

	YoY Chg	12-Mo. Forecast
<b>12.3%</b> Vacancy Rate	▲	▼
<b>-163K</b> Net Absorption, SF	▼	▲
<b>\$12.03</b> Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

### ECONOMIC INDICATORS Q3 2021

	YoY Chg	12-Mo. Forecast
<b>108.4K</b> St. John's Employment	▼	▲
<b>6.3%</b> St. John's Unemployment Rate	▼	▼
<b>6.9%</b> Canada Unemployment Rate	▼	▼

Source: Statistics Canada

### ECONOMIC OVERVIEW

The economic recovery for Newfoundland & Labrador continues to roll on as the province now just slightly lags Canada in employment levels. Newfoundland & Labrador was able to manage the pandemic quite well throughout the summer months in comparison to the majority of other provinces, evident in the fact that restaurant spending was up 29% year-to-date, while the national total was at a lowly 5%. Similar to the other Atlantic provinces, vaccination rates are high, and an implementation of a vaccination passport bodes well for future recovery and hiring. After years of an underperforming housing market, the province has seen massive growth as housing starts are projected to grow by 70% in 2021. GDP growth is still being projected cautiously at 3.8% to 4.0%, due to the provinces goods producing sector, along with non-residential construction which will be tied up with the Muskrat Falls project. Oil production will also more than likely end on a low note due to aging offshore oil rigs. Though prospects look promising as Terra Nova is slated to restart its production by 2022 after being temporarily shuttered for maintenance. Unfortunately, the promising outlook ends there for the province's oil industry. Much uncertainty remains for multiple projects as a final investment for Bay Du Nord is still unknown and the fate of the West White Rose expansion is now planned for 2022, though the price of Brent crude in 2021 does provide a glimmer of hope for the project. As always, an aging population looms over Newfoundland & Labrador along with a heavy debt load which will both be a potential burden to the province's long term fiscal situation.

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

### SUPPLY AND DEMAND

Overall vacancy within the St. John's industrial market was up by 400 basis points (bps) in the third quarter of 2021 as vacancy climbed from 8.3% last quarter to 12.3% in the third quarter of 2021. This significant increase was in large part due to the massive increase in vacancy within the East submarket, as a large portion of sublease space became available at 60 Eastlands Drive, originally set to be the home of Canopy Growth's production facility, but now the property's full 230,000 square feet (sf) of space is available. This change resulted in the East submarket seeing vacancy increase by 42.3% quarter-over-quarter, and now ends the third quarter of 2021 at 53.2%. The West submarket experienced the largest decrease in vacancy of any submarket this quarter as vacancy dropped to 2.2% in the third quarter of 2021, a 120-bps quarter-over-quarter decrease, due in part to a few small (less than 1,000 sf) occupancies. Following behind the West submarket was the North submarket and the Mt. Pearl / Paradise submarket, with the North seeing an 80 bps drop in vacancy from the previous quarter to 1.4% in the third quarter of 2021, and Mt. Pearl / Paradise observing a 90-bps decline in vacancy from the previous quarter to finish the third quarter of 2021 at a rate of 9.5%. The downtown submarket vacancy remained unchanged from the previous quarter with no space available.

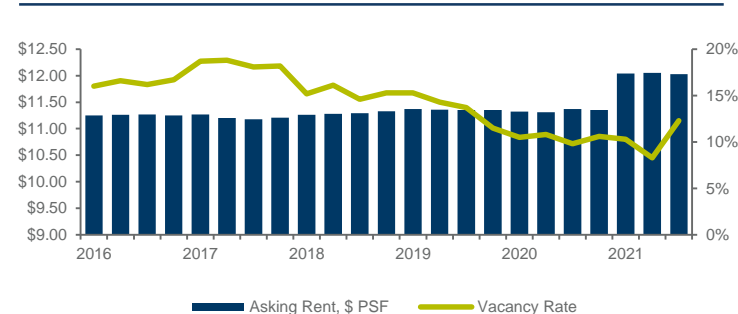
### PRICING

The St. John's industrial market saw a slight change in overall average net rents, as rates were down by \$0.02 per square foot (psf) quarter-over-quarter to \$12.03 psf in the third quarter of 2021. These decrease are a result of the changes seen in the North submarket and the Mt. Pearl / Paradise submarket. The North submarket observed a \$0.07 psf decrease in the third quarter of 2021 as the average rent was down from \$11.48 psf in the previous quarter to \$11.52 psf. The Mt. Pearl / Paradise submarket saw a slightly smaller decrease as average rents were only lowered by \$0.02 psf quarter-over-quarter to \$11.46 psf in the third quarter of 2021. All remaining submarkets remained unchanged from the previous quarter (East, West, Downtown).

### 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	455,870	242,314	53.2%	-192,750	-179,750	0	0	\$11.32	\$3.98	\$15.30
\$6.29West	147,345	3,232	2.2%	1,768	10,768	0	0	\$8.87	\$2.84	\$11.71
Downtown	140,951	0	0.0%	0	17,400	0	0	\$12.88	\$6.29	\$19.17
North	748,147	10,672	1.4%	4,762	16,878	0	0	\$11.52	\$4.64	\$16.17
Mount Pearl / Paradise	2,649,183	251,259	9.5%	23,300	128,939	0	0	\$11.46	\$3.12	\$14.59
<b>ST. JOHN'S TOTALS</b>	<b>4,141,496</b>	<b>507,477</b>	<b>12.3%</b>	<b>-162,920</b>	<b>-5,765</b>	<b>0</b>	<b>0</b>	<b>\$12.03</b>	<b>\$3.46</b>	<b>\$15.49</b>

## KEY LEASE TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
435 East White Hills Road	East	National Tire Distributors	37,250	Lease

## KEY SALES TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
39 Sagona Avenue	Mt Pearl & Paradise	Calhannah Holdings Inc. / NKG Holdings Inc.	10,000	\$1.0M / \$100.00

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