

	YoY Chg	12-Mo. Forecast
<b>8.3%</b> Vacancy Rate	▼	▬
<b>171K</b> Net Absorption, SF	▲	▲
<b>\$12.05</b> Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

### ECONOMIC INDICATORS Q2 2021

	YoY Chg	12-Mo. Forecast
<b>101.2K</b> St. John's Employment	▼	▲
<b>8.8%</b> St. John's Unemployment Rate	▼	▼
<b>7.8%</b> Canada Unemployment Rate	▼	▼

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 its recovery it will have to deal with 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 projection 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

Overall vacancy was down in the St. John's industrial market during the second quarter of 2021, as the current vacancy rate sits at 8.3%, for a 200-basis point (bps) quarter-over-quarter drop. All submarkets contributed to the decrease in overall vacancy, as the Downtown submarkets vacancy declined by 3.5% from last quarter and currently has no vacant space available. The West submarket was down to 3.4% in the second quarter of 2021, marking a 270 bps decrease from the previous quarter as multiple smaller spaces were leased throughout the submarket. Mount Pearl / Paradise saw courier Intelcom move into the area as they leased 11,520 square feet (sf) at 27 Beclin Road, along with the introduction of the 110,000-sf production facility for Atlantic Cultivation. This helped move the submarket vacancy to 10.4%, down by 240 bps from the last quarter. The East submarket vacancy dropped 170 bps quarter-over-quarter, and is currently at 10.9% in the second quarter of 2021, as leasing activity in the submarket continues to increase. Lastly, the North submarket observed the smallest vacancy decrease this quarter, as vacancy declined by 70 bps from last quarter to 2.2% in the second quarter of 2021. The decrease was mainly driven by the just under 5,000 sf of absorption at 36-38 Pippy Place by an undisclosed tenant.

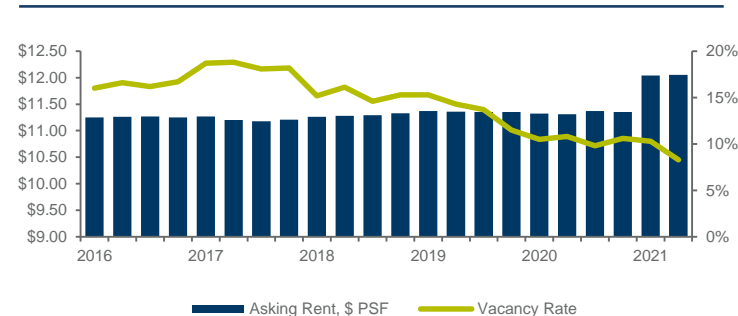
### PRICING

Overall average net rents were slightly up in the St. John's industrial market, as a small \$0.01 per square foot (psf) increase to \$12.05 psf in the second quarter of 2021 was posted. Two submarkets contributed to the upward shift this quarter, with the Mount Pearl / Paradise submarket experiencing the largest increase as average net rents rose to \$11.49 psf for a \$0.05 psf quarter-over-quarter increase. The North submarket was not far behind as rates rose from \$11.55 psf last quarter to \$11.59 psf in the second quarter of 2021. The average net rent in all other submarkets remained unchanged from the previous quarter.

### 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	49,564	10.9%	8,000	13,000	0	0	\$11.32	\$3.93	\$15.25
West	147,345	5,000	3.4%	4,000	9,000	0	0	\$8.87	\$2.84	\$11.71
Downtown	140,951	0	0.0%	5,000	17,400	0	0	\$12.88	\$6.29	\$19.17
North	745,947	16,418	2.2%	4,875	12,116	0	0	\$11.59	\$4.64	\$16.23
Mount Pearl / Paradise	2,649,183	274,559	10.4%	149,447	105,639	0	110,000	\$11.48	\$3.10	\$14.58
<b>ST. JOHN'S TOTALS</b>	<b>4,139,296</b>	<b>345,541</b>	<b>8.3%</b>	<b>171,322</b>	<b>157,155</b>	<b>0</b>	<b>110,000</b>	<b>\$12.05</b>	<b>\$3.45</b>	<b>\$15.50</b>

## KEY LEASE TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
37 Dundee Avenue	Mount Pearl / Paradise	Sumit Plumbing and Heating	15,000	Lease
27 Beclin Road	Mount Pearl / Paradise	Intelcom	11,520	Lease

## KEY CONSTRUCTION COMPLETIONS YTD 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
736-760 Kenmount Road	Mount Pearl / Paradise	Atlantic Cultivation	110,000	Atlantic Cultivation

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