

ST. JOHN'S OFFICE

Economic Indicators

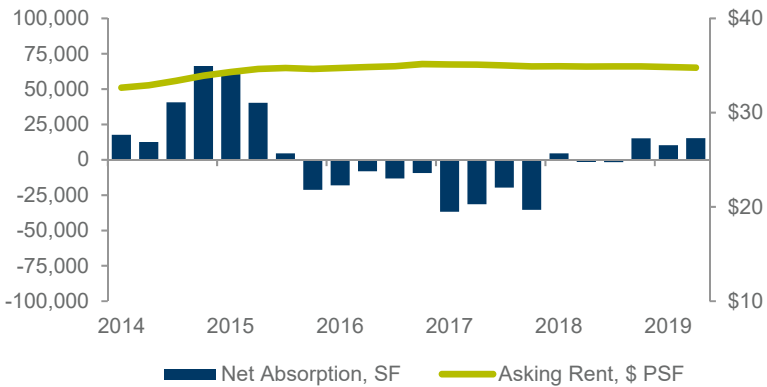
	Q3 18	Q3 19	12-Month Forecast
St. John's Employment	111 K	111K	▼
St. John's Unemployment	9.5 %	7.9 %	▲
Canada Unemployment	6.0 %	5.7%	▲

Market Indicators

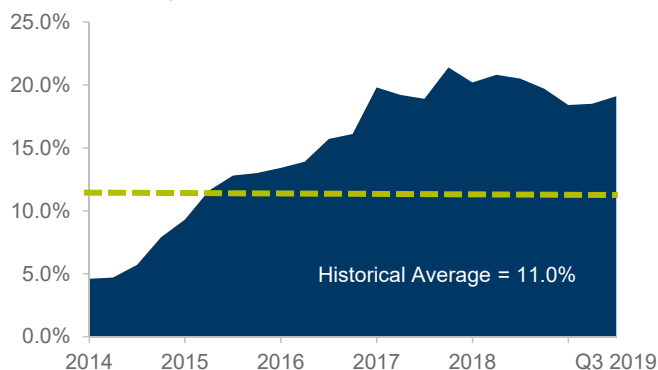
	Q3 18	Q3 19	12-Month Forecast
Overall Vacancy	20.5%	19.1%	▼
Net Absorption (sf)	10,304	-25,321	▼
Under Construction (sf)	120,000	220,000	▲
Average Asking Rent*	\$34.92	\$34.78	▼

*Rental rates reflect gross asking \$psf/year

Overall Net Absorption/Overall Asking Rent 4Q TRAILING AVERAGE



Overall Vacancy



Economy

The Conference Board of Canada recently released their Metropolitan Outlook II report, which provides an overview of economic details for 16 Canadian Metropolitan Areas (CMAs). These latest figures indicate that increased offshore oil production will assist in an expansion of real GDP in St. John's by 4.0% for 2019 - the highest for any major CMA. However, this growth forecast may be revised as an oil spill at the Hibernia offshore platform in July 2019, followed by a discharge due to drain overflow in August 2019, resulted in shutdowns and slowed production.

In July 2019, Moody's dropped the provincial credit rating, citing the "elevated debt and interest burdens", and the "weak financial metrics" of Nalcor – the province's wholly-owned utility. There remains the issue of the rate mitigation that was promised when Muskrat Falls power comes online – which will most likely involve direct support from the province.

Market Overview

Local success story Verafin, the largest of the province's digital tech companies, entered into Canada's largest-ever venture fund deal (\$515 million) in late September 2019, becoming a world leader in the development of financial crime management software for financial institutions. It will occupy a new building (currently under construction at 25 Sea Rose Drive), 72,000 square feet (sf) of leasable area. Construction continues at the new Exxon Mobil headquarters at 20 Hebron Way.

ALRE Properties, with its retail redevelopment underway at the former ACAN plant in Paradise, will increase its presence in the market through the development of a 75,000-square-foot building comprised of both office and retail space located in the downtown area at 331 Water Street.

Outlook

New office development continues in both the downtown and the suburban markets. This newly-constructed space continues to be absorbed by the large tenants within the market.

MARKETBEAT

ST. JOHN'S, NL

Office Q3 2019



SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL AVERAGE ASKING RENT (ALL CLASSES)*	OVERALL AVERAGE ASKING RENT (CLASS A)*
Downtown*	12	1,634,645	37,018	373,794	25.1%	-29,074	-22,617	0	\$41.46	\$44.49
Central	10	335,354	0	57,250	17.1%	-2,740	4,855	0	\$25.67	n/a
North	25	797,870	20,123	73,305	11.7%	7,884	17,160	35,000	\$28.73	n/a
East & West	27	1,006,489	16,904	159,675	15.9%	-1,391	-5,763	185,000	\$30.26	\$37.40
ST. JOHN'S TOTALS	74	3,774,358	74,045	647,120	19.1 %	-25,321	-6,365	220,000	\$34.78	\$42.20

*Rental rates reflect gross asking \$psf/year

SUMMARY BY CLASS	TOTAL BLDGS	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS (SF)	AVERAGE ASKING RENT OVERALL*
Class A	7	1,016,036	35,245	199,958	23.1%	3,195	5,934	175,000	0	\$42.20
Class B**	39	1,723,693	38,800	318,505	20.7%	-31,751	-46,663	45,000	0	\$33.98
Class C	28	1,034,629	0	128,657	12.4%	3,235	34,364	0	0	\$25.78

*Rental rates reflect gross asking \$psf/year

**A downtown class B building had a n increase in GLA following measurement to BOMA standard.

Key Lease Transactions Q3 2019

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
25 Sea Rose Drive	72,000	Verafin	Pre-lease	Suburban - East

Key Sales Transactions Q3 2019

PROPERTY	SF
----------	----

Cushman & Wakefield Atlantic
49 Elizabeth Avenue, Suite 302
P.O. Box 1135
St. John's, NL A1C 5M5
www.cushmanwakefield.com

For more information, contact:
Joanne Earle, Research/Comm. Sales & Leasing
Tel: +1 709 576 3777
jearle@cwatlantic.com

About Cushman & Wakefield

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value by putting ideas into action for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 51,000 employees in 400 offices and 70 countries. In 2018, the firm had revenue of \$8.2 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow [@CushWake](https://twitter.com/CushWake) on Twitter.

©2019 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.