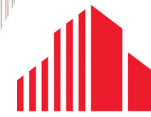


Industrial Snapshot Q2 2016

St. John's, NL



ST. JOHN'S INDUSTRIAL

Economic Indicators

	Q2 15	Q2 16	12-Month Forecast
St. John's Employment	117k	117k	▼
St. John's Unemployment	6.4%	6.8%	▲
Canada Unemployment	6.8%	6.9%	▲

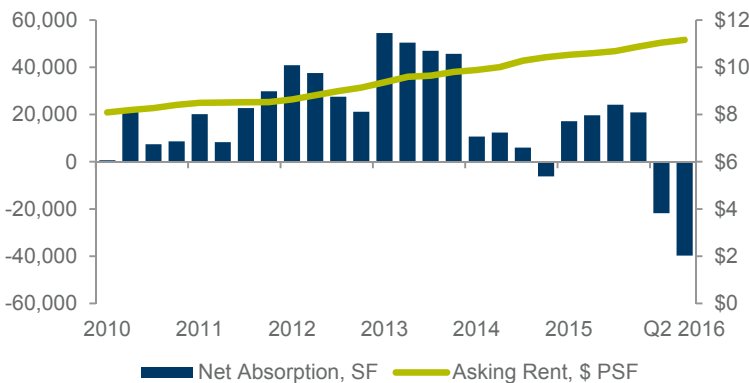
Market Indicators (Overall, All Classes)

	Q2 15	Q2 16	12-Month Forecast
Overall Vacancy	11.2%	16.6%	▲
Net Absorption (sf)	42,931	(28,923)	▼
Under Construction (sf)	101,800	0	▼
Average Asking Rent*	\$10.79	\$11.26	▼

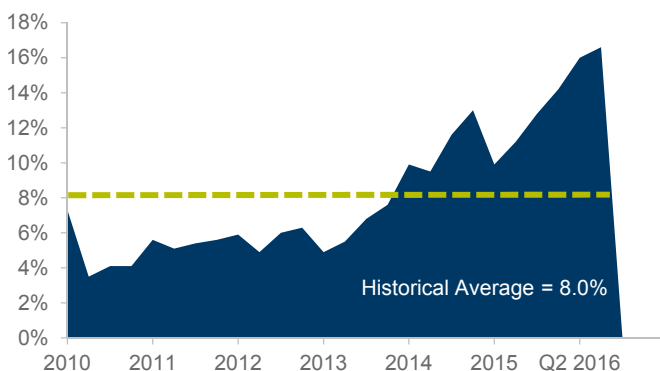
*Rental rates reflect net asking \$psf/year

Overall Net Absorption/Overall Asking Rent

4Q TRAILING AVERAGE



Overall Vacancy



Economy

The Atlantic Provinces Economic Council report released this past June indicated approximately \$6.5 billion of committed investment in major projects for Newfoundland and Labrador – representing a decrease of about 14% from last year. That being said, this amount represents over 50% of the total investment within Atlantic Canada for 2016.

Later that month an update on Muskrat Falls was provided by new CEO Stan Marshall. The project costs are now estimated at \$11.4 billion – considerably greater than both the initial and adjusted estimates. Power generation is also two years behind schedule.

CMHC (Canada Mortgage and Housing Corporation) announced there was a cooling of the St. John's housing market resulting from lower oil prices, and a corresponding decline in both household income and employment figures. Resales are anticipated to drop over 15% by the end of 2017, and prices are expected to decline almost 10% over that same period. As these housing market conditions are anticipated to last until late 2017, it is good news for first time home buyers looking to enter the market.

(Source: APEC; CMHC; The Telegram)

Market Overview

While there were a few lease transactions finalized in Q2, there are also a handful of lease negotiations nearing completion for spaces in Paradise and in the North submarket. Some of these transactions will likely be finalized next quarter – for which occupancy will be scheduled for late Q3, when the tenant fit-up is completed.

The industrial tenants involved in the lease negotiations are local firms looking to expand. Recreational users are also negotiating. Some are looking to lease, while Axtion – currently located in Trout Place in Mount Pearl – issued an RFP for a \$5 million build-to-suit to accommodate their climbing/slide/amusement park. A substantial completion of this park is requested by August 1st, 2017.

Outlook

With commodity prices remaining low, spec building is on hold and landlords with available space are aggressively offering generous terms. Tenants have some new product options at rates ranging from \$10.00 - \$15.00 per square foot. Meanwhile, the vacancies in older inventory continue to linger.

MARKETBEAT

Industrial Snapshot Q2 2016

St. John's, NL



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Atlantic

SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	OVERALL VACANT SPACE (SF)	OVERALL VACANCY RATE	CURRENT NET OVERALL ABSORPTION (SF)	YTD NET OVERALL ABSORPTION (SF)	UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVE. NET RENT*	OVERALL WEIGHTED AVE. ADD. RENT	OVERALL WEIGHTED AVE. GROSS RENT
EAST	8	225,870	20,664	9.1%	(300)	(300)	0	0	\$12.35	\$3.84	\$16.19
WEST	4	147,345	13,780	9.4%	0	0	0	0	\$9.43	\$2.57	\$12.00
DOWNTOWN	6	170,951	28,600	16.7%	0	(800)	0	0	\$12.56	\$6.21	\$18.78
NORTH	37	744,947	100,326	14.3%	(28,623)	(29,889)	0	0	\$11.15	\$3.66	\$14.81
MOUNT PEARL/PARADISE	101	2,439,741	450,165	18.5%	0	(63,065)	0	0	\$11.20	\$2.83	\$14.03
ST. JOHN'S TOTALS	156	3,728,854	619,535	16.6%	(28,923)	(94,054)	0	0	\$11.26	\$3.20	\$14.46

*Rental rates reflect asking \$psf/year

Key Lease Transactions Q2 2016

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET

Key Sales Transactions Q2 2016

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
20 Glencoe Drive	17,000	Moore Holdings/ GDA Holdings	\$ 1.55 million / \$91	Mount Pearl/Paradise

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