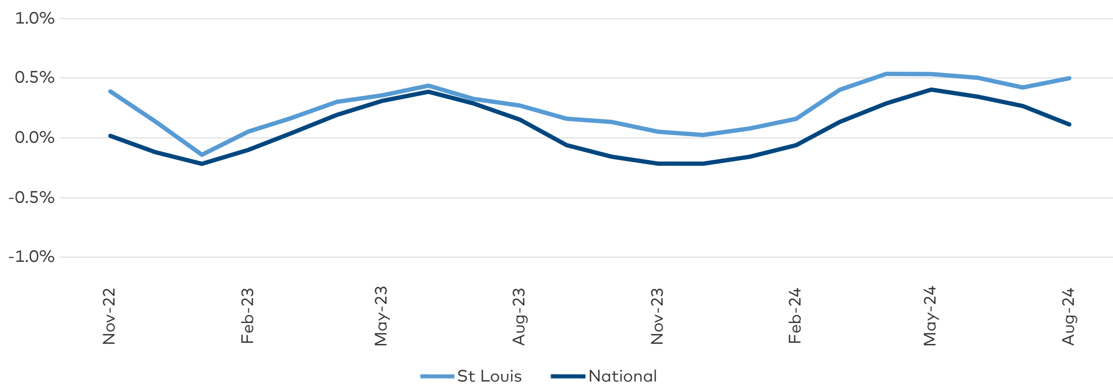
Colonial Meadows

City: St. Louis
Buyer: TSK Housing
Purchase Price: $23 MM
Price per Unit: $54,685

RENT TRENDS

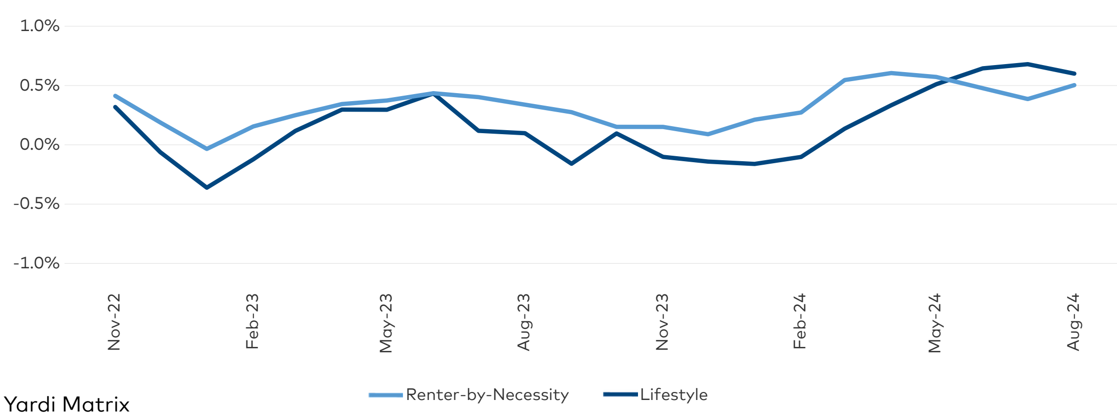
- St. Louis advertised asking rents rose 0.5% on a trailing three-month (T3) basis through August, to $1,275, maintaining the lead over the 0.1% U.S. rate. On a year-over-year basis, the metro's rent growth was one of the highest in the country, up 3.8%, well ahead of the 0.8% national rate and closely trailing the best performing markets in the country—New York City (4.8%) and Kansas City (4.1%).
- For the third consecutive month, rent growth was led by the Lifestyle segment, up 0.6% on a T3 basis through August, to $1,732, down 10 basis points from July. Meanwhile, Renter-by-Necessity advertised asking rents rose 0.5%, to $1,129, up 10 basis points from July.
- The steady addition of new stock combined with enduring rent growth in the Lifestyle segment contributed to a 1.3% decline in Lifestyle occupancy year-over-year through July, to 93.3%. RBN occupancy fell 0.6%, to 93.5%, while the overall rate marked a 0.8% drop to 93.5%, below the 94.7% national average.
- As of August, seven submarkets had an average advertised asking rent above the $1,500 threshold, led by University City/Maplewood (2.4% year-over-year to $1,690), St. Louis–Central West End (6.8% to $1,612) and Chesterfield (3.7% to $1,580). Meanwhile, the number of submarkets with the average rent below $1,000 fell to 10, from 14 a year ago.

St. Louis vs. National Rent Growth (Trailing 3 Months)



Source: Yardi Matrix

St. Louis Rent Growth by Asset Class (Trailing 3 Months)



Source: Yardi Matrix

ECONOMIC SNAPSHOT

- St. Louis' unemployment rate climbed to 4.6% in July, matching the level last seen in July 2021 and significantly higher than the 3.5% rate registered in July 2023, according to preliminary data from the Bureau of Labor Statistics. It trailed the U.S. (4.3%) and Missouri (3.8%) and outperformed Illinois (5.2%).

- Employment growth was linear in the 12 months ending in June, up 1.6% or 32,900 jobs. Meanwhile, the U.S. rate decelerated to 1.3%. Three sectors lost 4,200 positions combined, led by professional and business services, down 2,700 jobs. Gains were highest in education and health services (13,700 jobs) and leisure and hospitality (11,700 jobs) and will continue to grow.

- Earlier this year, a $616 million, 11-story facility opened at the Washington University Medical Campus. It accommodates 1,000 faculty and staff, including 95 research teams. Also part of WUMC's renovation and expansion is Siteman Cancer Center's nine-story, 657,000-square-foot facility, which is slated for completion this fall. Phase 1 of the $256 million expansion at America's Center Convention Complex is nearing completion. This will add a 72,000-square-foot exhibition hall, increasing the total space to 574,000 square feet, and double the number of loading docks. Phase 2 includes 88,000 square feet of outdoor event space and will be finalized in 2025.

St. Louis Employment Share by Sector

		Current Employment	
Code	Employment Sector	(000)	% Share
65	Education and Health Services	280.5	19.0%
70	Leisure and Hospitality	168.5	11.4%
40	Trade, Transportation and Utilities	269	18.3%
15	Mining, Logging and Construction	80.5	5.5%
90	Government	156.7	10.6%
55	Financial Activities	98.1	6.7%
30	Manufacturing	119.4	8.1%
80	Other Services	53.5	3.6%
50	Information	28.6	1.9%
60	Professional and Business Services	219	14.9%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- St. Louis lost 2,104 residents in 2022, a population decline of less than 0.1%. Meanwhile, the U.S. rate rose 0.4%.

- Between 2010 and 2022, the metro's population expanded 0.8%, well below the 8.9% national rate.

St. Louis vs. National Population

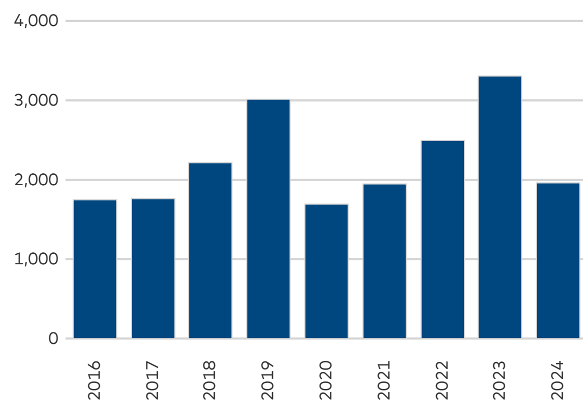
	2019	2020	2021	2022
National	324,697,795	326,569,308	329,725,481	331,097,593
St. Louis	2,805,190	2,806,349	2,815,627	2,813,523

Source: U.S. Census

SUPPLY

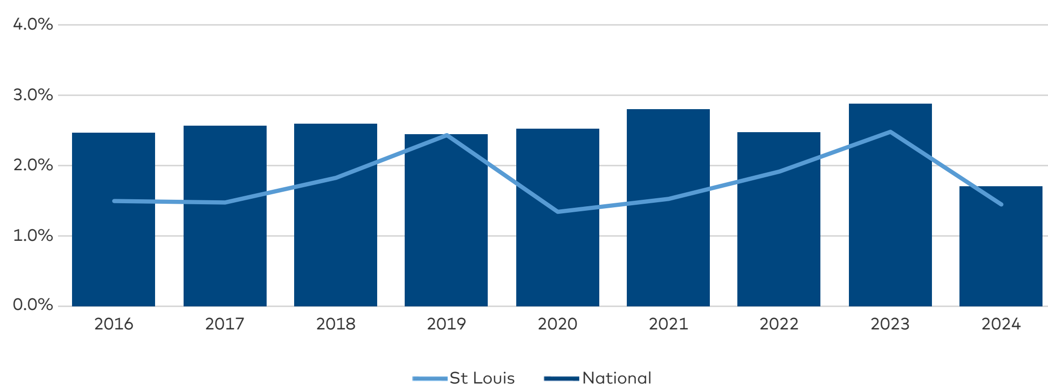
- St. Louis' rental stock added 1,959 units in 2024 through August, 1.5% of total inventory and 20 basis points below the U.S. average. Lifestyle apartments accounted for nearly 87% of the volume delivered so far in 2024, fully affordable projects for just 2.1% and RBN for 11.1%. No properties came online in the metro east of the Mississippi.
- Developers had 4,803 units under construction as of August, and more than 21,000 in the planning and permitting phases. Just one 344-unit property broke ground this year. The pipeline composition remained heavier on the Lifestyle side, accounting for 77% of units underway, and RBN declined slightly to 10.1%, while the share of fully affordable projects rose to 12.7%. Close to 3,000 units were slated for completion by year-end. Considering likely delays caused by unfavorable market conditions, the metro is still expected to mark one of the best years of the last decade in delivery volume.
- Construction activity remained strongest on the Missouri side, where 83% of the units were underway, led by volume by St. Peters, with 1,321 units under construction. Next in line were University City/Maplewood (751 units) and St. Louis–Downtown (457 units).
- Notable projects completed in 2024 through August include The Edwin on Grand in St. Louis Lafayette Square. Pier Property Group's asset totals 196 units, 15 of which are affordable, and 70,000 square feet of retail space. The property was built with aid from a $48 million construction loan originated by INB Bank. The largest project underway was Terra West's Reserve at Mid Rivers in St. Peters, a 460-unit asset slated for completion in 2025.

St. Louis Completions (as of August 2024)



Source: Yardi Matrix

St. Louis vs. National Completions as a Percentage of Total Stock (as of August 2024)

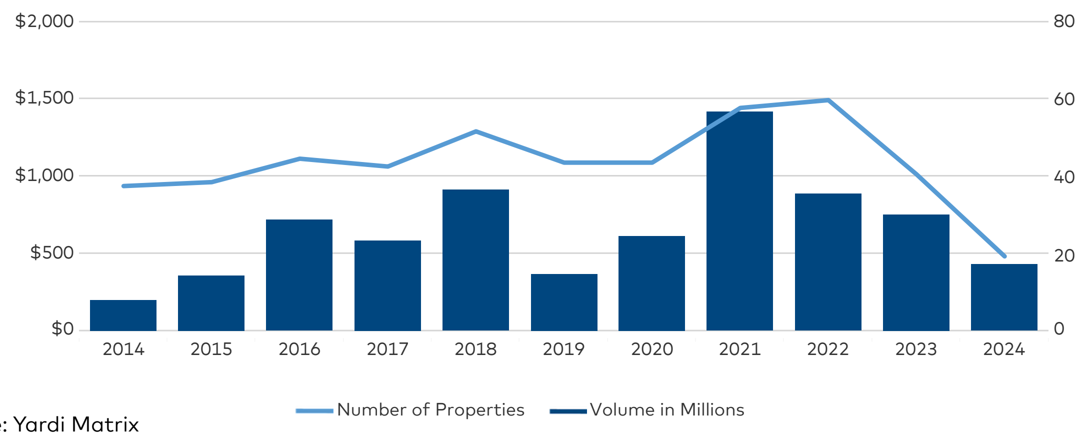


Source: Yardi Matrix

TRANSACTIONS

- Investment activity moderated in St. Louis, amounting to $426 million in 2024 through August. All sales involved multifamily properties west of the Mississippi River, and so far, the first quarter recorded the highest volume, at $226 million.
- Investor focus was nearly exclusive to value-add opportunities, with 18 of the 20 sales recorded through August involving RBN assets. This sales composition, combined with ongoing economic woes, led to a 20.6% decline in the average per-unit price, $111,711 through the first eight months of 2024. The figure is 24.6% below the decade high recorded in 2021 and well below the $184,269 U.S. per-unit price.
- Notable recent sales include Beitel Group's acquisition of Prairie Point from Investcorp for $79 million, with aid from a $51 million Freddie Mac loan issued by Newmark. The 376-unit property occupies 39 acres in O'Fallon and includes 690 parking spaces.

St. Louis Sales Volume and Number of Properties Sold (as of August 2024)



Source: Yardi Matrix

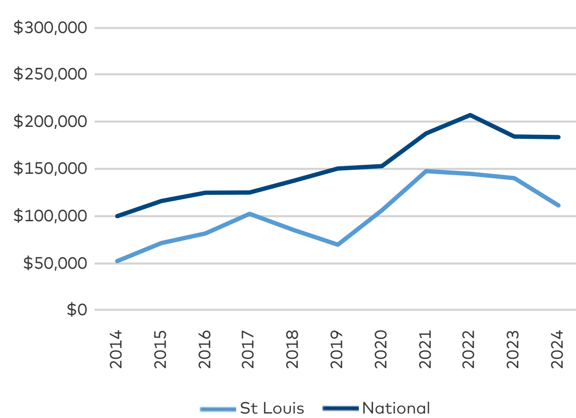
Top Submarkets for Transaction Volume[1]

Submarket	Volume ($MM)
O'Fallon	154
Florissant	88
Maryland Heights	82
University City/Maplewood	77
Ferguson	56
St. Louis–Clayton Tamm	52
Ballwin	51

Source: Yardi Matrix

[1] From September 2023 to August 2024

St. Louis vs. National Sales Price per Unit



Source: Yardi Matrix

Catering to Senior Housing Demand in St. Louis: Tutera's COO Weighs In

By Adina Rogoz

People living in the St. Louis region are aging rapidly. Between 2010 and 2022, the 65+ group was the fastest-growing among all age groups, according to Census data. More individuals are seeking supportive environments for their retirement years, according to Randy Bloom, the president & COO of Tutera Senior Living & Health Care. The provider operates 11 properties in Missouri, including The Lumiere of Chesterfield in St. Louis, which recently opened.

What type of services are the memory care and assisted living components at The Lumiere of Chesterfield provide to residents?

The assisted living component will cater to residents who need help with certain daily tasks while maintaining their independence. Services may include medication management, personal care assistance, meal preparation, housekeeping, transportation and wellness programs tailored to each resident's needs and preferences.

The Lumiere's memory care component will provide residents with a holistic and compassionate approach to memory care, ensuring they receive the support and attention necessary to live a fulfilling and dignified life despite the challenges of memory loss conditions.

What else should residents expect in terms of the living experience at The Lumiere?

Our independent senior living component offers a range of features, services and programs

designed to enhance residents' quality of life. Residents have access to beautifully designed living spaces, gourmet dining options, fitness and wellness programs, social activities and transportation services.

Does Tutera have any plans to expand its management footprint in the senior living sector?

Tutera's expansion plans typically focus on a variety of properties, including independent living, assisted living, memory care and skilled nursing facilities.

We seek properties in the Midwest and Southeast that have the potential for growth and improvement, where Tutera's management expertise can make a positive impact on residents' lives and the overall community.

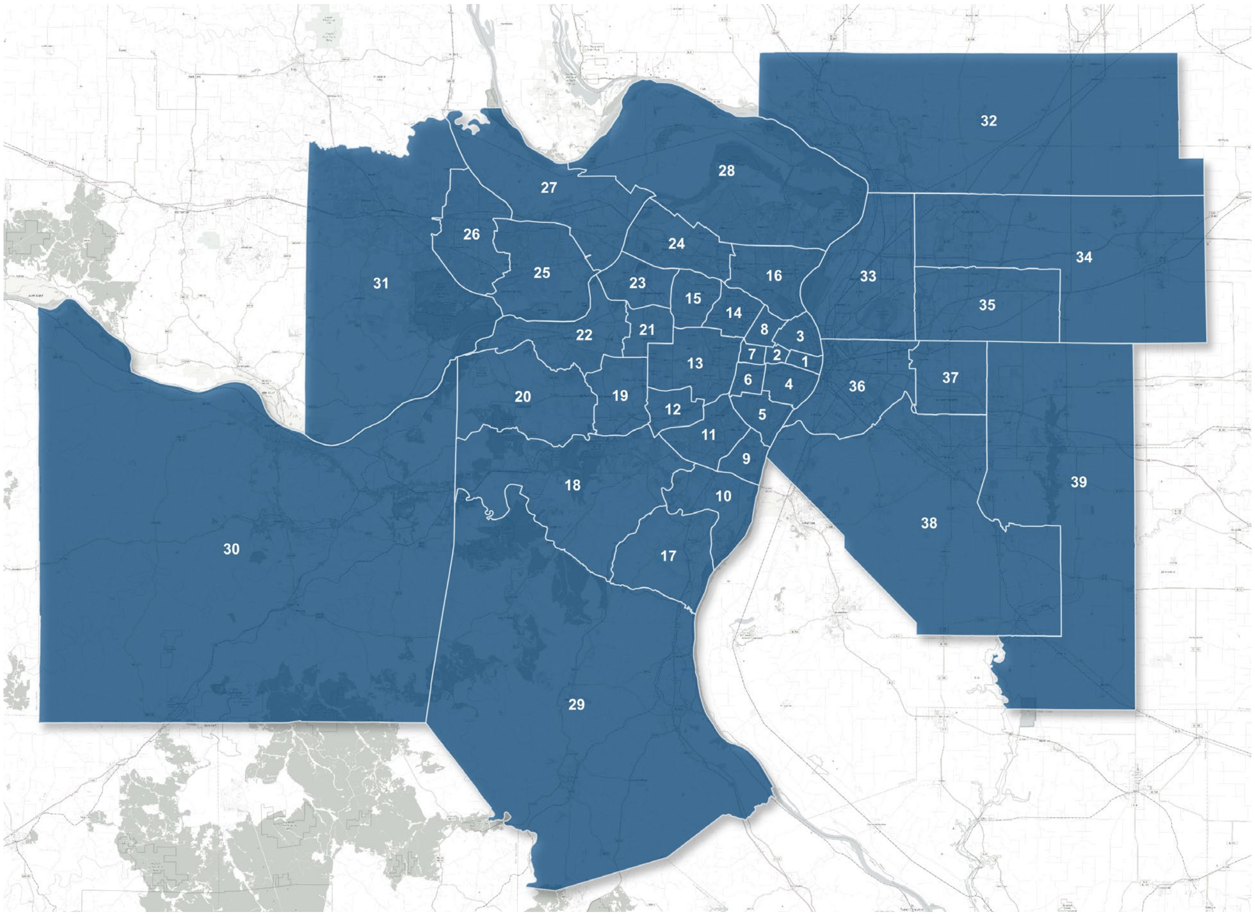
How do you expect the senior living sector to perform going forward?

The outlook for the senior living sector is optimistic and promising, with continued growth and evolution expected in response to shifting demographics, changing consumer preferences and advancements in health care and technology. As the population of older adults continues to increase, the demand for senior living options is expected to rise, presenting opportunities for innovation and expansion within the sector.

Advancements in technology are playing an increasingly vital role in enhancing the quality of care and services offered in senior living communities, promoting safety, communication and social connectivity among residents.

(Read the complete interview on multihousingnews.com.)

ST. LOUIS SUBMARKETS



Area No.	Submarket
1	St. Louis–Downtown
2	St. Louis–Central West End
3	St. Louis–North
4	St. Louis–Lafayette Square
5	St. Louis–South
6	St. Louis–Clayton Tamm
7	St. Louis–Forest Park
8	St. Louis–Northwest
9	Mehlville–North
10	Mehlville–South
11	Affton
12	Kirkwood
13	University City–Maplewood

Area No.	Submarket
14	Bel-Ridge
15	St. Ann–Overland
16	Ferguson
17	Arnold
18	Fenton–Eureka
19	Manchester–Valley Park
20	Ballwin
21	Creve Coeur
22	Chesterfield
23	Maryland Heights
24	Hazelwood–Bridgeton
25	St. Peters
26	O'Fallon

Area No.	Submarket
27	St. Charles
28	Florissant
29	Festus
30	Franklin County
31	Charles County
32	Illinois–Alton
33	Illinois–Granite City
34	Illinois–Edwardsville
35	Illinois–Collinsville
36	Illinois–East St. Louis
37	Illinois–Fairview Heights
38	Illinois–Belleville
39	Illinois–O'Fallon

DEFINITIONS

Lifestyle households (renters by choice) have wealth sufficient to own but have chosen to rent. Discretionary households, most typically a retired couple or single professional, have chosen the flexibility associated with renting over the obligations of ownership.

Renter-by-Necessity households span a range. In descending order, household types can be:

- *A young-professional*, double-income-no-kids household with substantial income but without wealth needed to acquire a home or condominium;
- *Students,* who also span a range of income capability, extending from affluent to barely getting by;
- *Lower-middle-income ("gray-collar") households,* composed of office workers, policemen, firemen, technical workers, teachers, etc.;
- *Blue-collar households,* which barely meet rent demands each month and likely pay a disproportionate share of their income toward rent;
- *Subsidized households*, which pay a percentage of household income in rent, with the balance of rent paid through a governmental agency subsidy. Subsidized households, while typically low income, extend to middle-income households in some high-cost markets, such as New York City;
- *Military households*, subject to frequency of relocation.

These differences can weigh heavily in determining a property's ability to attract specific renter market segments. The five-star resort serves a very different market than the down-and-outer motel. Apartments are distinguished similarly, but distinctions are often not clearly definitive without investigation. The Yardi® Matrix Context rating eliminates that requirement, designating property market positions as:

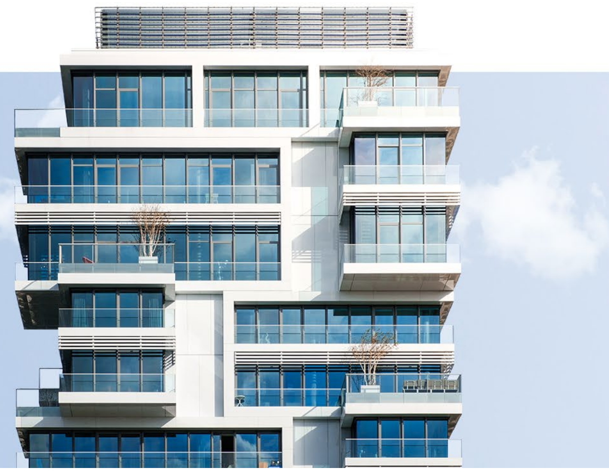
Market Position	Improvements Ratings
Discretionary	A+ / A
High Mid-Range	A- / B+
Low Mid-Range	B / B-
Workforce	C+ / C / C- / D

The value in application of the Yardi® Matrix Context rating is that standardized data provides consistency; information is more meaningful because there is less uncertainty. The user can move faster and more efficiently, with more accurate end results.

The Yardi® Matrix Context rating is not intended as a final word concerning a property's status—either improvements or location. Rather, the result provides reasonable consistency for comparing one property with another through reference to a consistently applied standard.

To learn more about Yardi® Matrix and subscribing, please visit www.yardimatrix.com or call Ron Brock, Jr., at 480-663-1149 x14006.

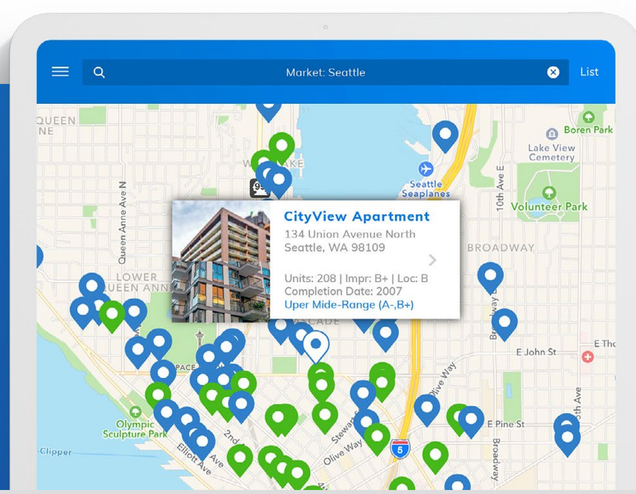
Yardi Matrix



Power your business with the industry's leading data provider

MULTIFAMILY KEY FEATURES

- Pierce the LLC every time with true ownership and contact details
- Leverage improvement and location ratings, unit mix, occupancy and manager info
- Gain complete new supply pipeline information from concept to completion
- Find acquisition prospects based on in-place loans, maturity dates, lenders and originators
- Access aggregated and anonymized residential revenue and expense comps



Yardi Matrix Multifamily provides accurate data on **22.3+ million units**, covering over **92% of the U.S. population.**

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