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Analyzing Industrial Rent Growth in St. Louis

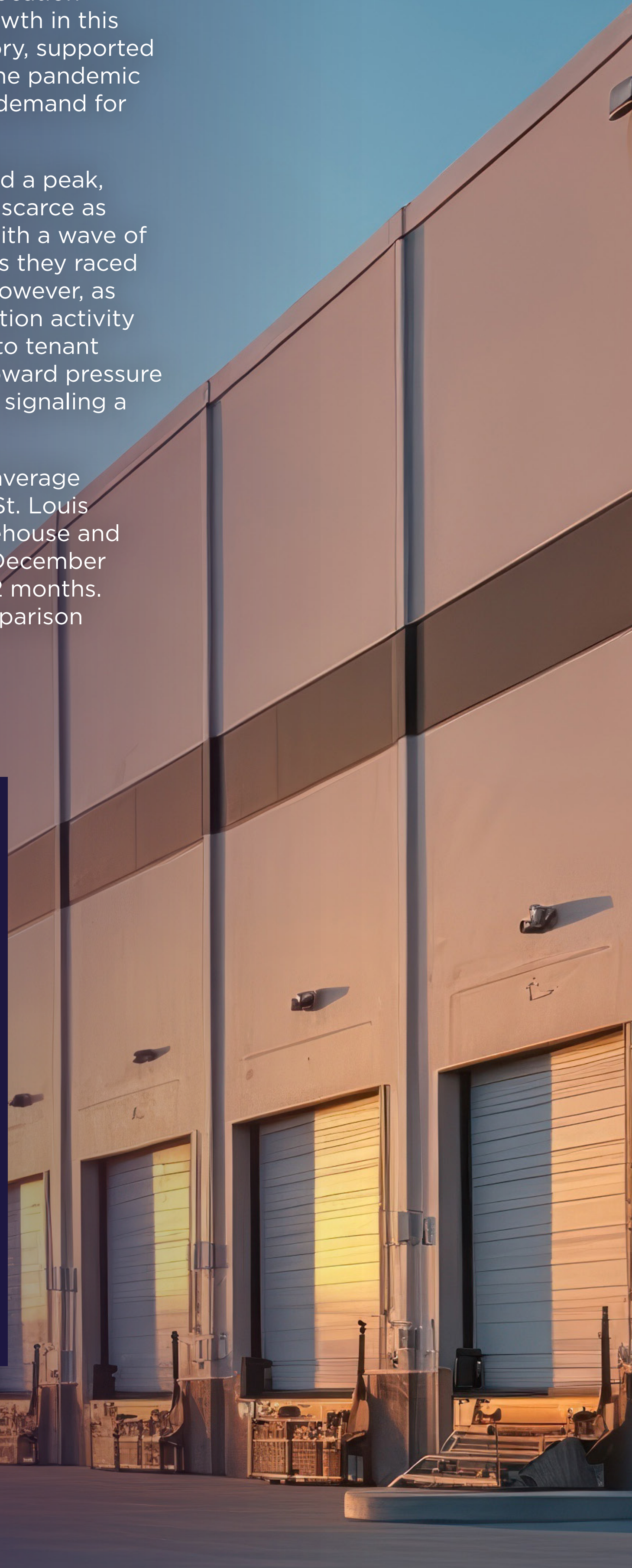
August 2026

Introduction

The St. Louis industrial market has long been anchored by warehouse and distribution facilities, a reflection of the region's central location and deeply-rooted logistics infrastructure. For years, rent growth in this segment followed a relatively steady and predictable trajectory, supported by consistent yet moderate demand. However, the onset of the pandemic set off a surge in e-commerce activity that rapidly reshaped demand for industrial space.

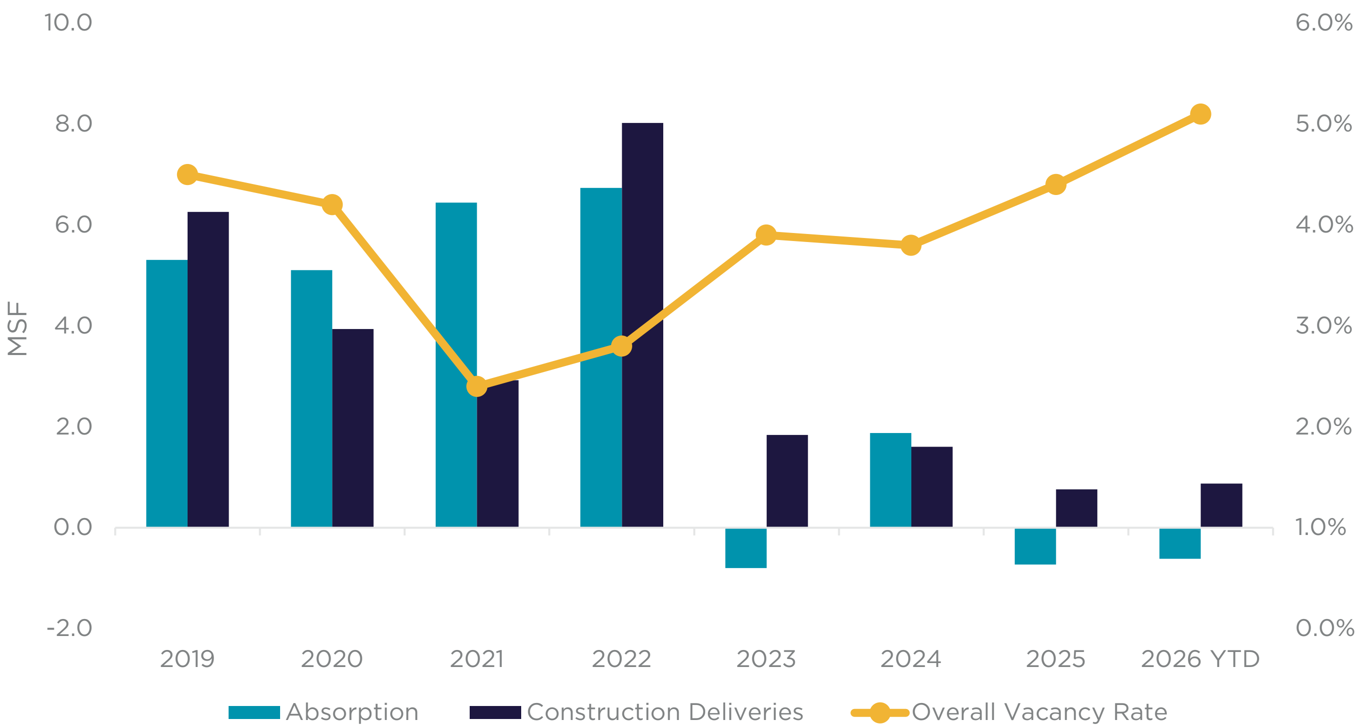
By the end of 2021, industrial new leasing activity had reached a peak, and availabilities in the St. Louis market became increasingly scarce as users competed for limited options. Developers responded with a wave of new construction, driving sharp acceleration in rent growth as they raced to deliver much-needed warehouse and distribution space. However, as the market moved into 2023 and began to stabilize, construction activity slowed and the market recorded an increase in vacancy due to tenant right-sizing. Since then, the added supply began to soften upward pressure on rents, leading to more moderately-paced rent growth and signaling a shift toward a more balanced market environment.

This study analyzes rent growth metrics including weighted average net effective rents and weighted average escalations across St. Louis since 2019. The analysis includes full lease comps within warehouse and distribution facilities tracked by Cushman & Wakefield as of December 2025, excluding subleases and any lease with a term under 12 months. Leases tracked throughout 2026 are excluded to ensure comparison across full years.



St. Louis recorded sharp growth in effective rents following the pandemic as a surge in e-commerce activity pushed availabilities to historic lows, sparking a wave of new construction.

ST. LOUIS INDUSTRIAL FUNDAMENTALS



Source: Cushman & Wakefield Research

Tenant right-sizing led to an increase in vacancy, which rose from 2.4% in Q4 2021 to 4.4% by Q4 2025.

Absorption across the St. Louis industrial sector accelerated throughout 2020 and 2021, as the market recorded 11.5 million square feet (msf) of positive occupancy movement during this two-year period. The market also recorded 11.3 msf of new leasing activity in 2021 alone. Driven by pandemic-related demand, this leasing momentum was led by the warehouse and distribution sector, which accounted for approximately 92.0% of this activity.

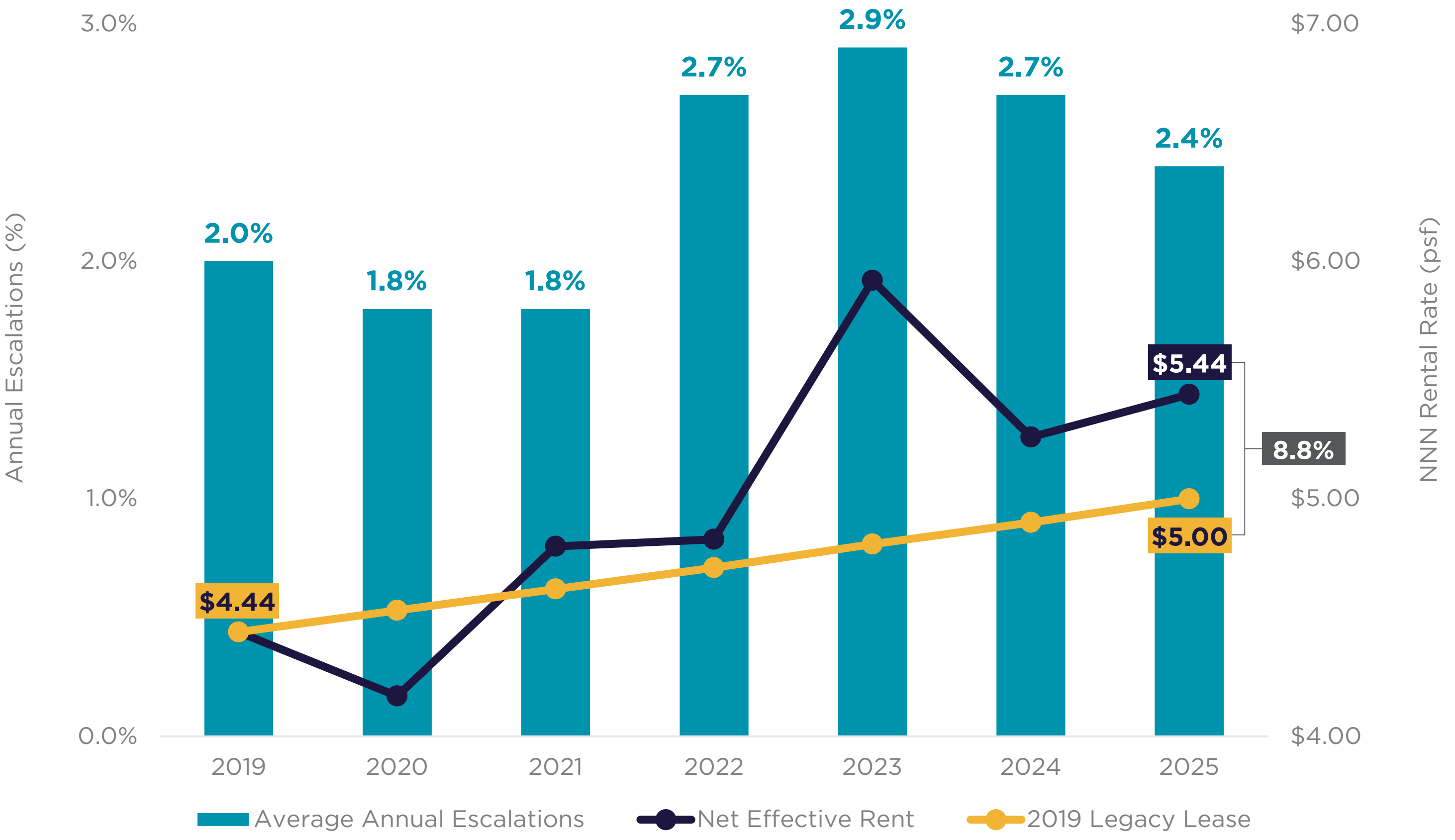
In response to this increased demand, industrial construction began to ramp up in 2022, with the market delivering more than 8.0 msf of new product during that year. Like many markets across the United States, supply-chain disruptions impacted this surge in new development, making it more difficult for developers to secure materials and services to complete new properties. This led to an increase in overall construction costs, which subsequently played a role in lease negotiations on newly-delivered space, as occupiers quickly moved to secure spots in these highly sought-after modern facilities.

Market dynamics began to shift after 2022 as tenants reevaluated their space needs in the wake of the pandemic, seeking opportunities to right-size or consolidate. As a result, sublease availability increased dramatically, rising from 375,000 square feet (sf) in Q1 2022 to 3.0 msf by Q4 2025. Overall vacancy has remained elevated since then, increasing to 5.1% as of Q2 2026. Despite the uptick in available space, rent fundamentals have remained resilient as the surge of newly delivered inventory reset market pricing expectations, driving both asking and effective rents higher across much of the market.

Overall average net asking rents increased to a record high of $6.59 per square foot (psf) in Q3 2022. This rental shift remains prevalent, as overall average asking rents in the warehouse and distribution sector currently sit at $5.31 psf. This figure increases to $5.77 psf in warehouse and distribution space built in 2020 or after.

Despite fluctuations, effective rents in St. Louis far exceed legacy lease metrics, rising by 23.0% since 2019.

ST. LOUIS EFFECTIVE RENT & ANNUAL ESCALATIONS



Source: Cushman & Wakefield Research

Effective rents* on deals signed across St. Louis warehouse and distribution facilities fluctuated from 2019 through 2022 and eventually peaked in 2023 to $5.92 psf with 2.9% annual escalations. As of Q4 2025, effective rents in this sector were recorded at $5.44 psf with 2.4% annual escalations. Comparatively, the average lease signed in 2019 with an effective rent of $4.44 psf and 2.0% annual escalations would only reach $5.00 psf in 2025, remaining well below prevailing market rents.

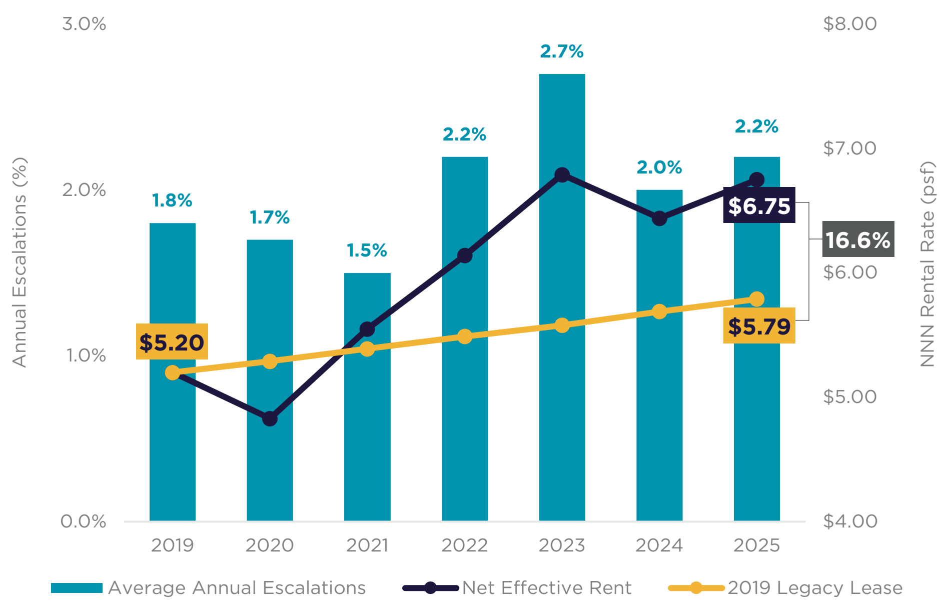
Effective rents recorded the strongest growth from 2022 to 2023 due to the influx of new development. Though still historically elevated, effective rents and annual escalations have since softened due to limited new speculative development and a slight slowdown in demand.

**Effective rents account for starting rent, rental abatement, lease term, and annual escalations*

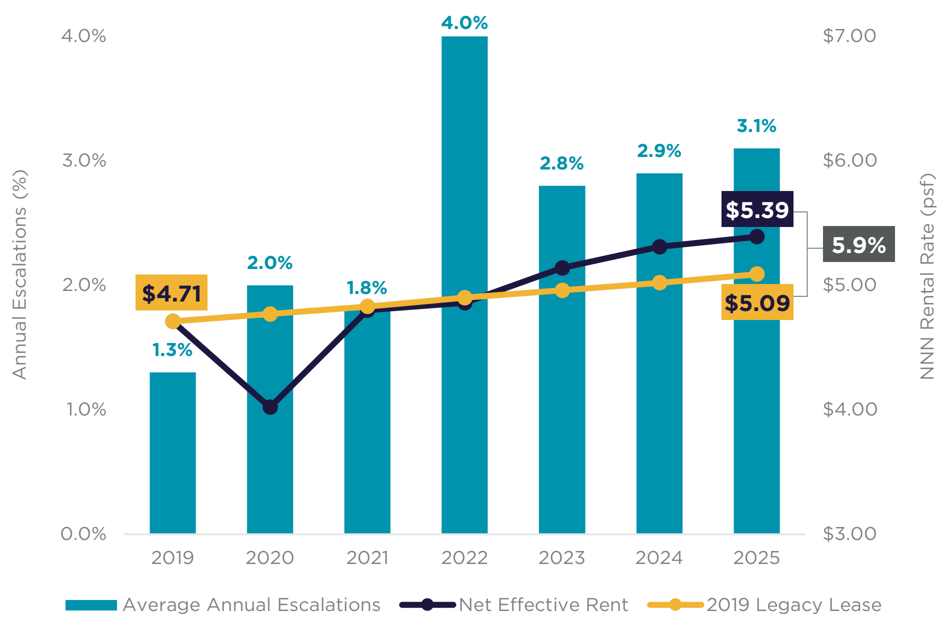
BY TRANSACTION SIZE

In 2025, effective rents across each transaction size range surpassed 2019 legacy lease metrics by at least 5.0%. The smallest gap of $0.30 psf fell within the 200,000 to 499,999-sf size range, though these leases also have the longest average lease term at seven years. Of the 21 speculative warehouse and distribution facilities delivered in 2022, nine fall into the same 200,000 to 499,999-sf size range. The largest difference is within leases greater than 500,000 sf with an $0.80 psf delta.

<50,000 SF



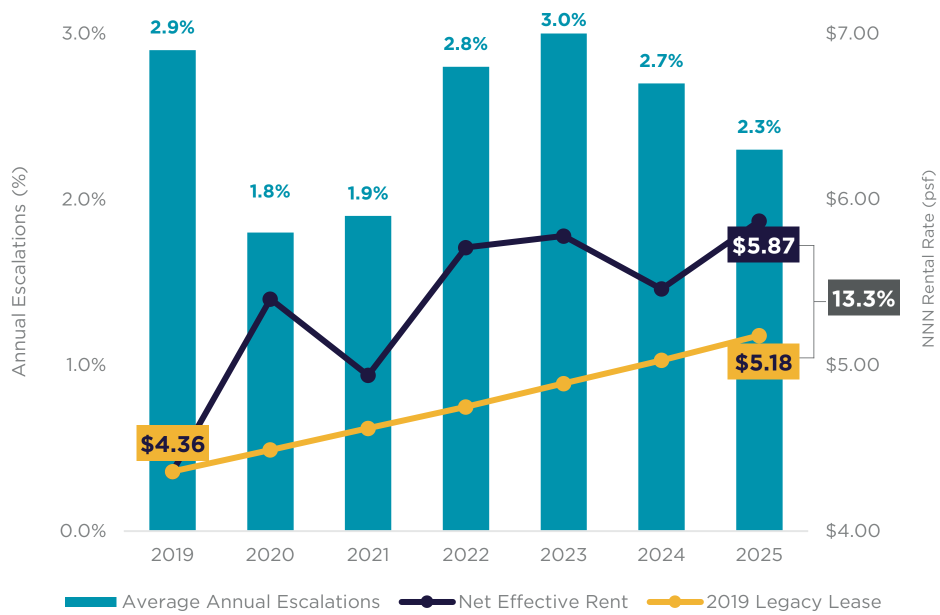
200,000 – 499,999 SF



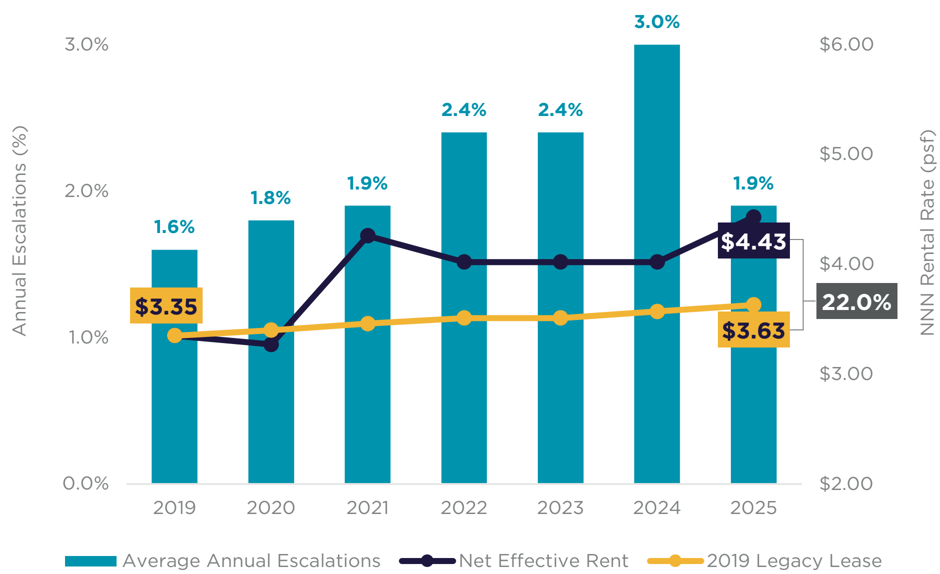
Source: Cushman & Wakefield Research

Effective rents in 2025 exceed 2019 rents by at least $1.00 psf in three of four size ranges, with leases between 200,000 and 499,999 sf as the outlier.

50,000 – 199,999 SF



500,000+ SF



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OUTLOOK

Since 2019, industrial effective rents and annual escalations across the St. Louis market have reached record highs. Though still historically elevated, both continue to stabilize from the influx of new supply brought to market in response to the pandemic.

Along with steady tenant demand, a slowdown in speculative development is expected to keep the market's vacancy levels healthy over the short-term. Additionally, as some occupiers continue to right-size their footprints, more opportunities may emerge for other tenants to upgrade space in more modern and cost-effective facilities, despite the increasing rent dynamics.

The current market environment presents opportunities for strategic negotiations that can reduce tenant expenses through concessions and flexible deal structures. These evolving dynamics are establishing a new foundation for industrial leasing across the St. Louis metro area.

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ABOUT CUSHMAN & WAKEFIELD

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for occupiers and investors with approximately 53,000 employees in over 350 offices and nearly 60 countries. In 2025, the firm reported revenue of $10.3 billion across its core service lines of Services, Leasing, Capital markets, and Valuation and other. Built around the belief that *Better never settles*, the firm receives numerous industry and business accolades for its award-winning culture. For additional information, visit www.cushmanwakefield.com.