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St. Louis multifamily sales on pace for another record-setting year

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A new $75 million, 250-unit apartment high rise in downtown Clayton called Two Twelve opened for residents in mid-July.

The 26-story building at 212 S. Meramec was developed by two Chicago firms, CA Ventures and White Oak Realty Partners. It's the first of three major multifamily projects expected to be finished this quarter that will add about 600 new units to that area.

Others include Covington Realty Partners' $55 million, 230-unit Barton apartment project at 8500 Maryland Ave. and Opus' $41 million, 120-unit development at 25 N. Central Ave.

Tim Sansone, principal at Sansone Group, said developers are watching those closely as they guage the market for additional projects.

"We'll all be looking to see how they are absorbed into the market because that's a lot of units to put out there," he said. "I think they'll be absorbed pretty well, but it would be wise for developers to see how they do."

CA VENTURES

A rendering of Two Twelve Clayton, the new residential tower in downtown Clayton.

Out-of-town investors continued to get in on the action, buying several major properties during the first half. Those transactions include Chicago-based Trilogy Real Estate Group buying the Residences at the Streets of St. Charles for $59.5 million, San Francisco-based FPA Multifamily buying Pheasant Run in Maryland Heights for $47.7 million and New York-based BRT Realty Trust buying Vangaurd Heights in Creve Coeur for $39.6 million. Those deals represented the three largest multifamily purchases during the first six months of 2017.

“We’ve done a ton of business with out-of-town groups over the last 18 months,” said Andrea Kendrick, director at Berkadia. “We’ve worked on two deals with a group out of Switzerland and just closed on a portfolio with a group out of New York. Both of those deals were their first in St. Louis. We’re seeing steady rent growth historically when compared to other markets, which is why they're attracted to St. Louis. I think it’s balancing out their portfolio.”

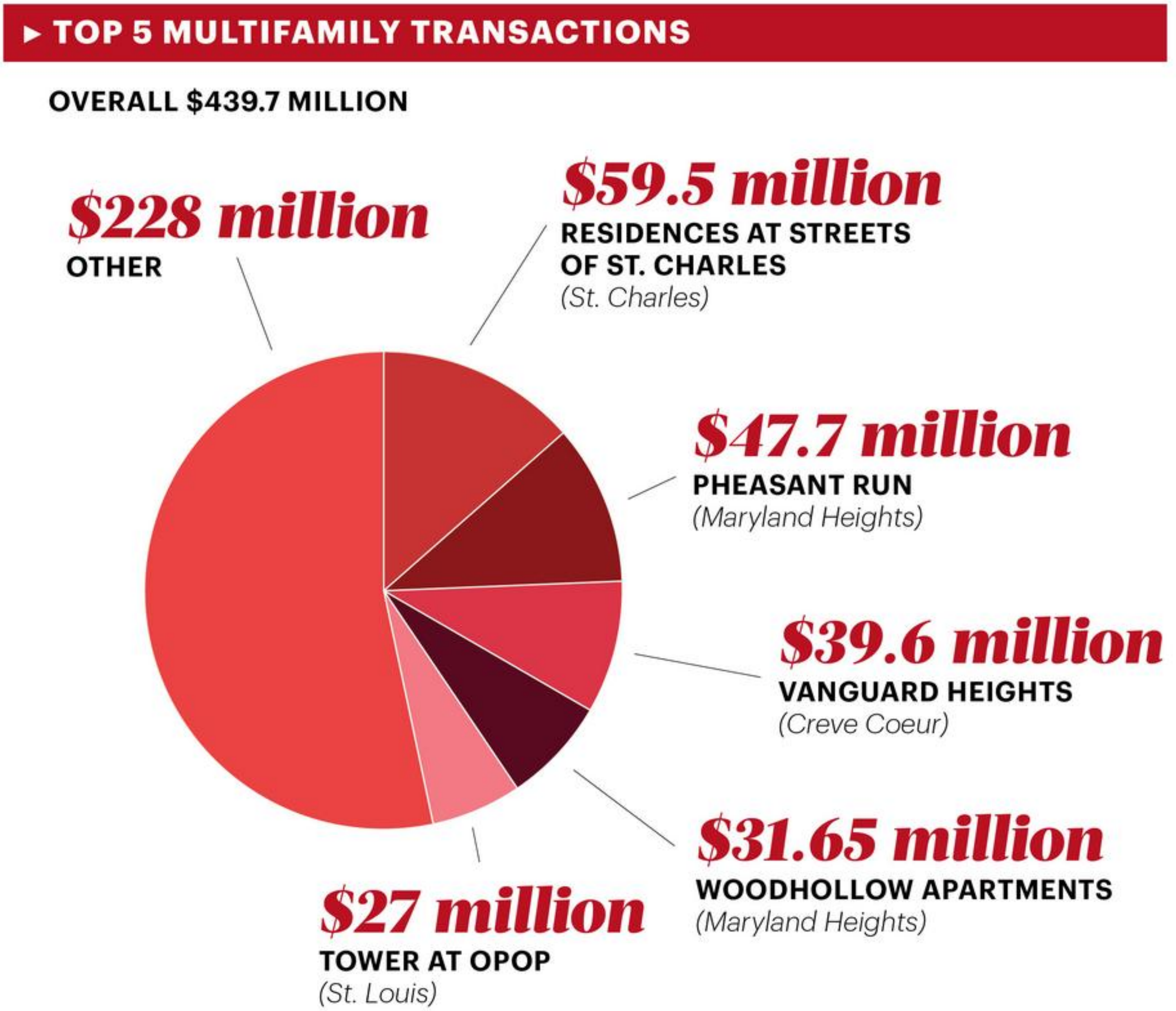
Kendrick said she expects to see more out-of-town and first-time buyers enter the St. Louis market during the remainder of the year and heading into 2018. She said she's seen roughly a 28 percent increase in sales volume over the same time period last year.

In all, local multifamily sales volume during the first half reached about $425 million spread over 45 deals, said CBRE Executive Vice President Matt Bukhshtaber. That’s on pace to break a record-setting 2016, in which 51 deals accounted for $775 million in multifamily sales volume, according to CBRE data.

“I don’t see any slowdown in equity looking at St. Louis,” he said. “In fact, I only see it getting stronger. There’s an imbalance with the cash being rasied and the amount of assets on the market. There will be continued interest from groups looking to place equity into multifamily in a city like St. Louis.”

Nationwide, according to CBRE research, the U.S. multifamily market remained healthy during the second quarter, with more than 220,000 units being absorbed and 259,400 units being completed. Sales volume reached $33.6 billion nationwide, with $145 billion in acquisitions over the past 12 months.

top 5 multi family



Brian Feldt
Senior Reporter
St. Louis Business Journal