

	YoY Chg	12-Mo. Forecast
<b>17.8%</b> Vacancy Rate	▼	▼
<b>70,572</b> Net Absorption, SF	▲	▼
<b>\$34.73</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. 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,)

## ECONOMIC INDICATORS Q1 2023

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

Source: Statistics Canada

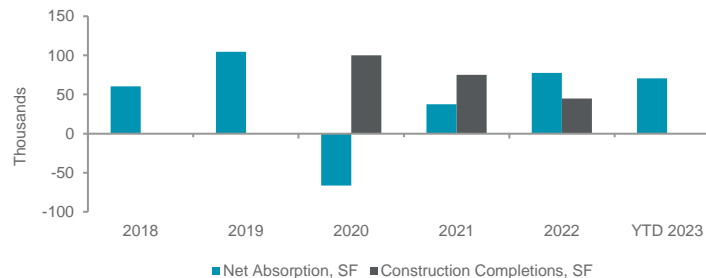
## SUPPLY AND DEMAND

The overall vacancy rate for the St. John's office market was down by 130 basis points (bps) during the first quarter of 2023, reaching 17.8%. The downward push in vacancy came primarily from activity in the downtown and Northern submarkets, moving vacancy quarter-over-quarter (QoQ) from 31.0% to 26.0% and 10.4% to 9.5% respectively. Specifically, this change was due to movement in the Class A and B office stock. Other areas such as the East & West submarkets did however push back with a combination of large, small and negligible increases moving pushing vacancy in the overall East & West submarket from 6.0% to 9.1%. This was largely due to activity in the Class B and C office stock. Lastly, the Central submarket had a decrease in QoQ vacancy, moving from 23.9% to 23.7% in the first quarter of 2023. This was driven by a balance of Class B and C movements.

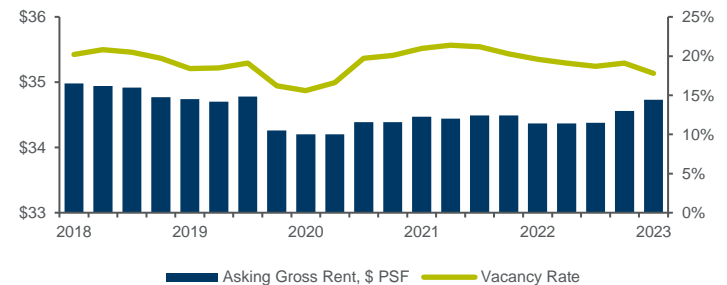
## PRICING

The overall average gross rental rate increased in the first quarter of 2023 to \$34.73 per square foot (psf), an increase of \$0.17 psf. The largest contributor to this shift was provided by the Downtown office submarket, where gross rental rates rose from \$39.92 psf to \$40.26 psf. Additionally, there were increases in the East West market, moving from gross \$31.22 psf to \$31.27 psf. The Northern submarket saw a decline in gross rental rates due to corrections, moving from \$28.81 psf to \$28.59 psf. No material change was seen in the Central market, as gross rates remained at \$26.20 psf.

## 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	441,236	26.0%	79,544	79,544	0	\$40.26	\$42.95
Central	343,569	0	81,283	23.7%	777	777	0	\$26.20	-
North	797,276	0	75,873	9.5%	7,052	7,052	0	\$28.59	-
East & West	1,065,224	0	96,960	9.1%	-16,801	-16,801	0	\$31.27	\$37.40
<b>St. John's Totals</b>	<b>3,902,745</b>	<b>0</b>	<b>695,352</b>	<b>17.8%</b>	<b>70,572</b>	<b>70,572</b>	<b>0</b>	<b>\$34.73</b>	<b>\$40.81</b>

\*Rental rates reflect full service asking

## KEY LEASE TRANSACTIONS Q1 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE*
141 Kelsey Drive	North	N/A	14,024	Direct

\*Renewals not included in leasing statistics

## KEY SALES TRANSACTIONS Q1 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE
N/A				

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