

	YoY Chg	12-Mo. Forecast
<b>19.1%</b> Vacancy Rate	▼	▼
<b>21K</b> Net Absorption, SF	▼	▼
<b>\$34.56</b> Asking Rent, PSF	▲	▲

(Overall, All Property Classes)

## ECONOMIC OVERVIEW

Newfoundland and Labrador saw a challenging economic year in 2022, especially in the production sectors. The declines in mining, manufacturing and oil production particularly impacted the provincial GDP for Newfoundland in 2022, and the underlying impact of depleting oil reserves at Newfoundland's disposal will continue to hold weight. However, some light can be found at the end of the tunnel for the Newfoundland economy as the federal government confirmed the Bay du Nord offshore oil megaproject, and a return to oil production is planned for the Terra Nova and White Rose production facilities in 2023. This will certainly boost government revenues for the province and is a primary reason why Newfoundland is projecting increases in its GDP into 2023 and 2024. This projection is reliant on the level at which oil prices remain, and the elephant in the room, depleting reserves of oil. To combat these future oil supply impacts, the province is also attempting to diversify their exports further into gold mining as gold prices are projected to remain relatively high as the commodity retains its value relative to the supply. The Valentine Lake gold mine is going to provide a great step forward in terms of export diversification this year and will provide a strong increase in the province's employment numbers. Population growth is also seeing some positive momentum as interprovincial migration levels increased during 2022, positively impacting the service sector which grew by more than 4%. Newfoundland is gaining most of its population from Ontario and Alberta. Lastly, the province is experiencing lower inflation than the national average and it is likely to cool further in 2023 as government relief has positively impacted households and the remaining influences remain, primarily, external.

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

## ECONOMIC INDICATORS Q4 2022

	YoY Chg	12-Mo. Forecast
<b>114K</b> St. John's Employment	▲	▲
<b>7.2%</b> St. John's Unemployment Rate	▲	▼
<b>5.0%</b> Canada Unemployment Rate	▼	▲

Source: Statistics Canada

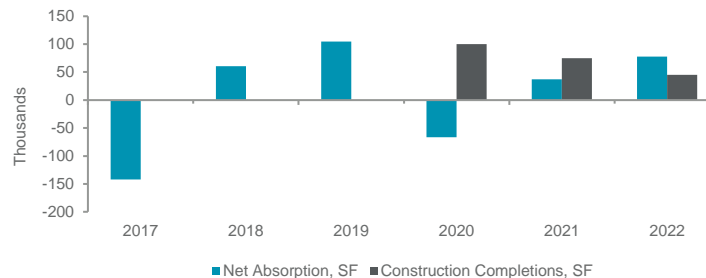
## SUPPLY AND DEMAND

The overall vacancy rate for the St. John's office market was up by 40 basis points (bps) during the fourth quarter of 2022, reaching 19.1% compared to 18.7% last quarter. The upward push came primarily from activity in the East and West submarket, moving the vacancy rate up from 2.4% to 6.3%. Specifically, this change was due to a shuffle of mergers and office moves in the area, including a large vacancy in the Glencoe building. Other areas such as the Downtown, Central and North submarkets did however push back in a symphony of large, small and negligible decreases. The North submarket saw the largest quarter-over-quarter decrease in vacancy from 14.1% to 10.4%. This was accompanied by a minor drop in vacancy in the Downtown submarket, decreasing from 31.5% to 31.0%. Finally, vacancy in the Central market shifted quarter-over-quarter by 100 bps from 22.9% to 23.9%.

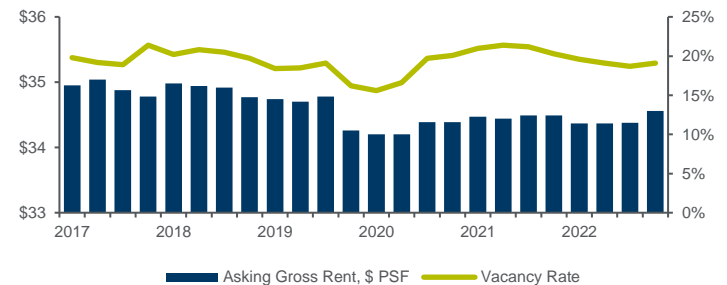
## PRICING

The overall average net rent increased in the fourth quarter of 2022, landing at \$21.04 per square foot (psf). The largest contributor to this shift was provided by the Downtown office submarket, where net rental rates rose from \$24.16 psf to \$24.33 psf. Additionally, there were increases in the Northern market, moving from \$18.03 psf to \$18.07 psf. The Central, East & West submarkets did not see much movement in their net rental rates but did see some change with their gross rental rates, climbing from from \$26.04 psf to \$26.20 psf and \$31.21 psf to \$31.22 psf respectively.

## 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	1,696,676	0	526,429	31.0%	39,271	43,018	0	\$39.92	\$42.20
Central	343,569	0	82,060	23.9%	-3,429	256	0	\$26.20	-
North	797,276	15,000	67,925	10.4%	29,563	34,457	0	\$28.81	-
East & West	1,154,874	0	72,371	6.3%	-44,314	-138	0	\$31.22	\$37.40
<b>St. John's Totals</b>	<b>3,992,395</b>	<b>15,000</b>	<b>748,785</b>	<b>19.1%</b>	<b>21,091</b>	<b>77,593</b>	<b>0</b>	<b>\$34.56</b>	<b>\$40.05</b>

\*Rental rates reflect full service asking

## KEY LEASE TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE*
15 International Place	East	CapServco Limited Partnership	15,552	Renewal
1 Duffy Place	North	TK Elevator (Canada) Limited	3,000	Renewal
140 Water St	Downtown	Toronto Dominion Bank	2,883	Renewal
4 Herald Ave	Corner Brook	Brokerlink	1,713	Lease

\*Renewals not included in leasing statistics

## KEY SALES TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE
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N/A

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