

YoY Chg 12-Mo. Forecast

21.3%
Overall Vacancy Rate



-68,473
Net Absorption, SF



\$34.86
Gross Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q4 2023

YoY Chg 12-Mo. Forecast

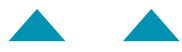
115.1K
St. John's Employment



6.7%
St. John's Unemployment Rate



5.8%
Canada Unemployment Rate



Source: Statistics Canada

ECONOMIC OVERVIEW

Newfoundland and Labrador's economy is currently facing challenges due to a decline in oil production, as well as a dimmer outlook for the mining sector and construction investment. This has resulted in the possibility of a second consecutive year of contraction in 2023. However, there are better growth prospects on the horizon. All four offshore oilfields have resumed operations as of November 2023, and the mining sector is expected to improve in the latter half of 2024 due to increased global demand for commodities. The strength of the natural resources sector raises the likelihood that Newfoundland and Labrador will experience growth in 2024, which sets it apart from the weakening trend seen in other provinces. A strong turnaround is expected in 2024, with a projected growth rate of 2.2%, placing Newfoundland and Labrador at the top of the growth charts for that year. The delayed restart of the Terra Nova oilfield and maintenance at other offshore facilities have impacted the oil sector this year, leading to a decline in crude oil production for the third consecutive year. However, the Terra Nova oilfield and other major offshore facilities are expected to be fully operational in 2024, resulting in robust oil production growth. The mining sector has also been affected by lower prices for iron ore, nickel, and copper, leading to a decline in mineral shipments. However, there is an expectation of increased mineral exploration expenditures, and base metal prices may find support as global demand rises. Additionally, Newfoundland and Labrador have signed an agreement with the federal government that, if passed, would allow the province to regulate its renewable energy developments independently. This presents a significant economic opportunity and supports future investment in offshore wind development projects. Despite the Bank of Canada's rate hikes, domestic-oriented industries have performed relatively well.

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

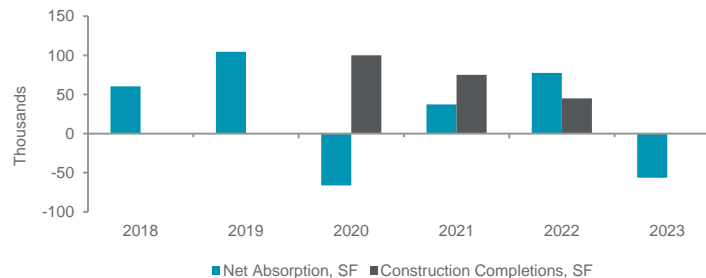
SUPPLY AND DEMAND

The St. John's office market witnessed a rise in the overall vacancy rate in the fourth quarter of 2023, climbing by 200 basis-points (bps) from last quarter to 21.3%. This notable increase was influenced by softening in the Downtown market as vacant space climbed by approximately 49k square feet (sf) quarter-over-quarter (QOQ). Overall absorption in the office market remained negative this quarter at approximately 68k sf. The negative absorption this quarter was focused within the Downtown Class B and East & West Class B submarkets where 35k sf was vacated this quarter by an undisclosed tenant at 215 Water Street in the Downtown Class B submarket, and 15k sf of modest movements in the East & West Class B submarket.

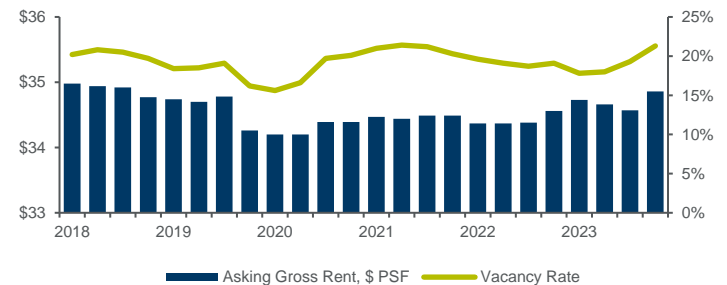
PRICING

The average asking gross rent in St. John's remained stable in the final quarter of 2023, with a minor increase of \$0.29 per square foot (psf) from last quarter to \$34.86 psf. With the net rent only rising by \$0.07 psf from last quarter, the increase was driven by a climb of \$0.22 psf in the additional rent with the largest increases seen in the Downtown and the Central submarkets 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	329,884	30.4%	-48,978	4,506	0	\$40.57	\$42.86
Central	297,999	0	36,751	12.3%	-231	45,309	0	\$25.88	-
North	797,276	30,000	137,437	21.0%	-3,992	-84,512	0	\$28.61	-
East & West	1,065,224	10,755	91,033	9.6%	-15,272	-21,629	0	\$30.96	\$37.40
St. John's Totals	3,857,175	40,755	781,495	21.3%	-68,473	-56,326	0	\$34.86	\$40.77

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE
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N/A

KEY SALES TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE
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133 Crosbie Road	St. John's	Pollett River Holdings	24,839	Undisclosed
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