MARKETBEAT

St. John's

OFFICE Q1 2025

CUSHMAN & WAKEFIELD Atlantic

MARKET FUNDAMENTALS

	YOY Chg	Outlook
21.1% Vacancy Rate	▬	▼
-28K YTD Net Absorption, SF	▲	▲
$34.36 Asking Rent, PSF	▬	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	Outlook
123K St. John's Employment	▲	▲
7.2% St. John's Unemployment Rate	▲	▲
6.7% Canada Unemployment Rate	▲	▲

Source: Statistics Canada

ECONOMY

St. John's economy in Q1 2025 faced challenges from inflation (46.4% of businesses affected), high input and insurance costs (26.7%), and difficulties in hiring skilled workers (26.4%). Rising interest rates (25.5%) also impacted businesses. Despite these issues, 32.9% of businesses saw revenue growth in 2024, averaging a 22% increase, while 43.8% planned wage increases in 2025. Supply chain disruptions continued, affecting 17.3% of businesses in rural areas. St. John's remains reliant on key sectors like energy, manufacturing, and services, with population trends and labour shortages shaping future growth *(Sources: Statistics Canada, RBC, TD Economics).*

SUPPLY AND DEMAND

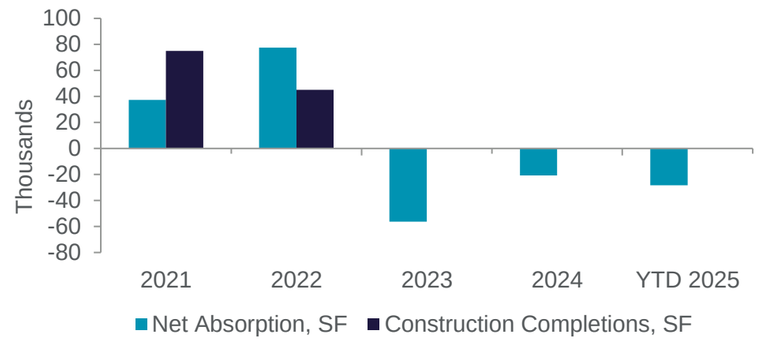
The St. John's office market witnessed an increase in the overall vacancy rate in the first quarter of 2025, increasing by 70 basis points (bps) from last quarter to 21.1%. This increase was particularly notable in the Central submarket, where the total vacancy rate increased by 210 bps quarter-over-quarter.

Overall absorption remained in negative territory this quarter, from negative 12k square (sf) to close to negative 28k sf QOQ. The primary driver behind the overall negative absorption this quarter was the Class B East/West submarket, which posted negative absorption of approximately 12k sf, along with the Class B North Submarket, which had negative absorption of 8k sf. Class A Downtown was the only submarket with positive absorption this quarter. The positive absorption in Downtown was primarily a result of Vale occupying 17k sf at 235 Water Street. MYSA vacated 34 Harvey Road in the Central submarket, resulting in negative absorption of 6k sf. Munn Insurance vacated 121 Kelsey Drive in the North Submarket, resulting in negative absorption of 15k sf and Ventures Inc. moved into 44 Austin Street, occupying 6k sf in the same submarket.

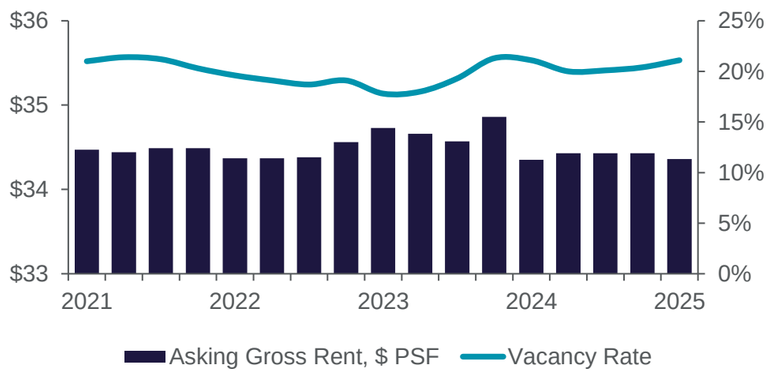
PRICING

In the first quarter of 2025, the average net rent in the St. John's office market decreased to $21.10 per square foot (psf) from $21.22 psf from last quarter. The overall average additional rent increased from $13.21 psf to $13.26 psf, bringing the overall gross rent to $34.36 psf.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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ST. JOHN'S
OFFICE Q1 2025

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	511,017	30.1%	1,264	1,264	0	$39.91	$41.91
Central	324,945	0	59,776	18.4%	-6,848	-6,848	0	$25.88	n/a
North	796,770	15,000	114,373	14.4%	-10,394	-10,394	0	$28.54	n/a
East & West	1,065,224	10,755	110,271	10.4%	-12,305	-12,305	0	$30.68	$37.40
St John's Totals	**3,883,615**	**25,755**	**795,437**	**21.1%**	**-28,283**	**-28,283**	**0**	**$34.36**	**$39.86**

**Rental rates reflect full service asking*

KEY LEASE TRANSACTIONS Q1 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE*
44 Austin Street	North	Eastern Ventures Inc	6,392	Direct
Scotia Centre	Downtown	Vale	17,370	Direct

**Renewals not included in leasing statistics*

KEY SALES TRANSACTIONS Q1 2025

PROPERTY	SUBMARKET	BUYER	SF	PRICE
NA				

BILL MACAVOY
Managing Director
Tel: +1 902 425 1872
bmacavoy@cwatlantic.com

JAKE MACMILLAN
Market Analyst
Tel: +1 902 334 2169
jmacmillan@cwatlantic.com

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