

YoY
Chg 12-Mo.
Forecast**20.1%**

Vacancy Rate

**-14,250**

Net Absorption

**\$34.39**

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS
Q4 2020YoY
Chg 12-Mo.
Forecast**112.2K**St. John's
Employment**8.7%**St. John's
Unemployment Rate**8.6%**Canada
Unemployment Rate

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)

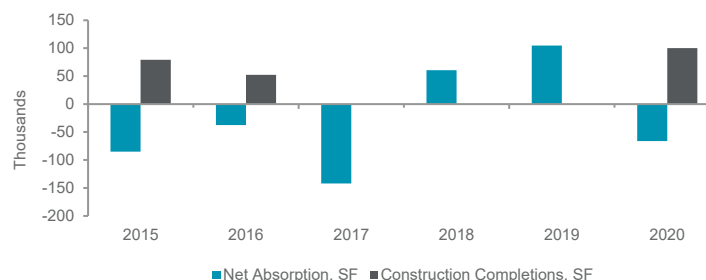
SUPPLY AND DEMAND

The overall vacancy rate was on the rise in St. John's this quarter, as vacancy slightly increased by 40 basis points (bps) compared to the previous quarter and is now sitting at 20.1%. A large contributor to this overall increase was the surge of vacant space observed in the North submarket, as Keyin College vacated 24,592 square feet (sf) at 44 Austin Street, which resulted in the 300-bps vacancy increase in the submarket, climbing from 8.9% in the previous quarter to 11.9% in the fourth quarter of 2020. Coming off the heels of a staggering 790 bps vacancy increase last quarter; Downtown submarket vacancy remained unchanged this quarter at 31.2%. Over 8,000 sf of space was leased at 20 Crosbie Place (Beothuk Building) by various unknown tenants, which was a significant factor behind the 110 bps decrease in overall vacancy in the Central submarket which now sits at 21.2%. Lastly, the East & West submarket experienced a modest decrease in vacancy this quarter, as rates declined 50 bps quarter-over-quarter, to end the fourth quarter of 2020 at 9.0%.

PRICING

Overall average net rents in St. John's remained unchanged from the previous quarter at \$20.92 per square foot (psf) as rents in all submarkets within St. John's were unchanged from last quarter with the Downtown submarket at \$24.29 psf, the Central submarket at \$15.27 psf, the North submarket at \$18.07 psf, and finally, the East & West submarket at \$19.00 psf.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



St. John's, NL

Office Q4 2020

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MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Downtown	1,634,645	0	509,816	31.2%	-318	-144,972	0	\$39.84	\$42.52
Central	335,354	11,453	71,147	21.2%	3,693	-9,520	0	\$25.67	\$29.04
North	797,870	0	83,590	11.9%	-23,785	-27,179	45,000	\$28.65	\$31.55
East & West	1,079,214	0	96,683	9.0%	6,160	115,427	72,580	\$31.07	\$37.40
ST. JOHN'S TOTALS	3,847,083	11,453	772,689	20.1%	-14,250	-66,244	117,580	\$34.39	\$40.33

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
15 Hallett Crescent	East & West	Otis Canada Inc.	1,264	Renewal

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