

	YoY Chg	12-Mo. Forecast
10.8% Vacancy Rate	▼	▬
-11,581 Net Absorption, SF	▼	▲
\$11.31 Asking Rent, PSF	▼	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q2 2020

	YoY Chg	12-Mo. Forecast
105K St. John's Employment	▼	▲
10.5% St. John's Unemployment Rate	▲	▬
13.7% Canada Unemployment Rate	▲	▼

Source: Statistics Canada

ECONOMIC OVERVIEW

The St. John's economy is potentially facing a significant contraction in GDP growth in 2020, with a projected decline of 8.9%. Due to the heavy reliance on the oil industry and the steep drop in oil prices earlier this year, as well as the delay on a final investment decision for the Bay du Nord project, the province will likely be looking at a long road to recovery. Despite these difficulties the province has done well at implementing protocols to allow the restart of many industries, and these protocols may aid in the long-term growth of the province as consumer confidence increases. The COVID-19 pandemic struck Canada in March 2020, late in the quarter but with enough time to have a significant impact on first quarter market fundamentals. In the second quarter of 2020, the Canadian economy felt its effects more fully, as government-mandated shutdowns along with shelter-in-place ordinances pushed the country deeper into recession. The situation remains very fluid. Access the most recent information specific to COVID [here](#)

(Sources: RBC Economics, Statistics Canada, TD Economics)

SUPPLY AND DEMAND

Vacancy in the St. John's industrial market increased slightly this quarter, as the rate rose by 30 basis points (bps) from last quarter to reach 10.8% in the second quarter of 2020. The East submarket observed the greatest increase in vacancy during this quarter, climbing by 150 bps from 10.3% to end the second quarter of 2020 at 11.8%. This increase was due to 3,400 square feet (sf) of space being vacated at 27-37 Stavanger Drive. Following behind is the Mount Pearl & Paradise submarket that had a 0.6% quarter-over-quarter increase in vacancy, rising to 11.4% this quarter, as a combined 18,912 sf was vacated between 117 Glencoe Drive & 1171-1181 Topsail Road by undisclosed tenants. Vacancy in the West and Downtown submarkets remained unchanged this quarter, while the North submarket saw declines in vacancy in the second quarter of 2020, dropping by 90 bps from last quarter to reach 6.3% this quarter. A contributing factor to this drop is 5,500 sf that was leased at 14 Austin Street.

PRICING

Overall net asking rents were virtually unchanged in the St. John's industrial market this quarter, as only a \$0.01 per square foot (psf) decrease from last quarter was seen, reaching \$11.31 psf in the second quarter of 2020. The most significant change this quarter was observed in the Downtown submarket, as net rents dropped by \$0.39 psf from \$13.27 psf to \$12.88 psf in the second quarter of 2020. The North submarket saw a slight \$0.01 psf increase from last quarter, rising to \$11.24 psf in the second quarter of 2020, while the Mount Pearl & Paradise submarket saw a slight \$0.01 psf decrease from last quarter, dropping to \$11.46 psf this quarter. The East and West submarkets remained unchanged this quarter.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & NET ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT	OVERALL WEIGHTED AVG ADD RENT	OVERALL WEIGHTED AVG GROSS RENT
East	225,870	26,708	11.8%	-3,400	-2,800	270,000	0	\$11.68	\$4.83	\$16.51
West	147,345	21,000	14.3%	0	0	0	0	\$8.87	\$2.84	\$11.71
Downtown	140,951	26,100	18.5%	0	3,200	0	0	\$12.88	\$6.29	\$19.17
North	745,947	46,640	6.3%	7,016	10,174	110,000	0	\$11.24	\$4.60	\$15.84
Mount Pearl / Paradise	2,526,241	287,819	11.4	-15,197	5,103	50,000	0	\$11.46	\$3.02	\$14.48
ST. JOHN'S TOTALS	3,786,354	408,267	10.8%	-11,581	15,677	430,000	0	\$11.31	\$3.47	\$14.77

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