

MARKET FUNDAMENTALS

	YOY Chg	Outlook
18.8% Vacancy Rate	▲	▼
-69.0K YTD Net Absorption, SF	▲	▲
\$21.54 Asking Rent, PSF (Overall, All Property Classes)	▼	▬

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.4M St. Louis Employment	▲	▬
3.7% St. Louis Unemployment Rate	▼	▲
4.2% U.S. Unemployment Rate Source: BLS	▼	▲

ECONOMY

St. Louis closed Q3 2026 at an unemployment rate of 3.7%, marking a 40-basis-point (bps) decline quarter-over-quarter (QOQ). The market's labor pool remained at approximately 1.4 million individuals and is not expected to fluctuate over the short term. The U.S. unemployment rate also recorded a decline of 10-bps year-over-year (YOY), closing Q3 at 4.2%. For the first time in over three years, the Federal Reserve raised interest rates to a range of 3.75% to 4.0% and will consider further increases to combat the rising costs of many goods and services.

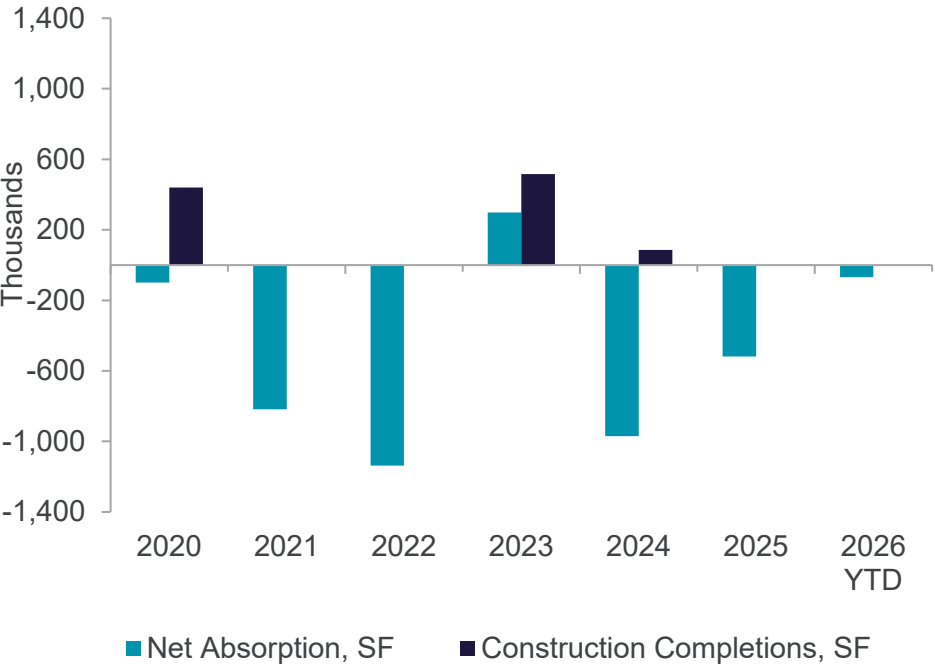
SUPPLY AND DEMAND: VACANCY DROPS, STEADY DEMAND CONTINUES

The St. Louis office market closed Q3 2026 with an overall vacancy rate of 18.8%, marking a 30-bps decline QOQ. While overall vacancy has remained above the 18.0% mark since Q2 2025, four of the seven office submarkets in St. Louis have recorded YOY vacancy decreases at the close of Q3 2026. The market recorded its first quarter of positive net absorption since Q2 2024, closing Q3 2026 with a quarterly net absorption total of 150,222 square feet (sf). This occupancy gain was largely driven by the Clayton and West County submarkets, which recorded combined net absorption of more than 265,000 sf. Strong leasing fundamentals led to sustained activity throughout Q3 2026, with the market reporting 403,477 sf of new deal velocity during the quarter. This brings St. Louis' annual new leasing total to just under 1.5 million square feet (msf). The market has also recorded 729,000 sf of renewal activity year-to-date (YTD), 88.0% of which is in Class A space. While St. Louis office absorption totaled negative 68,913 sf YTD through Q3 2026, more than 350,000 sf of leased space is expected to be occupied by the end of the year.

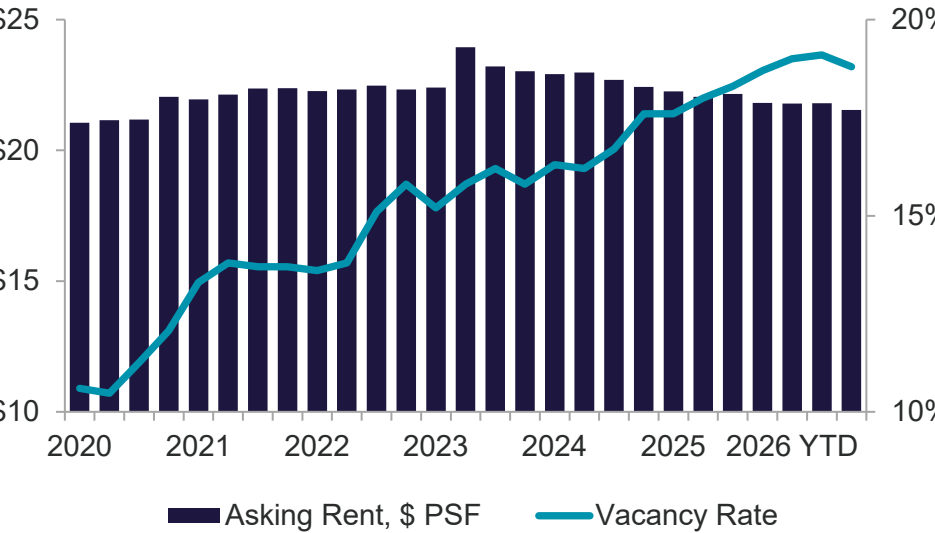
PRICING: ASKING RENTS RECORD QOQ DECLINE

Overall average gross asking rents in St. Louis closed Q3 2026 at \$21.54 per-square-foot (psf), a decrease of \$0.26 psf QOQ. Asking rents in the market have remained below \$22.00 psf for four straight quarters and last surpassed \$23.00 psf in Q4 2023. The Class A and Class B sectors both reported a QOQ decline in asking rents during the quarter, with Class A asking rents decreasing by \$0.20 psf to \$23.48 psf and Class B rents declining by \$0.11 psf to \$18.11 psf.

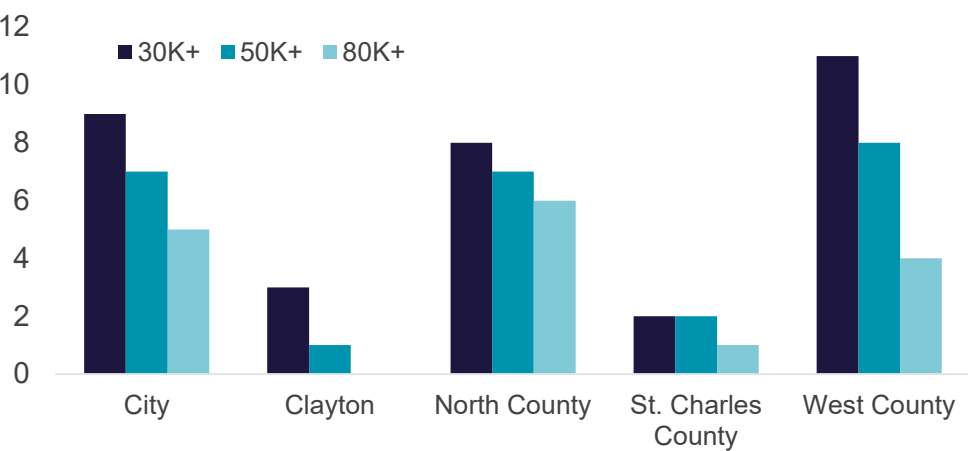
SPACE DEMAND / DELIVERIES



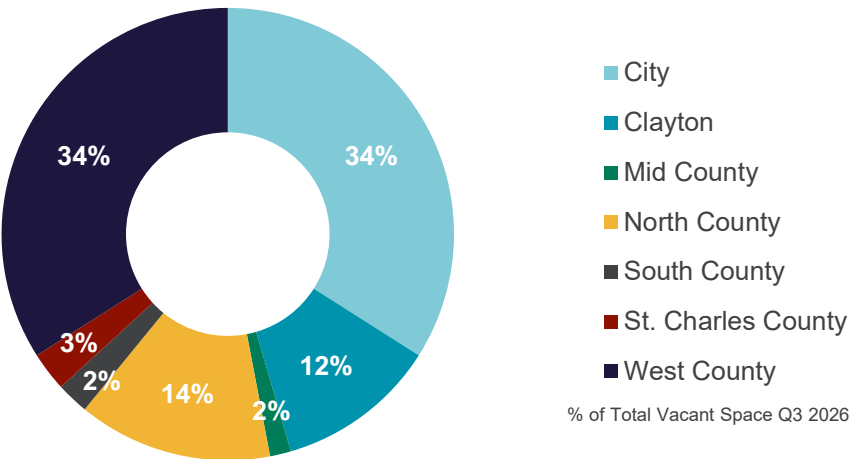
OVERALL VACANCY & ASKING RENT



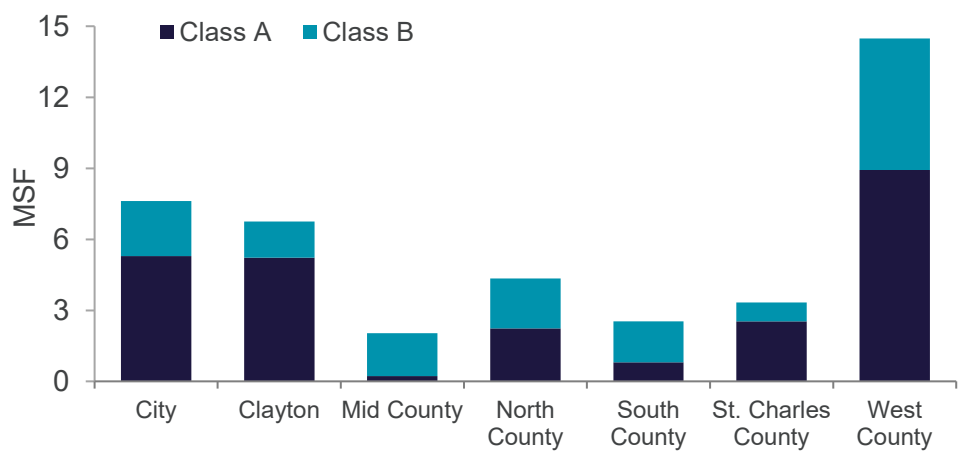
CLASS A CONTIGUOUS SPACE



VACANT SPACE BY SUBMARKET



OCCUPIED SPACE



WEST COUNTY

West County closed Q3 2026 at an overall vacancy rate of 18.2%, marking a QOQ decline of 110 bps. This decrease is the largest the submarket has recorded since Q4 2021, when vacancy fell 100 bps, from 13.8% to 12.8%. West County led the region in quarterly absorption with 196,650 sf of positive occupancy movement. This accounts for approximately 71.0% of the region's positive absorption reported in Q3 2026. The submarket also recorded 160,583 sf of new leasing activity during the quarter. Though this is West County's lowest quarter of new deal velocity in 2026, the submarket leads the region in annual leasing activity with a total of 637,352 sf newly leased, just under half of the market's recorded activity. Overall average asking rents in West County increased by \$0.25 psf QOQ, closing Q3 2026 at \$24.57 psf.

CLAYTON

As in West County, overall vacancy in Clayton declined notably in Q3 2026, closing the quarter at 14.0%, down 80 bps QOQ. The submarket was one of three to record positive quarterly absorption, reporting 69,192 sf of positive occupancy movement in Q3 2026. The third quarter also marked Clayton's heaviest quarter of new leasing activity for the year with 138,878 sf newly leased, lending to an annual total of 339,203 sf. This amounts to almost a quarter of the region's annual new leasing within a submarket that contains just 15.5% of the market's total inventory. As of Q3 2026, there was just under 200,000 sf of product in Clayton that is leased and awaiting occupancy by the end of 2026, which is expected to lead to a further decrease in vacancy. Overall asking rents in Clayton fell below \$29.00 psf for the first time since Q1 2023, closing Q3 2026 at \$28.58 psf.

ST. LOUIS CITY

The St. Louis City submarket recorded a slight uptick in vacancy throughout Q3 2026, closing the quarter at 29.8%, a 30-bps increase QOQ. While Class A vacancy in the City recorded no change QOQ, vacancy in the Class B sector increased by 90 bps to 33.9%. This rise was fueled by 28,493 sf of negative occupancy movement recorded in Q3. The City has reported negative quarterly absorption for six straight quarters, mainly due to tenants exiting the CBD. However, the City continues to report a healthy amount of renewal activity, with 80,515 sf of renewals recorded in Q3 2026 and an annual total of 285,074 sf. Approximately 88.0% of that activity has been focused in the CBD. The City has also recorded a YTD new leasing total of 184,303 sf. Both overall and Class A asking rents in the submarket recorded no change QOQ, closing Q3 2026 at \$18.21 psf and \$19.63 psf, respectively, while Class B asking rents remained relatively stable at \$15.37 psf.

OUTLOOK

- Flight-to-quality will continue to impact the St. Louis market despite economic headwinds.
- Buildings with some combination of modern buildout and sought-after amenities will continue to see an outsized share of leasing activity as the market continues to trend towards a higher quality, more flexible workplace.
- Hybrid/remote work strategies will continue to impact the market, but return-to-office initiatives are expected to increase.
- Increased Class A demand could spur activity in suburban office centers with ample large blocks of contiguous space and proximity to workforce.

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY** (SF)	UNDER CONSTRUCTION (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
St. Louis City	10,840,255	3,185,348	41,409	29.8%	-28,493	-134,947	184,303	0	\$18.21	\$19.63
CBD (Downtown)	9,667,707	3,070,666	28,409	32.1%	-27,540	-83,480	158,311	0	\$17.86	\$19.17
Clayton	7,843,619	1,070,048	24,420	14.0%	69,192	60,410	339,203	0	\$28.58	\$31.87
Mid County	2,177,117	109,013	31,135	6.4%	-10,512	87,767	30,741	0	\$20.64	\$24.00
North County	5,663,978	1,319,473	0	23.3%	10,522	-14,486	138,866	0	\$18.29	\$19.52
South County	2,761,678	222,045	0	8.0%	-7,944	57,834	34,803	0	\$23.69	\$26.28
St. Charles	3,596,962	267,984	0	7.5%	-79,193	-33,009	93,026	0	\$16.83	\$25.80
West County	17,702,776	3,089,437	135,965	18.2%	196,650	-92,482	637,352	0	\$24.57	\$26.92
ST. LOUIS TOTALS	50,586,385	9,263,348	232,929	18.8%	150,222	-68,913	1,458,294	0	\$21.54	\$23.48

CLASS	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY** (SF)	UNDER CONSTRUCTION (SF)	DIRECT AVG ASKING RENT*	OVERALL AVG ASKING RENT*
CLASS A	31,120,372	5,781,619	113,658	18.9%	239,194	115,250	944,547	0	\$23.46	\$23.48
CLASS B	19,466,013	3,481,729	119,271	18.5%	-88,972	-184,163	513,747	0	\$18.09	\$18.11
ST. LOUIS TOTALS	50,586,385	9,263,348	232,929	18.8%	150,222	-68,913	1,458,294	0	\$21.50	\$21.54

*Rental rates reflect gross asking \$psf/year and are weighted on vacant space
***YTD Leasing Activity does not match national stats

KEY LEASE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
1285 Fern Ridge Pkwy.	Creve Coeur	General Services Administration	32,957	New
701 Market St.	Downtown	East-West Gateway	25,996	New
100 S. Fourth St.	Downtown	Deloitte	22,800	Renewal**
2352 Market St.	Downtown	Tiber Health	16,962	New
1 CityPlace Dr.	Creve Coeur	TEKsystems	11,988	Renewal**

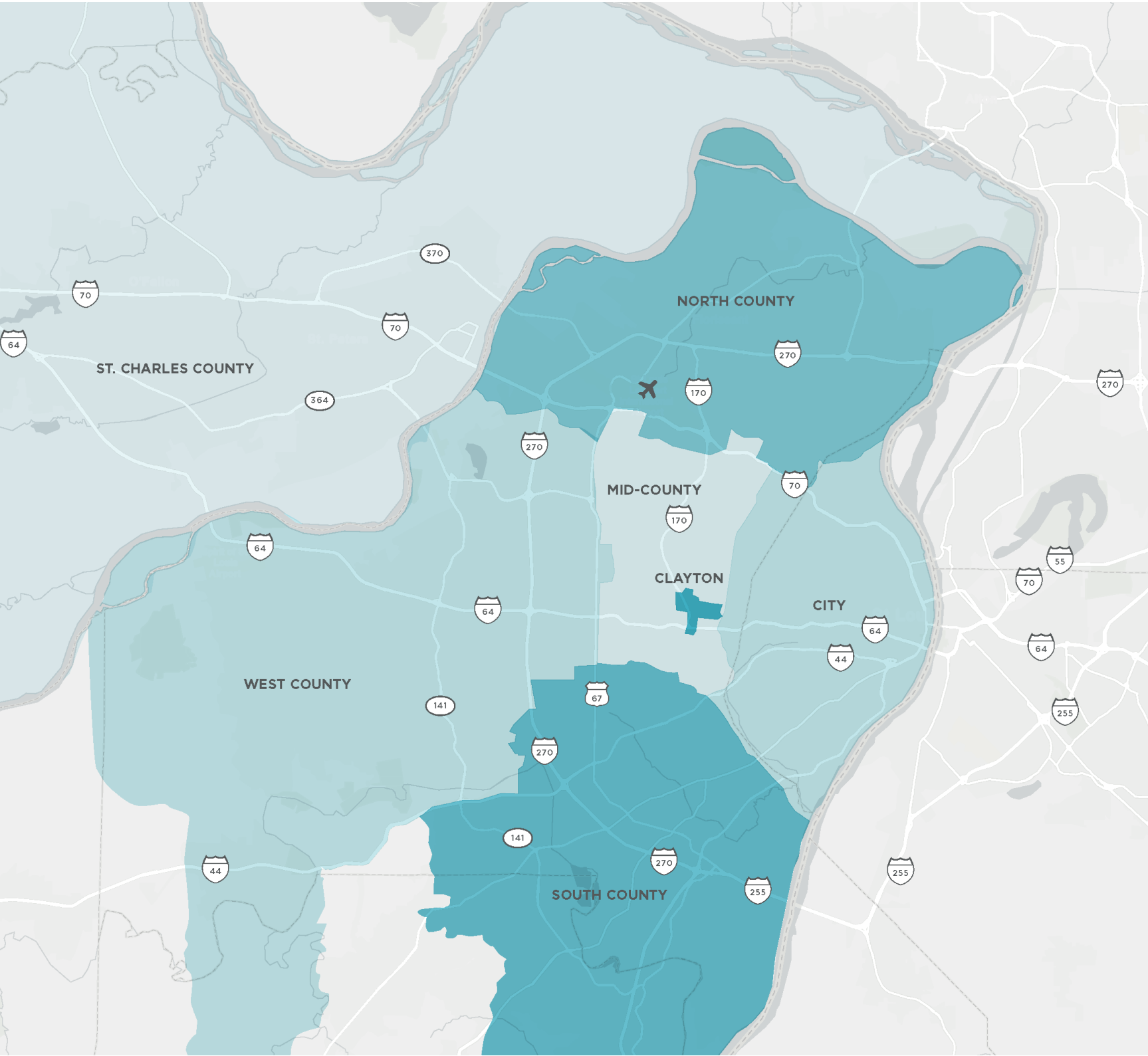
**Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	SELLER BUYER	SF	PRICE \$ PSF
633 Spirit Dr.	Chesterfield	Mohela R.G. Brinkmann Company	82,893	\$10.0M \$121
5555 Winghaven Blvd.	St. Charles	Fesler Enterprises Inc. Mohela	73,840	\$7.7M \$104
12837 Flushing Meadows Dr.	Des Peres	The University of Missouri St. Louis MMPR Real Estate, LLC	28,156	\$3.4M \$121

Source: C&W Research, CoStar, RCA

OFFICE SUBMARKETS



LUKE PARTRIDGE
Research Manager
Tel: +1 314 833 7172
luke.partridge@cushwake.com

MEGAN PEARSON
Research Analyst
Tel: +1 314 530 5154
megan.pearson@cushwake.com

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