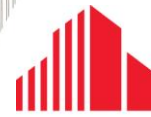


Industrial Snapshot Q3 2015

St. John's, NL



ST. JOHN'S INDUSTRIAL

Economic Indicators

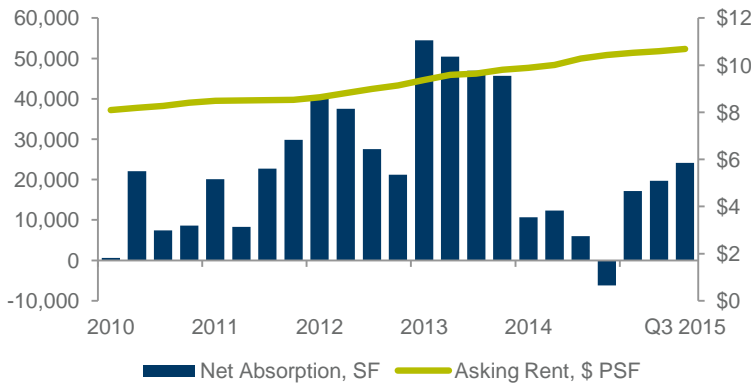
	Q3 14	Q3 15	12-Month Forecast
St. John's Employment	115k	116k	▼
St. John's Unemployment	6.6%	6.3%	▲
Canada Unemployment	6.9%	7.0%	■

Market Indicators

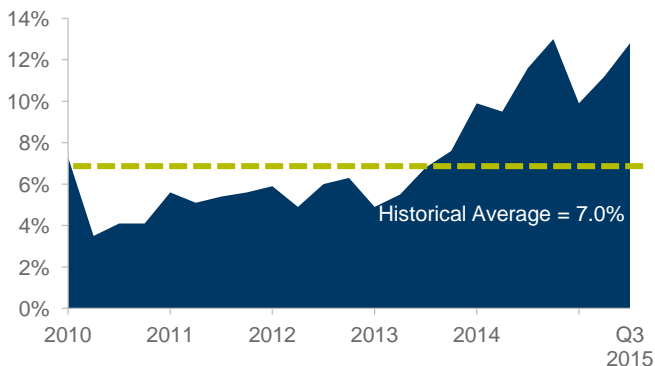
	Q3 14	Q3 15	12-Month Forecast
Overall Vacancy	11.6%	12.8%	▲
Net Absorption	(66)k	(18)k	▼
Under Construction	100k	34k	▼
Overall Average Asking Rent	\$10.52	\$10.87	▲

Net Absorption/Asking Rent

4Q TRAILING AVERAGE



Overall Vacancy



Economy

Continued low oil prices and falling oil production – the result from maintenance related shutdowns and maturing offshore fields - are among those challenges facing the economy of Newfoundland and Labrador. According to the summer report from the Conference Board of Canada, St. John's is experiencing the slowest growth of the 15 mid-sized tracked Canadian cities– with an anticipated growth rate of 0.5% in 2015. However, the report stated that gains in other sectors such as real estate and finance have helped to offset the oil related declines.

Market Overview

The industrial vacancy rate continued to increase this quarter; reaching 12.8% from 11.2% in Q2. The large vacancies in Donovan's Business Park that arrived on the market in the last several quarters are lingering and some additional large spaces have come to the market this quarter; such as the former Skyway Steel building in Paradise which placed 16,663 square feet (sf) of warehouse on the market.

The Weatherford facility that was completed in Paradise this quarter allowed them to consolidate their operations. However, this resulted in their existing facilities in Mount Pearl coming to market both in Q3 and in future quarters. In other development news, the new service centre facility for Cameron Canada Inc. which is located on a six acre site in the East White Hills is nearing completion.

Outlook

The new Beclin development attracted tenants with large space requirements, and owner-occupiers continue to develop their own buildings in the newer industrial areas of Paradise and the east end – albeit at a slower pace compared to 2013/14. Large pockets of vacancy in the older buildings of Mount Pearl will persist, and this vacancy will increase as a result of the new supply arriving on the market.

Owners of land are prudently curtailing speculative building construction in favour of actively seeking build-to-suit opportunities – although commercial condo construction is rumoured for both Donovan's and nearby Conception Bay South. The 87 acres of land available for industrial development at Glencrest will be interesting to watch, given the changing market characteristics. The question will be if its strategic location will be sufficient to attract buyers and developers, and secondly if land prices will hold.

MARKETBEAT

Industrial Snapshot Q3 2015

St. John's, NL



SUBMARKET	TOTAL BLDGS	INVENTORY	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT NET OVERALL ABSORPTION	YTD NET OVERALL ABSORPTION	UNDER CNSTR	YTD CNSTR COMPLETIONS	DIRECT WEIGHTED AVE. NET RENT*	DIRECT WEIGHTED AVE. ADD. RENT*	DIRECT WEIGHTED AVE. GROSS RENT*
EAST	7	199,870	3,964	2.0%	0	36	0	0	\$11.77	\$3.35	\$15.12
WEST	4	147,345	13,780	9.4%	0	17,009	0	0	\$9.43	\$2.57	\$12.00
DOWNTOWN	6	170,951	27,800	16.3%	0	(24,300)	0	0	\$12.42	\$6.21	\$18.63
NORTH	37	733,824	93,178	12.7%	(20,000)	(17,655)	0	0	\$11.04	\$3.28	\$14.31
MOUNT PEARL/PARADISE	100	2,409,741	328,550	13.6%	2,255	155,503	34,000	167,692	\$10.73	\$2.83	\$13.56
ST. JOHN'S TOTALS	154	3,661,731	467,272	12.8%	(17,745)	130,593	34,000	167,692	\$10.87	\$3.10	\$13.97

*Rental rates reflect asking \$psf/year

Key Lease Transactions Q3 2015

PROPERTY	SF	TENANT	PROPERTY TYPE	SUBMARKET
1222 Kenmount Road, Paradise	69,000	Weatherford	Warehouse/Test Facility	Mount Pearl/Paradise
116 Glencoe Drive	6,100	Tirecraft	Warehouse	Mount Pearl/Paradise

Key Sales Transactions Q3 2015

PROPERTY	SF	SELLER/BUYER	PROPERTY TYPE	PRICE	SUBMARKET
1237 Kenmount Road	N/A	North Atlantic Marine/ 75016 NL Inc.	Warehouse	\$ 5,720,000	Mount Pearl/Paradise

About Cushman & Wakefield

Cushman & Wakefield is a global leader in commercial real estate services, helping clients transform the way people work, shop, and live. The firm's 43,000 employees in more than 60 countries provide deep local and global insights that create significant value for occupiers and investors around the world. Cushman & Wakefield is among the largest commercial real estate services firms in the world with revenues of \$5 billion across core services of agency leasing, asset services, capital markets, facilities services (branded C&W Services), global occupier services, investment management (branded DTZ Investors), tenant representation and valuations & advisory. To learn more, visit www.cushmanwakefield.com or follow @Cushwake on Twitter.

Joanne Earle

Research/ Commercial Sales & Leasing
 49-55 Elizabeth Avenue, Suite 302
 P.O. Box 1135
 St. John's, NL A1C 5M5
 Tel: +(709) 576-3777
 Fax: +(709) 576-3778
jearle@cweast.com