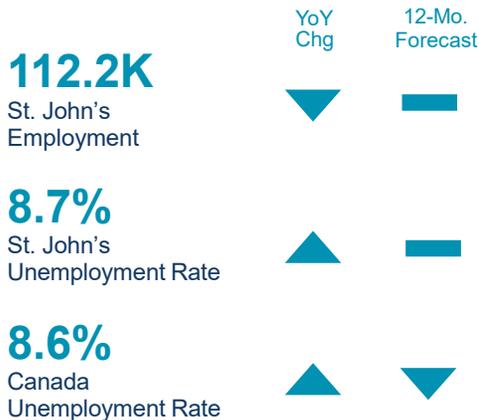


Overall, Net Asking Rent

ECONOMIC INDICATORS Q4 2020



Source: Statistics Canada

ECONOMIC OVERVIEW

Previous economic projections for Newfoundland & Labrador have now been revised and are currently showing a 4.6% contraction in GDP as opposed to the earlier projected contraction of nearly 11% for 2020, while 2021 projections are still showing growth around 3.0%. Recent oil and metal mining production has been stronger than what was anticipated earlier in the year, and as a result it has allowed the province to slightly recover from the heavy losses seen earlier in 2020. The province will also benefit from the global recovery as this will increase the demand for oil and metals, two of the province's main exports. Despite the heavy hits the provincial economy has taken this year, its labour market has stayed resilient throughout, and is currently the only Canadian province to return to pre pandemic employment numbers. Unfortunately, shrinkage in capital investments and population will be working against the province not only in 2021 but for years to come, as construction projects like the Muskrat Falls hydroelectric dam edge closer to completion, and offshore drilling projects are placed on the back burner awaiting government review (West White Rose Project). Newfoundland & Labrador face tough challenges ahead as the province battles with a \$1.8 billion deficit and the highest debt-to-GDP ratio within Canada.

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

SUPPLY AND DEMAND

The St. John's Industrial market saw its overall vacancy rate increase this quarter, as rates rose by 80 basis points (bps) from the previous quarter to 10.6% in the fourth quarter of 2020. A significant driver behind this increase is due to the 17.6% quarter-over-quarter rise in overall vacancy in the East submarket, which occurred due to Bgi vacating 37,250 square feet (sf) at 465 East White Hills Road. The rate in the submarket for the fourth quarter of 2020 is now 27.7%. The Mount Pearl & Paradise submarket also observed a rise in vacancy this quarter, jumping 30 bps from 10.8% to 11.1% quarter-over-quarter. This increase can be partially attributed to China Mart Wholesale vacating a 12,000-sf unit at 13 Corey Craig Drive. Overall vacancy in the West submarket was down by 140 bps this quarter, dropping from 10.9% to 9.5% quarter-over-quarter, due to a 2,000-sf lease at 49 James Lane by an unknown tenant. Similarly, to the West, the North Submarket also experienced a decrease in vacancy compared to the previous quarter, as the rate declined by 180 bps to 3.8% in the fourth quarter of 2020. Unlike the other submarkets within St. John's, Downtown remained unchanged quarter-over-quarter with vacancy remaining at 12.3%.

PRICING

Overall average net rents in the St. John's industrial market were slightly down this quarter, declining by \$0.03 per square foot (psf) quarter-over-quarter, with rent in fourth quarter of 2020 now at \$11.35 psf. The only submarket to see a change in average net rents was the East submarket, as rents dropped by \$0.35 psf from the previous quarter to \$11.32 psf this quarter. Average asking rents in all other submarkets remained unchanged from the previous 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	62,564	27.7%	-39,856	-38,656	270,000	0	\$11.32	\$3.93	\$15.25
West	147,345	14,000	9.5%	2,000	7,000	0	0	\$8.87	\$2.84	\$11.71
Downtown	140,951	17,400	12.3%	0	11,900	0	0	\$12.88	\$6.29	\$19.17
North	745,947	28,534	3.8%	13,712	28,280	110,000	0	\$11.55	\$4.60	\$16.14
Mount Pearl / Paradise	2,526,241	280,198	11.1%	-7,034	12,724	50,000	0	\$11.45	\$3.02	\$14.48
ST. JOHN'S TOTALS	3,786,354	402,696	10.6%	-31,178	21,248	430,000	0	\$11.35	\$3.41	\$14.76

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