ST. LOUIS, MISSOURI

BERKADIA

DIVERSE, GROWING ECONOMY CONTRIBUTES TO HEALTHY APARTMENT FUNDAMENTALS

Multifamily developers are showing faith in the health of the Greater St. Louis apartment market as builders remain active in 2021. After nearly 2,000 units came online last year, an additional 1,225 units are scheduled to begin lease-up over the next four quarters. While deliveries will taper in the urban core, heightened development will continue in the western suburbs. More than half of new inventory will be in the Chesterfield/Ballwin/Wildwood and the St. Charles County submarkets. These strategically positioned developments will tap into housing demand as leasing activity in these areas are projected to lead the metro over the next four quarters. Underpinning apartment absorption in these submarkets is the presence of key employers that include CitiMortgage, Mastercard, and General Motors. Broad-based job gains bode well for payrolls in the near term as nonfarm employment is forecast to increase in 2021. Even with sustained apartment demand as hiring rebounds this year, annual absorption is predicted to trail inventory growth in these submarkets. This supply-demand imbalance will be reflected across Greater St. Louis, as average apartment occupancy is projected to lower 40 basis points to 94.2% by year-end. As occupancy shifts on par with the five-year average, operators will accelerate rent growth. After advancing 1.3% in 2020, monthly effective rent is forecast to grow 2.2% over the next four quarters to an average of $1,001 by year-end.

2021 MARKET AT A GLANCE

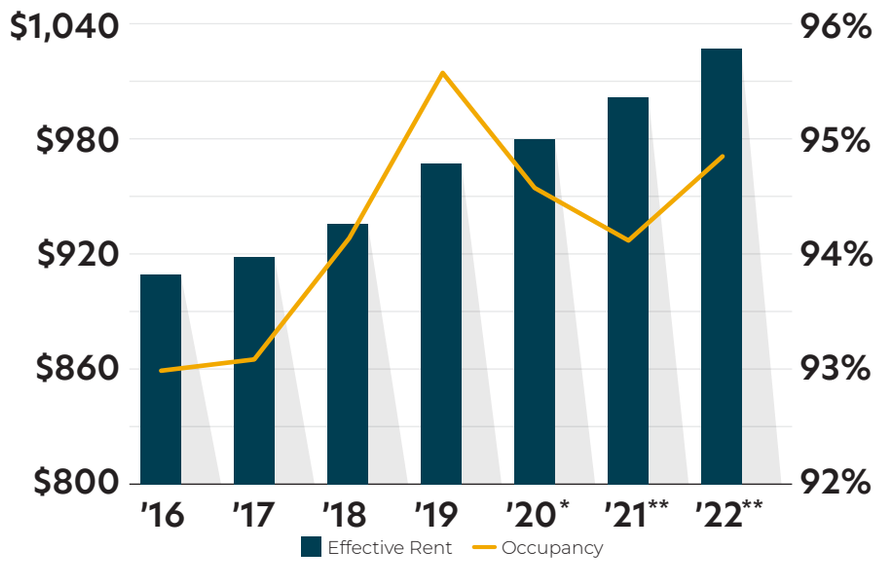
OCCUPANCY RATE
94.2%
Down **40 bps** YOY

EFFECTIVE RENT
$1,001
Up **2.2%** YOY

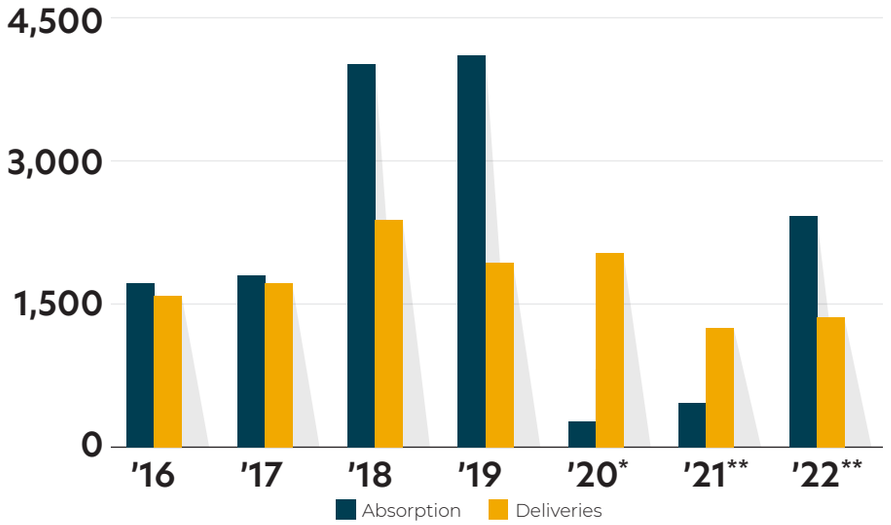
RENT SHARE OF WALLET
17.1%
Up **30 bps** YOY

MARKET TRENDS

EFFECTIVE RENT AND OCCUPANCY



ABSORPTION AND DELIVERIES



Data and images pertaining to employment, income, permits, population, rents, single-family housing, and occupancy are year-end figures. Absorption, construction, and apartment sales figures are full-year totals. *Numbers for 2020 are projected values; **2021/2022 figures are forecast projections. Apartment market data criteria and methodologies vary by market.

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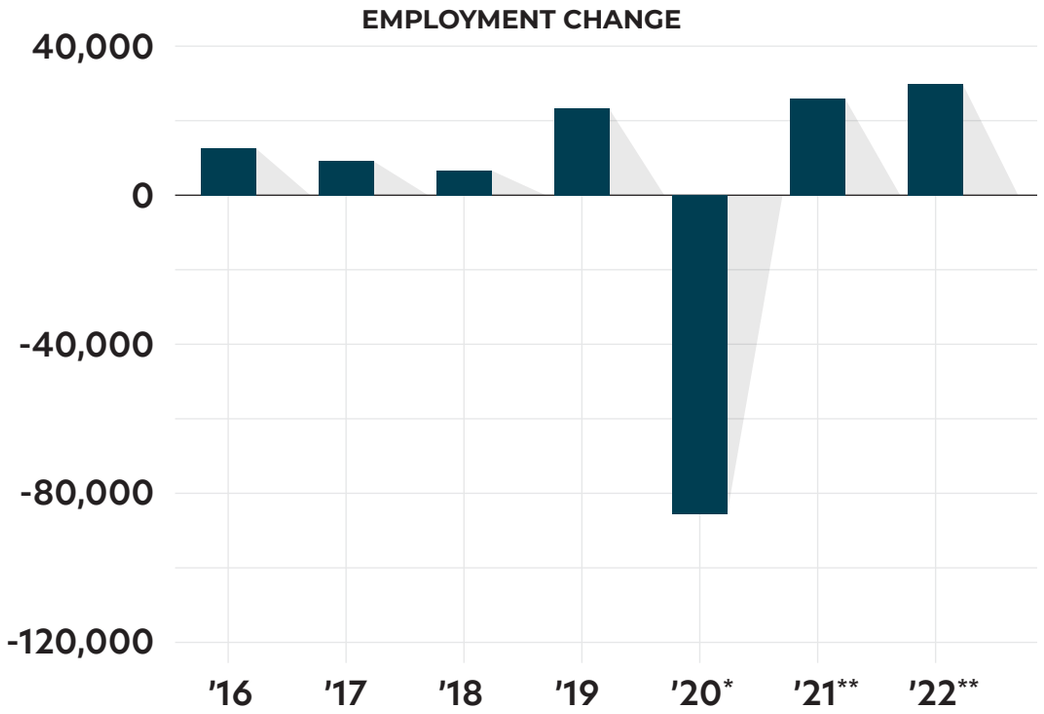
EMPLOYMENT TRENDS



EMPLOYMENT

2019	YOY CHANGE	2020*	YOY CHANGE	2021**
1,411,400	-6.0%	1,327,200	1.9%	1,352,700

UNEMPLOYMENT RATE

2019	YOY CHANGE	2020	YOY CHANGE	2021
2.5%	500 BPS	7.5%	-70 BPS	6.8%

POPULATION

2019	YOY CHANGE	2020	YOY CHANGE	2021
2,804,200	0.1%	2,806,900	0.1%	2,809,300

HOUSEHOLDS

2019	YOY CHANGE	2020	YOY CHANGE	2021
1,170,400	0.6%	1,177,000	0.6%	1,183,900

MEDIAN HOUSEHOLD INCOME

2019	YOY CHANGE	2020	YOY CHANGE	2021
$65,917	6.3%	$70,067	0.5%	$70,419

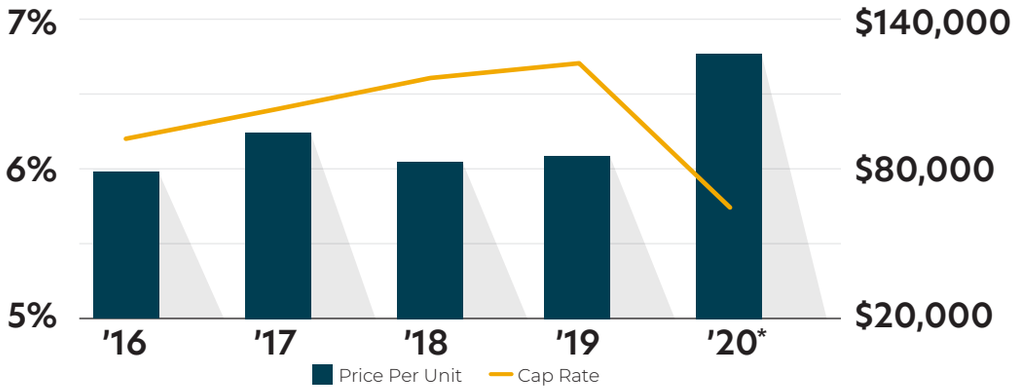
SALES TRENDS

PRICE PER UNIT

2019	YOY CHANGE	2020*
$84,775	47.1%	$124,732

CAP RATE

2019	YOY CHANGE	2020
6.7%	-100 BPS	5.7%



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