

ST. JOHN'S INDUSTRIAL

Economic Indicators

	Q1 17	Q1 18	12-Month Forecast
St. John's Employment	114 k	118k	▼
St. John's Unemployment	11.4%	8.5%	▲
Canada Unemployment	6.7%	5.8%	▼

Market Indicators (Overall, All Classes)

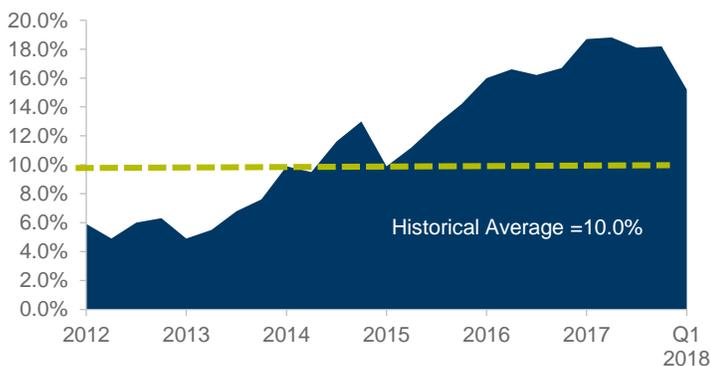
	Q1 17	Q1 18	12-Month Forecast
Overall Vacancy	18.7%	15.2%	▲
Net Absorption (sf)	-79,677	112,754	▼
Under Construction (sf)	44,000	50,000	■
Average Asking Rent*	\$11.27	\$11.26	▼

*Rental rates reflect net asking \$psf/year

Overall Net Absorption/Overall Asking Rent 4Q TRAILING AVERAGE



Overall Vacancy



Economy

The provincial 2018/2019 budget was presented this past March and was marketed as a “stay the course” budget, containing no large tax increases, service sector layoffs, or large spending projects. Highlights included were the separation of the crown corporation Nalcor into an energy sector and an oil and gas sector as the provincial government wants new focus on the oil and gas sector, given its huge potential. Long term exploration programs have been received from Statoil, Husky, ExxonMobil and others.

Provincial real GDP is anticipated to decrease by approximately 0.8% in 2018/2019; the result of reduced investments in major projects and lower consumer spending. Unemployment is expected to remain at just under 15% as lower employment levels are offset by a decrease in the labour force. However, the Conference Board of Canada is forecasting a rebound for metro St. John's with GDP set to rise by 2.5% through this fiscal year; mainly the result of the start of production at the new Hebron offshore oil field.

(Source: Government of NL, The Telegram)

Market Overview

Oil and gas service firms continue to influence the St. John's industrial market. For example AGF Steel has leased 37 Dundee Avenue in Donovan's industrial park and Score Valve is in the process of expanding their facility that is located on McNamara Drive in Paradise.

In other market news, Force Funderdome has opened a recreational facility located at 1269 Topsail Road which includes Go Karts and mini golf. Axtion has completed its building at 55 Hebron Way, and is now transitioning from its previously leased space at 8 Trout Place.

The Atlantican buildings came to the market for sale in the first quarter of 2018, and includes 2 Dundee Avenue, 20 Old Placentia Road, and 13 Corey King Drive. The latter will have 12,000 square feet of vacancy available in June 2018.

Outlook

The increased and steady activity in the industrial market in the first quarter of 2018 seems to confirm that companies have adjusted to the changed economic circumstances and are now in the process of moving forward.

MARKETBEAT

ST. JOHN'S, NL

Industrial Q1 2018



**CUSHMAN &
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Atlantic

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	21,680	9.6%	4,500	4,500	0	0	\$11.40	\$4.17	\$15.57
WEST	4	147,345	25,500	17.3%	-4,500	-4,500	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	106,985	14.4%	1,860	1,860	0	0	\$10.85	\$4.13	\$14.98
MOUNT PEARL/PARADISE	104	2,496,741	391,714	15.7%	110,894	110,894	50,000	0	\$11.27	\$2.88	\$14.15
ST. JOHN'S TOTALS	161	3,785,854	574,479	15.2%	112,754	112,754	50,000	0	\$11.26	\$3.30	\$14.56

*Rental rates reflect asking \$psf/year

Key Lease Transactions Q1 2018

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
37 Dundee Avenue, Mount Pearl	15,000	AGF Steel	Lease	Mt. Pearl/Paradise

Key Sales Transactions Q1 2018

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
13-15 Pippy Place	26,400	Carnell Mgmt/Miranda Mgmt	\$1,500,000 /\$57	Suburban - North

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