

MARKETBEAT INDUSTRIAL SNAPSHOT



ST. JOHN'S, NL

A Cushman & Wakefield Alliance Research Publication

Q1 2015



ECONOMIC OVERVIEW

The provincial government is waiting until the federal government tables its budget before it reveals its financial plans. However, oil prices remain low, and with a further decline in iron ore prices, the vagaries of the commodities market seem to be hitting all at once. On a positive note, delays being experienced in the construction of Hebron, a heavy oil field project, continues to employ locals for longer.

The Canada NL Offshore Petroleum Board issued a call for bids on eleven exploration licenses, covering approximately 2.6 million hectares offshore Newfoundland & Labrador. Interested oil companies will have to place a minimum commitment of \$10 million for each area of interest. The sole deciding factor for awarding permits will be the amount committed for work in the area. (Source: CNLOPB)

Plans for a business park in Torbay, located just northeast of St. John's – that would allow a source of revenue besides residential property tax – have been put on hold due to issues with water. (Source: The Telegram)

OUT AND ABOUT

Cargocan Logistics renewed their lease at 21 Glencoe Drive in Mount Pearl. Ryder moved out of Donovans to Paradise, taking most of the building at 1257 Kenmount Road as well as yard space.

State of Mind Inc. found a place for their indoor skateboard facility at 26 Austin Street in O'Leary Industrial Park.

Land sales remain brisk, and prices are holding, with an average price of \$412,398 per acre. Lots for industrial development were sold in Bremigan's, East White Hills, and Conception Bay South.

THE NUMBERS

Absorption in some of the larger vacancies in Mount Pearl and Paradise amounted to almost 75,000 square feet (sf) this quarter, and reduced the vacancy rate in this submarket by 3.4 percentage points, to 11.0% this quarter. Citywide, more than 105,000 sf of absorption was recorded over the quarter, contributing to a drop in overall vacancy rate of 3.1 percentage points, ending Q1 at 9.9%. Rents remain relatively stable.

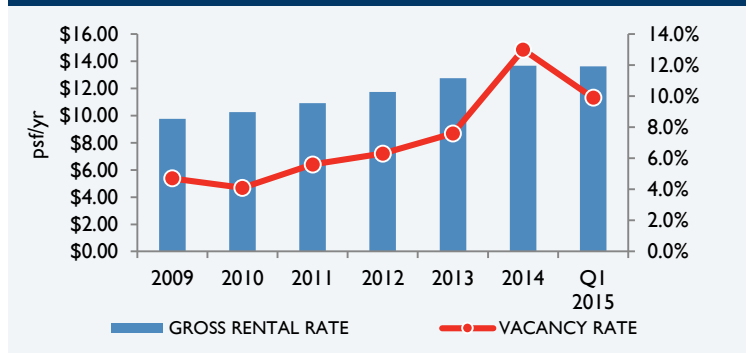
OUTLOOK

Firms outside of the oil industry and the supply thereof are also expanding. They will likely absorb some of the newly constructed space, thereby continuing the decrease in vacancy we have seen this quarter.

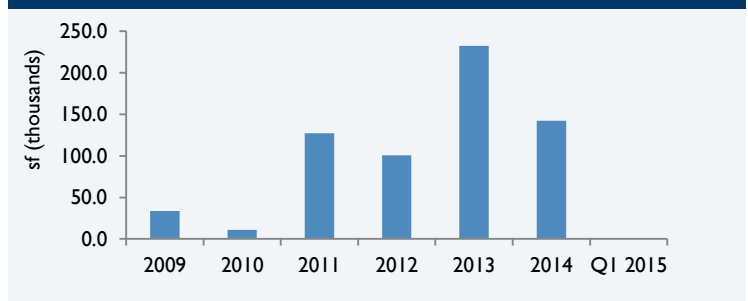
STATS ON THE GO

	Q1 2014	Q1 2015	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	9.9%	9.9%	0 pp	▲
Gross Asking Rents (psf/yr)	\$13.12	\$13.62	3.9%	◄►
YTD New Supply (sf)	98,498	0	(98,498)	▲

DIRECT RENTAL VS. VACANCY RATES



NEW SUPPLY



ST. JOHN'S, NL

SUBMARKET	INVENTORY	OVERALL VACANCY RATE	UNDER CONSTRUCTION	CURRENT QUARTER CONSTRUCTION COMPLETIONS	YTD CONSTRUCTION COMPLETIONS	CURRENT QUARTER ABSORPTION	YTD OVERALL ABSORPTION	WTD. AVG. NET RENTAL RATE*	WTD. AVG. ADDITIONAL RENTAL RATE*	WTD. AVG. GROSS RENTAL RATE*
St. John's – East	199,870	0.0%	0	0	0	4,000	4,000	\$11.74	\$3.35	\$15.10
St. John's – West	147,345	9.4%	0	0	0	17,009	17,009	\$9.43	\$2.57	\$12.00
St. John's – Central	170,951	3.8%	0	0	0	(3,000)	(3,000)	\$11.64	\$6.21	\$17.86
St. John's – North	752,724	10.8%	0	0	0	12,900	12,900	\$11.03	\$3.32	\$14.35
Mt. Pearl/Paradise	2,195,513	11.0%	175,500	0	0	74,498	74,498	\$10.21	\$2.73	\$12.93
TOTALS	3,466,403	9.9%	175,500	0	0	105,407	105,407	\$10.57	\$3.06	\$13.62

* RENTAL RATES REFLECT ASKING \$PSF/YEAR

MARKET HIGHLIGHTS

SIGNIFICANT Q1 2015 LEASE TRANSACTIONS

	SUBMARKET	TENANT	PROPERTY TYPE	SQUARE FEET
21 Glencoe Drive	Mount Pearl/Paradise	Cargocan	Warehouse	42,600
1257 Kenmount Road	Mount Pearl/Paradise	Ryder	Warehouse + Yard	14,000
26 Austin Street	St. John's – North	State of Mind Inc.	Warehouse	9,700

SIGNIFICANT Q1 2015 SALE TRANSACTIONS

	SUBMARKET	BUYER	PURCHASE PRICE / \$PSF	SQUARE FEET
N/A				

SIGNIFICANT Q1 2015 CONSTRUCTION COMPLETIONS

	SUBMARKET	MAJOR TENANT	COMPLETION DATE	SQUARE FEET/% PRELEASED
N/A				

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

	SUBMARKET	MAJOR TENANT	COMPLETION DATE	SQUARE FEET/% PRE-LEASED
Bremigan's Blvd.	Mount Pearl/Paradise	Weatherford	Q2 2015	69,000 / 100 %
Corey King Project	Mount Pearl/Paradise	TBA	Various	7,800 / 80%
27 Beclin Road	Mount Pearl/Paradise	Cardinal Health	Q2 2015	52,500 / 39%
35 Beclin Road	Mount Pearl/Paradise	Falck Safety/CAE	Q2 2015	46,200 / 62%