

ST. JOHN'S INDUSTRIAL

Economic Indicators

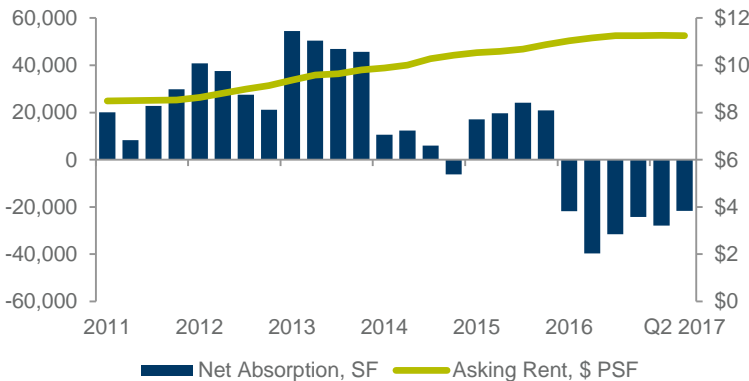
	Q2 16	Q2 17	12-Month Forecast
St. John's Employment	117k	110k	▼
St. John's Unemployment	6.8%	8.5%	▲
Canada Unemployment	6.9%	6.6%	▼

Market Indicators (Overall, All Classes)

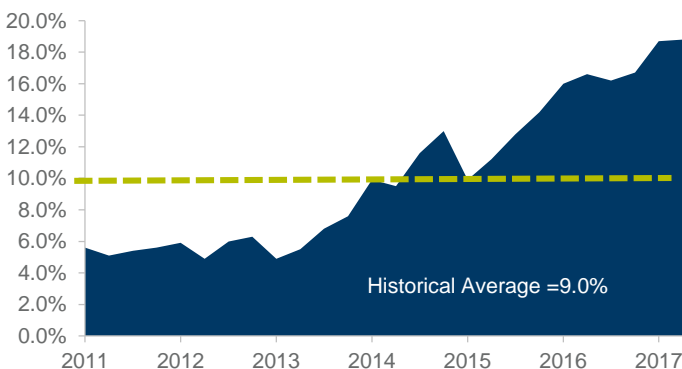
	Q2 16	Q2 17	12-Month Forecast
Overall Vacancy	16.6%	18.8%	▲
Net Absorption (sf)	-28,923	-4,221	▼
Under Construction (sf)	0	50,000	■
Average Asking Rent*	\$11.26	\$11.20	▼

*Rental rates reflect net asking \$psf/year

Overall Net Absorption/Overall Asking Rent 4Q TRAILING AVERAGE



Overall Vacancy



Economy

Hook up and commissioning of the Hebron Gravity Based Structure was successfully completed, with first oil anticipated in late 2017. As major projects such as Hebron wind down, so too does capital investment within Newfoundland and Labrador; forecasted to decline by 7.8% to \$11.1 billion in 2017 - still high by historical standards. Employment is expected to fall 1.9% from 2016 levels, while unemployment is anticipated to rise by 0.5% to average 13%. There will be corresponding decreases in household income and retail sales.

While this year marks the 25th anniversary of the cod moratorium, significant quota cuts were announced for this year – total allowable catch for snow crab has been reduced by 22%, while the northern shrimp quota has been reduced 63%. This will significantly impact harvesters and processors, as well as result in higher prices for seafood.

The province announced a five year, \$3 billion plan for new and existing public infrastructure, calling for approximately \$570 million to be spent over fiscal 2017/18.

(Department of Finance, Gov't of NL)

Market Overview

The industrial sector showed some moderate activity through the spring, which included sales of large lots. Work has begun on the new Alpha Chemical building in East White Hills, located within St. John's. The facility will include office, warehouse, and lab space within a pre-engineered building, as well as a lay down area and a tank farm.

Bremigen's Boulevard continues to attract interest, with local transportation firm RMS Pope Inc. purchasing 6.75 acres.

Leasing of smaller spaces continued by local firms in the Donovan's area, as well as within the O'Leary industrial area. SNC Lavalin has decided upon Beclin Business Park for their industrial division – near their new office that is located at 1090 Topsail Road.

Outlook

While there may be some debate as to whether that market has become more favorable to tenants, landlords - even those with newer buildings - are accepting lower rents and termination clauses.

MARKETBEAT

ST. JOHN'S, NL

Industrial Q2 2017



CELEBRATING
100
YEARS

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	27,877	12.3%	0	-3,716	0	0	\$11.68	\$4.04	\$15.72
WEST	4	147,345	28,000	19.0%	-14,220	-14,220	0	0	\$8.68	\$2.84	\$11.51
DOWNTOWN	6	170,951	28,600	16.7%	0	0	0	0	\$13.01	\$4.91	\$17.92
NORTH	37	744,947	120,387	16.2%	-4,511	-22,002	0	0	\$10.85	\$3.97	\$14.82
MOUNT PEARL/PARADISE	104	2,466,741	501,228	20.3%	14,510	-43,960	50,000	0	\$11.30	\$2.88	\$14.19
ST. JOHN'S TOTALS	161	3,755,854	706,092	18.8%	-4,221	-83,898	50,000	0	\$11.20	\$3.23	\$14.42

*Rental rates reflect asking \$psf/year

Key Lease Transactions Q2 2017

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
27 Beclin Road	8,256	SNC Lavalin	Lease	Mt. Pearl//Paradise

Key Sales Transactions Q2 2017

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
30 O'Leary Avenue	20,000	Wadden Realty Ltd./ Smart Beta Hldgs Inc.	\$1,750,000/ \$87.50	North

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