

	YoY Chg	12-Mo. Forecast
12.3% Vacancy Rate	▲	▼
9,344 Net Absorption, SF	▲	▲
\$12.02 Asking Rent, PSF	▬	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q1 2022

	YoY Chg	12-Mo. Forecast
111.9K St. John's Employment	▲	▲
7.4% St. John's Unemployment Rate	▼	▼
5.3% Canada Unemployment Rate	▼	▬

Source: Statistics Canada

ECONOMIC OVERVIEW

Newfoundland and Labrador are set to stay on track with previous growth projections of 2.5% during 2022. The province is seeing growth in the oil-producing sector due to increased oil prices. However, the province is unable to fully capitalize on this as production levels are still lower than desired, a result of the complete shutdown of the Terra Nova oil field. As a result, the province will have to wait for 2023 to reach a full recovery to pre-pandemic levels when the Terra Nova oil field will come back online. Population growth is still a point of concern for the province, despite seeing interprovincial migration levels increase during 2021, the expected return-to-office will potentially put a slow to any growth that may have occurred. Another dark spot for Newfoundland and Labrador is the anticipated drop in non-residential construction, though current works such as the Voisey's Bay underground mine expansion and the new acute care hospital in Corner Brook should provide some positive gains. Much like the rest of Canada, Newfoundland and Labrador were impacted by restrictions stemming from the Omicron variant, though the province was rather resilient compared to the rest of Canada as employment within high touch sectors was only down 0.9% from January to February. Restrictions were lifted in mid-March and should help bolster the recovery effort from earlier in the year.

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

SUPPLY AND DEMAND

Overall vacancy in the St. John's industrial market was down by 60 basis points (bps) compared to the previous quarter to 12.3% in the first quarter of 2022. Three submarkets were the driving force behind this quarter's change, as the North submarket observed a vacancy decrease of 100 bps quarter-over-quarter to 1.7% in the first quarter of 2022. The reason for this change is primarily due to multiple undisclosed tenants taking space within the submarket. The East submarket was not far behind as an 80-bps decrease occurred in the first quarter of 2022, bringing the new vacancy in the submarket down to 52.4%. A 3,400-sf lease at 27-37 Stavanger Drive was the main factor behind this change. Rounding out the market's vacancy is the Mount Pearl / Paradise submarket which observed a 40 bps drop in vacancy quarter-over-quarter to 9.8% in the first quarter of 2022. The 7,500-sf lease at 2 Bruce Street by Canada Fire Storm Ltd. helped push the vacancy within the submarket down to its current level. All other submarkets were unchanged from the previous quarter.

PRICING

The St. John's industrial market saw a slight change to its overall average net rent in the first quarter of 2022, as rates dropped by just \$0.01 per square foot (psf) quarter-over-quarter to \$12.02 psf. The North submarket had a \$0.04 psf quarter-over-quarter drop of its own down to \$11.48 psf and is the main reason for the overall market decline this quarter. Despite the overall drop, the Mount Pearl / Paradise submarket had a small increase quarter-over-quarter, as rates rose from \$11.48 psf to \$11.50 psf in the first quarter of 2022.

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	238,914	52.4%	3,400	3,400	0	0	\$11.32	\$3.98	\$15.30
West	147,345	0	0.0%	0	0	0	0	\$8.87	\$2.84	\$11.71
Downtown	140,951	0	0.0%	0	0	0	0	\$12.88	\$6.29	\$19.17
North	755,253	12,944	1.7%	6,944	6,944	0	0	\$11.48	\$4.47	\$16.22
Mount Pearl / Paradise	2,658,183	260,383	9.8%	-1,000	-1,000	0	0	\$11.50	\$3.13	\$14.62
Total St. John's	4,157,602	512,241	12.3%	9,344	9,344	0	0	\$12.02	\$3.48	\$15.50

KEY LEASE TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE
2 Bruce Street	Mount Pearl / Paradise	Canada Fire Storm Ltd.	7,500	Lease

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