



JONES LANG  
LASALLE®

*Real value in a changing world*

# ST. LOUIS INDUSTRIAL MARKET

**TERRY STIEVE, SIOR**

# COMMITTEE MEMBERS



**Marc Cacciarelli, SIOR**  
**CB Richard Ellis**



**Ed Lampitt, SIOR**  
**Cassidy Turley**



**Patrick Reilly, SIOR**  
**Gateway Commercial**

# AGENDA

- Don Land's 2005 SIOR presentation
- Largest transactions
- Evaluate the pros
- Talk about Trends & Concerns
- Predictions

# St. Louis 2005: “5-Year Low”

2005 Vacancy rate – 7.3%. Why?

- 5.7 million square feet of absorption in 2003
- 3.1 million square feet of absorption in 2004
- 2.7 million square feet of absorption in 2005
- **11.5 million square feet in 3 years**
  
- Equals 23 500,000-square-foot buildings absorbed in 3 years



# St. Louis 2004-2005

Extraordinary 3 years:

- 103 buildings constructed
- 7.5 million square feet
- 95% leased and 92% occupied
- At least 13 buildings planned for 2006
- 3.9 million square feet of space
- 2 distinct markets: Illinois & Missouri



# St. Louis Positives

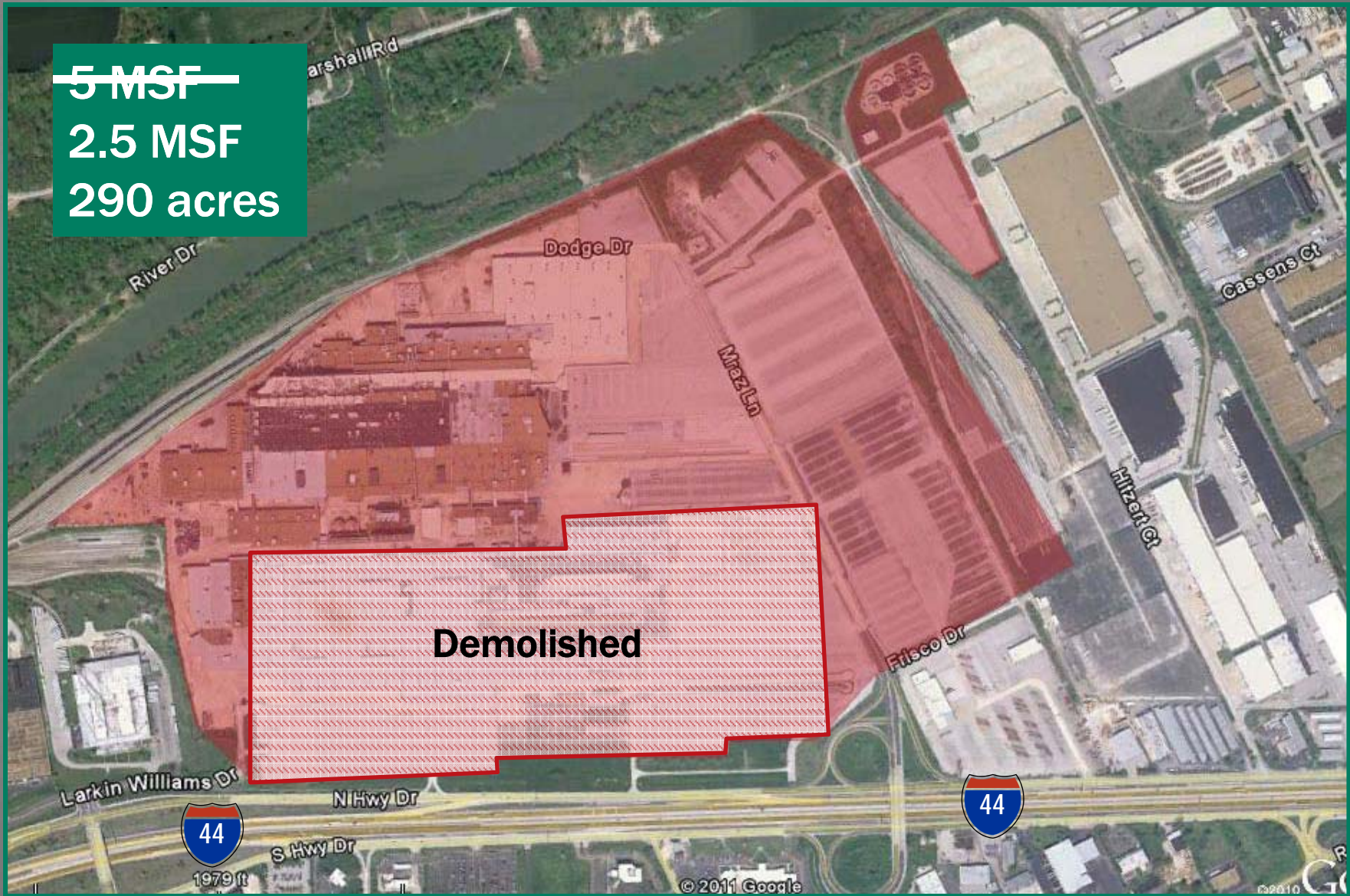
- Rents trending *ever so slightly up*, but there was a lot of room for improvement
- Concessions are down
- Only 5 options for 100K 24' clear user today
- Sale prices *way up*
- Chrysler re-investment of \$1 billion - Fenton
- GM running overtime shifts - Wentzville



# CHRYSLER PLANT

BIGGEST IMPACT ON THE MARKET AGAIN THIS YEAR

~~5 MSF~~  
2.5 MSF  
290 acres



# LARGEST New LEASES

<b>Tenant</b>	<b>Square Feet</b>	<b>Location</b>
Centric	588,100	St. Louis Co.
Luxco	213,558	St. Louis Co.
Cenveo	150,000	St. Louis Co.
Spartech	90,000	St. Louis Co.
P&G	502,500	Illinois
WWT	209,295	Illinois
Cross Midwest	100,000	Illinois
True Manufacturing	248,635	St. Charles
Bernadette Business Forms	115,000	St. Charles
Plaze	246,327	Pacific

# OWNER-USER PURCHASES

Buyer	Square Feet	\$/PSF	Year Built	Location
French Gerlman	173,500	\$42.02	2000	St. Louis Co.
Murphy Company	150,000	\$18.93	1964	St. Louis Co.
HY-C	121,970	\$27.06	1979	St. Louis Co.
Davidson Surface Air	96,480	\$19.62	1964	St. Louis Co.
Bastion	51,360	\$46.58	1980	St. Louis Co.
Alpha Inc.	83,000	\$33.13	1996	St. Charles
SAK Construction	89,100	\$19.02	1994	St. Charles
O'Fallon Casting	115,000	\$30.25	1971	St. Charles
Scotts Miracle-Gro	160,000	\$17.50	1991	Wright City
George Tsi	67,758	\$19.19	1992	Illinois
Schaeffer Manufacturing	67,500	\$22.22	1950	St. Louis City

# INVESTOR PURCHASES

Buyer	Square Feet	\$/PSF	Year Built	Location	Type
California State Teachers Retirement System	712,000	\$37-\$38 (est.)	2009	Illinois	Modern Bulk
Stag Capital	76,900	\$66.50	1995	St. Charles	Manufacturing



# HOW ARE THE PROS DOING?

- 151 buildings
- 30.1 MSF
- \$1.1 Billion FMV
- 20.95% Vacancy Rate



# TWO LARGEST INDUSTRIAL INVESTORS

<b>Owner</b>	<b>Square Feet</b>	<b>Average Building S.F.</b>	<b>Assessed FMV</b>	<b>Vacancy</b>
<b>Bentall Kennedy</b>	<b>3,440,846</b>	<b>344,000</b>	<b>\$110,201,757</b>	<b>6.00%</b>
<b>Duke</b>	<b>3,334,908</b>	<b>185,273</b>	<b>\$134,203,200</b>	<b>13.21%</b>



# TWO OF THE NEWEST INDUSTRIAL Investors

## 2006-2007 BUYERS

<b>Owner</b>	<b>Square Feet</b>	<b>Average Building S.F.</b>	<b>Assessed FMV</b>	<b>Vacancy</b>
<b>Blue Real Estate</b>	<b>865,108</b>	<b>66,500</b>	<b>\$46,761,510</b>	<b>26.63%</b>
<b>JB Management</b>	<b>2,043,164</b>	<b>227,500</b>	<b>\$72,780,130</b>	<b>63.24%</b>



# CHANGING FIELD PROLOGIS/AMB MERGER



Number of Buildings	16
Square Feet	2,885,741
Average Building Size	180,000
Assessed FMV	\$92,154,554
Vacancy Rate	7.46%

# TREND: BUILD TO SUITS

<b>Market</b>	<b>Company</b>	<b>Building Size</b>
<b>Atlanta</b>	<b>General Mills</b>	<b>1.5 MSF</b>
	<b>Clorox</b>	<b>1.2 MSF</b>
<b>Bowling Green</b>	<b>Sun Products</b>	<b>1.2 MSF</b>
<b>Chicago</b>	<b>Clorox</b>	<b>1.4 MSF</b>
<b>Tennessee</b>	<b>Amazon.com</b>	<b>2 Buildings 1.2 MSF each</b>
<b>Memphis</b>	<b>Ascis</b>	<b>650,000 SF</b>
	<b>McKesson</b>	<b>650,000 SF</b>
<b>Indianapolis</b>	<b>Johnson &amp; Johnson</b>	<b>1.1 MSF</b>

# SHOVEL-READY SITES

Location	Site	Total Acreage	Largest Site	Pricing	Developer
St. Charles	Fountain Lakes	113	45	\$5.00	Millstone
St. Charles	Premier 370	350	60	\$3.50	Duke
St. Charles	West 70 Commerce	37	24	\$3.25	Bentall Kennedy
St. Louis Co.	Riverport	27	19	\$3.50	Duke
St. Louis Co.	Aviator	160	100	\$5-\$6.00	Panattoni
St. Louis Co.	NorthPark	113	60	\$5-\$6.00	McEagle/Clayco
St. Louis City	Carrie Avenue	36	36	\$3.50	Green Street
Illinois	Gateway Commerce	340	84	\$2.50	Bentall Kennedy
Illinois	Lakeview	260	105	\$1.50	Panattoni
Illinois	Sauget	450	80	\$1.50	Balke Brown

# REPLACEMENT COST

## Modern Bulk

**St. Louis County: \$45/SF**



**Illinois: \$38/SF**



# REPLACEMENT COST

## Office Warehouse

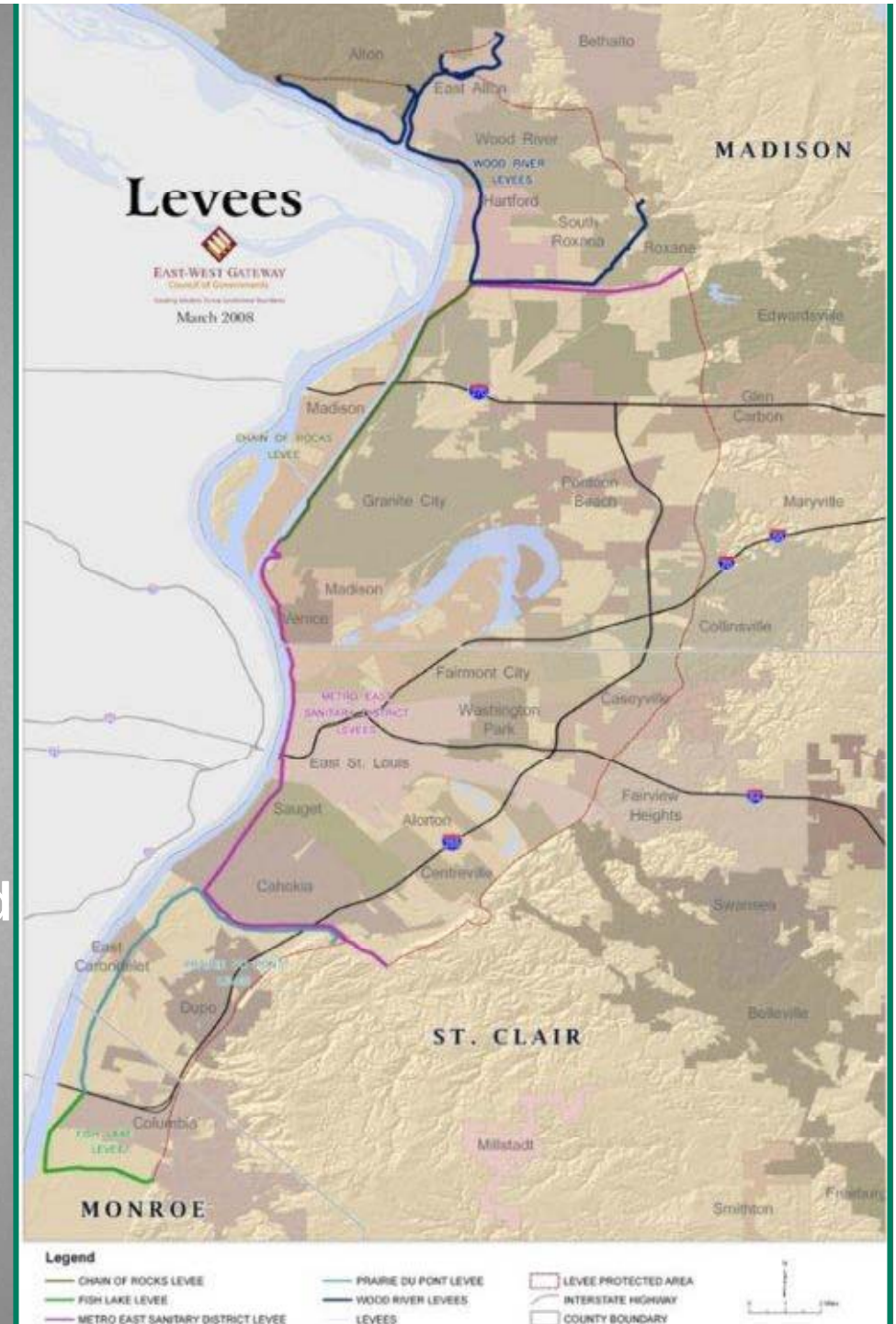
St. Louis County: **\$65/SF**



Illinois: **\$60/SF**

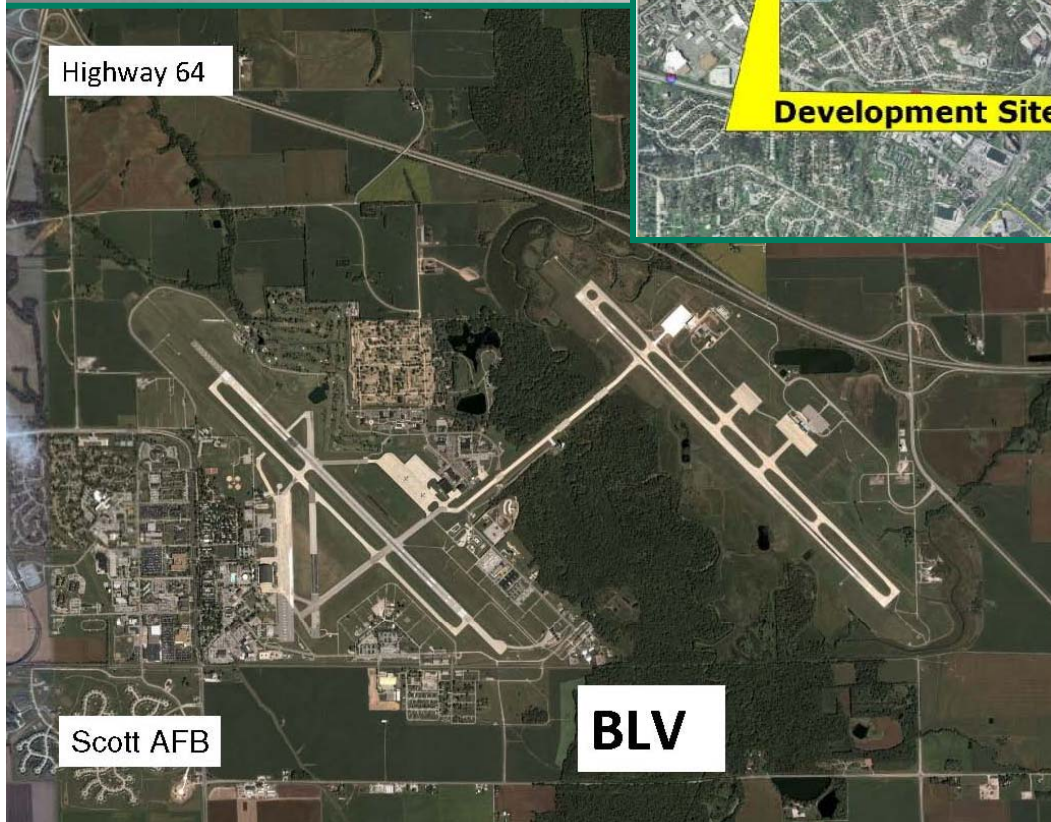
# FEMA

- American Bottoms
- 150,000 people
- 7,000 businesses
- Levees built 1940s & 1950s
- Levees have never failed
- ¼ cent sales tax 1/1/2009
- \$11 million per year generated
- \$150 million to meet requirement
- 2-3 year time frame



# CHINA HUB

- Boeing
- 75 manufacturing jobs
- 50,000 SF facility
- \$7 million invested



- SweetO producer, Mamtek International
- \$46 million investment
- 612 manufacturing jobs
- Moberly, Missouri



**“AMERICA’S BEST YEARS  
LIE AHEAD”**

**WARREN BUFFET**