

ST. JOHN'S INDUSTRIAL

Economic Indicators

	Q3 17	Q3 18	12-Month Forecast
St. John's Employment	119k	111k	▼
St. John's Unemployment	8.4%	5.5%	▲
Canada Unemployment	6.2%	6.0%	■

Market Indicators (Overall, All Classes)

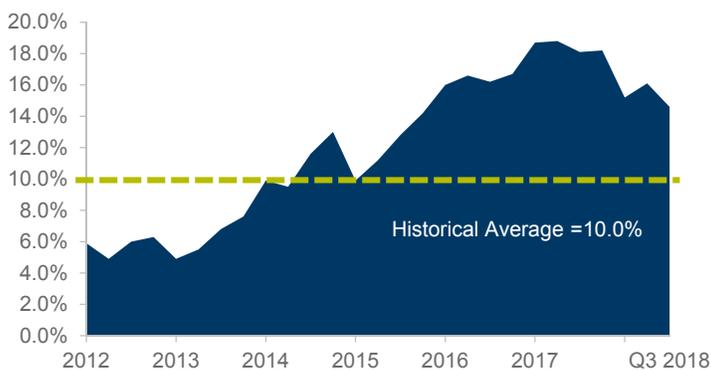
	Q3 17	Q3 18	12-Month Forecast
Overall Vacancy	18.1%	14.6%	■
Net Absorption (sf)	50,530	30,656	▼
Under Construction (sf)	20,000	50,000	■
Average Asking Rent*	\$11.18	\$11.29	▼

*Rental rates reflect net asking \$psf/year

Overall Net Absorption/Overall Asking Rent 4Q TRAILING AVERAGE



Overall Vacancy



Economy

Equinor, formerly known as Statoil, and the provincial government have announced their agreement for the development of the Bay du Nord remote, deep water oil project, with the provincial government borrowing almost \$100 million, to purchase a 10% equity stake in the project. Construction and operation costs are estimated at \$11 billion and will include approximately 5,000 tons of steel fabrication, which will be done within the province. Equinor has indicated the project remains viable if oil prices remain at \$49 dollars per barrel or higher.

(Source: Government of Newfoundland & Labrador)

Market Overview

Glamox, which is a manufacturer and distributor of marine and offshore lighting, has found a suitable location within the greater Metro St. John's market, leasing 18,500 square feet (sf) at 117 Glencoe Drive. They will relocate from the town of Trepassey, located approximately 147 kilometres from St. John's.

2 Dundee Avenue which is located in Donovan's Industrial Park, sold for \$2,800,000 in the third quarter of 2018. The building was one of the Atlantican portfolio which was put up for sale late in the first quarter of 2018, and was listed at \$3,200,000. The buyer was AFA Forest Products who will leave their current location at 9 Glencoe Drive.

9 Glencoe is a 70,000-square foot building and has been available for sale since the third quarter of 2017, with an asking price of \$5,900,000.

In other market news Moore Holdings is renovating their recently acquired 1131 Topsail Road into a smaller multi-tenant facility.

The long awaited re-development of 323 Kenmount Road is underway, with the building taken down to the steel frame. It will be the new headquarters of Habitat for Humanity, with 6,000 sf of space remaining available for lease. This retail repositioning has resulted in the removal of this building from the statistical survey.

Outlook

The absorption in the industrial market continues to be fueled by local firms that are not primarily servicing the offshore sector.

MARKETBEAT

ST. JOHN'S, NL

Industrial Q3 2018



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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	25,708	11.4%	-5,708	472	0	0	\$11.40	\$4.19	\$15.59
WEST	4	147,345	31,000	21.0%	0	-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	37	745,947	93,119	12.5%	9,400	-4,274	0	0	\$10.97	\$4.11	\$15.08
MOUNT PEARL/PARADISE	104	2,490,541	372,694	15.0%	26,964	116,614	50,000	0	\$11.35	\$2.90	\$14.26
ST. JOHN'S TOTALS	159	3,780,654	551,121	14.6%	30,656	102,812	50,000	0	\$11.29	\$3.29	\$14.58

*Rental rates reflect asking \$psf/year

Key Lease Transactions Q3 2018

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
117 Glencoe Drive	18,500	Glamox Inc.	Lease	Mount Pearl/Paradise

Key Sales Transactions Q3 2018

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
2 Dundee Avenue	20,000	Atlantic General Trucking / AFA Forest Products	\$ 2,800,000/ \$140	Mt. Pearl/Paradise

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