

	YoY Chg	12-Mo. Forecast
<b>20.3%</b> Vacancy Rate	▲	▼
<b>96,674</b> Net Absorption	▲	▼
<b>\$34.49</b> Asking Rent, PSF	▲	▬

(Overall, All Property Classes)

## ECONOMIC INDICATORS Q4 2021

	YoY Chg	12-Mo. Forecast
<b>112.1K</b> St. John's Employment	▲	▲
<b>7.0%</b> St. John's Unemployment Rate	▼	▼
<b>5.9%</b> Canada Unemployment Rate	▼	▼

Source: Statistics Canada

## ECONOMIC OVERVIEW

Newfoundland and Labrador's economy continues to recover, but at a slower pace than most of the other Canadian provinces. Projected growth for 2021 is at 3.0%, with 2.5% growth forecasted for 2022, leaving the province waiting until 2023 to fully reverse the economic decline seen during 2020. The hit seen in the oil sector during 2020 has largely been the cause of the province's slow recovery due to its heavy reliance on the sector. 2021 also dealt another blow to the province's oil industry as production fell by 7.4% in comparison to 2020. However, there is some light at the end of the tunnel, as the Terra Nova platform is due to have its restorations completed soon and begin production in the latter stages of 2022, which will hopefully lift growth in 2023. Mineral production is on the upswing as iron ore and nickel production are up 11% and 39% year-to-date, respectively. If prices remain at current levels for both minerals, the province should see a boost to exports soon. Another bright spot for Newfoundland & Labrador is a revised fiscal update, which will see the deficit shrink from \$826 million to \$595 million, thanks to stronger price growth which helped the province bring in larger than expected revenues.

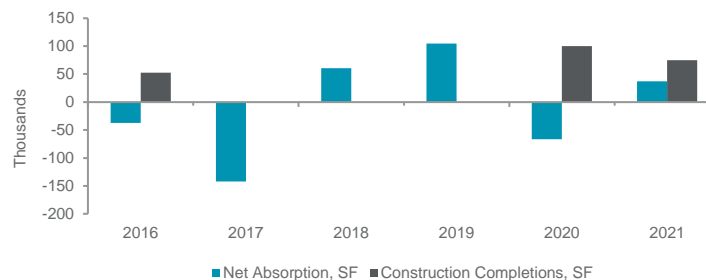
## SUPPLY AND DEMAND

The St. John's office market saw overall vacancy drop by 90 basis points (bps) during the fourth quarter of 2021, as vacancy was sitting at 21.2% in the previous quarter and dropped to a rate of 20.3% to end 2021. A significant construction completion in the East / West submarket was the catalyst for the overall vacancy decline, as the new home for Verafin on 25 Sea Rose Avenue was brought online, bringing with it 75,000 sf of fully occupied inventory. Verafin's move to their new building left space at 570 Newfoundland Drive which was then purchased and occupied by the m5 Group, after leaving their former 13,000 sf home at 42 O'Leary avenue, allowing the removal of over 17,000 sf of leasable space within the submarket. The activity observed brought East/West overall vacancy down to 6.3% in the fourth quarter of 2021, for a 260-bps quarter-over-quarter decline. The North submarket saw minor leasing activity as multiple smaller spaces were occupied, which helped move vacancy down from 15.6% in the previous quarter to 14.7% in the fourth quarter of 2021. The Central submarket was one of two submarkets to experience a vacancy increase in St. John's this quarter, as overall vacancy jumped up by 30 bps quarter-over-quarter for a fourth quarter of 2021 vacancy rate of 24.2%. Downtown was the other submarket that saw its vacancy increase, as vacancy now sits at 32.1% in the fourth quarter of 2021, up 50 bps from the previous quarter. This change is due to two vacancies within the Baine Johnson Centre at 10 Fort Williams Place, as a 5,634-sf unit and 2,334-sf unit were recently vacated by undisclosed tenants.

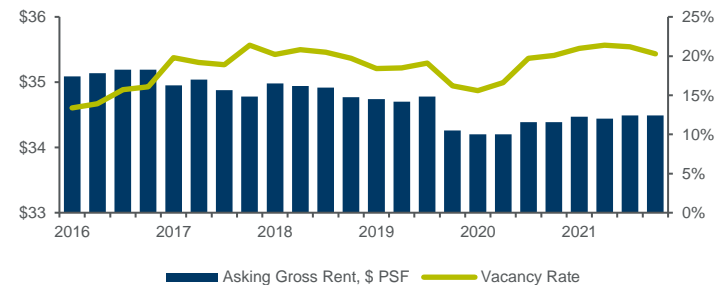
## PRICING

Overall average net rents in the St. John's office market were unchanged across all submarkets for the fourth quarter of 2021 and still sit at \$20.94 per square foot (psf), with the Downtown submarket at \$24.25 psf, the Central submarket at \$15.80 psf, the North submarket at \$18.10 psf, and the East / West submarket at \$18.94 psf.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY & ASKING RENT



## 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	524,447	32.1%	-7,968	-28,635	0	\$39.94	\$42.77
Central	339,454	0	82,316	24.2%	-1,150	-11,169	0	\$26.10	-
North	797,870	21,453	95,929	14.7%	7,283	-22,339	0	\$28.77	-
East & West	1,154,214	0	72,233	6.3%	98,509	99,450	0	\$31.04	\$37.40
<b>ST. JOHN'S TOTALS</b>	<b>3,926,183</b>	<b>21,453</b>	<b>774,925</b>	<b>20.3%</b>	<b>96,764</b>	<b>37,307</b>	<b>0</b>	<b>\$34.49</b>	<b>\$40.57</b>

\*Rental rates reflect full service asking

## KEY LEASE TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE*
25 Sea Rose Avenue	East/ West	Verafin	75,000	Lease

\*Renewals not included in leasing statistics

## KEY SALES TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
570 Newfoundland Drive	East/West	Fantastic Realty Inc. / m5 Group	20,767	\$3.45M / \$166.12

## KEY CONSTRUCTION COMPLETIONS Q4 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
25 Sea Rose Avenue	East/West	Verafin	75,000	KMK Capital

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