

| | YoY Chg | 12-Mo. Forecast |
|------------------------------------|---------|-----------------|
| 10.1% Vacancy Rate | ▼ | ▼ |
| 2.5K Net Absorption, SF | ▼ | ▼ |
| \$12.04 Asking Rent, PSF | ▲ | ▲ |

Overall, Net Asking Rent

ECONOMIC INDICATORS Q1 2023

| | YoY Chg | 12-Mo. Forecast |
|---|---------|-----------------|
| 115.2K St. John's Employment | ▲ | ▲ |
| 5.6% St. John's Unemployment Rate | ▼ | ▼ |
| 5.0% Canada Unemployment Rate | ▼ | ▲ |

Source: Statistics Canada

ECONOMIC OVERVIEW

Newfoundland and Labrador saw a challenging economic year in 2022, especially in the production sectors. Mining and oil production, however, are expected to rise out of their temporary slump in 2023 as the Terra Nova offshore oil fields receive their oil extraction vessel back from repair, bringing production back online. Additionally, in the long term for Newfoundland's oil sector, the West White Rose Expansion Project is set to begin production in 2026 and is currently lifting the construction activity in the short term. 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 seeing multi year highs in 2023, driving demands for the housing market, although interprovincial migration is set to slow moving forward. Although, there is certainly a weak growth backdrop in terms of exports as the U.S. and Europe face difficult situations and the province is heavily reliant on international exports for their commodities such as seafood and metals etc. Lastly, the province is experiencing lower impacts to inflation than the national average as the population is less indebted and benefits from the government relief program which both positively impacted households.

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

SUPPLY AND DEMAND

Overall vacancy in the St. John's industrial market was down by 10 basis points (bps) compared to the previous quarter, declining from 10.2% to 10.1% in the first quarter of 2023. This shift was due primarily to leasing activity seen in the Mount Pearl & Paradise submarket, as the vacancy rate declined by 60 bps moving from 6.3% to 5.7%. Activity in the Eastern & Northern submarket showed some counteractive movement in the first quarter of 2023, primarily due to smaller lease transactions which resulted in minor changes to the overall market. The vacancy in the Eastern submarket declined from 52.4% to 51.5%, moving downward by 90 bps, while vacancy increased in the Northern submarket, moving upward by 150 bps from 2.6% to 4.1% in the first quarter. The downtown and the western submarkets saw no material change in vacancy during the first quarter of 2023.

PRICING

The St. John's industrial market saw a stability in its overall average net rental rate during the first quarter of 2023, remaining at \$12.04 per square foot (psf). The was due to price stability within each submarket; however, the Mount Pearl submarket saw the largest increase in rents of \$0.01 psf quarter-over-quarter, moving from \$11.60 psf to \$11.61 psf in the first quarter of 2023.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & NET ASKING RENT



MARKET STATISTICS

| SUBMARKET | INVENTORY (SF) | OVERALL VACANT (SF) | OVERALL VACANCY RATE | CURRENT QTR OVERALL NET ABSORPTION (SF) | YTD OVERALL NET ABSORPTION (SF) | UNDER CNSTR (SF) | CONSTR COMPLETIONS (SF) | OVERALL WEIGHTED AVG NET RENT | OVERALL WEIGHTED AVG ADD RENT | OVERALL WEIGHTED AVG GROSS RENT |
|-------------------------|------------------|---------------------|----------------------|---|---------------------------------|------------------|-------------------------|-------------------------------|-------------------------------|---------------------------------|
| East | 455,870 | 234,914 | 51.5% | 0 | 0 | 0 | 0 | \$11.43 | \$4.05 | \$15.48 |
| West | 147,345 | 0 | 0.0% | 0 | 0 | 0 | 0 | \$8.92 | \$2.98 | \$11.90 |
| Downtown | 140,951 | 0 | 0.0% | 0 | 0 | 0 | 0 | \$12.88 | \$6.29 | \$19.17 |
| North | 758,514 | 31,382 | 4.1% | -11,590 | -11,590 | 0 | 0 | \$11.50 | \$5.12 | \$16.63 |
| Mount Pearl / Paradise | 2,661,003 | 152,221 | 5.7% | 14,069 | 14,069 | 0 | 0 | \$11.61 | \$3.14 | \$14.73 |
| Total St. John's | 4,163,683 | 418,517 | 10.1% | 2,479 | 2,479 | 0 | 0 | \$12.04 | \$3.56 | \$15.61 |

KEY LEASE TRANSACTIONS Q1 2023

| PROPERTY | SUBMARKET | TENANT | SF | TYPE* |
|-------------------|-------------|--------------|-------|--------|
| 1118 Topsail Road | Mount Pearl | GHD Ltd. | 4,674 | Direct |
| 59-61 Pippy Place | Mount Pearl | Confidential | 2,500 | Direct |

*Renewals not included in leasing statistics

KEY SALE TRANSACTIONS Q1 2023

| PROPERTY | SUBMARKET | SELLER / BUYER | SF | PRICE |
|--------------------|-------------|------------------------|--------|--------------|
| 1237 Kenmount Road | Mount Peral | The Paint Shop (Buyer) | 40,000 | Confidential |

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