

# MARKETBEAT INDUSTRIAL SNAPSHOT



## ST. JOHN'S, NL

A Cushman & Wakefield Alliance Research Publication

Q4 2013



### ECONOMIC OVERVIEW

It was announced in December 2013 that the Muskrat Falls energy megaproject - including development of a hydroelectric plant in Labrador, with transmission to the island of Newfoundland and then on to Nova Scotia - had secured \$5 billion in financing on a 40 year term at 3.8%.

Capital expenditures for 2013 within the province are anticipated at just over \$11 billion, with half of that from the mining and oil/gas extraction industries. This is an increase of almost 40% from the previous year. However, expenditures across other sectors remained relatively stable.

Labour income was up 5% from the previous year, with average weekly earnings up 3% to \$ 965.05 in October 2013. (Source : Statistics Canada)

### OUT AND ABOUT

Phase I of Glencrest is underway at the western entrance to St. John's. This multifaceted commercial development that is being spearheaded by former premier Danny Williams has 87 acres of commercial, light and heavy industrial zoned property. Lot sizes range from one to ten acres.

Bremigan's Industrial Park in Paradise continues to attract local owner occupiers - such as the new building for North Shore Roofers at 69 Bremigan's Blvd. Lot 12 was also sold to 70633 NL Ltd. - a firm affiliated with TelTech Canada.

National firm FI Oilfield Services Canada ULC also purchased land in the park of over 5.5 acres for \$2,000,000. In addition, RothLochston Realty - an affiliate of local firm Bowringer Engineering - purchased land on McNamara Road for \$1,150,000. These transactions emphasize the significant economic benefits created by the offshore oil industry.

Local investors pursued investment opportunities in O'Leary Industrial Park as well, with the sale of 5 Hallett Crescent and 21-23 Pippy Place.

### THE NUMBERS

Vacancy climbed almost a full percentage point to reach 7.6% this quarter. This is up from 6.8% in Q3 2013 as vacancy rose in the Suburban north and Mount Pearl/Paradise submarkets. Accordingly, rental rates remained fairly stable with net rental rates up 5% overall, though showing a very slight decrease in the Suburban north.

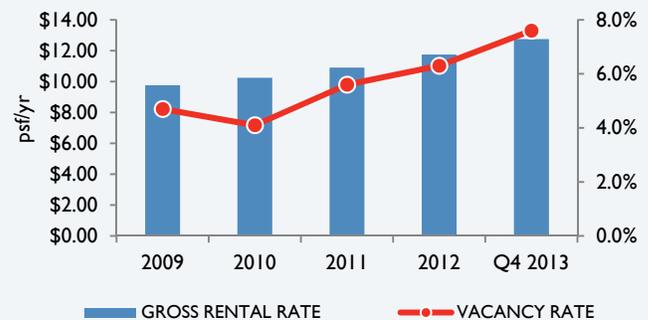
### OUTLOOK

The addition of the Glencrest lands and the industrial development in the east end at East White Hills is offering the city an opportunity to expand the industrial tax base which has benefitted neighbouring Mount Pearl and Paradise.

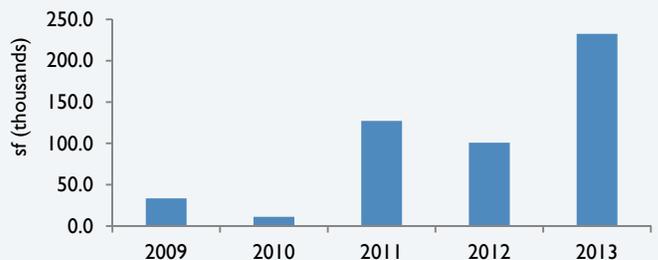
### STATS ON THE GO

	Q4 2012	Q4 2013	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	6.3 %	7.6%	1.3pp	▲
Gross Asking Rents (psf/yr)	\$ 11.75	\$12.75	8.5%	◄►
YTD New Supply (sf)	99,346	232,500	133,154 sf	▲

### 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	7.1%	0	0	106,500	0	112,688	\$ 11.70	\$3.22	\$14.92
St. John's - West	147,345	18.3%	0	0	0	0	5,000	\$8.16	\$3.03	\$11.19
St. John's - Central	170,951	6.5%	0	0	0	0	150	\$10.96	\$3.45	\$14.41
St. John's - North	720,744	12.3%	0	0	10,000	5,917	(42,683)	\$10.45	\$3.06	\$13.51
Mt. Pearl/Paradise	2,064,315	5.4%	82,000	30,000	116,000	8,851	107,520	\$9.61	\$2.48	\$12.09
<b>TOTALS</b>	<b>3,303,225</b>	<b>7.6%</b>	<b>82,000</b>	<b>30,000</b>	<b>232,500</b>	<b>14,768</b>	<b>182,675</b>	<b>\$9.92</b>	<b>\$2.83</b>	<b>\$12.75</b>

\* RENTAL RATES REFLECT ASKING \$PSF/YEAR

## MARKET HIGHLIGHTS

Significant Q4 2013 Lease Transactions	SUBMARKET	TENANT	PROPERTY TYPE	SQUARE FEET
Significant Q4 2013 Sale Transactions	SUBMARKET	BUYER	PURCHASE PRICE / \$PSF	SQUARE FEET
10 Dundee Avenue	Mount Pearl/Paradise	Vineland Hldgs	\$ 1,725,000/ \$ 99	17,500
21-23 Pippy Place	Suburban - North	Welcome Homes Ltd.	\$ 1,625,000/ \$ 92	17,585
5 Hallett Crescent	Suburban - North	10804 NL Ltd.	\$ 1,450,000	2 Bldgs
Significant Q4 2013 Construction Completions	SUBMARKET	MAJOR TENANT	COMPLETION DATE	SQUARE FEET
69 Bremigan's Blvd.	Mount Pearl/Paradise	North Shore Roofers (Owner Occupied)	Q4 2013	30,000
Significant Projects Under Construction	SUBMARKET	MAJOR TENANT	COMPLETION DATE	SQUARE FEET
30 Beclin Road	Mt. Pearl/Paradise	TBA	Q1 2014	45,000
38 Beclin Road	Mt. Pearl/Paradise	TBA	Q1 2014	37,000