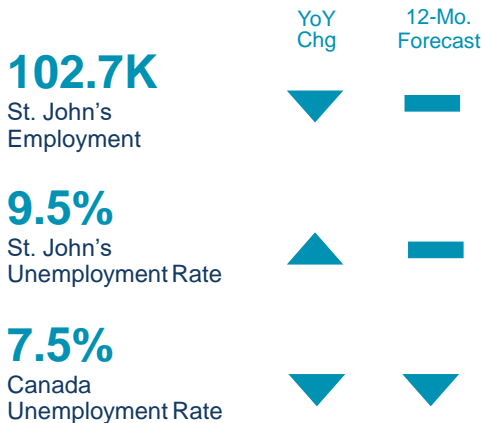


Overall, Net Asking Rent

ECONOMIC INDICATORS Q1 2021



Source: Statistics Canada

ECONOMIC OVERVIEW

Newfoundland & Labrador will look to put 2020 behind them as current GDP growth forecasts have the economy growing between 3.4% and 3.9% in 2021. Like the rest of Atlantic Canada, Newfoundland & Labrador navigated through the pandemic with a milder infection curve that allowed their services sectors to remain relatively unscathed and allowed retail trade to trend positively. Though the road ahead for the province is tough as the second wave took its toll and dropped employment during February by 6.8%, resulting in lower pre-pandemic employment levels, this setback is expected to delay recovery at least for the first quarter. Unlike Alberta and Saskatchewan, Newfoundland & Labrador had a surprising bounce back in their oil and gas sector as production was significantly higher than originally expected. As the province begins the recovery it will have to deal with a weakened capital spending as spending intentions for 2021 will be down by 0.4%. The decline in Capital investments is largely due to the massive hit that oil took in 2020 as drilling in the Hibernia oil field was halted as well as the looming decision to resume the West White Rose project and begin construction, despite government support. Also, deferment on the Bay-Du-Nord project investment decision has stalled all progress.

Sources: RBC Economics, Statistics Canada, TD Economics

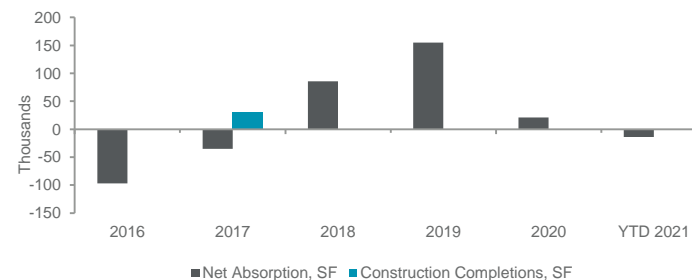
SUPPLY AND DEMAND

The St. John's Industrial market recorded a slight decrease in vacancy to 10.3% in the first quarter of 2021, a 30-basis point (bps) change compared to the previous quarter. Despite the decline in vacancy, absorption was down due to the addition of Canopy's 230,000-square foot (sf) production facility at 60 Eastland Drive, as well as the surplus of vacated space by tenants. Much of the vacated space was in the Mount Pearl / Paradise submarket as over 40,000 sf of space was returned to the market due to the vacating of Newterm Logistics from their 55,542-sf premises at 21 Glencoe Drive and Spartan Industrial Marine leaving their 10,336-sf space at 1126-1140 Topsail Road. These vacancies increased the overall vacancy rate within the submarket by 170 bps quarter-over-quarter to 12.8% in the first quarter of 2021. The situation for the remainder of the submarkets was different as the East submarket reported vacancy dropping from 27.7% in the previous quarter to 12.6% in the first quarter of 2021. Much of this change can be attributed to the introduction of Canopy's facility along with small spaces being taken off the market. Overall vacancy within the West submarket was down 3.40 bps from last quarter to 6.1% in the first quarter of 2021, as 5,000 sf of space was leased between 49 James Lane and 61 James Lane to undisclosed tenants. Approximately 2,400 sf of leasing activity at 109-111 Blackmarsh Road contributed to vacancy in the Downtown submarket declining from 12.3% last quarter to 3.5% in the first quarter of 2021. Finally, the North submarket also reported a decline in overall vacancy, declining by 90 bps from the previous quarter to 2.9% in the first quarter of 2021, due in part to the 10,000 sf of space leased at 2-4 Hallett Crescent by the Canadian Border Services Agency.

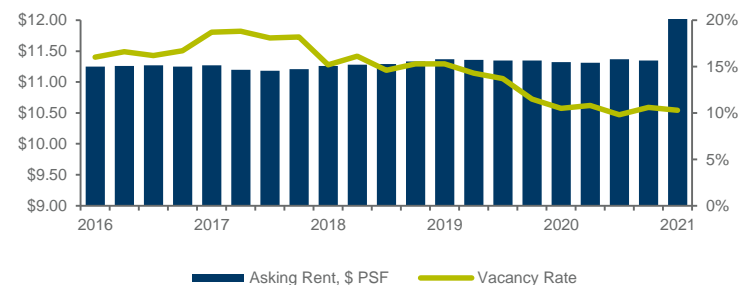
PRICING

Overall average net rents were up this quarter as the addition of the previously mentioned 230,000-sf facility impacted the weighted average calculation, resulting in a \$0.69 per square foot (psf) increase quarter-over-quarter to \$12.04 psf in the first quarter of 2021. All other submarkets recorded stable rents this quarter, remaining unchanged from the previous quarter; except for the Mount Pearl / Paradise submarket which had a slight decrease in net rents, as the rate dropped from \$11.45 psf in the previous quarter to \$11.43 psf in the first quarter of 2021.

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	455,870	57,564	12.6%	5,000	5,000	0	0	\$11.32	\$3.93	\$15.25
West	147,345	9,000	6.1%	5,000	5,000	0	0	\$8.87	\$2.84	\$11.71
Downtown	140,951	21,293	3.5%	12,400	12,400	0	0	\$12.88	\$6.29	\$19.17
North	745,947	5,000	2.9%	7,241	7,241	110,000	0	\$11.55	\$4.62	\$16.17
Mount Pearl / Paradise	2,539,183	324,006	12.8%	-43,808	-43,808	50,000	0	\$11.43	\$3.08	\$14.51
ST. JOHN'S TOTALS	4,029,296	416,863	10.3%	-14,167	-14,167	160,000	0	\$12.04	\$3.45	\$15.49

KEY LEASE TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
122 Beclin Road	Mont Pearl / Paradise	Bunzl Canada Inc.	15,877	Renewal
2-4 Hallett Crescent	North	Canadian Border Services Agency	10,000	Lease

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