

MARKET INSIGHTS | FALL 2025 | ST. LOUIS

Summer 2025



December 3, 2025

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The St. Louis metropolitan area continues to demonstrate strong economic momentum, ranking 16th nationally among U.S. metros in Gross Domestic Product (GDP). GDP for the St. Louis metro is \$226.5 billion, an increase of 71% year-over-year. St. Louis is a prominent Midwestern industrial and innovation hub, driven by its strategic centralized U.S. location, nationally ranked freight infrastructure, resilient workforce, abundant industrial space, and favorable business climate. The St. Louis metro has a growing and diversified economy based in the industries of logistics, advanced manufacturing, financial services, bioscience, and education and health care. The region houses the headquarters for over 20 large corporations and has had major expansions in 2025. Boeing and Bayer added over 3,500 jobs in the second quarter of 2025, and Amazon's new regional distribution center, along with World Wide Technology's headquarters growth, are expected to generate 4,000 new jobs by year's end.

The St. Louis region is rapidly emerging as a national hub for geospatial technology, anchored by a \$1.7 billion federal investment and the launch of the Taylor Geospatial Institute. With more than 10,000 professionals in geospatial roles and a projected \$5 billion economic impact, this sector is drawing in new firms and fueling innovation.

Employment

The St. Louis, MO-IL Metropolitan Statistical Area (MSA) comprises a 15-county region that is home to over 2.8 million people. According to the Eighth District Beige Book published in mid-October by the Federal Reserve Bank of St. Louis, economic activity and employment levels remained unchanged since the previous report: "Most contacts reported no change to employment levels, they are not hiring, but also not laying off workers. And, "Contacts continue to report that immigration policies have been resulting in labor shortages." The unemployment rate in the St. Louis MSA was 4.0% as of August 2025, 30 basis points below the national average.

U.S. private sector employment shed 32,000 jobs in September, indicating that employers have been more cautious with hiring in the second half of 2025, according to the September 2025 ADP National Employment Report. Employment gains were in the industries of education and health services (33,000), natural resources / mining (4,000), and information (3,000). Total jobs in the service-providing industries decreased by 28,000, and positions in the goods-producing industries declined by 3,000.

	% Δ from Aug. 2024		
Metro Area Employment (Thousands)	Aug. 2025	Miami	National
Total Nonfarm	1,417.5	-0.6%	0.8%
Mining, Logging and Construction	81.4	0.6%	-2.2%
Construction	-	-	0.6%
Manufacturing	114.1	-3.5%	-0.7%
Trade, Transportation, and Utilities	258.4	-1.6%	0.5%
Information	37.6	-4.2%	-0.2%
Financial Activities	94.7	-0.4%	0.8%
Professional and Business Services	209.8	-2.6%	-0.3%
Private Education and Health Services	279.9	2.1%	3.2%
Leisure and Hospitality	158.1	1.6%	1.3%
Other Services	50.8	-2.3%	1.2%
Government	142.7	0.0%	0.5%

Source: U.S. Bureau of Labor Statistics. Mining, Logging and Construction category for St. Louis Metro Only. National Data separates Mining and Logging from Construction

Rental Market

The Midwest multifamily markets are known for their stable fundamentals and reduced volatility. As of September 2025, St. Louis ranks in the top nine of the nation's 50 largest markets for sustained annual rent growth. St. Louis has seen year-over-year growth every month for five consecutive years and has a five-year effective asking rent growth average of 4.6%. The metro's rent growth trend outperforms Cleveland, Milwaukee, and Baltimore, and its solid fundamentals consistently outperforms the national average. This reflects strong tenant demand fueled by limited new supply, favorable employment conditions, and increased household formation.

Demand remains resilient alongside easing supply pressures, and market conditions are expected to remain balanced. Average monthly market will hover at \$1,296 through the end of 2025 and surpass \$1,300 in the first half of 2026. Vacancy rates are expected to gradually improve over the coming year, and as vacancies tighten, rent growth will increase steadily from current levels throughout the remainder of 2025 and into 2026.

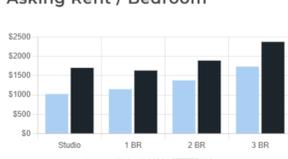


255K SP, 20% down, 30-year fixed, 6.17%. Taxes and Insurance included

Average Rent / Vacancy



Asking Rent / Bedroom



Multifamily Construction

St. Louis is experiencing its lowest volume of new apartment development since 2021. Elevated construction costs and ongoing restrictive lending conditions have led to a significant drop in construction starts, reducing competition from lease-up concessions. The sharp decline in construction is expected to reinforce multifamily fundamentals by easing supply pressures, tightening vacancies, and supporting steady rent growth throughout the rest of 2025 and into next year.



Completions / Net Absorption



Units by Submarket Delivering in 2025

Over 9,800 units are expected to be delivered by the end of 2025, in line with the 9,900 units delivered in 2024. Annual absorption in 2025 is expected to tally 7,400 units, 800 units more than in 2024 and the highest absorption amount since 2021, when over 13,200 units were absorbed. According to the latest CoStar data at the time of publication, absorption is projected to hold steady in 2026 at about 7,000 units and outpace the 8-year historic average of 4,123 units from 2013-2020. The in-migration trend of high-income earners in recent years, many of whom are choosing the favorable renting options of upscale communities over the high cost associated with home ownership, will aid in sustaining demand.



Search:

Submarket	Units Under Construction	% of Total UC	12 Month Deliveries
Mid County	748	2.5%	255
St. Charles County	196	1.0%	864
North County	150	0.9%	0
Metro East	288	2.0%	271
South St. Louis County	50	0.4%	266
Downtown St. Louis	87	0.7%	0
South County	0	0.0%	0
Central West End	305	2.6%	0
West County	96	1.0%	226
Jefferson County	184	5.2%	0
Outlying Madison County	0	0.0%	0
North St. Louis County	0	0.0%	0
Franklin County	0	0.0%	386
Lincoln County	0	0.0%	468
Warren County	0	0.0%	0

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Multifamily Sales

Multifamily market activity in St. Louis remained strong and stable in the first half of 2025 with nearly 4,000 apartment units changing hands, up from 3,500 units during the same period last year. This marks the second consecutive year of growth and the highest midyear transaction volume since 2022, signaling renewed investor confidence despite ongoing capital market challenges.



Average Sales PPU / Cap Rate



Sales have been heavily concentrated in Class B and C properties, which accounted for roughly two-thirds of all transactions. These smaller assets typically trade for under \$5 million with pricing below \$150,000 per unit, approximately 40% less than the average for Class A properties. Cap rates for Class B and C deals generally fall in the mid-6% range, topper 7% range, and private investors have driven nearly all acquisition activity.

Team

