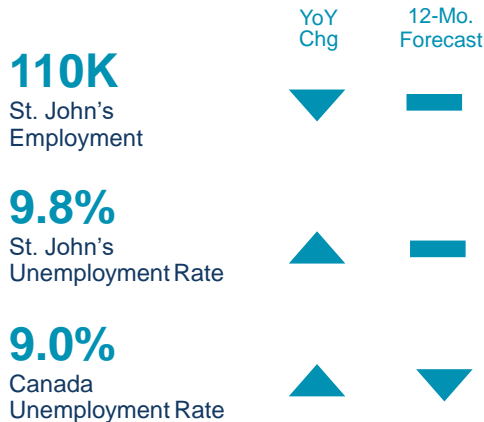


Overall, Net Asking Rent

ECONOMIC INDICATORS Q3 2020



Source: Statistics Canada

ECONOMIC OVERVIEW

The St. John's economy is still on track to see its largest contraction in years, with a forecasted loss of around 11%, and indicators are pointing towards a subpar rebound in 2021, compared to the rest of the Canadian provinces, with projections showing between 2.5 – 3.5 % growth. With oil being a major economic contribution to the province, much of these losses can be attributed to the plummeting oil prices in recent months, causing a 30% drop in the provinces oil exports. Major capital projects such as Muskrat Falls and the Soldiers Pond have been delayed, leaving a sizeable debt payment to be paid in December for the province. Due to the many delays and financial hits to the construction and oil sectors the job market will have a continued struggle with recovery. Some respite can be taken though, as the province managed to retain better than average mobility in the past few months and had only a -2.0% year-over-year change in retail sales, a figure that is comparatively better than most other provinces. Upon the arrival of COVID-19 in Canada., the economy entered a recession in March 2020. Mounting evidence indicates that the recovery began in May or June with Q3 2020 data likely reflecting that. But, until there is a public health resolution to the pandemic, the recovery is likely to remain uncertain and gradual. Only then can households and businesses become more confident. Access the most recent research on CRE and the state of economy [here](#)

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

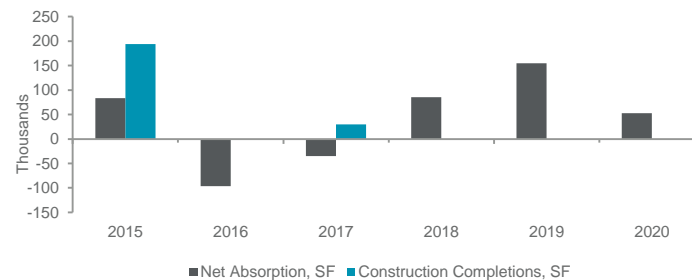
SUPPLY AND DEMAND

St. John's overall industrial vacancy rate declined to 9.8% in the third quarter of 2020, a 100-basis point (bps) quarter-over-quarter change. All submarkets observed a vacancy rate decrease this quarter, with the Downtown submarket seeing the largest vacancy decline from 18.5% last quarter to 12.3% in the third quarter of 2020. There was over 8,500 square feet (sf) of absorption observed in this submarket this quarter, with the main contributor being the 5,400 square feet (sf) of space that was leased at 504 Water Street by an undisclosed tenant. Following slightly behind is the West submarket with a vacancy rate of 10.9% this quarter, a 340 basis bps decline compared to last quarter. The East submarket saw vacancy drop from 11.8% last quarter to 10.1% this quarter. The Mount Pearl & Paradise submarket along with the North submarket both experienced 60 basis points declines in vacancy rates this quarter, as Mt. Pearl & Paradise fell to 10.8% from 11.4% in the previous quarter, while the North had vacancy decrease from 6.3% in the previous quarter to 5.7% in the third quarter of 2020.

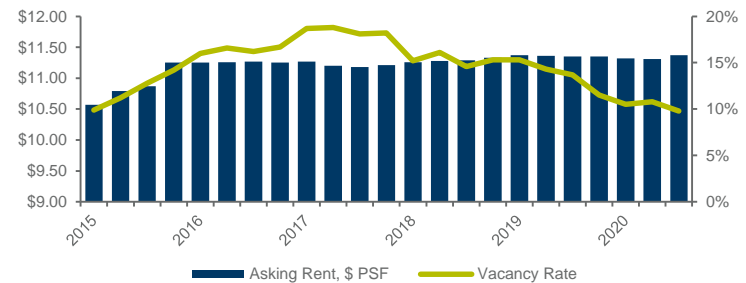
PRICING

Overall net industrial asking rents were up in the third quarter of 2020, rising by \$0.06 per square foot (psf) from last quarter to \$11.37 psf in the third quarter of 2020. The North submarket observed a \$0.31 psf increase in rents this quarter as net rents on average jumped from \$11.24 psf to \$11.55 psf quarter-over-quarter. Net rents for all other submarkets remained unchanged in the third quarter of 2020.

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	225,870	22,708	10.1%	4,000	1,200	270,000	0	\$11.68	\$4.83	\$16.51
West	147,345	16,000	10.9%	5,000	5,000	0	0	\$8.87	\$2.84	\$11.71
Downtown	140,951	17,400	12.3%	8,700	11,900	0	0	\$12.88	\$6.29	\$19.17
North	745,947	42,246	5.7%	4,394	14,568	110,000	0	\$11.55	\$4.60	\$16.14
Mount Pearl / Paradise	2,526,241	273,164	10.8%	14,655	19,758	50,000	0	\$11.46	\$3.02	\$14.48
ST. JOHN'S TOTALS	3,786,354	371,518	9.8%	36,749	52,426	430,000	0	\$11.37	\$3.47	\$14.83

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