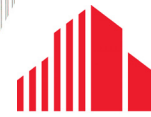


Industrial Snapshot Q4 2015

St. John's, NL



ST. JOHN'S INDUSTRIAL

Economic Indicators

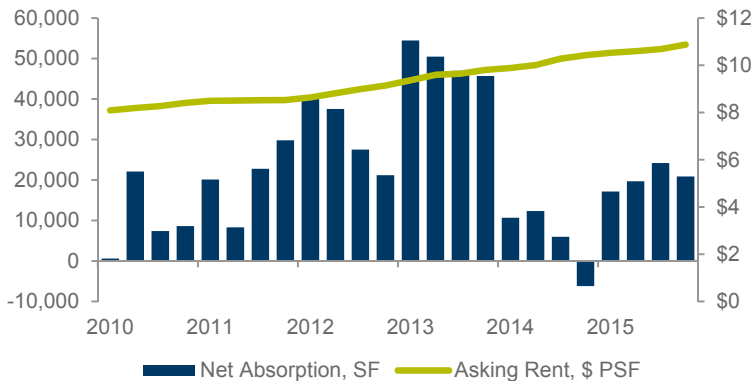
	2014	2015	12-Month Forecast
St. John's Employment	115k	116k	▼
St. John's Unemployment	6.1%	6.2%	▲
Canada Unemployment	6.6%	7.1%	■

Market Indicators (Overall, All Classes)

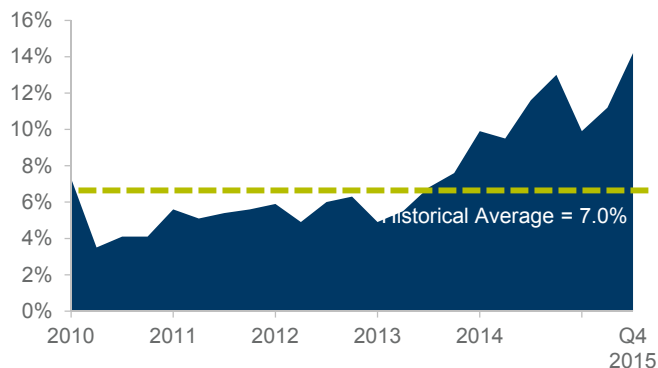
	2014	2015	12-Month Forecast
Overall Vacancy	13.0%	14.2%	▲
Net Absorption (sf)	(54,872)	83,494	▼
Under Construction (sf)	76,800	34,000	▼
Average Asking Rent*	\$10.50	\$11.25	▼

*Rental rates reflect net asking \$psf/year

Overall Net Absorption/Overall Asking Rent 4Q TRAILING AVERAGE



Overall Vacancy



Economy

The new provincial government is facing several challenges. The projected deficit has ballooned to almost \$2 billion, and oil prices show no signs of recovery. In addition, there is little manufacturing in the province that will benefit from a lower Canadian dollar. As a result of these factors the province awaits the new provincial budget with some trepidation.

The most recent budget released by the City of St. John's has generated controversy with both an average tax increase of 21% on commercial properties, and the removal of the vacancy allowance in 2018. Building owners are claiming this budget is anti-development, and that there should have been more emphasis on reducing expenses. The city will certainly be collecting less in permit fees as the value of commercial building permits has decreased by 25% from \$170,000,000 in 2014 to \$127,488,000 in 2015. Industrial and institutional permits are also down significantly year-over-year.

Market Overview

Industrial building sales were brisk in Q4. Commodore Blackwood Holdings purchased the warehouse at 4 Trout Place – located in proximity to their new City Tire & Automotive facility on Topsail Road. Howard Real Estate (Capital Auto Group) purchased 439 Kenmount Road for use as their own service centre. With the completion and occupancy of their new facility in Bremigan's, FI Oilfield sold their building at 2 Dundee. It was purchased by Atlantican General Holdings as an investment, and is currently available for lease. Mallam Realty completed their new building at 190 Major's Path and will occupy a portion with the balance available for lease. Tenants for these new buildings remains elusive, with the overall vacancy for the city rising to 14.2% in Q4, up from 12.8% last quarter.

Outlook

With the slowing of the oil and construction industries there has been a proportionate reduction in demand, as a result, speculative development remains on hold for the foreseeable future. There is evidence that the favourable landlord market is shifting – though activity levels remain low enough that it is not yet a tenant's market.

MARKETBEAT

Industrial Snapshot Q4 2015

St. John's, NL



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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	20,364	9.0%	9,600	9,636	0	26,000	\$12.26	\$3.35	\$15.62
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	36	716,324	73,437	10.7%	1,851	(15,804)	0	0	\$11.16	\$3.27	\$14.43
MOUNT PEARL/PARADISE	101	2,439,741	357,900	15.9%	(58,850)	96,953	34,000	167,692	\$11.22	\$2.85	\$14.07
ST. JOHN'S TOTALS	155	3,700,231	493,281	14.2%	(47,099)	83,494	34,000	193,692	\$11.25	\$3.11	\$14.36

*Rental rates reflect asking \$psf/year

Key Lease Transactions Q4 2015

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
N/A				

Key Sales Transactions Q4 2015

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
4 Trout Place	20,580	Guardian Bldg. Pdts/Commodore Blackwood Hldgs	\$ 1,650,000 / \$ 80	Mount Pearl/Paradise
38 Dundee Avenue	10,000	10886 NL Inc./Sansom Equipment Ltd.	\$ 1,350,000 / \$ 135	Mount Pearl/Paradise
2 Dundee Avenue	20,000	FI Oilfield/Atlantican General Trading	\$ 2,300,000 / \$ 115	Mount Pearl/Paradise
439 Kenmount Road	14,890	William Peach Ltd/Howard Real Estate Hldgs	\$ 2,000,000 / \$ 134	North

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