

YoY Chg 12-Mo. Forecast

21.1%
Overall Vacancy Rate



-56,221
Net Absorption, SF



\$34.35
Gross Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2024

YoY Chg 12-Mo. Forecast

120.1K
St. John's Employment



6.4%
St. John's Unemployment Rate



6.1%
Canada Unemployment Rate



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)

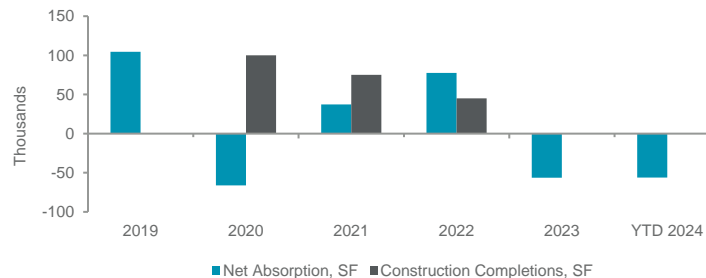
SUPPLY AND DEMAND

While overall absorption stayed negative in the first quarter of 2024 in the St. John's office market, it did show improvement of approximately 12k square feet (sf) quarter-over-quarter (QOQ) to negative 56,221 sf. Most submarkets and classes experienced either zero or negative absorption, except for the North Class B submarket which saw positive absorption of 2k sf. Negative absorption in the Central submarket was attributed to the addition of 35 Blackmarsh Road, an existing office building which brought 26,946 sf of inventory to the market, 20,500 sf of which was vacant. The St. John's office market saw a slight decrease in the overall vacancy rate in the first quarter of 2024, dropping by 20 basis points bps from the previous quarter to 21.1%. The most significant decrease in vacant space was observed in the North submarket, with a decrease of approximately 47k sf QOQ.

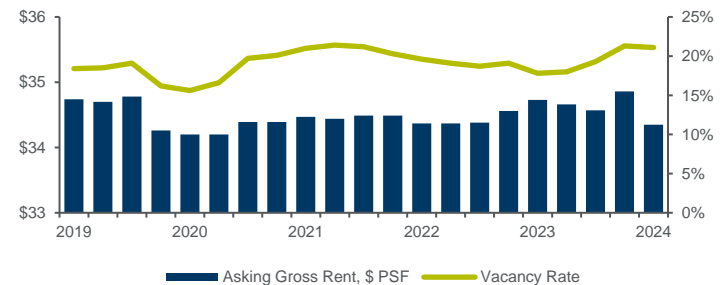
PRICING

The average gross rent in St. John's office market remained relatively stable this quarter, with a decrease of \$0.51 per square foot (psf) QOQ bringing the overall city average gross rent to \$34.35 psf. The main factor contributing to the decline was a \$0.41 per square foot drop in the additional rent as the net rent only had a minor decrease of \$0.10 per square foot from last quarter. The average gross rent for St. John's Downtown submarket is sitting at \$39.83 psf, the Central submarket at \$26.15 psf, the North submarket at \$28.54 psf and the East/West submarket at \$30.68 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	523,164	30.8%	-22,932	-22,932	0	\$39.83	\$41.84
Central	324,945	0	69,047	21.7%	-32,296	-32,296	0	\$26.15	-
North	796,770	15,000	106,467	15.2%	1,982	1,982	0	\$28.54	-
East & West	1,065,224	10,755	94,008	9.8%	-2,975	-2,975	0	\$30.68	\$37.40
St. John's Totals	3,883,615	25,755	792,686	21.1%	-56,221	-56,221	0	\$34.35	\$39.80

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
6 Mount Carson	St. John's	Coverdale Clinic	2,112	Direct
215 Water Street	St. John's	Chevron Canada Resources	8,242	Renewal

KEY SALES TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE
NA				

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