

YoY Chg 12-Mo. Forecast

19.6%
Vacancy Rate



23,287
Net Absorption



\$34.37
Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2022

YoY Chg 12-Mo. Forecast

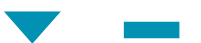
111.9K
St. John's Employment



7.4%
St. John's Unemployment Rate



5.3%
Canada Unemployment Rate



Source: Statistics Canada

ECONOMIC OVERVIEW

Newfoundland and Labrador are set to stay on track with previous growth projections of 2.5% during 2022. The province is seeing growth in the oil-producing sector due to increased oil prices. However, the province is unable to fully capitalize on this as production levels are still lower than desired, a result of the complete shutdown of the Terra Nova oil field. As a result, the province will have to wait for 2023 to reach a full recovery to pre-pandemic levels when the Terra Nova oil field will come back online. Population growth is still a point of concern for the province, despite seeing interprovincial migration levels increase during 2021, the expected return-to-office will potentially put a slow to any growth that may have occurred. Another dark spot for Newfoundland and Labrador is the anticipated drop in non-residential construction, though current works such as the Voisey's Bay underground mine expansion and the new acute care hospital in Corner Brook should provide some positive gains. Much like the rest of Canada, Newfoundland and Labrador were impacted by restrictions stemming from the Omicron variant, though the province was rather resilient compared to the rest of Canada as employment within high touch sectors was only down 0.9% from January to February. Restrictions were lifted in mid-March and should help bolster the recovery effort from earlier in the year.

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

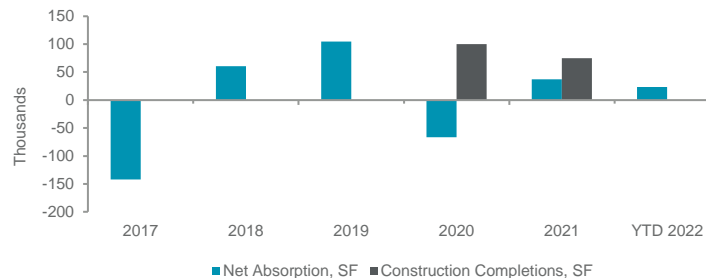
SUPPLY AND DEMAND

The overall vacancy rate for the St. John's office market was down to 19.6% in the first quarter of 2022, a 70 basis points (bps) quarter-over-quarter decrease. Much of this is due to increased activity seen throughout almost every submarket within St. John's. The East/West submarket observed the largest decrease this quarter as vacancy was down to 4.8%, from 6.3% in the previous quarter. This is due to a rise in leasing activity primarily in the Class B segment, as several small leases were completed during the first quarter of 2022. The North submarket was not far off from the East/West, as a 120-bps decrease was observed when compared to the previous quarter, bringing the overall vacancy in the North submarket to 13.5% in the first quarter of 2022. This change can be seen through the 2,264-square foot (sf) lease at 121 Kelsey Drive by an undisclosed tenant, and the over 6,000 sf of space leased at 5-7 Pippy Place, which saw multiple small units leased. The Central submarket also fared well during the first quarter of 2021, as the submarket saw vacancy drop by nearly 100 bps quarter-over-quarter to 23.2%. Due to the smaller nature of this submarket, a nearly 2,000-sf lease at 20 Crosbie Place was the driving factor behind this quarter's decrease. The Downtown submarket did not experience a similar start to 2022, as the submarket observed a slight increase to vacancy when compared to the previous quarter, as rates rose by 10 bps to 32.2% in the first quarter of 2022. This change occurred mainly due to the 5,826-sf vacancy on the 6th floor of 235 Water Street by an undisclosed tenant.

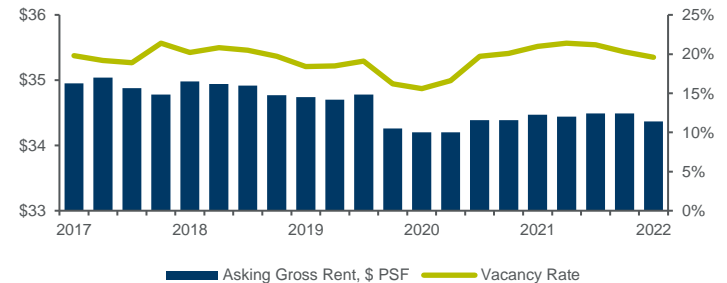
PRICING

Overall average net rents were unchanged from the previous quarter and remained at \$20.94 per square foot (psf). Despite changes seen throughout the submarkets, the overall rate remained unchanged due to the factor of weighted averages. The Central submarket saw rates rise from \$15.80 psf to \$15.89 psf in the first quarter of 2021 for a \$0.09 psf quarter-over-quarter change. Topping that was the East/West submarket, which observed an average net rent increase of \$0.17 psf quarter-over-quarter, bringing the rate to \$19.11 psf in the first quarter of 2022. Both the North and Downtown submarket experienced a \$0.07 psf decline in net rents when compared to the previous quarter, as the North submarket current sits at \$18.03 psf, and the Downtown submarket at \$24.18 psf to end the first quarter of 2022. Overall, Class A net rents were down by a staggering \$0.59 psf when compared to the previous quarter and now rest at \$23.21 psf in the first quarter of 2022.

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	1,645,025	0	530,273	32.2%	-5,826	-5,826	0	\$39.63	\$41.73
Central	343,569	0	79,781	23.2%	2,535	2,535	0	\$26.04	-
North	797,784	21,453	86,239	13.5%	9,690	9,690	0	\$28.70	-
East & West	1,154,874	0	55,345	4.8%	16,888	16,888	0	\$31.21	\$37.40
ST. JOHN'S TOTALS	3,941,252	21,453	751,638	19.6%	23,287	23,287	0	\$34.37	\$39.59

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE*
----------	-----------	--------	----	-------

KEY SALES TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
----------	-----------	----------------	----	--------------

KEY CONSTRUCTION COMPLETIONS Q1 2022

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
----------	-----------	--------------	----	-------------------

BILL MACAVOY

Managing Director

+1 902 425 1872 / bmacavoy@cwatlantic.com

DYLAN CURRIE

Research Coordinator

+1 902 334 2169 / dcurrie@cwatlantic.com

cwatlantic.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 50,000 employees in over 400 offices and 60 countries. In 2021, the firm had revenue of \$9.4 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

©2022 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.