

DEVELOPMENT OVERVIEW

The Development Profile is an annual report of the status and trends in commercial and residential development in St. Louis County. This, the eighth annual report, covers development activity during 1998 and 1999.

St. Louis County, with an estimated 2000 population of 1,009,300, is the largest county in the St. Louis Metropolitan Statistical Area (MSA). The MSA comprises seven counties in Missouri, including the City of St. Louis, and five counties in Illinois. The St. Louis MSA has an estimated 2000 population of 2,594,800.

EMPLOYMENT TRENDS

From 1990 to 1998, total employment in St. Louis County grew more than twelve percent, from 688,129 to 772,904. The County's greatest job growth (44%) occurred during the 1980s. St. Louis County contains 50 percent of the metropolitan area's jobs and about one-fourth of all jobs in the State of Missouri.

The most rapidly growing major industry group in St. Louis County from 1990 to 1998 was Services, increasing by over 28 percent. Manufacturing (-17.9%) and mining (-0.7%) employment suffered the only losses during that period. Manufacturing's share of total employment has decreased to less than one-sixth of total jobs. Major manufacturers headquartered in St. Louis County include Monsanto Company, Emerson Electric Company and Mallinckrodt, Inc.

EMPLOYMENT GROWTH IN ST. LOUIS COUNTY, 1990 - 1999

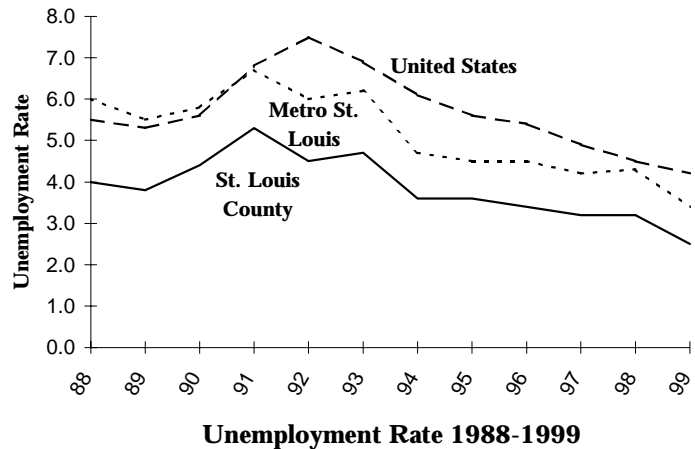
	1990	1998	% Change 1990-98	Estimated 1999
Total Employment (BEA)	688,129	772,904	12.3%	783,070
Total Proprietors (BEA)	71,283	83,961	17.8%	85,065
Total Wage & Salary (BEA)	616,846	688,943	11.7%	698,004
Total Wage & Salary (BLS) (covered by unemployment insurance)	571,355	632,801	10.8%	641,126
Agriculture	3,736	4,601	23.2%	4,573
Mining	575	571	-0.7%	654
Construction	26,665	32,171	20.6%	34,813
Manufacturing	116,260	95,433	-17.9%	93,047
Transportation, Comm. & Utilities	34,486	40,679	18.0%	42,437
Wholesale Trade	37,573	40,947	9.0%	41,396
Retail Trade	110,323	119,396	8.2%	119,919
Finance, Insurance & Real Estate	39,784	46,733	17.5%	47,656
Services	155,621	199,877	28.4%	205,101
Government	46,332	52,393	13.1%	51,530

Bureau of Economic Analysis (BEA) is the most complete source for employment data in that it includes the self-employed and those not covered by unemployment insurance. The 1998 totals for BEA are estimates based on 1997 actual data.

Bureau of Labor Statistics (BLS) data obtained from the Missouri Department of labor are for wage and salary employment covered by unemployment insurance. This is the most current and reliable source for employment data, but does not include the self-employed, railroad, military and some non-profit employees. The data by industry group are from the BLS.

The economic diversity of the County has kept the unemployment rate far below the national average. During 1999, the average unemployment rate for St. Louis County was 2.5 percent, compared to 3.4 percent for the St. Louis metropolitan area and 4.2 percent for the United States. The entire St. Louis Metro Area has been consistently below the national level of unemployment since 1991.

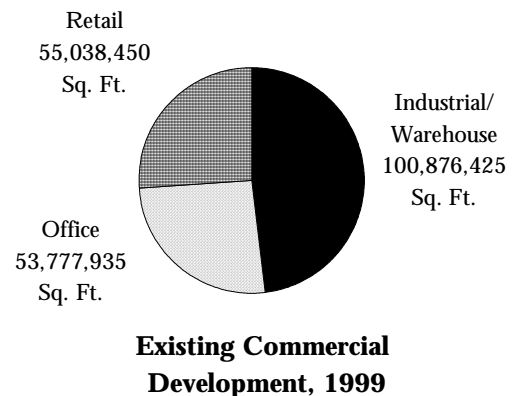
The largest employer in St. Louis County continues to be the Boeing Company (formerly McDonnell-Douglas).



COMMERCIAL DEVELOPMENT

Commercial development in St. Louis County is defined here as retail, office and industrial space. This report describes commercial development trends for St. Louis County and for regions within the County. Regions have been defined in order to group concentrations of commercial development that share a common history and characteristics. Detailed regional profiles follow the countywide overview.

This report divides commercial or non-residential space into three categories: office, retail and industrial/warehouse. Data used in this report for these categories of commercial space are derived from the St. Louis County reassessment file. The tabulation of square footage is based on use data; only space within an office building devoted to office uses is counted. In this tabulation, we have excluded government office space, office space of less than 5,000 square feet and office space that is ancillary to other uses, such as industrial space. These exclusions, along with other minor adjustments, may result in some variation from measures of square footage available from other sources.



Approximately 32 million square feet, one-sixth of the total stock of commercial space in St. Louis County, was constructed during the 1990s. Commercial development activity was more moderate in the 1990s than during previous decades. In the 1970s and 1980s, one-quarter of the existing commercial space was built in each decade. Industrial/warehouse development dominated the 1990s, constituting nearly half (49%) of commercial building. This is a significant shift from the 1980s, when office development (42%) was the largest component of new construction. A number of important commercial projects were completed or under development during 1998 and 1999:

Light Industry/Office/Warehouse Business Parks – Development of low-rise business parks with a variety of light industry, office and distribution uses is a significant part of the commercial growth in St. Louis County. The Earth City and Westport areas experienced the largest concentration of new office/distribution facilities. Earth City continues to grow in prominence as an employment center.

Duke Realty recently completed the DukePort V and VI office/warehouse buildings. Duke Realty also constructed several large multi-tenant distribution facilities on Westport Center Drive, including Westport Center I which houses Bridge Information Systems and GE Capital (170,000 sq. ft.).

Office Developments – New office construction continues in the Highway 40 corridor in Chesterfield and Town & Country, in downtown Clayton, and along the Olive Boulevard corridor in Creve Coeur. There is high demand in these areas for both new corporate headquarters and multi-tenant office space.

Major developments include a new headquarters for Solutia, Inc. in Maryville Centre and Unity Health Systems near I-270 and Manchester Road. Chesterfield Ridge Center, 40 West and Timberlake Corporate Center are new multi-tenant office buildings along Highway 40 in West St. Louis County. In Creve Coeur, Bridge Information Systems, CityPlace II, and Creve Coeur Corporate Center IV are new facilities adding significant amounts of office space in the Olive Boulevard area. In downtown Clayton, Forsyth Centre and Shaw Park Plaza are adjacent 14- and 12-story office buildings currently under construction on Forsyth Avenue.

Major Infrastructure Projects – The \$500 million extension of Page Avenue linking St. Louis and St. Charles Counties is under construction, with an anticipated completion date of December 2002. Design is underway for the expansion of the MetroLink light rail system to Clayton, following approval of an alignment by the East-West Gateway Coordinating Council in June 1999. The MetroLink extension will be completed in late 2005. Lambert-St. Louis International Airport is acquiring properties for a long-awaited expansion which will add a third runway, also by year end 2005.

Boeing Leadership Center – In 1999, the Boeing Company completed a 180,000-square foot training center in North County near the intersection of New Halls Ferry and Shackelford Roads. Overlooking the Missouri River, the Boeing Leadership Center serves as a training facility for executives of that company. Up to 3,500 managers from throughout the United States are expected to attend classes at the Leadership Center each year. The project includes three residential lodges that can house 120 guests.

RETAIL TRENDS

Retail development in 1998 and 1999 consisted of large “power center” shopping areas featuring clusters of discount chains. Big box stores for tenants such as Home Depot, Lowe’s, and Wal-Mart account for the majority of retail construction.

The largest new retail development is Chesterfield Commons, a 700,000-square foot center featuring Wal-Mart and Lowe’s hardware. Chesterfield Commons is located on Highway 40 (I-64) in Chesterfield Valley, a levee-protected floodplain of the Missouri River which is experiencing rapid development. In-fill shopping centers, such as Kirkwood Commons and the Promenade at Brentwood, have been developed by assembling residential parcels to create new retail in older suburban neighborhoods.

Redevelopment of outdated retail centers is another notable trend. The Crossings at Halls Ferry is a reconstruction of the former Central City North shopping center, and Maplewood Square is a redevelopment of the former K-Mart shopping center on Manchester Road. All of these retail projects were developed with tax increment financing (TIF) assistance.

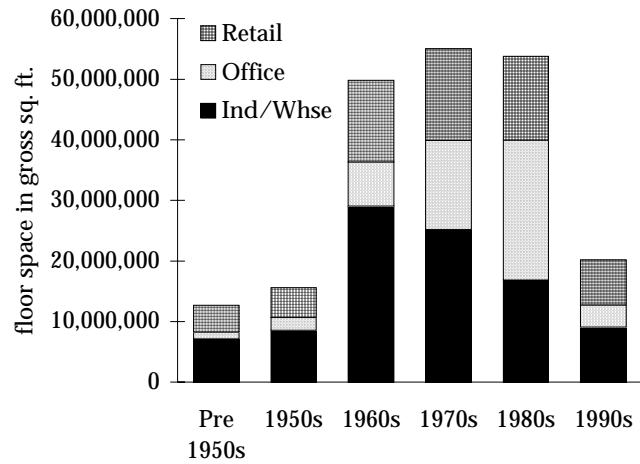
OFFICE TRENDS

According to data provided by Colliers Turley Martin Tucker, the fourth quarter 1999 occupancy rate for multi-tenant office space in St. Louis County was 93.4 percent.

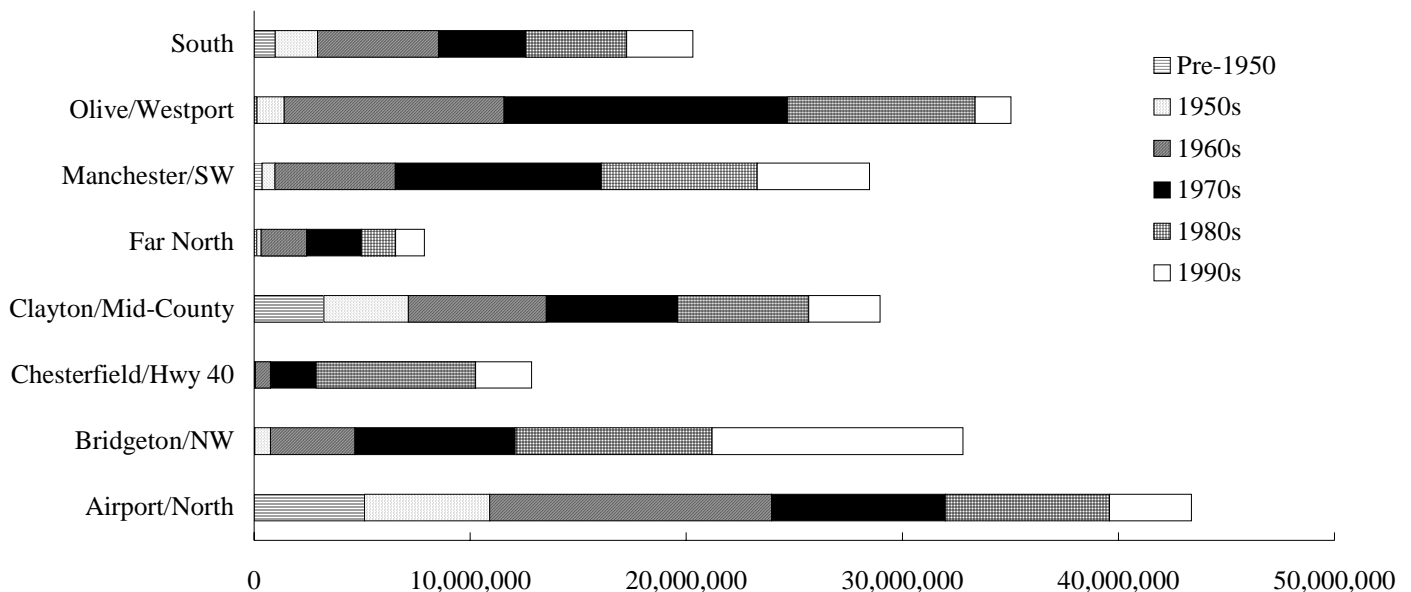
At year-end 1999, the Far North region had the highest occupancy rate (100.0% for buildings monitored), followed by the Manchester/Southwest region (99.1%). Office occupancy was lowest (88.2%) in the Airport/North region.

The amount of office space in the Far North region is very limited, and therefore the data showing Far North to be fully occupied should not be taken as an indication that this is the area of greatest demand.

New office projects in the Chesterfield, Clayton, and Creve Coeur areas have developed as a result of high occupancy rates and strong absorption in the Central and West County markets. High-rise office developments including Shaw Park Plaza and Forsyth Centre are under construction in Clayton, while more campus-style projects continue in the Highway 40 corridor.



Commercial Floor Space by Year Built



Commercial Development by Decade Built by Region

INDUSTRIAL TRENDS

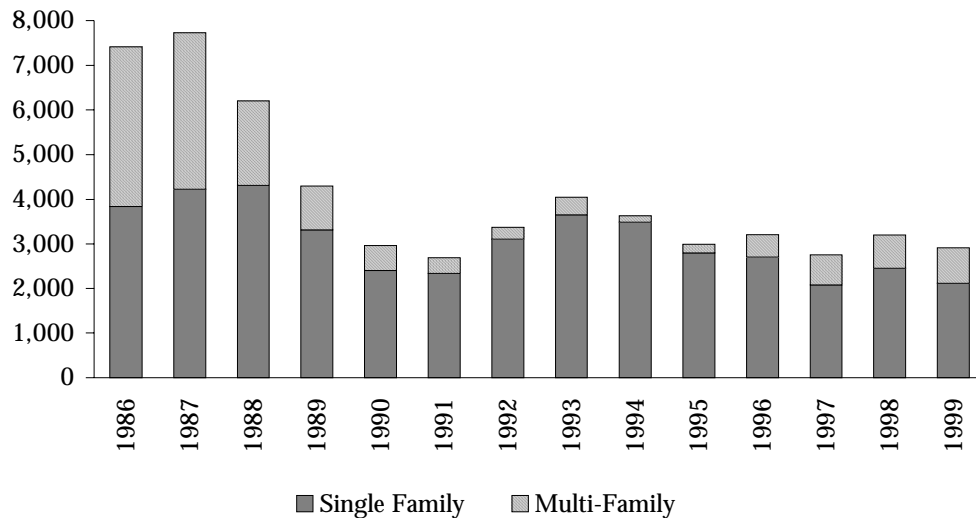
According to data provided by Colliers Turley Martin Tucker, the overall occupancy rate for industrial space in St. Louis County was 96.8 percent as of December 1999. Occupancy rates vary from over 98 percent in the Chesterfield/Highway 40, Far North, and Manchester/Southwest areas to 94.6 percent in Bridgeton/Northwest. These figures include bulk warehouse and distribution centers, heavy manufacturing, service centers, transport facilities and office/warehouses.

Industrial occupancy continues to be very high throughout all parts of St. Louis County. The limited amount of suitable available industrial space has caused an increase in lease rents and new construction.

The Earth City and Westport areas continue to be the primary focus of industrial/warehouse construction in St. Louis County. Other locations with recent construction activity are Chesterfield Valley and the Fenton area.

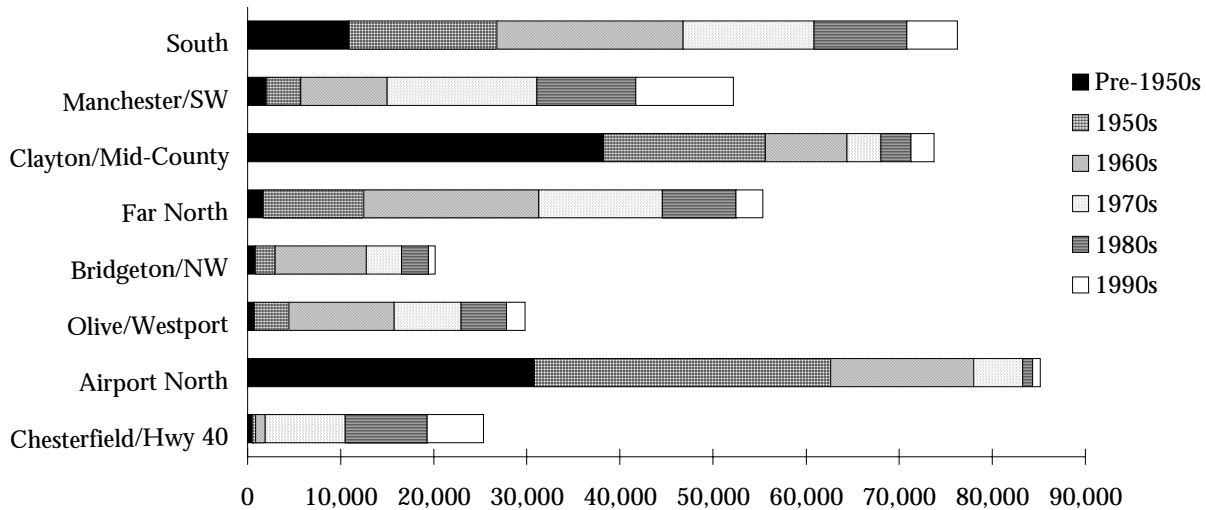
HOUSING DEVELOPMENT

St. Louis County has maintained a healthy level of housing construction throughout the 1990s as the remaining undeveloped land has been gradually absorbed by residential and commercial development. Although more than four-fifths of the County's existing housing was built before 1980, housing construction continued in the 1980s at an average of almost 5,000 units a year and in the 1990s at an average of over 3,000 a year. Much of the decline in total units from the 1980s to the 1990s was a drop in multi-family construction from over 2,000 units a year in the 1980s to less than 500 a year in the 1990s.



Units Authorized by Permits, 1986-1999

The peak year for housing construction in the 1990s was in 1993, when 4,000 units were authorized. From a low of 144 units in 1994, multi-family construction has increased each year to 790 units in 1999.



Housing Units by Decade Built by Region

West County continues to be the site of the largest amount of new housing construction in St. Louis County. The three westernmost municipalities of Wildwood, Eureka and Chesterfield together accounted for over 56 percent of municipal housing permits issued in 1998 and 44 percent of the municipal housing permits issued in 1999. The three cities were nearly tied in 1999 with 282, 281 and 281 permits respectively. In addition, 44 percent of the permits issued for unincorporated St. Louis County were in the Manchester/Southwest region of West County. After the three leading West County municipalities, the leading municipal permit issuers in 1999 were University City with 251, Maryland Heights with 221 and Clayton with 142 units authorized.

Multi-family Permits. The 790 multi-family units authorized in 1999 represented 27 percent of the total units. Both the total number of units and the multi-family percentage increased from 1998, when 743 multi-family units comprised 23 percent of the total. The Clayton/Mid-County region, where the housing stock is already 31 percent multi-family, led the resurgence of multi-family housing with 621 multi-family units authorized in the two-year period. A 220-unit project in the southwestern part of University City was the largest single residential project in the County. Clayton authorized 128 units in the Clayton at Park's Edge project on Brentwood Blvd. The Clayton/Mid-County region's 1998 total included 116 units of student housing constructed at Webster University.

The Manchester/Southwest region, which has the smallest percentage of multi-family housing (19 percent) of the eight regions, has been the site of the second largest number of new multi-family units authorized in St. Louis County in the past two years (450 units or nearly 30 percent of all new multi-family units). In the Manchester/Southwest region, 174 multi-family units were authorized by Valley Park in 1998, and 98 units were authorized for the Autumn Oaks apartment complex just north of Valley Park in 1999. Other cities that issued permits for 100 or more multi-family units in the past two years were Maryland Heights with 168 units and Kirkwood with 100 multi-family units in the two-year period.

A dot map depicting single-family residential construction in St. Louis County for 1998 is provided to highlight the areas of greatest activity. Note that areas that have been built out appear blank on the map except for replacement and in-fill construction.