

Yardi® Matrix

St. Louis' **Stable Year**

Multifamily Report Winter 2018

**Deliveries Reach
Cycle High**

**Unemployment
Falls to Record Low**

**Investors Eye
Outsize Yields**

ST. LOUIS MULTIFAMILY

Yardi® Matrix

Market Analysis

Winter 2018

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Record Supply Moderates Rent Growth

St. Louis' job gains are somewhat middling, but a below-trend unemployment rate means that housing continues to be in high demand. The metro added 1,800 units in 2017, marking a new cycle peak. As a result of strong supply growth, occupancy for stabilized properties dropped to 94.5% as of December. Although rents are still rising, the average rate was still below the \$900 mark and about \$500 behind the U.S. average.

The metro added 11,300 jobs in the past year, spurred by growth in education and health services. On the other hand, the pullback of the public sector persisted, due to policies that maintain a focus on controlling the amount of statewide government spending in Missouri. Centene and Pfizer led the health services market by expanding their footprints in the Clayton and Chesterfield submarkets, while the presence of companies like Boeing, Square and Microsoft continues to underpin the city's nascent technology sector.

Although transaction volume dropped by 35% in 2017, as compared to the 2016 cycle high, per-unit prices have risen, reaching \$109,635. Development activity should remain strong in the metro, as reflected by the 3,300 units under construction. Following 2017's peak, we expect the addition of 1,700 units by year-end. With new supply continuing to dilute housing stock, rent growth will likely stay moderate, at about 2.5% in 2018.

Recent St. Louis Transactions

The Alinea



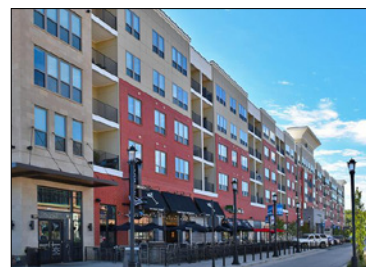
City: St. Louis
Buyer: Strategic Properties of North America
Purchase Price: \$60 MM
Price per Unit: \$238,000

Allegro at the Boulevard



City: St. Louis
Buyer: Edwards Realty Co.
Purchase Price: \$58 MM
Price per Unit: \$783,783

Residences at Streets of St. Charles



City: St. Charles, Mo.
Buyer: Trilogy Real Estate Group
Purchase Price: \$60 MM
Price per Unit: \$192,556

Haven on the Lake



City: Maryland Heights, Mo.
Buyer: FPA Multifamily
Purchase Price: \$48 MM
Price per Unit: \$90,340