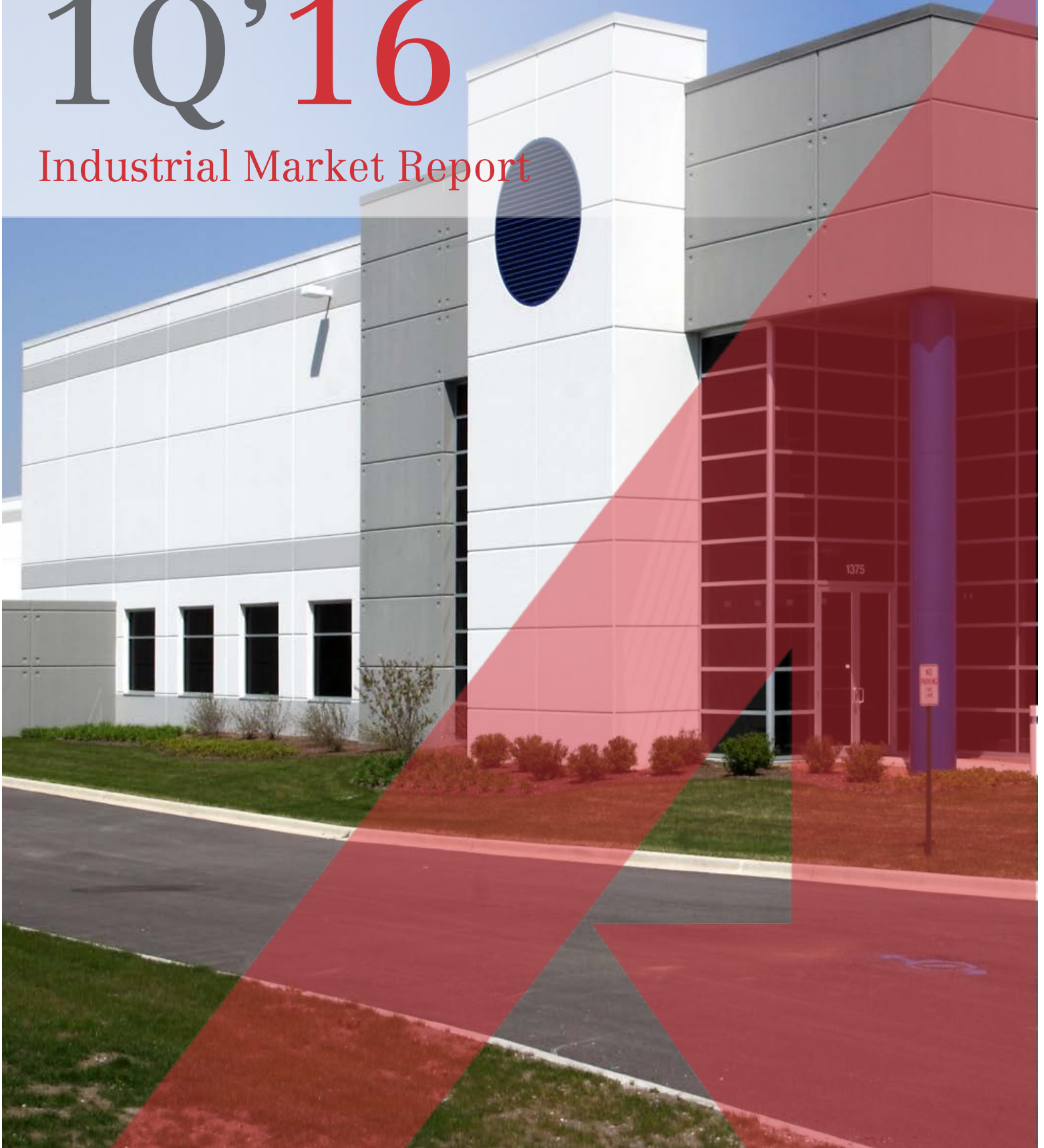


1Q'16

Industrial Market Report



Industrial Market Summary

First Quarter 2016

“In January 2016, real U.S. industrial construction spending stood of \$99.6 billion, significantly above both the historical (since 1993) low of \$38.1 billion (2011) and the long-term average of \$62.8 billion. Most of this activity is driven by logistics providers that service and fulfill retail internet sales.”

An excerpt from the Spring 2016 Linneman Letter showing national industrial construction spending. To learn more, please contact your NAI DESCO broker.

“The St. Louis industrial market stopped to catch its breath in first quarter 2016, having delivered nearly a million square feet of product in fourth quarter 2015. Vacancy rates and asking lease rates both remained essentially unchanged, with most of the larger lease deals being relocations rather than expansions or new users. **The pause is temporary, though, as new construction continues to be the big story: four million square feet of warehouse product is currently under construction with deliveries scheduled for later in the year.** About half of that new space is pre-leased, but that means nearly two million square feet are going up "spec." Two major projects are underway in the Metro East Illinois; TriStar Properties is building 717,060 SF and Panattoni Development Company is building 769,500 SF. **While those buildings began without firm commitments from tenants, it is expected that Amazon will be leasing 100% of both spaces prior to completion.**”

-NAI DESCO Vice President, Andy Murphy

*The information contained herein has been given to us by sources we deem reliable. We have no reason to doubt its accuracy, however, we do not make any guarantees. All information should be verified before relying thereon.

Source: NAI DESCO, CoStar Property® & The Linneman Letter

Market Overview Report

Total Industrial Submarket Statistics

SUBMARKET	# BLDGS.	TOTAL RBA (SF)	TOTAL AVAILABLE (SF)	TOTAL VAC (%)	YTD NET ABSORP (SF)	QUOTED RATES (\$/SF/YR)	UNDER CONST. (SF)
Airport	239	17,641,821	1,469,260	8.5%	(150,895)	\$3.80	566,288
Chesterfield/Hwy-40	158	5,914,308	138,350	2.3%	(4,684)	\$8.97	590,000
Earth City	314	23,746,284	2,314,108	9.8%	237,635	\$4.84	0
Fenton	223	8,865,031	324,498	3.7%	(32,749)	\$7.52	0
Hanley	284	6,365,774	144,261	2.3%	35,047	\$5.36	0
Illinois	718	40,508,226	1,229,009	3.0%	14,886	\$3.78	1,539,860
Innerbelt E of 170	230	10,011,908	432,984	4.3%	(54,285)	\$3.68	0
Innerbelt W of 170	378	11,281,258	664,713	5.9%	38,373	\$4.20	0
North County	154	6,277,452	474,724	7.6%	30,839	\$3.94	915,000
South County	274	9,177,840	716,028	7.8%	(87,660)	\$6.08	0
St. Charles County	807	27,855,501	594,185	2.1%	101,955	\$5.19	138,000
St. Louis City North	810	38,398,396	4,110,773	10.7%	(24,486)	\$2.86	0
St. Louis City South	968	36,559,331	3,779,224	10.3%	1,175	\$3.19	125,005
West County	145	4,714,809	78,849	1.7%	5,928	\$6.30	0
Westport	420	15,879,037	1,389,685	8.8%	(4,188)	\$5.83	30,000

Citywide Statistics All Classes of Industrial

Industrial Space Statistical Changes Year-over-Year and Quarter-over-Quarter

1Q15 vs. 1Q16



NET ABSORPTION



VACANCY RATE



CONSTRUCTION



ASKING RATES

4Q15 vs. 1Q16



NET ABSORPTION



VACANCY RATE
(unchanged)



CONSTRUCTION



ASKING RATES

St. Louis Industrial Market Snapshot

Vacancy

- Total vacancy decreased from 7.3% to 6.8% year over year
- Flex vacancy reported at 8.0%
- Warehouse vacancy is at 6.7%
- St. Louis City submarket reportedly has the highest vacancy between 10-11%; while St. Charles County Industrial (2.1%), Chesterfield (2.3%) and Hanley Industrial (2.3%) submarkets have the lowest vacancy rates.

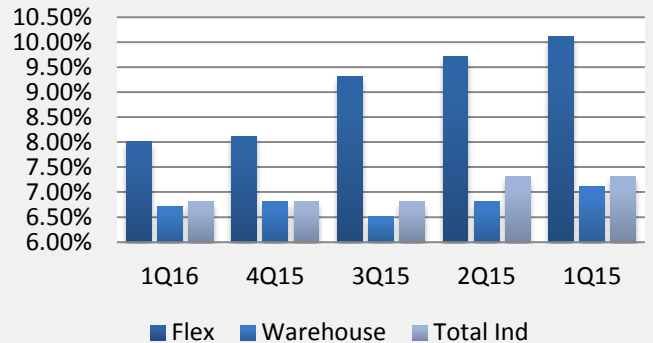
Rental Rates

- Rental rates ended the 1st Quarter at \$4.17 psf; a decrease from 4th Quarter at \$4.18.
- Average quoted rate in the flex sector was \$8.72 psf, while warehouse rates stood at \$3.90 psf at the end of 1st Quarter.

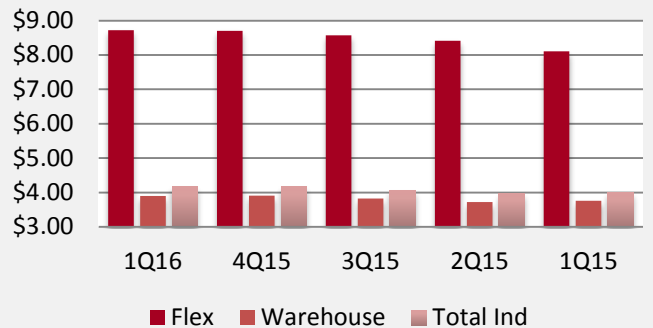
New Construction

- 3,904,153 square feet of industrial space was still under construction at the end of 1st Quarter.
- During 1st Quarter, no new space was completed in the St. Louis market area.

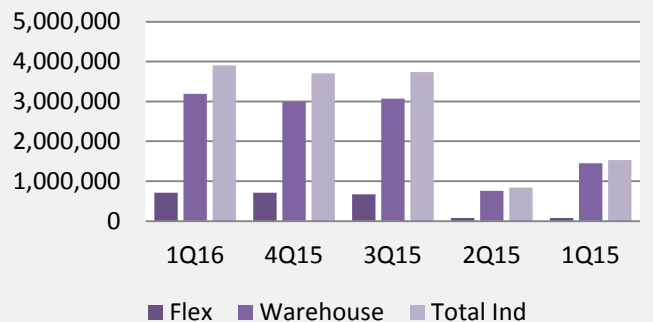
Vacancy Rates



Rental Rates



New Construction



1Q Industrial Transactions

Building / Address	Tenant / Buyer	Sale / Lease	Size (SF)	Submarket
1644 Lotsie Blvd.	Operation Food Search, Inc.	Sale	67,266	Westport Ind
1656 Headland Drive	D & K Leasing, LLC	Sale	10,764	West County Ind
578 Rudder Road	Palmer Johnson Power, LLC	Lease	19,745	West County Ind
1693-1695 Hanley Road	Paul J. O'Brien Family LP.	Sale	24,000	Hanley Ind
140 Long Road	High Energy Fitness, LTD.	Lease	12,943	Earth City Ind
11631 Fairgrove Industrial	SR Holdings, LLC	Sale	50,675	Westport Ind.

Methodology | Definitions | Submarket Map

Absorption (Net)

The change in occupied space in a given time period.

Available Square Footage

Net rentable area considered available for lease; excludes sublease space.

Average Asking Rental Rate

Rental rate as quoted from each building's owner / management company. For office space, a full service rate was requested; for retail, a triple net rate requested; for industrial, a NN basis.

Building Class

Class A Product is office space of steel and concrete construction, built after 1980, quality tenants, excellent amenities & premium rates. Class B product is office space built after 1980, fair to good finishes & wide range of tenants.

Direct Vacancy

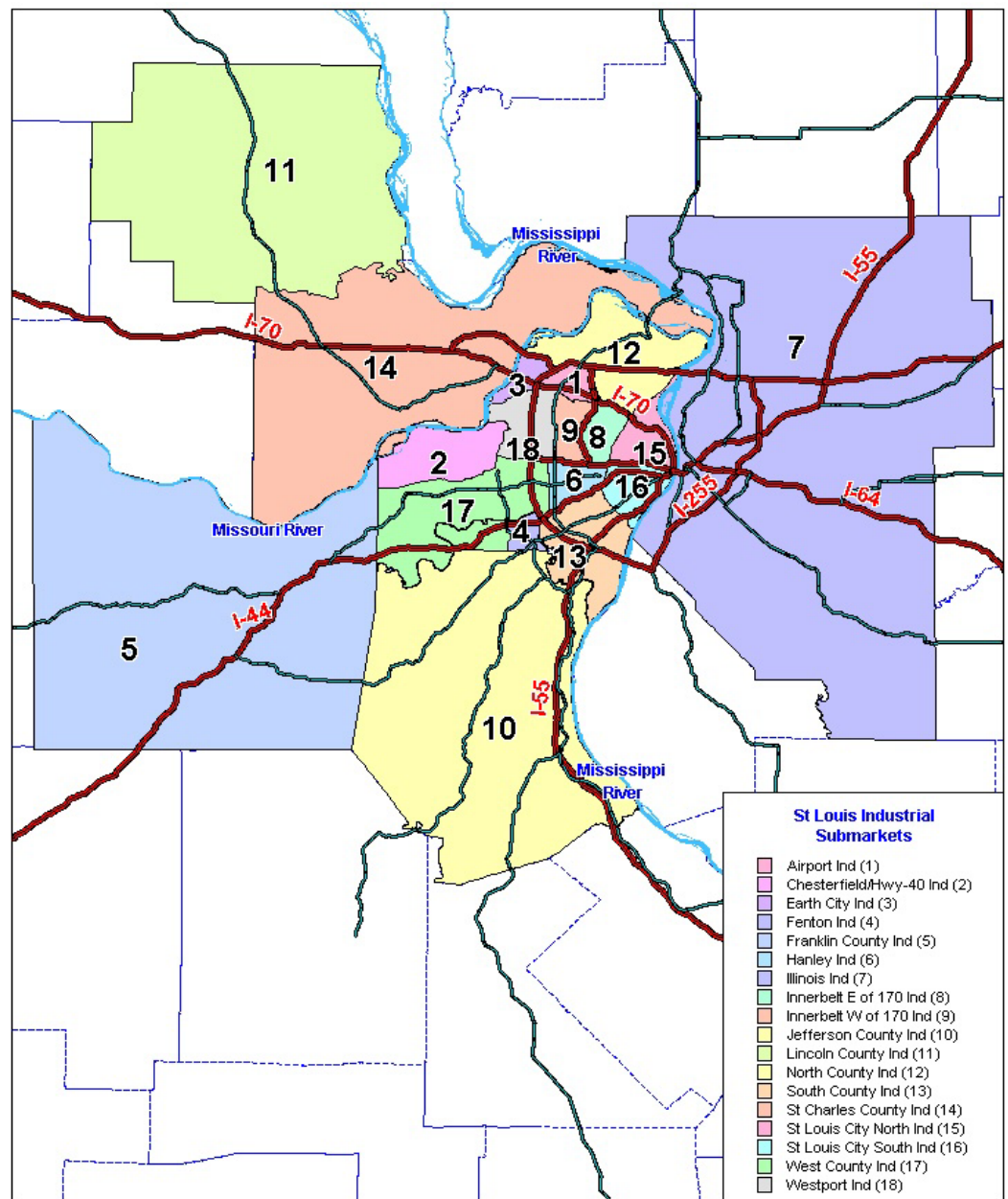
Space currently available for lease directly with the landlord or building owner.

Market Size

Includes all existing and under construction office buildings (office, office condo, office loft, office medical, all classes and all sizes, both multi-tenant and single-tenant, including owner-occupied buildings) within each market.

Overall Vacancy

All physically unoccupied lease space, either direct or sublease.



SF/PSF

Square foot/per square foot, used as a unit of measurement.

Sublease

Arrangement in which a tenant leases rental property to another, and the tenant becomes the landlord to the subtenant.

Sublease Space

Total square footage being marketed for lease by the tenant.

Sublease Vacancy

Space currently available in the market for sublease with an existing tenant within a building acting as the landlord.

1Q'16

St. Louis Industrial Market Report

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