

ST. JOHN'S OFFICE

Economic Indicators

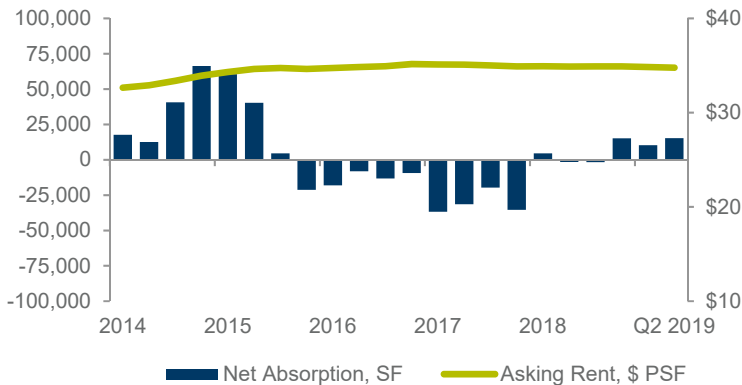
	Q2 18	Q2 19	12-Month Forecast
St. John's Employment	110 K	116K	▼
St. John's Unemployment	10.4%	8.0	▲
Canada Unemployment	5.9%	5.4%	■

Market Indicators

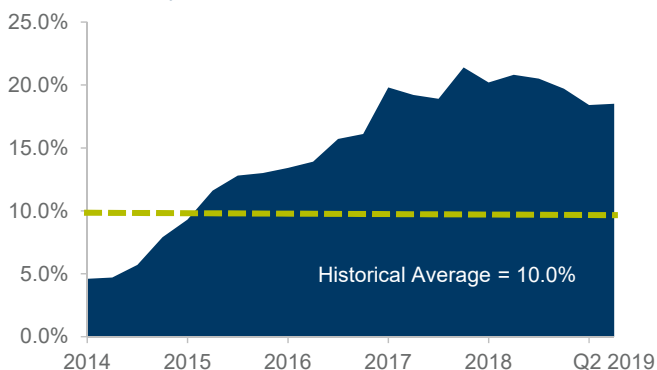
	Q2 18	Q2 19	12-Month Forecast
Overall Vacancy	20.8%	18.5%	▼
Net Absorption (sf)	-21,168	-1,587	▲
Under Construction (sf)	120,000	220,000	■
Average Asking Rent*	\$34.94	\$34.70	▼

*Rental rates reflect gross asking \$psf/year

Overall Net Absorption/Overall Asking Rent 4Q TRAILING AVERAGE



Overall Vacancy



Economy

The provincial election was held on May 16th, 2019. The Liberals were re-elected under Premier Dwight Ball, but with a minority government. The NDP won three seats, including Labrador West, which they won by a margin of two votes. The budget was presented on April 16th, but the writ was dropped before it was passed. With the support of the NDP and one independent, the same budget was passed in late June 2019. Highlights include the removal of HST on auto insurance, planned spending of \$594.3 million for new and existing schools, healthcare facilities, post-secondary institutions, transportation, justice, housing and municipal infrastructure; and more than \$100 million to support new jobs and economic development.

(Source: Dept of Finance)

Market Overview

Genoa Design moved into their newly renovated premises at 15 Dundee Avenue in the second quarter of 2019, vacating their offices at 4 Olympic Drive. The Dundee building had been vacant for some time, but a change of ownership and upgrades to the building have resulted in the property now being fully occupied.

With the renovations underway at the Fortis Building, CeltX moved west along Water Street and has taken space at the Eclipse Building at 354 Water Street. 430 Water Street is being transformed, and as a result its former tenant Kraken has re-located to 189 Glencoe Drive in Mount Pearl.

The biggest news this quarter is that the Canada Newfoundland and Labrador Offshore Petroleum Board (C-NLOPB) will be leaving TD Place and will re-locate to the Tower Corporate Campus. This is the latest loss of a significant occupier in the downtown market.

Outlook

In anticipation of the upcoming departures of major tenants, downtown landlords are aggressively courting those that may be in the marketplace. Price-sensitive technology firms are growing into larger Class C spaces which have been renovated.

MARKETBEAT

ST. JOHN'S, NL

Office Q2 2019



SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL AVERAGE ASKING RENT (ALL CLASSES)*	OVERALL AVERAGE ASKING RENT (CLASS A)*
Downtown	12	1,622,522	40,231	341,507	23.5%	-6,109	6,457	0	\$41.42	\$45.14
Central	10	335,354	0	54,510	16.3%	7,595	7,595	0	\$25.67	n/a
North	25	797,870	20,123	81,189	12.7%	1,120	9,276	35,000	\$28.85	n/a
East & West	26	1,006,489	16,904	141,380	12.7%	-4,193	-4,372	185,000	\$30.00	\$37.40
ST. JOHN'S TOTALS	74	3,762,235	77,258	618,586	18.5 %	-1,587	18,956	220,000	\$34.70	\$42.82

*Rental rates reflect gross asking \$psf/year

SUMMARY BY CLASS	TOTAL BLDGS	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS (SF)	AVERAGE ASKING RENT OVERALL*
Class A	7	1,016,036	35,245	203,153	23.5%	-12,925	2,739	175,000	0	\$42.82
Class B	38	1,711,570	42,013	283,541	19.0%	-14,453	-14,912	45,000	0	\$33.55
Class C	28	1,034,629	0	131,892	12.7%	25,791	31,129	0	0	\$25.51

*Rental rates reflect gross asking \$psf/year

Key Lease Transactions Q2 2019

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
15 Dundee Avenue	21,098	Genoa Design	Lease	Suburban West
354 Water Street	6,816	CeltX	Lease	Downtown
34 Harvey Road	6,328	EmPowered Homes	Lease	Central

Key Sales Transactions Q2 2019

PROPERTY	SF

Cushman & Wakefield Atlantic
49 Elizabeth Avenue, Suite 302
P.O. Box 1135
St. John's, NL A1C 5M5
www.cushmanwakefield.com

For more information, contact:
Joanne Earle, Research/Comm. Sales & Leasing
Tel: +1 709 576 3777
jearle@cwatlantic.com

About Cushman & Wakefield

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value by putting ideas into action for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 51,000 employees in 400 offices and 70 countries. In 2018, the firm had revenue of \$8.2 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow [@CushWake](https://twitter.com/CushWake) on Twitter.

©2019 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.