

YoY Chg      12-Mo. Forecast

**20.0%**  
Overall Vacancy Rate



**53,483**  
Net Absorption, SF



**\$34.43**  
Gross Asking Rent, PSF



(Overall, All Property Classes)

### ECONOMIC INDICATORS Q2 2024

YoY Chg      12-Mo. Forecast

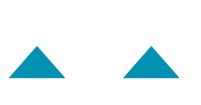
**119.4K**  
St. John's Employment



**7.7%**  
St. John's Unemployment Rate



**6.4%**  
Canada Unemployment Rate



Source: Statistics Canada

### ECONOMIC OVERVIEW

The provincial economy of Newfoundland and Labrador is expected to see growth in 2024, driven by anticipated increases in oil production and the construction of Canada's first wind-hydrogen project. This positive outlook is also expected to support employment growth and result in a real GDP expansion of 2.0% in 2024. Despite recent volatility in the oil and gas industry, there are prospects for a bounce back, with the potential for a stronger performance in 2025. Additionally, the mining sector is forecasted to rebound due to improved metal prices and increased global demand. The province's 2024 budget includes significant capital investment projections, particularly in large-scale wind hydrogen developments and ongoing investments in offshore oilfields. Furthermore, domestic-oriented industries are showing resilience and are expected to benefit from the Bank of Canada's interest rate reduction cycle. N.L.'s employment growth has outpaced its labour force, contributing to low unemployment rates and supporting consumer spending. (Sources: RBC Economics, Statistics Canada, TD Economics)

### SUPPLY AND DEMAND

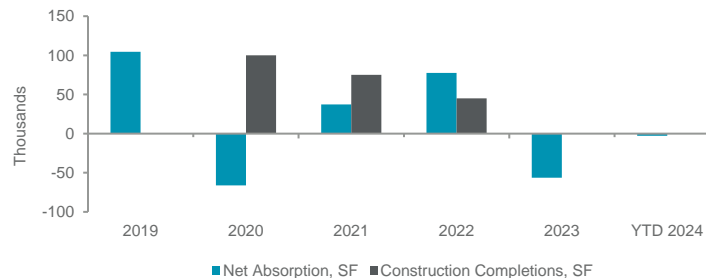
The St. John's office market witnessed a slight decline in the overall vacancy rate in the second quarter of 2024, falling by 110 basis points from last quarter to 20.0%. This decrease was particularly notable in the Downtown submarket as vacant space fell by approximately 31k square feet (sf) quarter-over-quarter (QOQ).

Overall absorption experienced a notable shift into positive territory this quarter, improving by approximately 100k sf from last quarter to reach 53k sf. The driving force behind this change was the movement occurring in the Downtown Class A submarket as Vale Canada Limited absorbed 16,355 sf at 235 Water Street and Royal Bank of Canada took 7,488 sf off the market at 100 New Gower Street. Almost all submarkets had positive absorption this quarter with the exception of the North Class C submarket and the Downtown Class B submarket.

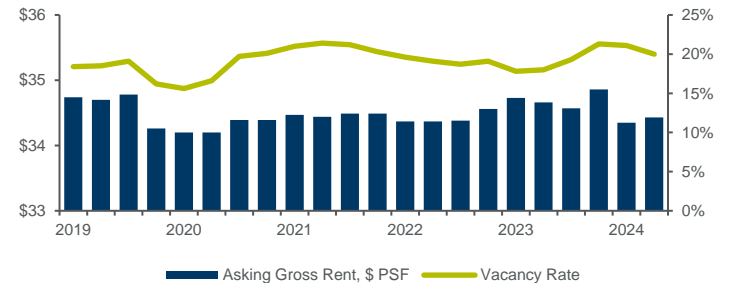
### PRICING

The average weighted gross rent in St. John's office market remained relatively stable this quarter, with a minor increase of \$0.09 per square foot (psf) from last quarter to \$34.43 psf. The Downtown and Central submarkets were the main drivers behind this increase where the Downtown submarket rose by \$0.20 to \$24.92 psf and the Central submarket saw a slight increase of \$0.04 to \$15.59 psf, while rates in the North, East and West submarkets remained stable at \$28.54 psf and \$30.68 psf, respectively. The Central market saw the only decrease in additional rent which led to the overall gross rate falling by \$0.39 QOQ to \$25.88 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	492,993	29.1%	26,171	3,239	0	\$40.07	\$42.16
Central	324,945	0	55,577	17.1%	13,470	-18,826	0	\$25.88	-
North	796,770	15,000	102,156	14.7%	4,311	6,293	0	\$28.54	-
East & West	1,065,224	10,755	98,477	10.3%	9,531	6,556	0	\$30.68	\$37.40
<b>St. John's Totals</b>	<b>3,883,615</b>	<b>25,755</b>	<b>749,203</b>	<b>20.0%</b>	<b>53,483</b>	<b>-2,738</b>	<b>0</b>	<b>\$34.43</b>	<b>\$40.11</b>

\*Rental rates reflect full service asking

## KEY LEASE TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
100 New Gower Street, 6 <sup>th</sup> Floor	St. John's	Royal Bank of Canada	7,488	Direct

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## KEY SALES TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE
1041 Topsail Road	Mount Pearl	Chava Holdings	4,200	\$540,000.00
226 Danny Drive	St. John's	Atlas Structural Systems	30,000	\$6,300,000.00

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