

	YoY Chg	12-Mo. Forecast
21.2% Vacancy Rate	▲	▼
6,845 Net Absorption	▲	▲
\$34.49 Asking Rent, PSF	▲	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS Q3 2021

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

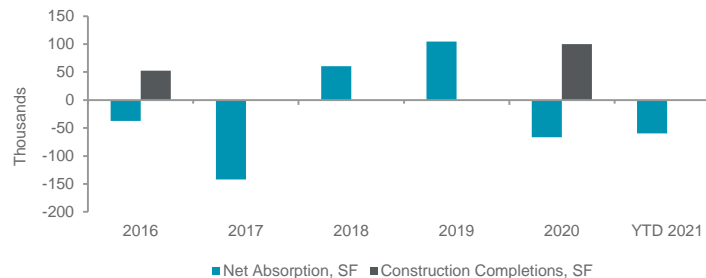
SUPPLY AND DEMAND

The St. John's overall vacancy rate was slightly down in the third quarter of 2021, as vacancy dropped by 20 basis-points (bps) when compared to the previous quarter, currently sitting at 21.2%. The Downtown submarket was unable to contribute to this quarter's decrease, and as such the vacancy rate for the submarket remained stable and unchanged from the previous quarter at 31.6%. The North submarket was the biggest contributor to this quarter's overall decrease, as the submarket had multiple smaller occupancies throughout the quarter, resulting in a 110 bps drop in vacancy quarter-over-quarter, finishing the third quarter of 2021 at 15.6%. The East/West submarket was the other submarket to see a decline, as vacancy was down to 8.9% in the third quarter of 2021 from 9.3% in the previous quarter, a 40-bps decrease. The Central submarket was the only submarket that experienced an overall vacancy decrease, as vacancy rose from 21.8% in the previous quarter to 23.9% in the third quarter of 2021, a 210-bps increase. This change is largely due to the 5,614 square feet (sf) of negative absorption seen at the Viking Building (136 Crosbie Road), with Chimo Construction accounting for 2,734 sf of the lost occupancy.

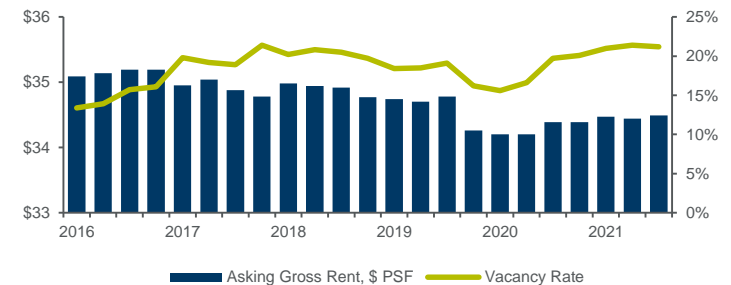
PRICING

Overall average net rents in the St. John's were up by \$0.04 per square foot (psf) in the third quarter of 2021, rising from \$20.90 psf last quarter to \$20.94 psf. The Central submarket saw a significant change, as average net rents shot up to \$15.80 psf from \$15.46 psf last quarter, a \$0.34 psf quarter-over-quarter increase. The East/West submarket also observed an increase but not nearly as sizeable. Finishing the third quarter of 2021 at \$18.94 psf, up \$0.02 psf from the last quarter. Rental rates in both the Downtown and North submarkets were unchanged from last quarter.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



St. John's, NL

Office Q3 2021

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	516,479	31.6%	0	-20,667	0	\$39.94	\$42.77
Central	339,454	0	81,166	23.9%	-7,038	-10,019	0	\$26.10	-
North	797,870	21,453	103,212	15.6%	8,902	-29,622	0	\$28.77	-
East & West	1,079,214	0	95,742	8.9%	4,981	941	75,000	\$31.04	\$37.40
ST. JOHN'S TOTALS	3,851,183	21,453	796,599	21.2%	6,845	-59,367	75,000	\$34.49	\$40.57

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE*
145 Kelsey Drive	North	Sun Life Assurance Company	7,879	Renewal

*Renewals not included in leasing statistics

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