Overview

St. Louis is known for its historic architecture and monuments, like The Gateway Arch; it’s a city of firsts: Lewis and Clark’s first stop, the World Fair, Summer Olympics, U.S. public kindergarten, big-time brewery headquarters, and the world's first skyscraper (Wainwright Building). It kept its relevancy throughout the decades, changing and evolving to keep pace with newer cities like Los Angeles. The charm of an older city, though, creates a fierce sense of loyalty within the neighborhoods.

Infrastructure and development plans are underway to maximize future growth. Startups are very attracted to the area for affordability and connectivity to other cities. With 7 interstates running through it, more than a dozen bridges and airports, and a busy passenger rail system in place, it’s easy to move about the city.

Forbes listed St. Louis as one the top places for startups to bloom, especially in bioscience, which employ more than 15,000 people as of 2017.

The housing market is tight right now with growing demand and rather constant supply. A competitive market is good for St. Louis as it looks toward the future with goals to remain a recognized U.S. metro.

Population Growth

On the West bank of the Mississippi River, St. Louis became a destination point in the historic Great Migration of the 1800s. It was a center for commerce and trade; it attracted immigrants and grew fiercely; it even separated itself from the county so it could run as an independent entity. The World Fair and Olympics drew more than 20 million people to visit the city in the early 1900s. Domestic migration picked up throughout the 20th Century, and eventually, the population outgrew the area. St. Louis was one of the first “big cities” of the U.S.

The population is much more steady now at 2.8 million. It hung out in the top 20 largest metro areas for a while, but recently dipped just enough to 21st after Baltimore, MD swapped places. Metro residents are moving out of the city center (-4,500) and into the suburbs, like those in St. Charles County (+4,700).

St. Louis MSA Population Growth 2010-2017

Source:
https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=bkmk
Jobs & Economy

St. Louis is a Renaissance town, a Madonna its own way with the ability to reform itself for success. The chief industries include financial services, health services, bioscience and advanced manufacturing, according to the regional chamber.

The metro area delivers 45.3% of Missouri’s economic output. There are nine Fortune 500 companies in the region, including Express Scripts, Centene, Monsanto, and a rebounding Peabody Energy.

**EMPLOYMENT SNAPSHOT:**

- Employment numbers increased 2% YoY from Oct. 2017
- Unemployment dropped -0.9% YoY from the same time period
- Health care and manufacturing add the most jobs for a combined 13, 200 YoY

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<tr>
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</thead>
<tbody>
<tr>
<td>Total NonFarm</td>
<td>1,382.5</td>
<td>1,393.6</td>
<td>0.8</td>
</tr>
<tr>
<td>Mining, Logging, Construction</td>
<td>68.1</td>
<td>66.4</td>
<td>-2.5</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>114.7</td>
<td>116.9</td>
<td>2.4</td>
</tr>
<tr>
<td>Trade, Transportation, Utilities</td>
<td>259.0</td>
<td>259.3</td>
<td>0.1</td>
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<tr>
<td>Information</td>
<td>28.0</td>
<td>27.7</td>
<td>-1.3</td>
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<tr>
<td>Financial Activities</td>
<td>87.9</td>
<td>90.0</td>
<td>2.4</td>
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<tr>
<td>Professional &amp; Business</td>
<td>214.3</td>
<td>214.8</td>
<td>0.2</td>
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<tr>
<td>Education &amp; Health</td>
<td>251.4</td>
<td>259.5</td>
<td>3.2</td>
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<tr>
<td>Leisure &amp; Hospitality</td>
<td>151.7</td>
<td>151.4</td>
<td>-0.2</td>
</tr>
<tr>
<td>Other</td>
<td>51.6</td>
<td>53.3</td>
<td>3.3</td>
</tr>
<tr>
<td>Government Services</td>
<td>155.8</td>
<td>153.8</td>
<td>-1.3</td>
</tr>
</tbody>
</table>

Source:
https://www.bls.gov/regions/mountain-plains/data/employmentandunemploymentandwages_stlouis_table.html
St. Louis builds on top of itself as times change. It’s literally building a brand new manufacturing plant – for Hubbel-Killark – on top of the site of the former Chrysler plant. The plan is to open the doors to the $18 million facility in 2019 and hire 200 people.

St. Louis is located is an ideal spot for business, travel and trade. While the city waits for the Federal government to assign dollars to U.S.-city infrastructure projects, it turns to private investment. The Missouri Department of Transportation, Bi-State Development and The Terminal Railroad Association, all 4 state senators and representatives from Missouri and Illinois gave support for the submission of the application. For now, the metro area is trying to move forward with high-priority projects.

<table>
<thead>
<tr>
<th>Project</th>
<th>Cost</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Merchants Bridge</td>
<td>$200M</td>
<td>Replacement plan for 128-year-old bridge; heavy funding from TRRA; projected to create $450M for state economy over 20 years</td>
</tr>
<tr>
<td>Blessing Hospital Patient Care Center</td>
<td>$49M</td>
<td>Expansion of building and addition of patient rooms; state funded</td>
</tr>
<tr>
<td>Maline Creek Water Storage Facility</td>
<td>$87.7M</td>
<td>MSD Project Clear – long-term project to improve water quality, system improvements; addresses sewer system, overflows, waste water</td>
</tr>
</tbody>
</table>

In addition to the big-ticket public works projects, developers are also giving attention to The Garment District, where old buildings will receive a facelift to bring in new energy – attractive for startups. The entire North-side of St. Louis dons a renovation project all its own: Northside Regeneration. It aims to provide more than 40,000 construction jobs, 22,000 permanent jobs once complete, and become a new major entrance to the city.

Source:
https://www.bjc.org/About-Us/The-BJC-Collaborative/Whats-New/ArtMid/4058/
ArticleID/4048/Blessing-Hospital-begins-patient-tower-expansion
http://www.northstl.com/
Housing Data

The Missouri-side of St. Louis metro housing market is holding steady. The median sale price started to pick up speed in the summer of 2013: $141,000 in June 2013 to $166,000 in June 2018. Recently, the demand is louder as Millennials take the leap into home-buying, and that demand is driving up prices by 5% in one year. With a low quota of new construction, the competition lies in existing home sales; however, inventory is low there, too. Prices are still very affordable; only half of the homes have reached precession values. St. Louis home values are approximately $55,000 under national values.

TOP CITIES IN HOME VALUE CHANGE

- St. Peters +6% to $197,500
- St. Charles +6.4% to $194,100
- Florissant +8.2% to $103,000

Median Sales Price St. Louis MSA 2014-2018
Approximately 60% of the population is made up of homeowners, which is pretty close to the national trend. On the flipside, St. Louis offers very affordable rents with little change in the last few years. The vacancy rate continues to drop year after year; the precession rate was high at 11.0, reached 13.5 in 2013, and the current median is now 8.1. If the housing market continues along the path of high demand and short supply, the rental market will pick up speed in 2019. Once the vacancy rate drops another 2 points, property owners can steer rent prices.

Source:
https://www.stlouisrealestatesearch.com/st-louis-rental-vacancy-rates/#gsc.tab=0
Conclusion

St. Louis is remaking itself again. The next chapter begins with the revitalization of historic neighborhoods and the welcoming of new energy in the form of startups. People are moving out of the city center and establishing roots in the surrounding suburbs. Several projects are underway, most of which concern replacing or adding to the existing infrastructure. Construction projects and growing businesses are looking for investors to fund the next phase of growth. St. Louis is an area of high interest for private money lending opportunities, especially in the industrial market. In 2017, investment sales for new capital reached $800 million. E-commerce warehouses and manufacturing sites are fueling the market. More opportunities are slated for 2019, primed and ready for willing investors.

John Larson of the Real Estate Cowboys (REC) and American Real Estate Investments (AREI) talks passive income real estate investing every week on the podcast and develops new educational content each week. John has a passion for diving into the “Why” of real estate for each individual. When people find a proper education and find their “why,” then the real estate strategy becomes clear, comfortable, and secure.

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