

ST. JOHN'S INDUSTRIAL

Economic Indicators

	Q1 16	Q1 17	12-Month Forecast
St. John's Employment	113k	113.7k	▼
St. John's Unemployment	7.6%	11.4%	▲
Canada Unemployment	7.3%	6.7%	▼

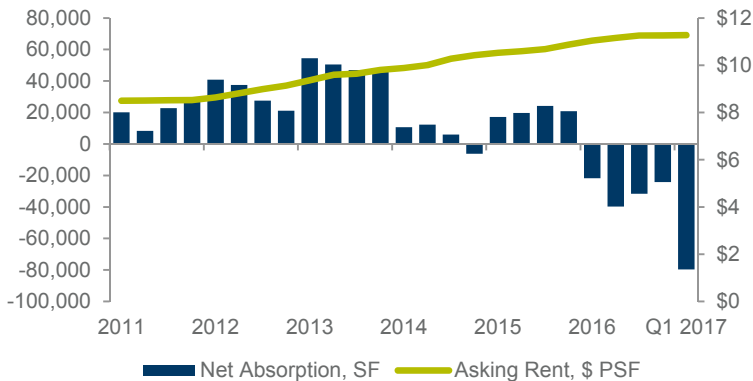
Market Indicators (Overall, All Classes)

	Q1 16	Q1 17	12-Month Forecast
Overall Vacancy	16.0%	18.7%	▲
Net Absorption (sf)	(65,131)	(79,677)	▼
Under Construction (sf)	25,000	50,000	■
Average Asking Rent*	\$11.25	\$11.27	■

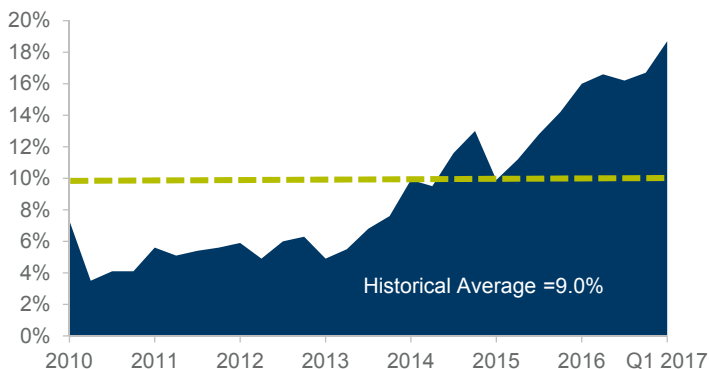
*Rental rates reflect net asking \$psf/year

Overall Net Absorption/Overall Asking Rent

4Q TRAILING AVERAGE



Overall Vacancy



Economy

The census metropolitan area of St. John's saw its population increase by 4.6% from 2011 to 2016 – with the population now sitting at 205,955, making St. John's the 20th largest metro area in Canada.

While the recent provincial budget concentrated on cost cutting and minimizing borrowing requirements, it did include some allocations for infrastructure. This included \$21.2 million for the continued construction of the Team Gushue Highway which will help reduce commute times and road congestion on existing highways.

Statoil announced it is proceeding with two new exploratory wells in the Flemish Pass Basin, with drilling set to start mid-2017. While the water depth and distance from shore present challenges, the Flemish Pass project is listed as a possible start up for Statoil after 2022.

Market Overview

This quarter was relatively quiet in the industrial sector. The Canada Revenue Agency vacated their training centre/storage facility at 117 Glencoe Drive in Donovans Industrial Park. Also in Donovans, the 12,000-sf three bay fabrication and painting facility operated by Talon at 158 Glencoe came to the market for lease, as did the 15,000-sf building at 37 Dundee Avenue which had been occupied by Keltic Steelworks, an affiliate of Talon.

Petroforma moved into their new facility on Bremigen's Blvd. in March 2017. Bucking the trend of slowed speculative development, Angle Pond Holdings is constructing a 14,000-sf industrial building on their long held land on Bremigen's Boulevard in Paradise.

Adesa completed a sublease agreement, taking over the lot on Kenmount Road Extension formerly occupied by Modspace, who have moved their trailer storage to Blaketown.

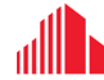
Outlook

Industrial activity remains subdued and primarily concentrated amongst local firms. Tenant inducements and reduced fit-up costs resulting from the slow down in construction assist newer buildings to attract what few tenants are out in the market.

MARKETBEAT

ST. JOHN'S, NL

Industrial Q1 2017



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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	27,877	12.3%	(3,716)	(3,716)	0	0	\$11.68	\$4.04	\$15.72
WEST	4	147,345	13,780	9.4%	0	0	0	0	\$9.43	\$2.57	\$12.00
DOWNTOWN	6	170,951	28,600	16.7%	0	0	0	0	\$13.01	\$4.91	\$17.92
NORTH	37	744,947	115,876	15.6%	(17,491)	(17,491)	0	0	\$11.06	\$3.85	\$14.91
MOUNT PEARL/PARADISE	104	2,466,741	515,738	20.9%	(58,470)	(58,470)	50,000	0	\$11.30	\$2.88	\$14.19
ST. JOHN'S TOTALS	161	3,755,854	701,871	18.7%	(79,677)	(79,677)	30,000	0	\$11.27	\$3.19	\$14.46

*Rental rates reflect asking \$psf/year

Key Lease Transactions Q1 2017

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
n/a				

Key Sales Transactions Q1 2017

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
38 O'Leary Avenue	20,000	Bodyworks St. John's (2012) Ltd/ 77975 NL Ltd.	\$ 2,100,000/ \$105	North

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