

(Overall, All Property Classes)

## ECONOMIC OVERVIEW

Newfoundland and Labrador have seen their GDP growth projections shrink in the second quarter of 2022 shifting from 2.5% to between 1.2% and 1.4%. At a macro level, the province is seeing growth in the oil-producing sector due to increased oil prices which are boosting incomes and provincial government revenues. However, the province is unable to fully capitalize on this, as production levels are still lower than desired. This is primarily because Terra Nova offshore oilfield remains offline and both Hibernia and White Rose are beginning to face depleting reserves of oil. The province will therefore have to wait for 2023 to reach a full recovery to pre-pandemic levels as the Terra Nova oil field will come back online, work on the \$3.2 billion West White Rose offshore oil project ramps up and the Come By Chance refinery becomes converted into a biofuel operation. Population growth is still a cause of concern for the province, despite seeing interprovincial migration levels increase during 2021, as the expected return-to-office will potentially put a slow to any growth that may have occurred. Additionally, the province is experiencing lower inflation than the national average, sitting at 4.9% and has seen a reduction in its unemployment rate of 6.3% compared to 7.4% in the first quarter of 2022. Although, the anticipated drop in non-residential construction will not bode as well for Newfoundland and Labrador. Current projects such as the Voisey's Bay underground mine expansion, West White Rose offshore oil project and the new acute care hospital in Corner Brook should, however, provide some positive impact towards the drop.

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

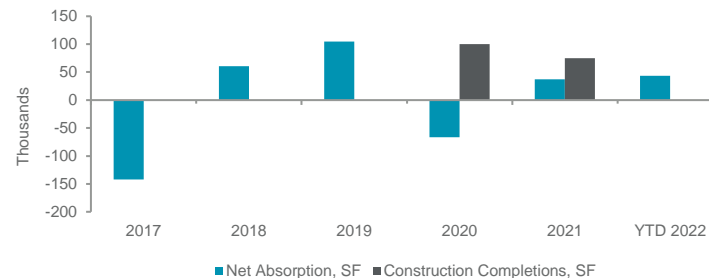
## SUPPLY AND DEMAND

The overall vacancy rate for the St. John's market was down by 50 basis points (bps) during the second quarter of 2022, reaching 19.1% compared to 19.6% last quarter. The downwards push came from an even spread of increased activity amongst the Downtown, Central, North, East and West submarkets. The Central submarket saw the largest increase in activity as vacancy declined by 120 bps quarter-to-quarter to 22% vacancy, the result of a minor 4,000-sf lease within the submarket. This was quickly followed by a 100-bps drop in vacancy within the Northern submarket pushing the vacancy rate to 12.5%. Additionally, the Downtown submarket experienced a 70-bps decline in vacancy, reducing the submarkets vacancy rate to 31.5%, primarily due to activity in Cabot Place. Finally, the East and West submarket did not experience a similar start to the second quarter of 2022, as the submarket observed a slight increase to vacancy when compared to the previous quarter, as vacancy rose by 10 bps to 4.9% in the second quarter of 2022.

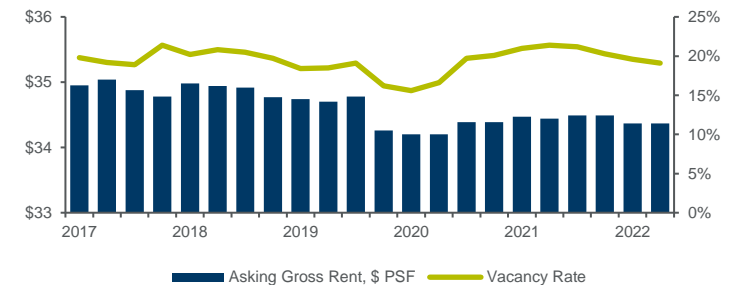
## PRICING

Overall average net rents were unchanged in the second quarter of 2022 remaining 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 Downtown submarket saw rates fall from \$24.18 psf to \$24.16 psf in the second quarter of 2022 for a \$0.02 psf quarter-over-quarter change. Additionally, the weighted average of common area maintenance and taxes rates dropped in the Downtown submarket by \$0.01 to \$15.47 psf.

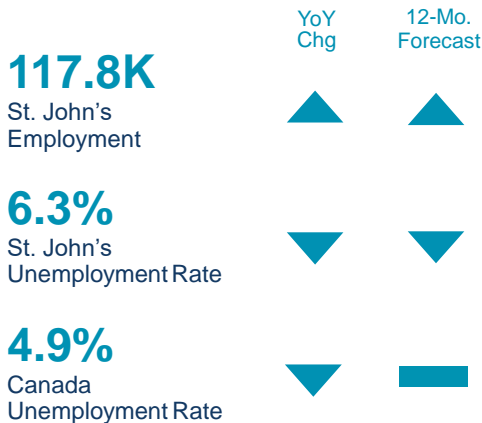
## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY & ASKING RENT



## ECONOMIC INDICATORS Q2 2022



Source: Statistics Canada



## 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	1,651,676	0	521,096	31.5%	9,177	3,351	0	\$39.62	\$41.70
Central	343,569	0	75,754	22.0%	4,027	6,562	0	\$26.04	-
North	797,276	0	99,588	12.5%	8,104	17,794	0	\$28.70	-
East & West	1,154,874	0	56,781	4.9%	-1,436	15,452	0	\$31.21	\$37.40
<b>St. John's Totals</b>	<b>3,947,395</b>	<b>0</b>	<b>753,219</b>	<b>19.1%</b>	<b>19,872</b>	<b>43,159</b>	<b>0</b>	<b>\$34.37</b>	<b>\$39.55</b>

\*Rental rates reflect full service asking

## KEY LEASE TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE*
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\*Renewals not included in leasing statistics

## KEY SALES TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
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