

ST. JOHN'S INDUSTRIAL

Economic Indicators

	Q3 16	Q3 17	12-Month Forecast
St. John's Employment	118.5k	119k	▼
St. John's Unemployment	6.7%	8.4%	▲
Canada Unemployment	7.0%	6.2%	▼

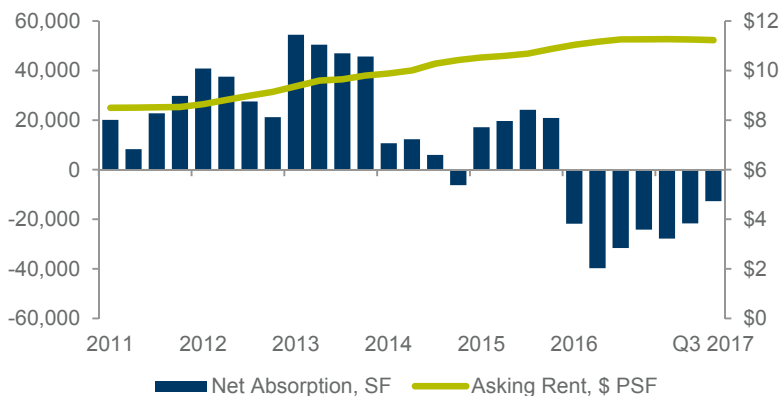
Market Indicators (Overall, All Classes)

	Q3 16	Q3 17	12-Month Forecast
Overall Vacancy	16.2%	18.1%	▲
Net Absorption (sf)	14,774	50,530	▼
Under Construction (sf)	0	20,000	■
Average Asking Rent*	\$11.27	\$11.18	▼

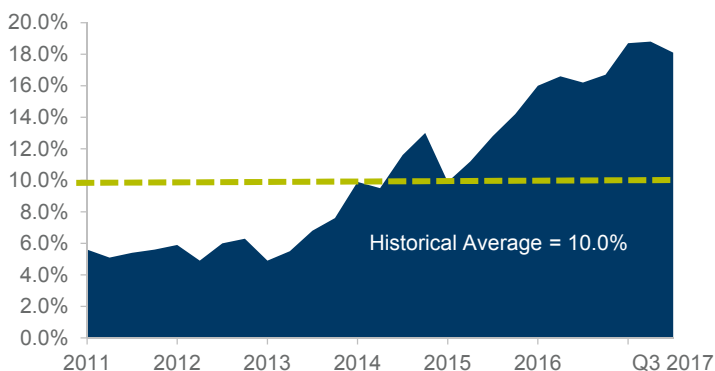
*Rental rates reflect net asking \$psf/year

Overall Net Absorption/Overall Asking Rent

4Q TRAILING AVERAGE



Overall Vacancy



Economy

Husky Energy is moving along with the \$3.2 billion West White Rose offshore project, a concrete gravity based structure wellhead platform, with first oil expected in 2022. The gross peak production rate is forecasted at 75,000 barrels a day in 2025 as development wells are drilled and come online. Contracts are being awarded, with 95% of the detailed engineering of the accommodation module and facilities service block being completed within Newfoundland and Labrador. The concrete gravity structure will be constructed at an industrial site in Placentia – located approximately 130 kilometres (kms) from St. John's. The living quarters for the project will be constructed at the Marystown shipyard and fabrication facility, with is close to 300 kms from St. John's on the Burin peninsula.

In August 2017, the provincial government announced a comprehensive review of the province's tax system which will be completed in September 2018. The recommendations will be reflected in the 2019/20 budget. (Source: CBC; Gov. of NL)

Market Overview

Site work is underway at Kenmount Crossing, a 109 acre commercial, retail, and industrial site located between St. John's, Mount Pearl and Paradise. Initial lot pricing is thought to be set at \$700,000 per acre.

There were new buildings completed in Q3 2017; primarily for owner occupation. One of these projects was the Cohen's outlet at 124 Glencoe Drive, which has 10,000 square feet available for lease. Hampton's new building on McNamara Drive in Paradise also opened this quarter. The company had sold their building on Kenmount Road to Fix Auto in Q4 2016.

The Mile 1 Harley Davidson dealership at 12 Allston Street in Mount Pearl was sold in conjunction with the Privateers dealership in Halifax, Nova Scotia to the St. John's based Hickman Automotive Group.

Outlook

As leases expire and vacancies linger, some older industrial buildings will be offered up for sale - and will likely find local investors as purchasers.

MARKETBEAT

ST. JOHN'S, NL

Industrial Q3 2017



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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	26,180	11.6%	1,697	-2,019	0	0	\$11.21	\$4.04	\$15.25
WEST	4	147,345	21,000	14.3%	7,000	-7,220	0	0	\$ 8.87	\$2.84	\$11.71
DOWNTOWN	6	170,951	28,600	16.7%	0	0	0	0	\$13.01	\$4.91	\$17.92
NORTH	37	744,947	108,945	14.6%	11,442	-10,560	0	0	\$10.86	\$3.96	\$14.81
MOUNT PEARL/PARADISE	104	2,496,741	500,837	20.1%	30,391	-13,569	20,000	0	\$12.46	\$2.88	\$15.34
ST. JOHN'S TOTALS	161	3,785,854	685,562	18.1%	50,530	-33,368	20,000	0	\$11.18	\$3.22	\$14.40

*Rental rates reflect asking \$psf/year

Key Lease Transactions Q3 2017

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET

Key Sales Transactions Q3 2017

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
40 O'Leary Avenue	15,894	Dorset investments / 77008 NL Inc.	\$ 1,700,000 / \$107	North
12 Allston Street	18,200	Allston Holdings / Hickman Automotive	\$ 4,200,000	Mt. Pearl/Paradise

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