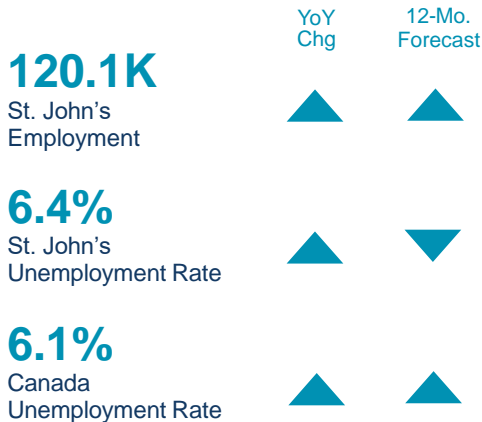


Overall, Net Asking Rent

ECONOMIC INDICATORS Q1 2024



Source: Statistics Canada

ECONOMIC OVERVIEW

For the first quarter of 2024, the economic outlook for Newfoundland and Labrador is positive. Anticipated growth includes a rebound in oil production and the potential construction of Canada's first wind-hydrogen project. Employment growth is also expected to strengthen, contributing to a projected real GDP expansion of 2.0% for the year. While recent volatility in the oil and gas industry poses a risk, there are signs of recovery. Newfoundland and Labrador's economy, which contracted for two consecutive years, is showing signs of improvement, particularly in the oil sector. With major offshore facilities completing maintenance and the Terra Nova vessel back online, the province is expected to lead in real GDP growth at 2.3% in 2024. The oil sector, accounting for a significant portion of the province's economic output, is expected to see healthy production growth. Additionally, mining activity is set to bounce back, supported by rising metal prices and increased global demand. The province's focus on renewable energy developments, including the potential construction of the wind-hydrogen project, presents significant economic opportunities. Despite challenges like the Bank of Canada's rate hikes, strong employment and consumer spending trends are expected to continue, with Newfoundland and Labrador leading in gains in household spending.

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

SUPPLY AND DEMAND

In the first quarter of 2024, the vacancy rate within the St. John's industrial market reached 15.8%, marking a 440 basis points increase quarter-over-quarter (QOQ), as overall vacant space increased from 505,120 square feet (sf) last quarter to 685,273 sf this quarter. This increase in vacant space can be attributed to the addition of 24 Stavanger Drive and 28 Stavanger Drive, both existing buildings which brought 74,440 sf and 142,470 sf of inventory to the market, of which 55,000 sf and 142,470 sf was vacant, respectively.

Compared to the previous quarter, there was a significant decrease in the overall absorption in the St. John's industrial market, falling from 18k sf to close to negative 16k sf. Many modest movements that occurred throughout the St. John's industrial market, specifically in the Mount Pearl & Paradise submarket, were the driving forces behind the decrease in the overall absorption.

PRICING

The overall net rent in the St. John's industrial market increased slightly this quarter by \$0.08 per square foot (psf) to \$12.90 psf. The primary factor behind the increase was a result of the North submarket posting a significant increase of \$0.45 psf in the overall average asking net rent compared to last quarter reaching \$12.87 psf. The Mount Pearl & Paradise submarket saw the only other increase, climbing by \$0.14 QOQ to \$12.02 psf, while the East, West and Downtown submarkets remained stable at \$15.18 psf, \$8.92 psf and \$12.88 psf respectively.

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	672,780	411,040	61.1%	-692	-692	0	0	\$15.18	\$4.13	\$19.31
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	759,880	60,905	8.0%	12,867	12,867	0	0	\$12.87	\$5.30	\$18.70
Mount Pearl / Paradise	2,623,991	213,328	8.1%	-28,138	-28,138	0	0	\$12.02	\$3.26	\$15.28
Total St. John's	4,344,947	685,273	15.8%	-15,963	-15,963	0	0	\$12.90	\$3.63	\$16.54

KEY LEASE TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE*
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N/A

*Renewals not included in leasing statistics

KEY SALE TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE
27 Duffy Place	St. John's	IBEW-International Brotherhood of Electrical Workers	3,912	\$970,000

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