

# MARKETBEAT

## INDUSTRIAL SNAPSHOT



### ST. JOHN'S, NL

A Cushman & Wakefield Alliance Research Publication

Q3 2013



#### ECONOMIC OVERVIEW

The key word continues to be "megaprojects" as mining and energy projects continue to drive the economic activity that has the province leading the country in growth this year. Current year spending on major projects according to The Atlantic Provinces Economic Council has Newfoundland and Labrador accounting for \$9.4 billion; approximately 65.7% of the \$14.3 billion to be spent in the Atlantic region as a whole.

The expansion of the White Rose field has been amended to allow for use of a wellhead platform to be constructed at Argentia as opposed to the originally specified subsea development. This will result in significant additional employment within the province. The platform will deliver approximately 115 million barrels of oil, providing about \$3 billion in royalties. Provincially owned Nalcor Energy is a participant in this joint venture with Husky Energy and Suncor.

#### OUT AND ABOUT

With their acquisition of SGS Laser, Paper Plus required larger facilities and leased 10,000 square feet (sf) at 14 Austin Street. Also in O'Leary, the Fusion Dance Studio took some space in the 82 O'Leary building.

Donovan's Holdings continued their divestiture in O'Leary with the sale of 37 O'Leary Avenue to RCG Realty – an interesting partnership of commercial real estate competitors.

There is a big "For Lease" sign in front of 323 Kenmount Road, leaving 20,000 sf available on the high traffic Kenmount corridor, a site which also has potential for redevelopment.

EnviroMed completed its new building at 145 MacNamara Road in Paradise with some surplus space available for lease. 1257 Kenmount Road has also been completed; however, the entire 20,000 sf remains available.

#### THE NUMBERS

Vacancy is up 1.3% from last quarter while asking rents are down 5 percentage points. New supply continued to be added to the inventory this quarter but the new speculative space in Paradise remains vacant.

#### OUTLOOK

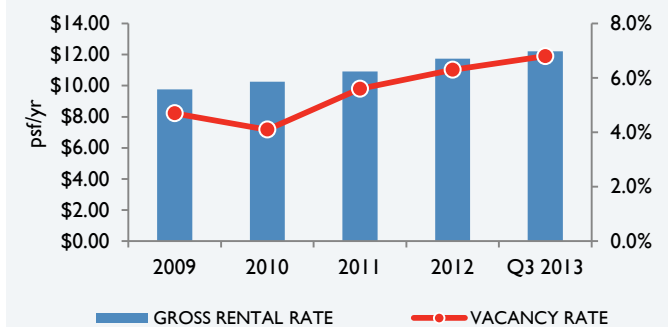
Occupancy of new and existing vacancies has slowed. Only 30 – 45% of this quarter's new supply has been absorbed - and that was by the owners/occupiers. The speculative development over

the last 18 months or so may have fulfilled the demand within the market.

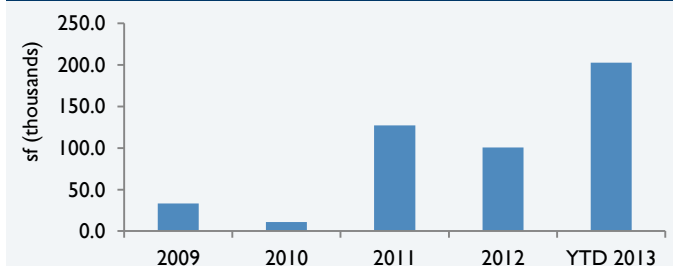
#### STATS ON THE GO

	Q3 2012	Q3 2013	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	6.0 %	6.8%	0.8pp	▲
Gross Asking Rents (psf/yr)	\$ 11.70	\$12.21	4.4%	◄
YTD New Supply (sf)	86,346	202,500	116,154 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	1,900	112,688	\$11.60	\$3.10	\$14.70
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	11.81%	0	0	10,000	(13,950)	(33,600)	\$10.54	\$2.88	\$13.42
Mt. Pearl/Paradise	2,034,315	4.1%	0	50,000	86,000	15,655	104,294	\$9.41	\$2.48	\$11.89
<b>TOTALS</b>	<b>3,273,225</b>	<b>6.8%</b>	<b>0</b>	<b>50,000</b>	<b>202,500</b>	<b>5,405</b>	<b>183,532</b>	<b>\$9.44</b>	<b>\$2.78</b>	<b>\$12.60</b>

\* RENTAL RATES REFLECT ASKING \$PSF/YEAR

## MARKET HIGHLIGHTS

Significant Q3 2013 Lease Transactions	SUBMARKET	TENANT	PROPERTY TYPE	SQUARE FEET
14 Austin Street	St. John's - North	SGS Laser/Paper Plus	Industrial	10,000
Significant Q3 2013 Sale Transactions	SUBMARKET	BUYER	PURCHASE PRICE / \$PSF	SQUARE FEET
37 O'Leary Avenue	St. John's	RCG Realty	\$ 2,825,000 / \$85	33,350
Significant Q3 2013 Construction Completions	SUBMARKET	MAJOR TENANT	COMPLETION DATE	SQUARE FEET
1257 Kenmount Road	Mt. Pearl/Paradise	TBA	Q3 2013	20,000
1209 Kenmount Road	Mt. Pearl/Paradise	TBA/Partially Own Occupied	Q3 2013	15,000
145 McNamara Road	Mt. Pearl/Paradise	TBA/Partially Own Occupied	Q3 2013	15,000
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