

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
20.1% Vacancy Rate	▲	▼
-9K YTD Net Absorption, SF	▼	▲
\$34.43 Asking Rent, PSF <i>(Overall, All Property Classes)</i>	▼	▲

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
119K St. John's Employment	▲	▲
7.1% St. John's Unemployment Rate	▲	▲
6.6% Canada Unemployment Rate <i>Source: Statistics Canada</i>	▲	—

ECONOMY

Newfoundland & Labrador is experiencing growth this quarter due to several factors. The first is the redevelopment of oil production, forecasted to boost the province's GDP by 3.2%. Employment in the goods-producing sector has been substantial and is expected to lead to a 1.7% increase in overall employment. Government incentives and population growth have strengthened demand in the housing market, which is expected to grow by about 40%. Growth in jobs and wages contribute to the development of household spending and is expected to stimulate retail sales by 3.1%. Overall, the province is on track for sustained growth from revitalizing the oil industry and growth in the labour force.

(Sources: Statistics Canada, RBC, TD Economics)

SUPPLY AND DEMAND

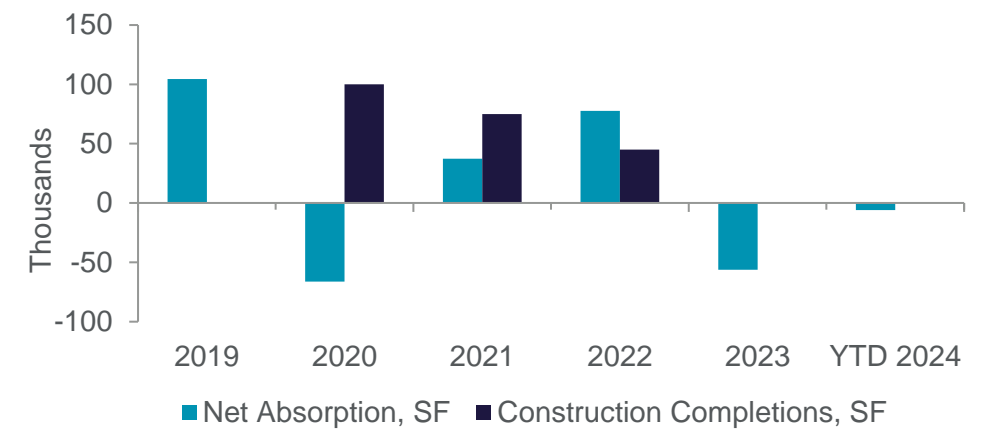
The St. John's office market witnessed a slight increase in the overall vacancy rate in the third quarter of 2024, increasing by 10 basis points (bps) from last quarter to 20.1%. This increase was particularly notable in the Downtown submarket, where the total vacancy rate increased by 70 bps quarter-over-quarter.

Overall absorption shifted notably into negative territory this quarter, falling from 53k sf of positive absorption last quarter to negative 6k square feet (sf). The primary driver behind the overall negative absorption was the Downtown submarket, with negative absorption of 12k sf, while absorption in the Central and North submarkets remained positive. In the Central Class B submarket at 20 Crosbie Place one undisclosed tenant has taken up the entire third floor, and the provincial government has moved in, taking 3,600 sf of space on the ground floor. In the same submarket Intact Insurance vacated their premises, leading to negative absorption of 6,446 sf in that property.

PRICING

The average net rent in the St. John's office market remained stable at \$21.22 per square foot (psf) this quarter. The overall average additional rent was \$13.31 psf, bringing the overall gross rent to \$34.43 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	505,201	29.8%	-12,208	-8,969	0	\$40.07	\$42.16
Central	324,945	0	50,228	15.5%	5,349	-13,477	0	\$25.88	n/a
North	796,770	15,000	100,156	14.5%	2,000	8,293	0	\$28.54	n/a
East & West	1,065,224	10,755	99,966	10.4%	-1,489	5,067	0	\$30.68	\$37.11
St John's Totals	3,883,615	25,755	755,551	20.1%	-6,348	-9,086	0	\$34.43	\$40.11

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
331 Water Street	Downtown	Aon Insurance	5,000	Direct
20 Crosbie Place	Central	Provincial Government	3,600	Direct
15 International Place	East & West	CUPE	6,000	Renewal*

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	BUYER	SF	PRICE
281 Duckworth Street	Downtown	MacGillivray Properties	NA	\$420 K

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