

ST. JOHN'S INDUSTRIAL

Economic Indicators

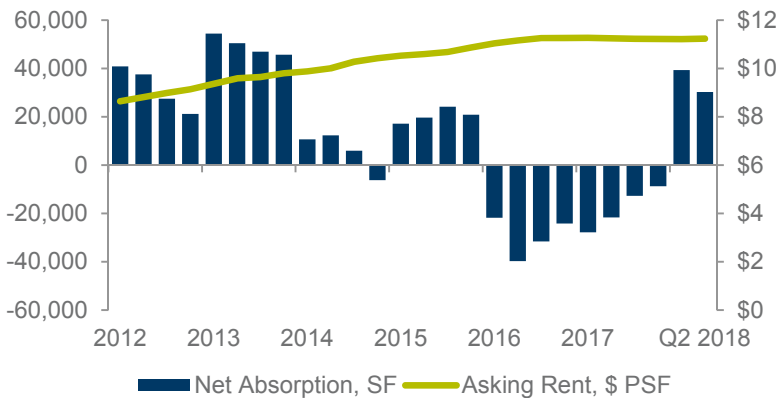
	Q2 17	Q2 18	12-Month Forecast
St. John's Employment	110k	110k	▼
St. John's Unemployment	8.5%	10.4%	▲
Canada Unemployment	6.6%	5.8%	■

Market Indicators (Overall, All Classes)

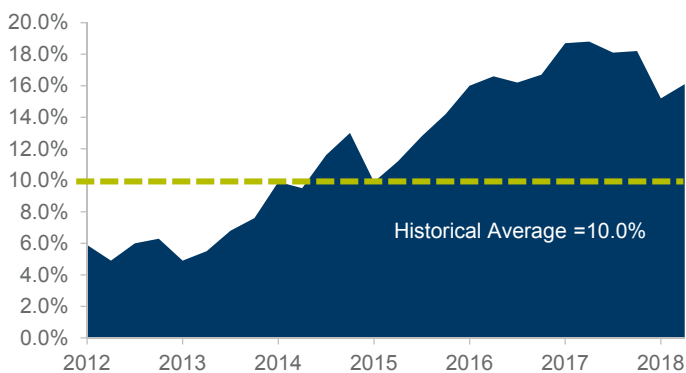
	Q2 17	Q2 18	12-Month Forecast
Overall Vacancy	18.8%	16.1%	■
Net Absorption (sf)	-4,221	-40,598	▼
Under Construction (sf)	50,000	50,000	■
Average Asking Rent*	\$11.20	\$11.28	▼

*Rental rates reflect net asking \$psf/year

Overall Net Absorption/Overall Asking Rent 4Q TRAILING AVERAGE



Overall Vacancy



Economy

Husky Energy reported its latest discovery in the White Rose oilfield, located approximately 10 kilometers north of the SeaRose oil platform. This comes one year following their announcement of another find in that general area. The new concrete gravity structure for West White Rose is underway with an estimated cost of \$2.2 billion.

The annual NOIA (Newfoundland & Labrador Oil Industry Association) meeting was held this past June. NOIA launched the Imagine the Potential campaign, designed to raise awareness of the value of the offshore oil and gas industry to the public and to policy makers. The Canadian Association of Petroleum Producers (CAPP) also announced its Keep NL Competitive campaign. The oil industry, as well as the province, await the outcome of the Impact Assessment Agency Act which is a proposed federal legislation that will replace the Environmental Assessment Act. There are some concerns that this legislation will cause uncertainty in the market as well as possible delays to any proposed new industry development.

(Source: NOIA; The Telegram)

Market Overview

Canopy Growth was selected by the provincial government to supply legal cannabis. The agreement included a provision that Canopy Growth will build a production facility that will be operational by 2019. The company announced this quarter that it had purchased land in the East White Hills industrial area located within the city of St. John's. The municipal council agreed to remove open space restrictions at the north end of the property so that the project could proceed.

After many years of being on the market, 21 Sagona Avenue in Donovan's industrial area sold in the second quarter of 2018 for just over \$1 million. It had been on the market sporadically since 2014, with an original asking price of over \$1.5 million. In other sale transaction news, Award Properties sold its relatively new building on Kenmount Road in Paradise, but will continue its flooring business by locating at 82 O'Leary Avenue.

Outlook

There appears to be a second wave of industrial land being prepared for development; for example, there is continued development at Bremigen's and Kenmount Road, Kenmount Crossing is well underway, and the lands of Glencrest are pad ready. It is anticipated those purchasing land are for owner-occupier purposes and will be building only what they require; as a result, there will be no excess space to be offered for lease.

MARKETBEAT

ST. JOHN'S, NL

Industrial Q2 2018



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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	20,000	8.9%	1,680	6,180	0	0	\$11.40	\$4.17	\$15.57
WEST	4	147,345	31,000	21.0%	-5,500	-10,000	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	38	765,947	122,519	16.0%	-15,534	-13,674	0	0	\$10.94	\$4.16	\$15.10
MOUNT PEARL/PARADISE	105	2,510,541	412,958	16.4%	-21,244	89,650	50,000	0	\$11.36	\$2.89	\$14.26
ST. JOHN'S TOTALS	161	3,820,654	615,077	16.1%	-40,598	72,156	50,000	0	\$11.28	\$3.31	\$14.59

*Rental rates reflect asking \$psf/year

Key Lease Transactions Q2 2018

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET

Key Sales Transactions Q2 2018

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
21 Sagona Avenue	8,270	Sunsolve Hldga / Shalomar Proprety	\$ 1,099,000 / \$133	Mt. Pearl/Paradise
1205 Kenmount Road	12,000	Award Properties / JT Bedard Enterprises	\$ 1,775,000 / \$148	Mt. Pearl/Paradise
9-11 Hallet Crescent, Unit 3	3,600	Karamar Holdings / Romar Enterprises	\$ 520,000 / \$146	North

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