

ST. JOHN'S INDUSTRIAL

Economic Indicators

	Q4 16	Q4 17	12-Month Forecast
St. John's Employment	127 k	110k	▼
St. John's Unemployment	7.0%	8.2%	▲
Canada Unemployment	6.9%	5.7%	▼

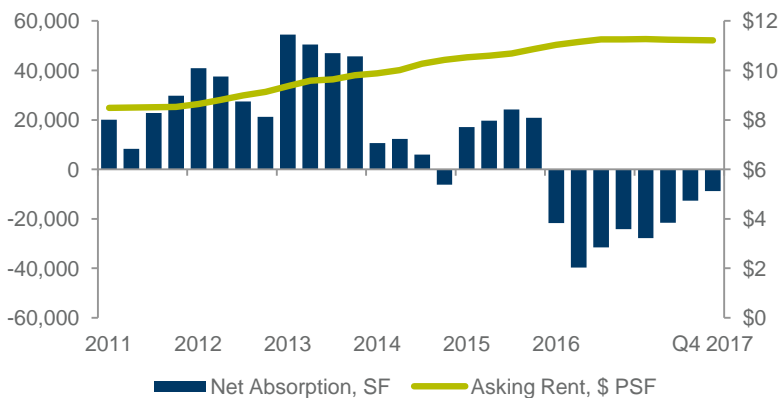
Market Indicators (Overall, All Classes)

	Q4 16	Q4 17	12-Month Forecast
Overall Vacancy	16.7%	18.2%	▲
Net Absorption (sf)	-17,443	-1,671	▼
Under Construction (sf)	30,000	20,000	■
Average Asking Rent*	\$11.25	\$11.21	▼

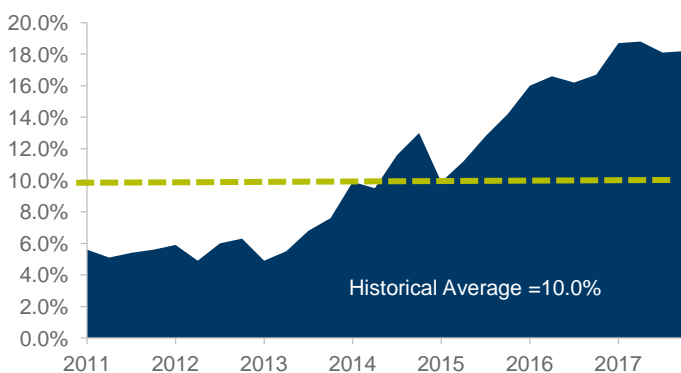
*Rental rates reflect net asking \$psf/year

Overall Net Absorption/Overall Asking Rent

4Q TRAILING AVERAGE



Overall Vacancy



Economy

The province released a fiscal and economic update in November 2017, showing expenses at \$8.1 billion as projected. Revenues are less than projected in the 2017 budget – primarily a result from decreased offshore oil royalties.

Unemployment is higher than forecasted due to the lower than anticipated major project employment. However, the outlook for real GDP, household income, and retail sales has improved since the budget was released in April 2017.

The Atlantic Provinces Economic Council forecasts the province's economy to decline by 2.2% in 2018 due to a contraction in investment and the continued impact of low oil prices. Real GDP is projected to contract by 0.5% as oil production from the new Hebron field helps offset further declines in major project investment and consumer activity. (Source: Government of NL, Atlantic Provinces Economic Council)

Market Overview

ALRE Properties Inc., a Montreal based property management company, purchased the former ACAN Windows and Doors facility located at 1641 Topsail Road, which is in the Paradise submarket. The 40 year-old building, which has been vacant since 2015, will be demolished. ALRE plans to construct a retail centre of 80,000 - 90,000 square feet (sf) and will be its first project in Atlantic Canada.

The Canadian Corps of Commissionaires, who had relocated from its older facility on Kenmount Road to a new turnkey space on Thorburn Road back in 2016, have now purchased 45 Pippy Place in O'Leary Industrial Park.

Medical Mart consolidated its operations from Hamilton Avenue and Clyde Avenue and opened a new distribution centre at 9 St. Anne's Crescent in Paradise. Other market news in the fourth quarter included a movie production company leasing 16,000 sf at 48 Glencoe Drive for a one-year lease term, and finally Welltec leased a unit at 158 Glencoe Drive.

Outlook

Activity within the industrial market has increased, but is related to industries outside offshore oil. This will likely continue to be case as oil prices remain low.

MARKETBEAT

ST. JOHN'S, NL

Industrial Q4 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	26,180	11.6%	0	-2,019	0	0	\$11.21	\$4.04	\$15.25
WEST	4	147,345	21,000	14.3%	0	-7,220	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	108,845	14.6%	100	-10,460	0	0	\$11.00	\$4.13	\$15.13
MOUNT PEARL/PARADISE	104	2,496,741	502,608	20.1%	-1,771	-15,340	20,000	30,000	\$11.32	\$2.88	\$14.20
ST. JOHN'S TOTALS	161	3,785,854	687,233	18.2%	-1,671	-35,039	20,000	30,000	\$11.21	\$3.26	\$14.46

*Rental rates reflect asking \$psf/year

Key Lease Transactions Q4 2017

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
9 St Anne's Crescent	13,200	Medical Mart	Lease	Mt. Pearl/Paradise
48 Glencoe Drive	16,000	Movie Production Company	Lease – Short Term	Mt. Pearl/Paradise

Key Sales Transactions Q4 2017

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
1461 Topsail Road	100,000 (est)	Acan Windows/Alre Properties	\$6,500,000 / \$573,000 per acre	Mt. Pearl/Paradise
45 Pippy Place	9,000	Fantastic Realty/Canadian Corps of Commissionaires	\$ 975,000 / \$108	Suburban - North
93 Glencoe Drive	20,000	Osmond Investments/Hebert's Recycling	\$ 2,836,000 / \$142	Mt. Pearl/Paradise

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