

# St. Louis 1Q 2024 Market Report

## MARKET SNAPSHOT



AVERAGE RENT  
**\$1,197 1Q 2024**



1Q 2024 RENT CHANGE  
**1.6%**



OCCUPANCY RATE  
**91.0% 1Q 2024**



ANNUAL OCCUPANCY CHANGE  
**-140 BASIS POINTS**



TOTAL OPERATING EXPENSE ANNUAL CHANGE  
**8.7% (FEB 2024)**



NET OPERATING INCOME ANNUAL CHANGE  
**1.4% (FEB 2024)**

\* Please note that these employment figures have been adjusted for seasonal variations and are based on Moody's Analytics forecast as of January 1, 2024.

\*\* Please note that these unemployment rates are estimates that have not been adjusted for seasonal variations, and they are derived from Moody's Analytics forecast as of January 1, 2024.

## KEY TAKEAWAYS

- **Demand Hotspots:** The first quarter saw the St. Charles County and Downtown St. Louis submarkets leading in demand, together accounting for nearly all of the absorbed units in the first quarter.
- **Supply/Demand Gap Narrowing:** The St. Louis market is moving towards equilibrium between supply and demand, distinguishing itself from other markets where the influx of new units significantly overshadows demand. In the first quarter of 2024, St. Louis saw a modest surplus of just 150 units, with new supply slightly outpacing demand.
- **Rental Growth Performance:** With a 1.6% annual rental growth in the first quarter, St. Louis's performance, while below its historical averages, stands out positively in the broader context. It ranks as the fifteenth highest in terms of annual rent change rate among the top 50 largest U.S. multifamily markets.

## Supply & Demand

1Q 2024

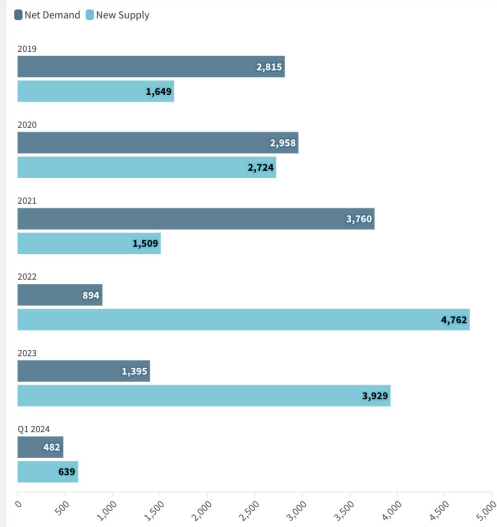


**482 Units**  
QUARTERLY DEMAND



**639 Units**  
QUARTERLY COMPLETIONS

## Annual Demand Vs Completions



• A Flourish chart

### Demand Trends

In the first quarter of 2024, the St. Louis apartment market gave property owners and operators reasons for cautious optimism, as the trend of positive apartment absorption extended into its fourth consecutive quarter. A total of 482 units were absorbed during this period, with ten out of twenty submarkets showing positive absorption. Notably, the St. Charles County and Downtown St. Louis submarkets were standout performers, together accounting for a significant 98.7% of the quarter's total absorbed units.

### Construction Trends

During the first quarter of 2024, St. Louis's apartment inventory experienced a net gain of 639 units, exclusively driven by additions in Downtown St. Louis and Mid County. Over the past year, St. Charles County has played a significant role in expanding the metro area's inventory, adding 990 units, while Downtown St. Louis also made a considerable contribution by adding 963 units in the same period.

# Occupancy & Rent Trends

## RENT VS OWN MONTHLY PAYMENT



A Flourish chart

### OCCUPANCY TRENDS

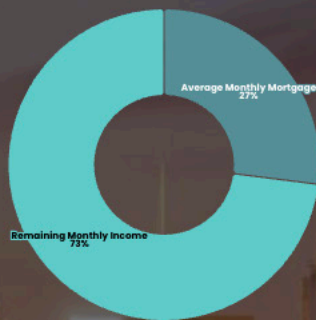
In the year leading to March 2024, the St. Louis apartment market experienced a 140-basis point drop in average occupancy levels, landing at 91.0%, primarily due to an oversupply issue. However, the decline in occupancy rates has decelerated in the most recent quarter. Despite this overall trend, half of St. Louis's twenty submarkets reported occupancy rates above 94.0%, significantly exceeding the metro's three-year average of 92.3%. Notably, the Franklin County submarket achieved the highest occupancy rate at 97.0%. Within this group, only North St. Louis City and St. Charles County saw increases in occupancy over the quarter.

### RENT TRENDS

In the first quarter of 2024, St. Louis saw a 1.6% increase in average effective rents for new leases compared to the previous year, with rents reaching \$1,197 per month. While St. Louis' 1.6% rent increase fell short of its historical average, it nearly doubled the national average increase, which stood at 0.8%. Given that the first quarter is usually a slower leasing period in St. Louis, a more significant growth in rent rates is expected as the market enters the traditionally stronger spring leasing season. By the end of 2024, rents are projected to rise by 2.6% year-over-year, supported by stabilizing occupancy rates and a decreasing development pipeline.

Analysis of submarket performance revealed that more affordable areas such as Bond County, Outlying Madison County, and Crawford County saw significant annual rent increases ranging from 5.2% to 13.9%. In contrast, pricier submarkets like Central West End, where average rents nearly reached \$1,400, experienced more modest rent changes at 0.7%. However, in sought-after areas like Mid County and St. Charles County, rent performed slightly better than the metro-wide average.

MONTHLY MORTGAGE AS A SHARE OF INCOME



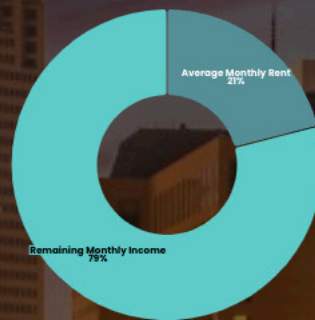
A Flourish chart



**\$1,539**

Average Monthly Mortgage Payment

MONTHLY RENT AS A SHARE OF INCOME



A Flourish chart



**\$1,197**

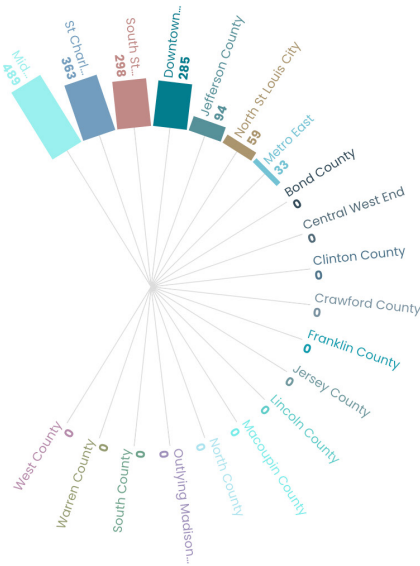
Average Monthly Rent

# Submarket Rent & Occupancy

Submarket	Q1 2024 Occupancy	Annual Occupancy Change	Q1 2024 Effective Annual Rent Growth	Q1 2024 Effective Rent/Unit
Bond County	93%	-0.8%	13.9%	\$690
Central West End	89.9%	-0.9%	0.7%	\$1,397
Clinton County	93.5%	-1%	2.6%	\$799
Crawford County	95.4%	-0.8%	5.2%	\$665
Downtown Saint Louis	83.9%	-1.9%	0.8%	\$1,205
Franklin County	97%	-1.2%	2%	\$814
Jefferson County	95.5%	-1%	3.4%	\$1,114
Jersey County	91.5%	-0.5%	1.3%	\$408
Lincoln County	94.4%	-1%	3.4%	\$979
Macoupin County	90.8%	-1.2%	1.3%	\$506
Metro East	94.5%	-1.1%	4.2%	\$1,136
Mid County	93.9%	-1.1%	1.8%	\$1,307
North County	81.3%	-2.8%	4.5%	\$872
North St Louis City	83.9%	1.2%	1.7%	\$693
Outlying Madison County	95.4%	-0.2%	8%	\$869
South County	94.2%	-1.2%	2.5%	\$1,023
South St Louis City	89.1%	-2%	-1.4%	\$1,119
St Charles County	94.8%	-0.7%	2.3%	\$1,381
Warren County	96.5%	-0.2%	4%	\$1,059
West County	94.1%	-1.9%	2.5%	\$1,443

# Submarket Construction Pipeline

Units UC Delivering In the Next 4 Quarter



• A Flourish hierarchy chart

Submarket	Units UC Delivering in the Next 4 Quarters	Under Construction Units	% of Total Market Wide UC
Bond County	0	0	0%
Central West End	0	0	0%
Clinton County	0	0	0%
Crawford County	0	0	0%
Downtown Saint Louis	285	330	14.7%
Franklin County	0	0	0%
Jefferson County	94	96	4.3%
Jersey County	0	0	0%
Lincoln County	0	0	0%
Maconupin County	0	0	0%
Metro East	33	38	1.7%
Mid County	489	768	34.3%
North County	0	0	0%
North St. Louis City	59	60	2.7%
Outlying Madison County	0	0	0%
South County	0	0	0%
South St. Louis City	298	330	14.7%
St Charles County	363	394	17.6%
Warren County	0	0	0%
West County	0	226	10.1%
Total	1,621	2,242	100%

• A Flourish table

## Sales Activity

As of March 2024, the total value of individual conventional multifamily transactions in St. Louis, MO, reached approximately \$59.6 million from 6 property exchanges, reflecting a substantial 78.2% decrease from the previous year's activity. Historically, both private and institutional investors have been pivotal in St. Louis's acquisition landscape. However, this year has seen a shift, with only private investors actively participating in sales transactions.

### Most Active Buyers (Previous 24 Months)

- Beitel Group
- Blue Magma Residential
- Silverstone Management
- Passco Companies
- MLG Capital

### Most Active Sellers (Previous 24 Months)

- Mills Properties
- Berkshire Income Realty
- TWG Development LLC
- Professional Equities
- Invesco Real Estate

\*Most Active Buyers and Sellers are based on the sale volume of apartment units.

### TRANSACTION VOLUME

**\$59.6M**

YTD Transaction Volume

**-78.2%**

Y-O-Y Change

**6 YTD**

Individual Transaction Count

**\$96.2k\***

Price Per Unit

**-30.3%**

Annual PPU Price Change

\* Trailing 4Q average PPU

\* Preliminary Data from RCA - Individual transaction \$2.5M +

# Income & Expense Analysis

Please note that the income and expense data presented in this section is sourced from third-party providers. Our firm does not provide any warranty or guarantee as to the accuracy or reliability of this information. We recommend that users exercise their own discretion and professional judgment when interpreting and utilizing this data.

## Income & Expenses

### — Operating Income Metrics

Income Assumptions	Value / Unit	Year Change (%)
Rental Income / Occupied Unit	\$1,184.87	7.0%
Recoverable Expenses / Occupied Unit	\$59.30	11.8%
Other Income / Occupied Unit	\$86.89	2.6%
<b>Total Income / Occupied Unit</b>	<b>\$1,331.06</b>	<b>6.9%</b>
Rental Income	\$1,070.47	4.9%
Recoverable Expenses	\$53.58	9.5%
Other Income	\$78.49	0.6%
<b>Total Income</b>	<b>\$1,202.54</b>	<b>4.8%</b>

### — Operating Expense Metrics

Operating Expenses	Value / Unit	Year Change (%)
Payroll	\$136.60	7.3%
Repairs & Maintenance	\$50.25	9.7%
Leasing	\$45.20	5.2%
General	\$41.15	6.7%
Marketing & Advertising	\$14.67	7.2%
Repairs & Maintenance	\$111.78	6.1%
Cleaning	\$16.37	4.9%
Roads & Grounds	\$18.86	6.8%
General	\$76.55	6.1%
Administrative	\$39.05	5.4%
Security	\$4.85	7.4%
General	\$34.20	5.1%
Management Fees	\$47.66	4.5%
Utilities	\$79.58	6.2%
Electric	\$15.74	8.7%
Gas	\$4.42	-2.6%
Water/Sewer	\$59.42	6.2%
Real Estate & Other Taxes	\$93.23	11.0%
Insurance	\$53.21	28.0%
Other Operating Expenses	\$3.56	
<b>Total Operating Expense</b>	<b>\$579.34</b>	<b>8.7%</b>

### — Net Operating Income

	Value / Unit	Year Change (%)
<b>Net Operating Income</b>	<b>\$623.21</b>	<b>1.4%</b>

# Market Outlook

Despite the surge of new developments impacting numerous major apartment markets nationwide, the St. Louis apartment market has demonstrated a strong resilience to change. The recent increase in supply has resulted in a modest decline in occupancy rates. Supporting this resilience is the fact that half of the local submarkets in St. Louis are continuing to perform strongly, with occupancy rates exceeding 94%.

The city remains abuzz with commercial construction and revitalization efforts, particularly in the downtown core, anticipating an upswing in housing demand. Notably, the unveiling of CITYPARK Stadium and the inaugural season of St. Louis City SC in Major League Soccer is set to take center stage in the city. Further enhancements to the city's charm are underway with the extensive \$210 million revamp of America's Center, poised to recast St. Louis as a top-tier convention hub and tourist draw. Job prospects are looking up, with corporate investments such as American Foods and Wieland Rolled Products' \$500 million revamp in East Alton setting the stage for an economic boost.

Peering ahead, the foundation of strong market fundamentals paired with enduring demand paints a picture of stability for the St. Louis rental market in the long run, despite the ebbs and flows of market conditions.

Sources: Yardi Matrix; Costar; MSCI.

TO GAIN FURTHER INSIGHTS INTO THE ST. LOUIS MARKET PLEASE REACH OUT TO OUR LOCAL TEAM



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