

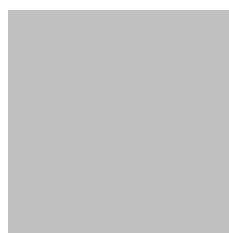
# MARKET SURVEY

## ST. JOHN'S NL OFFICES & WAREHOUSES

DECEMBER 2019



Survey Scope: 87 office & 105 warehouse buildings  
3,975,893 ft.<sup>2</sup> of rental office space  
2,598,031 ft.<sup>2</sup> of rental warehouse space  
expert researchers



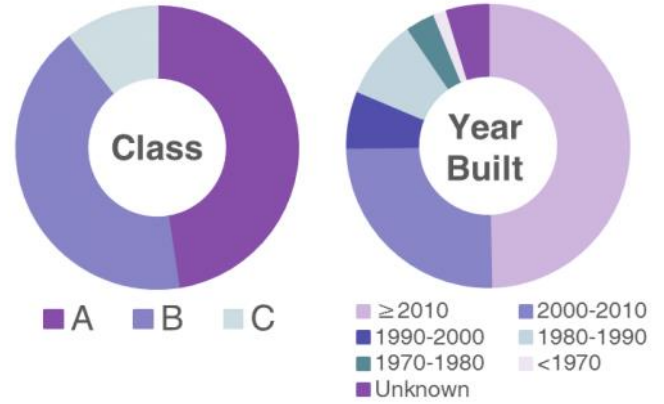
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St. John's, NL A1C 5M3  
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# DEC. 2019 MARKET SURVEY ST. JOHN'S NL OFFICES

## Year at a Glance

	2018	2019	Change
Office Inventory (ft. <sup>2</sup> )	3,909,117	3,975,893	↑ 66,776
Net Absorption (ft. <sup>2</sup> )	27,290	112,960	↑ 85,670
Vacancy Rate	16.79%	15.35%	↓ - 1.44 pp
Avg. Net Rent/ft. <sup>2</sup>	\$19.07	\$18.63	↓ - 2.31%
Avg. RTCAM/ft. <sup>2</sup>	\$10.71	\$10.85	↑ 1.31%
Avg. Gross Rent/ft. <sup>2</sup>	\$29.77	\$29.39	↓ - 1.28%

## Overall Office Inventory



## Supply & Demand Overview

The total amount of rentable office space in St. John's increased 1.71% over last year. The overall vacancy rate decreased from 16.79% in 2018 to 15.35% in 2019. The key driver of space demand is the growth in the provincial real (deflated) Gross Domestic Product. Our analysis of GDP projections indicates that 2020 will see GDP increase 0.8%. With additional supply expected to be brought to market in 2020 and a forecast 1.88% decline in office space demand, the vacancy rate is expected to increase to 16.96%.

Our survey measured vacancy and rental rates by class of building. Class A buildings command the highest rents in their community and have distinctive design and lobbies. Class B buildings offer "no frills" modern, air conditioned space. Class C buildings make up the remainder of the office rental market. The current vacancy rates by class are: Class A 20.07%; Class B 12.15%; Class C 6.74%; Overall 15.35%. The vacancy rate and net rental rate are inversely correlated: empirical data indicates that generally a falling vacancy rate portends a rising net rental rate, while a rising vacancy rate indicates that net rental rate increases will moderate or even fall. Current average net absolute rental rates per square foot are: Class A \$22.39; Class B \$17.79; Class C \$15.29; Overall \$18.63.

## Supply, Demand & GDP



## Vacant Space



## Net Absolute Rent/ft.<sup>2</sup>

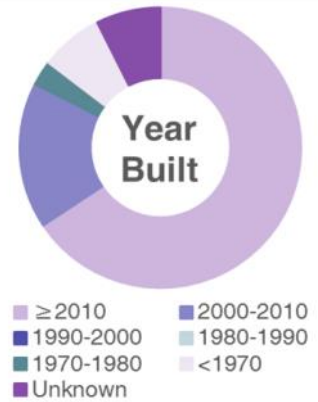
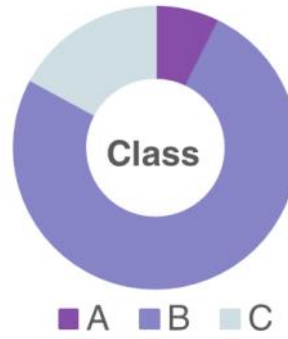


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# CENTRAL ST. JOHN'S NL

## Year at a Glance

	2018	2019	Change
Office Inventory (ft. <sup>2</sup> )	369,438	369,438	↔ ---
Net Absorption (ft. <sup>2</sup> )	13,522	6,000	↓ - 7,522
Vacancy Rate	7.81%	6.19%	↓ - 1.62 pp
Avg. Net Rent/ft. <sup>2</sup>	\$16.50	\$16.50	↔ ---
Avg. RTCAM/ft. <sup>2</sup>	\$11.07	\$10.96	↓ - 0.99%
Avg. Gross Rent/ft. <sup>2</sup>	\$27.57	\$27.46	↓ - 0.40%



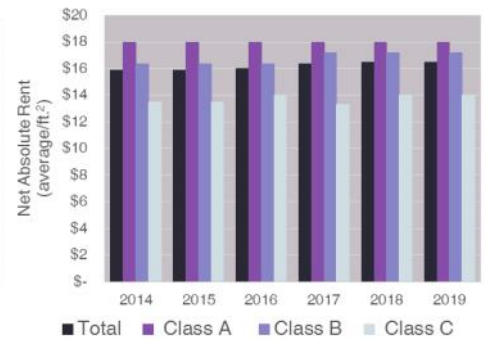
Supply & Demand



Vacant Space



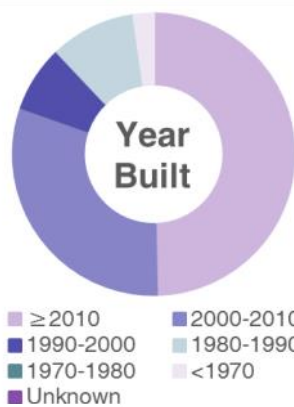
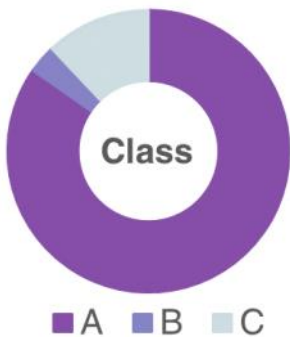
Net Absolute Rent/ft.<sup>2</sup>



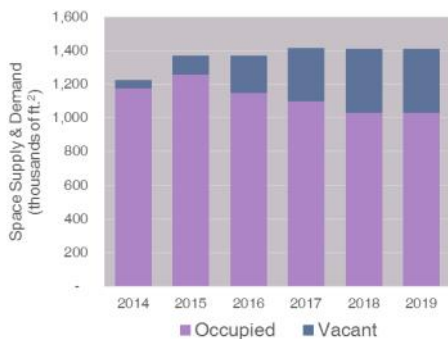
# DOWNTOWN ST. JOHN'S NL

## Year at a Glance

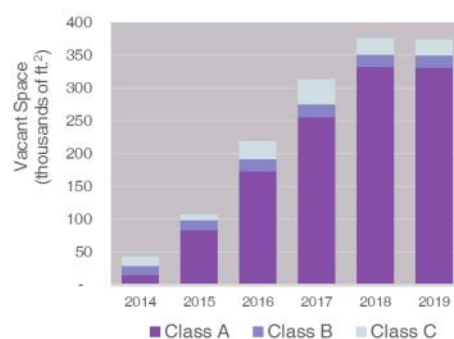
	2018	2019	Change
Office Inventory (ft. <sup>2</sup> )	1,405,915	1,407,107	↑ 1,192
Net Absorption (ft. <sup>2</sup> )	- 67,599	3,194	↑ 70,793
Vacancy Rate	26.69%	26.53%	↓ - 0.16 pp
Avg. Net Rent/ft. <sup>2</sup>	\$21.37	\$20.87	↓ - 2.34%
Avg. RTCAM/ft. <sup>2</sup>	\$11.65	\$13.13	↑ 12.70%
Avg. Gross Rent/ft. <sup>2</sup>	\$33.45	\$33.05	↓ - 1.20%



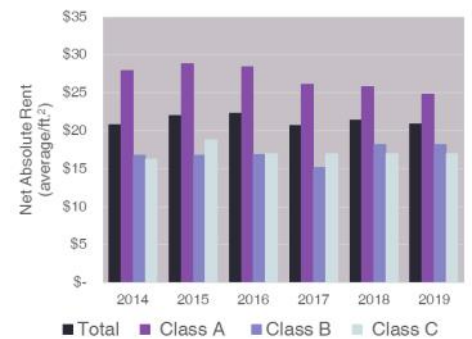
Supply & Demand



Vacant Space



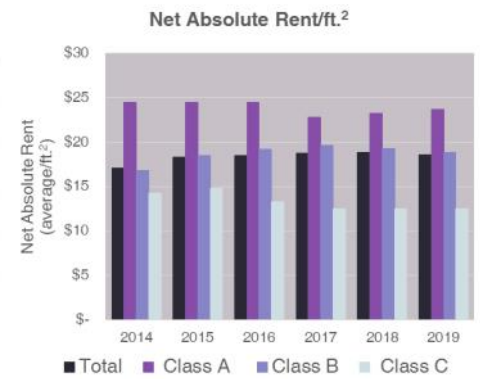
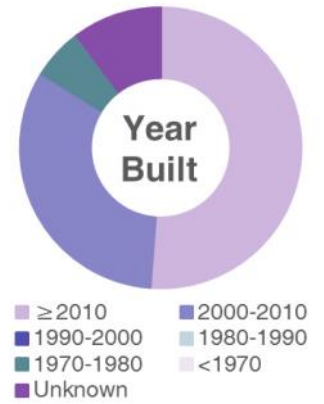
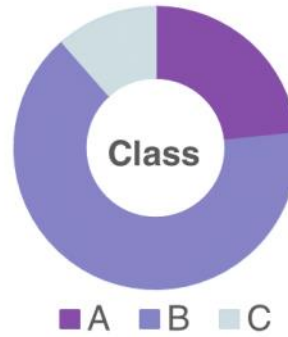
Net Absolute Rent/ft.<sup>2</sup>



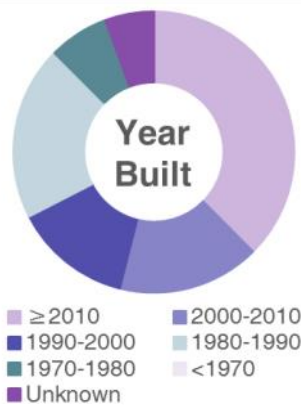
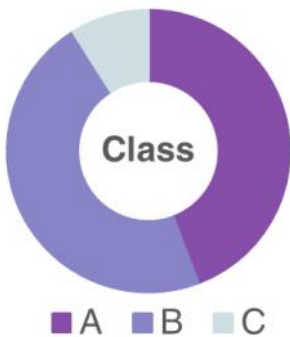
# NORTH ST. JOHN'S NL

## Year at a Glance

	2018	2019	Change
Office Inventory (ft. <sup>2</sup> )	728,741	740,524	↑ 11,783
Net Absorption (ft. <sup>2</sup> )	70,146	42,260	↓ - 27,886
Vacancy Rate	13.48%	9.15%	↓ - 4.33 pp
Avg. Net Rent/ft. <sup>2</sup>	\$18.79	\$18.61	↓ - 0.96%
Avg. RTCAM/ft. <sup>2</sup>	\$10.65	\$10.13	↓ - 4.88%
Avg. Gross Rent/ft. <sup>2</sup>	\$28.91	\$29.55	↑ 2.21%

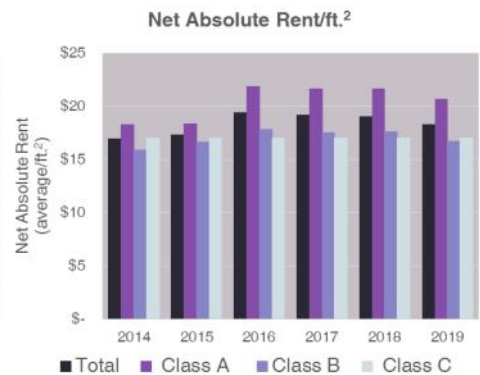


# EAST & WEST ST. JOHN'S NL



## Year at a Glance

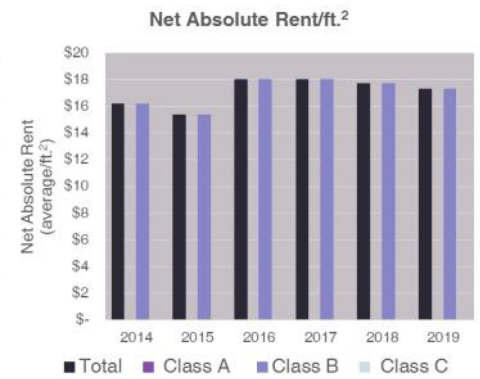
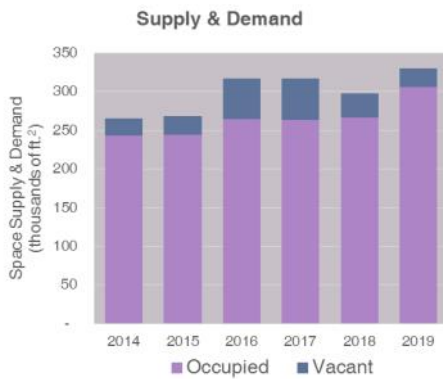
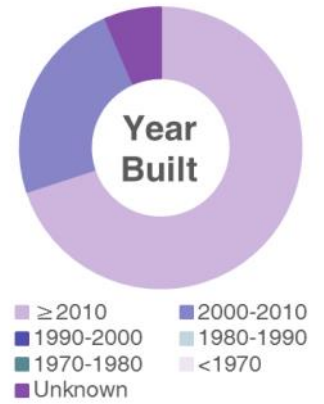
	2018	2019	Change
Office Inventory (ft. <sup>2</sup> )	1,107,210	1,128,508	↑ 21,298
Net Absorption (ft. <sup>2</sup> )	8,661	21,750	↑ 13,089
Vacancy Rate	11.12%	10.87%	↓ - 0.25 pp
Avg. Net Rent/ft. <sup>2</sup>	\$19.04	\$18.25	↓ - 4.15%
Avg. RTCAM/ft. <sup>2</sup>	\$10.81	\$10.94	↑ 1.20%
Avg. Gross Rent/ft. <sup>2</sup>	\$30.24	\$28.70	↓ - 5.09%



# MOUNT PEARL/PARADISE

## Year at a Glance

	2018	2019	Change
Office Inventory (ft. <sup>2</sup> )	297,813	330,316	↑ 32,503
Net Absorption (ft. <sup>2</sup> )	2,560	39,756	↑ 37,196
Vacancy Rate	10.41%	7.19%	↓ - 3.22 pp
Avg. Net Rent/ft. <sup>2</sup>	\$17.70	\$17.30	↓ - 2.26%
Avg. RTCAM/ft. <sup>2</sup>	\$6.93	\$7.52	↑ 8.51%
Avg. Gross Rent/ft. <sup>2</sup>	\$24.19	\$24.52	↑ 1.36%



# DEC. 2019 MARKET SURVEY ST. JOHN'S WAREHOUSES

## Year at a Glance

Warehouse	2018	2019	Change
Inventory (ft. <sup>2</sup> )	2,595,783	2,598,031	↑ 2,248
Net Absorption (ft. <sup>2</sup> )	75,274	- 19,625	↓ - 94,899
Vacancy Rate	11.87%	12.70%	↑ 0.83 pp
Avg. Net Rent/ft. <sup>2</sup>	\$11.14	\$11.40	↑ 2.33%
Avg. RTCAM/ft. <sup>2</sup>	\$3.16	\$3.44	↑ 8.86%
Avg. Gross Rent/ft. <sup>2</sup>	\$14.26	\$14.91	↑ 4.56%

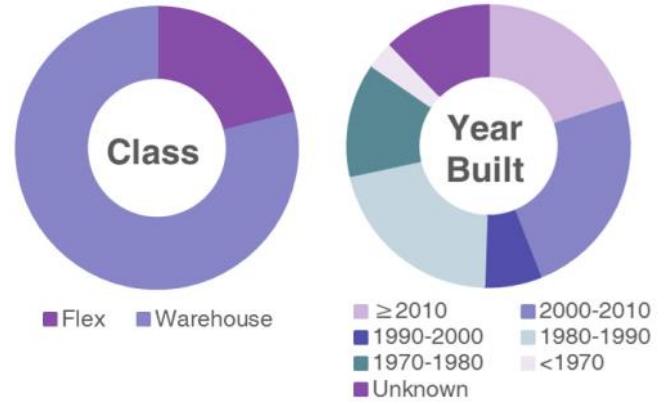
## Supply & Demand Overview

The total amount of rentable warehouse space in Greater St. John's increased 0.09% over last year. The overall vacancy rate increased from 11.87% in 2018 to 12.70% in 2019. The key driver of space demand is the growth in the provincial real (deflated) Gross Domestic Product. Our analysis of GDP projections indicates that 2020 will see GDP growth of 0.8%; demand for rental warehouse space is expected to continue to decline, with an overall decrease in demand of 0.65%. The vacancy rate is expected to climb to 13.26%.

Our survey measured the vacancy rate by geographic node. The current vacancy rate in each of the following locations is: St. John's North 8.05%; Central and Downtown 5.55%; St. John's East 3.77%; St. John's West 0.00%; Mount Pearl/Paradise 16.39%; Overall 12.70%.

Our survey also measured rental rates. Industrial properties in St. John's saw the overall net absolute rent per square foot increase by 2.33% year over year, to \$11.40 in 2019. The average overall net rental rates per square foot in each of the following locations are: St. John's North \$12.22; Central and Downtown \$11.63; St. John's East \$13.79; St. John's West \$9.50; Mount Pearl/Paradise \$10.79; Overall \$11.40.

## Overall Warehouse Inventory



## Supply, Demand & GDP



## Vacant Space



## Net Absolute Rent/ft.<sup>2</sup>



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# NORTH ST. JOHN'S NL

## Year at a Glance

	2018	2019	Change
Office Inventory (ft. <sup>2</sup> )	561,221	561,221	↔ ---
Net Absorption (ft. <sup>2</sup> )	43,695	10,991	↓ - 32,704
Vacancy Rate	10.01%	8.05%	↓ - 1.96 pp
Avg. Net Rent/ft. <sup>2</sup>	\$11.75	\$12.22	↑ 4.00%
Avg. RTCAM/ft. <sup>2</sup>	\$3.75	\$5.00	↑ 33.33%
Avg. Gross Rent/ft. <sup>2</sup>	\$15.47	\$16.90	↑ 9.24%



Flex Warehouse



≥2010 2000-2010  
 1990-2000 1980-1990  
 1970-1980 <1970  
 Unknown

Supply & Demand

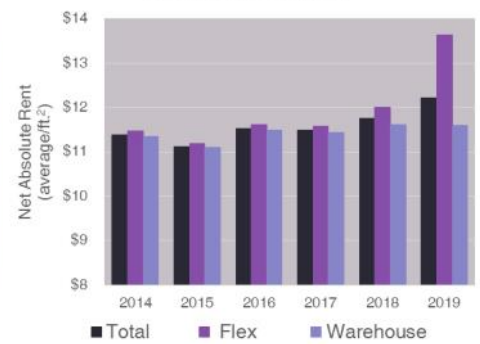


Vacant Space



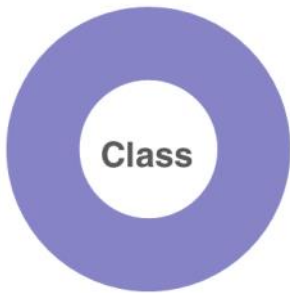
Flex Warehouse

Net Absolute Rent/ft.<sup>2</sup>

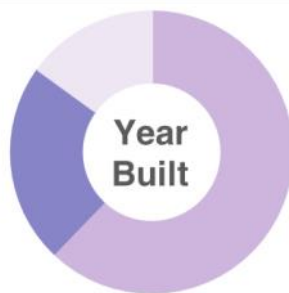


Total Flex Warehouse

# CENTRAL & DOWNTOWN



Flex Warehouse



≥2010 2000-2010  
 1990-2000 1980-1990  
 1970-1980 <1970  
 Unknown

## Year at a Glance

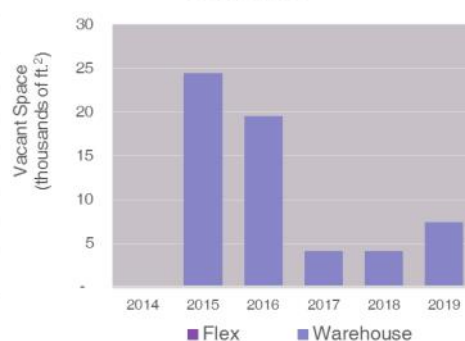
	2018	2019	Change
Office Inventory (ft. <sup>2</sup> )	133,396	133,396	↔ ---
Net Absorption (ft. <sup>2</sup> )	0	- 3,300	↓ - 3,300
Vacancy Rate	3.07%	5.55%	↑ 2.47 pp
Avg. Net Rent/ft. <sup>2</sup>	\$11.25	\$11.63	↑ 3.38%
Avg. RTCAM/ft. <sup>2</sup>	\$4.54	\$4.54	↔ ---
Avg. Gross Rent/ft. <sup>2</sup>	\$15.79	\$16.17	↑ 2.41%

Supply & Demand



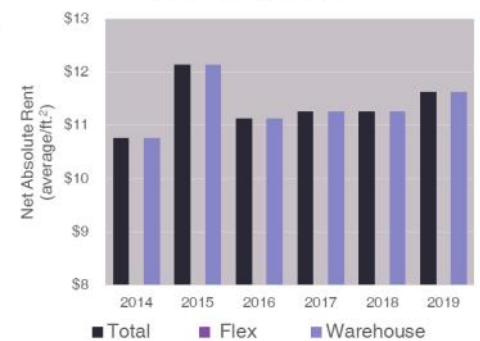
Occupied Vacant

Vacant Space



Flex Warehouse

Net Absolute Rent/ft.<sup>2</sup>

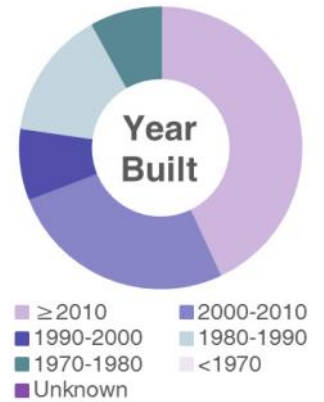
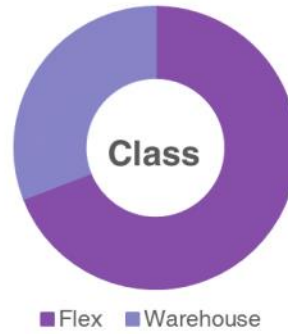


Total Flex Warehouse

# EAST ST. JOHN'S NL

## Year at a Glance

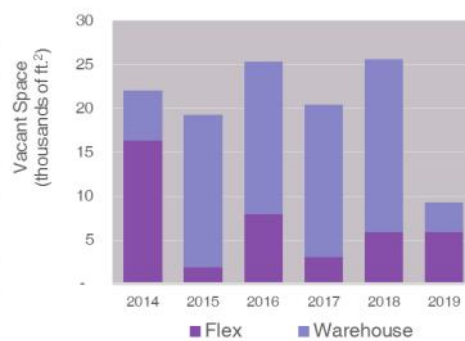
	2018	2019	Change
Office Inventory (ft. <sup>2</sup> )	245,717	245,717	↔ ---
Net Absorption (ft. <sup>2</sup> )	- 5,182	16,288	↑ 21,470
Vacancy Rate	10.40%	3.77%	↓ - 6.63 pp
Avg. Net Rent/ft. <sup>2</sup>	\$13.71	\$13.79	↑ 0.58%
Avg. RTCAM/ft. <sup>2</sup>	\$5.33	\$5.47	↑ 2.63%
Avg. Gross Rent/ft. <sup>2</sup>	\$19.04	\$19.27	↑ 1.21%



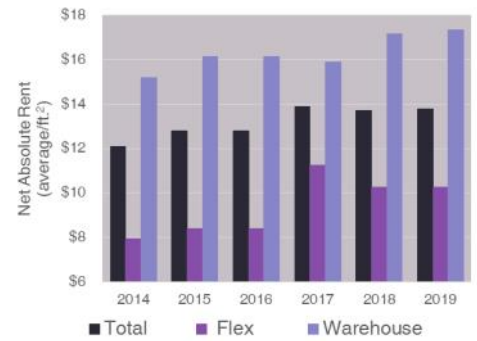
Supply & Demand



Vacant Space



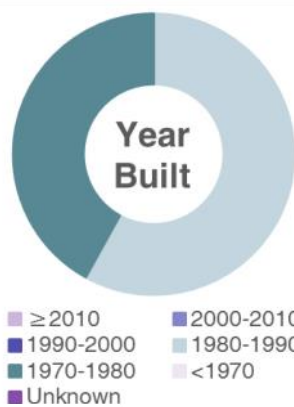
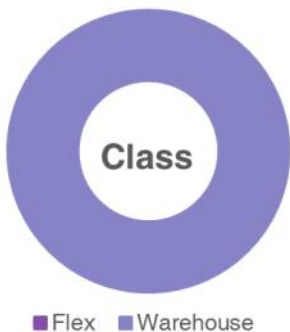
Net Absolute Rent/ft.<sup>2</sup>



# WEST ST. JOHN'S NL

## Year at a Glance

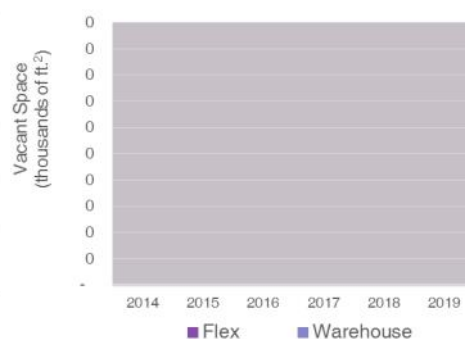
	2018	2019	Change
Office Inventory (ft. <sup>2</sup> )	22,397	22,397	↔ ---
Net Absorption (ft. <sup>2</sup> )	---	---	↔ ---
Vacancy Rate	0.00%	0.00%	↔ ---
Avg. Net Rent/ft. <sup>2</sup>	\$9.50	\$9.50	↔ ---
Avg. RTCAM/ft. <sup>2</sup>	\$2.99	\$1.95	↓ - 34.78%
Avg. Gross Rent/ft. <sup>2</sup>	\$12.49	\$12.49	↔ ---



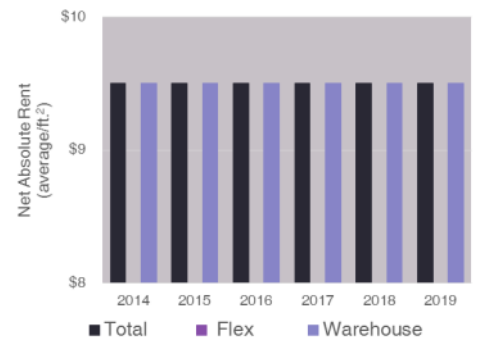
Supply & Demand



Vacant Space



Net Absolute Rent/ft.<sup>2</sup>

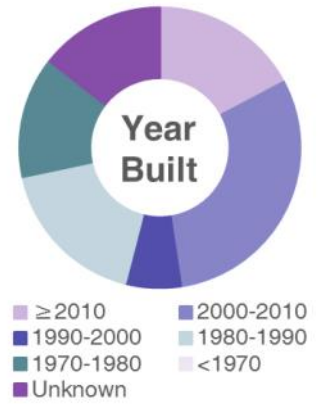
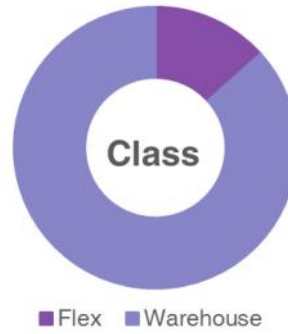




# MOUNT PEARL/ PARADISE

## Year at a Glance

	2018	2019	Change
Office Inventory (ft. <sup>2</sup> )	1,633,052	1,635,300	↑ 2,248
Net Absorption (ft. <sup>2</sup> )	36,761	- 43,604	↓ - 80,365
Vacancy Rate	13.61%	16.39%	↑ 2.79 pp
Avg. Net Rent/ft. <sup>2</sup>	\$10.61	\$10.79	↑ 1.70%
Avg. RTCAM/ft. <sup>2</sup>	\$2.53	\$2.57	↑ 1.58%
Avg. Gross Rent/ft. <sup>2</sup>	\$13.10	\$13.48	↑ 2.90%



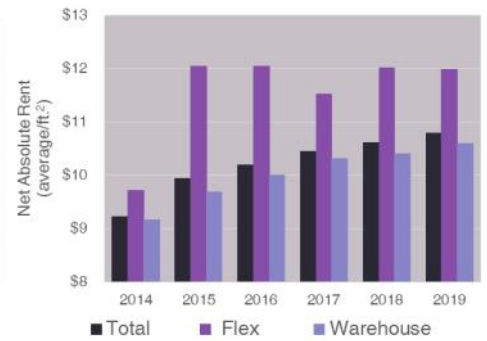
Supply & Demand



Vacant Space



Net Absolute Rent/ft.<sup>2</sup>



# DEC. 2019 MARKET SURVEY

## ST. JOHN'S NL OFFICES & WAREHOUSES

### Glossary

**Inventory/Supply:** The total rentable area of office space in the rental market, occupied or vacant.

**Vacancy Rate** - The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased.

**Absorption** - This is the amount of additional space absorbed by the market during that period. It is the incremental market demand.

### Building Class:

**Office Class** - This is the industry definition common to this particular marketplace.

**Class A** - These office buildings command the highest rents, have “presence” by virtue of their distinctive design and lobbies, are air-conditioned and sprinklered. They are regarded as “prestige” buildings in their marketplace and are usually the most modern buildings. They typically include the leading firms of lawyers and accountants, together with regional or head offices for banks, financial institutions and other major companies, as their tenants.

**Class B** - These are “second tier” office buildings in terms of rents. They are usually older than Class A buildings and lack “presence”. They are air conditioned and are usually sprinklered. They are regarded as offering modern, but not “prestige” office accommodation in their marketplace. Typically they were built over 20 years ago. Tenants usually include second tier firms of lawyers and accountants, together with a wide selection of private sector companies, provincial and local government agencies.

**Class C** - These include all office buildings not classed as “A” or “B”.

**Class W** - Distribution warehouse

**Class F** - Flex space. This type of space may be used for retail or office use as an alternative to pure warehousing and is typically located at the entrance to a business park in an area with high traffic exposure.

### Income & Expense Data:

**Net Absolute Rent** - This is often referred to as “AAA” or “Base” rent and does not include Realty or Business Occupancy Taxes, Common Area Maintenance (CAM), or any other services such as Electricity, Cleaning or Heating.

**Current Realty Taxes** - These are the Realty Taxes (not the Business Occupancy Taxes) currently paid by the Landlord and which are recovered from the Tenant usually as part of the Service Rent.

**Current CAM** - This is the additional amount recovered by the Landlord from the Tenant to cover the operating and maintenance costs of the building including the tenant suites. Common Area Maintenance (CAM) typically includes fire insurance, repairs and maintenance, cleaning (common areas plus often the tenant suites), electricity (common areas plus often the tenant suites), heating and air conditioning (common areas plus often the tenant suites), water, garbage removal, snow clearing, elevator maintenance, management, security, etc. It, together with the Realty Taxes, is recovered by the Landlord from the Tenant as “Service Rent”, if the Tenant has a “net absolute” lease.

**Total Realty Taxes + CAM (RTCAM)** - This is the total of the Realty Taxes and CAM, and is often recovered from the tenant as “Service Rent”.

**Total Gross Rent** - This is the total rent recovered from the Tenant by the Landlord and is the total of the Base (Net Absolute Rent) plus the Service Rent (Realty Taxes + CAM).

## ONE TEAM: SEVEN AREAS OF EXPERTISE

### PROPERTY TAX



**GISSELLE KAKAMOUSIAS**  
B.Comm, DULE, MRICS, AACI  
*Vice President*

### COUNSELLING



**LEE WEATHERBY**  
FRICS, AACI  
*Vice President*

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**ALEXANDRA BAIRD ALLEN**  
B.A. Adv. Dip GIS, DULE, MRICS  
*Manager*

### LASERCAD®



**PATRICK MITCHELL**  
B.Comm.  
*Vice President*

### VALUATION



**NIGEL TURNER**  
B.Comm, BBRE, DULE, MRICS,  
AACI  
*Vice President*

### BROKERAGE



**ASHLEY URQUHART**  
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*Senior Manager*

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**NEIL LOVITT**  
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## Specialist Skills: A Broader Perspective

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Negotiation  
Appeal Board  
PAMS® Property Tax  
Manager

### LASERCAD®

Space Certification  
"As Built" Plans  
Fire Exit Plans  
Utility Plans

### COUNSELLING

Feasibility Studies  
Expropriation  
Mediation & Arbitration  
Infrastructure Acquisition

### PLANNING

Regulatory Planning  
Development Analysis  
Development Appraisal  
Cost Benefit Analysis  
Community Studies  
Municipal Background  
Studies

### ECONOMIC INTELLIGENCE

Market Surveys  
Site Selection  
Trade Area Analysis  
Supply & Demand Analysis  
Demographic Reports

### VALUATION

Commercial  
Industrial  
Investment  
Development  
Rural  
PAMS® Property Tax  
Manager

### BROKERAGE

Vendor Representation  
Purchaser Representation  
Landlord Representation  
Tenant Representation



Chartered Surveyors - Regulated by RICS  
Registration to ISO 9001:2015

St. John's • Charlottetown • Halifax  
Saint John • Toronto