

ST. JOHN'S INDUSTRIAL

Economic Indicators

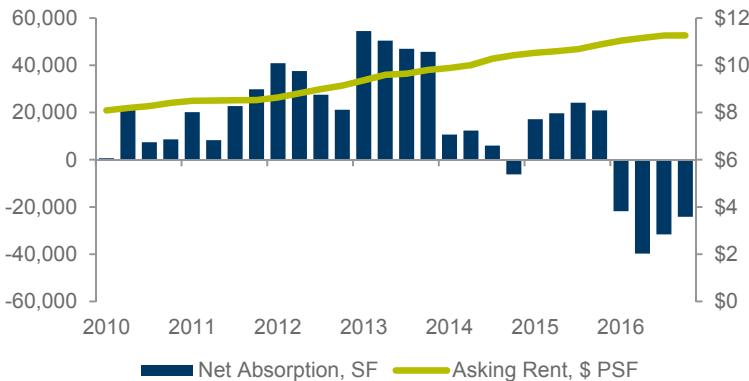
	Q4 15	Q4 16	12-Month Forecast
St. John's Employment	116k	127k	▼
St. John's Unemployment	6.2%	7.0%	▲
Canada Unemployment	7.1%	6.9%	▼

Market Indicators (Overall, All Classes)

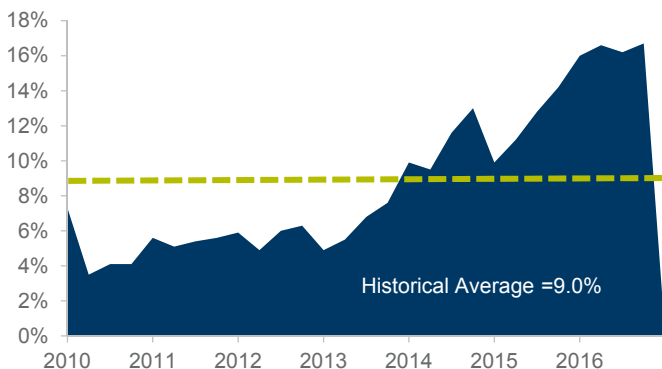
	Q4 15	Q4 16	12-Month Forecast
Overall Vacancy	14.2%	16.7%	▲
Net Absorption (sf)	(47,099)	(17,443)	▼
Under Construction (sf)	34,000	30,000	■
Average Asking Rent*	\$11.25	\$11.25	■

*Rental rates reflect net asking \$psf/year

Overall Net Absorption/Overall Asking Rent 4Q TRAILING AVERAGE



Overall Vacancy



Economy

The Auditor General released his report for the year ending March 31st, 2016 in November - and its contents were sobering. The budget of 2016 projected a shrinking deficit over time – but this is based on oil prices achieving a level of \$74.00 USD per barrel over the corresponding period.

Economic indicators are forecast to decline over the next four years: capital investment is expected to drop by 37 % as the mega projects end; housing starts will fall by 35 %, employment is expected to drop by 13% (!), while retail sales are expected to drop by 5%. There will be corresponding drops in tax revenues – both consumption and income. (Source: *The Telegram*)

Market Overview

Following last quarter's brisk leasing and sales activity within the industrial sector, this quarter was relatively quiet.

Construction is under way for the new Cohen's warehouse at 124 Glencoe Drive in Donovans Industrial Park, of which 10,000 square feet (SF) will be available for lease.

Hampton Building Systems, having sold their building on Kenmount Road Extension in Paradise to an auto repair company, is constructing a new building on Bremigen's Blvd.

TriStar Mechanical is constructing in Glencrest – the first company in this new industrial area.

Outlook

The first quarter of 2017 is also anticipated to be quiet. The rumoured reactivation of the Marystown shipyard as a supplier for the national shipbuilding procurement strategy will demand engineering and support services out of the greater Metro area. This would be a welcome diversification within the industrial economy, as well as offering additional opportunity to service the oil and gas sector.

MARKETBEAT

ST. JOHN'S, NL

Industrial Q4 2016



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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	24,161	10.7%	(4,000)	(3,797)	0	0	\$12.35	\$3.84	\$16.19
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	(800)	0	0	\$12.71	\$6.21	\$18.92
NORTH	37	744,947	98,385	13.2%	(11,200)	(21,948)	0	0	\$11.09	\$3.67	\$14.76
MOUNT PEARL/PARADISE	101	2,439,741	457,268	18.7%	(2,233)	(70,168)	30,000	0	\$11.25	\$2.86	\$14.10
ST. JOHN'S TOTALS	156	3,728,854	622,194	16.7%	(17,443)	(96,713)	30,000	0	\$11.25	\$3.20	\$14.45

*Rental rates reflect asking \$psf/year

Key Lease Transactions Q4 2016

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
n/a				

Key Sales Transactions Q4 2016

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
n/a				

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