

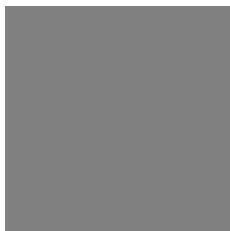
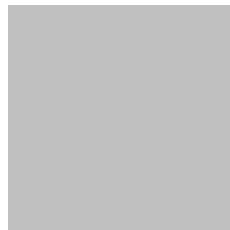
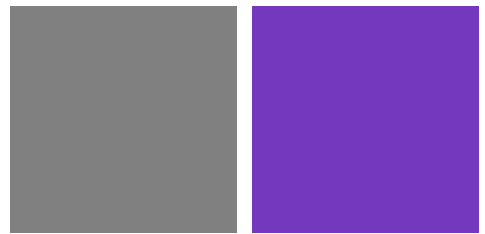
MARKET SURVEY

ST. JOHN'S NL OFFICES & WAREHOUSES

JUNE 2020



Survey Scope: 88 office & 111 warehouse buildings
 4,004,443 ft.² of rental office space
 2,759,087 ft.² of rental warehouse space
 expert researchers



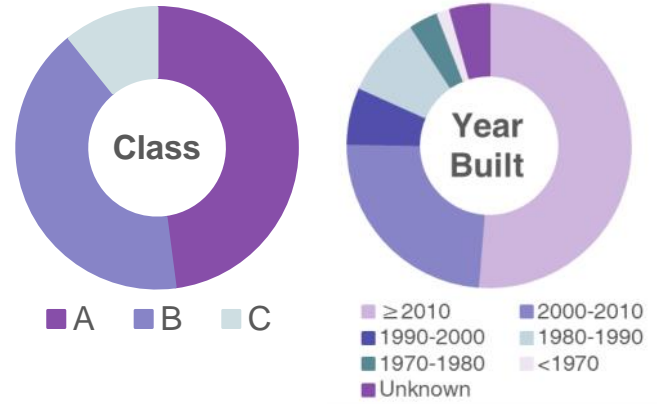
Real Estate Counsellors, Brokers and Valuers
 35 York St., PO Box 1021, Stn. C
 St. John's, NL A1C 5M3
 Tel.: (709) 722-1811
 Internet: www.turnerdrake.com
 E-Mail: tdp@turnerdrake.com

JUNE 2020 MARKET SURVEY ST. JOHN'S NL OFFICES

Year at a Glance

	2019	2020	Change
Office Inventory (ft. ²)	3,965,893	4,004,443	↑ 38,550
Net Absorption (ft. ²)	133,939	(76,588)	↓ (210,527)
Vacancy Rate	17.18%	19.89%	↑ 2.71 pp
Avg. Net Rent/ft. ²	\$19.13	\$18.19	↓ - 4.91%
Avg. RTCAM/ft. ²	\$10.54	\$10.73	↑ 1.80%
Avg. Gross Rent/ft. ²	\$29.66	\$28.70	↓ - 3.24%

Overall Office Inventory



Supply & Demand Overview

The total amount of rentable office space in St. John's increased 0.97% over last year. The overall vacancy rate increased from 17.18% in 2019 to 19.89% in 2020. The key driver of space demand is the growth in the provincial real (deflated) Gross Domestic Product. Our analysis of GDP projections indicates that 2021 will see GDP increase 4.4%. With a forecast 7.73% decline in office space demand, the vacancy rate is expected to increase to 26.25%.

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 28.27%; Class B 13.64%; Class C 6.53%; Overall 19.89%.

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 \$22.08; Class B \$17.48; Class C \$15.33; Overall \$18.19.

Supply, Demand & GDP



Vacant Space



Net Absolute Rent/ft.²

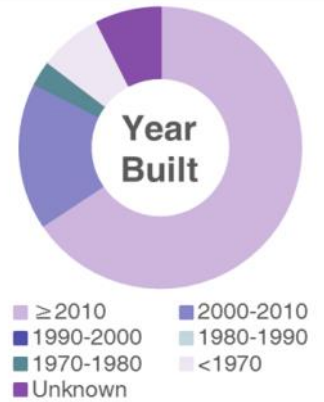
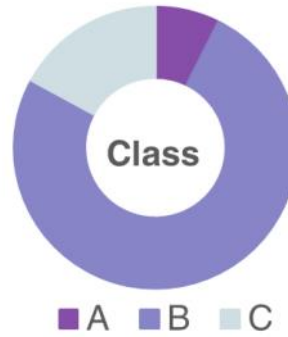


©2020 Turner Drake & Partners Ltd. This material may be used, copied and distributed provided that the appropriate attribution and copyright is accorded to Turner Drake & Partners Ltd. Whilst every effort has been made to ensure the accuracy and completeness of this Market Survey, no liability is assumed by Turner Drake & Partners Ltd. for errors and omissions. This bulletin is distributed without charge on the understanding that the contents do not render legal, accounting, appraisal or other professional services.

CENTRAL ST. JOHN'S NL

Year at a Glance

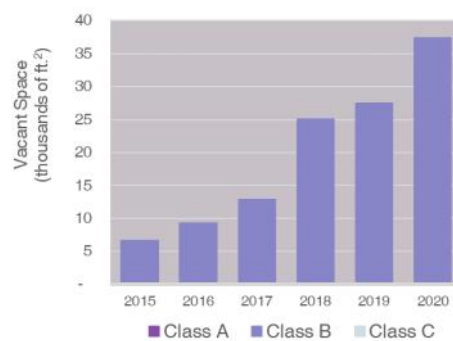
	2019	2020	Change
Office Inventory (ft. ²)	369,438	375,255	↑ 5,817
Net Absorption (ft. ²)	(2,388)	(4,161)	↓ (1,773)
Vacancy Rate	7.43%	9.97%	↑ 2.54 pp
Avg. Net Rent/ft. ²	\$16.50	\$16.44	↓ - 0.36%
Avg. RTCAM/ft. ²	\$11.00	\$11.00	↔ - - -
Avg. Gross Rent/ft. ²	\$27.50	\$27.44	↓ - 0.22%



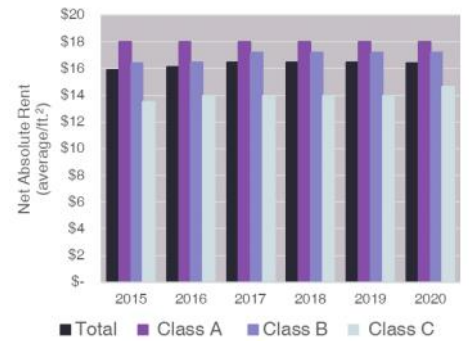
Supply & Demand



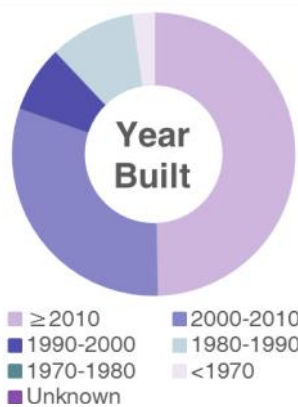
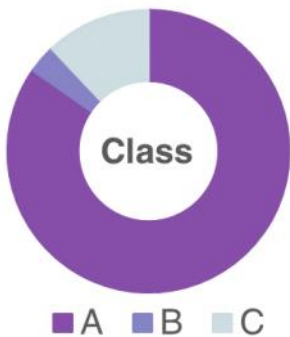
Vacant Space



Net Absolute Rent/ft.²



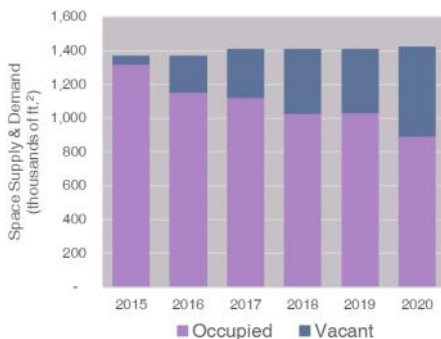
DOWNTOWN ST. JOHN'S NL



Year at a Glance

	2019	2020	Change
Office Inventory (ft. ²)	1,407,107	1,419,232	↑ 12,125
Net Absorption (ft. ²)	4,585	(137,518)	↓ (142,103)
Vacancy Rate	26.60%	36.92%	↑ 10.32 pp
Avg. Net Rent/ft. ²	\$21.50	\$20.37	↓ - 5.26%
Avg. RTCAM/ft. ²	\$12.27	\$12.14	↓ - 1.06%
Avg. Gross Rent/ft. ²	\$33.55	\$31.64	↓ - 5.69%

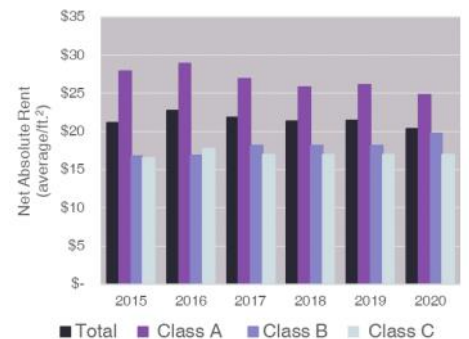
Supply & Demand



Vacant Space



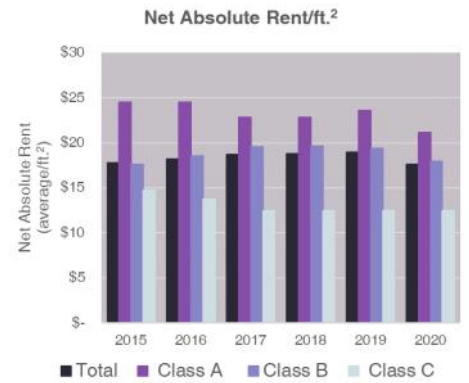
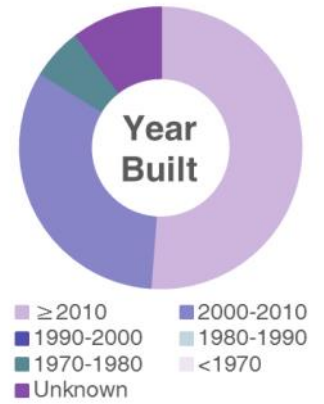
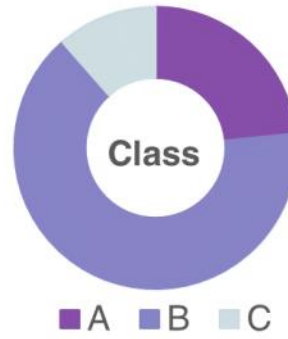
Net Absolute Rent/ft.²



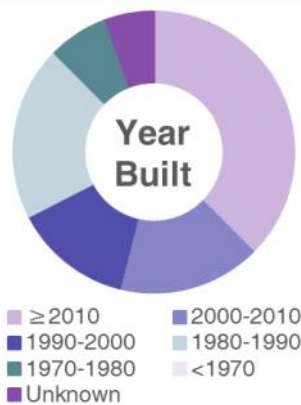
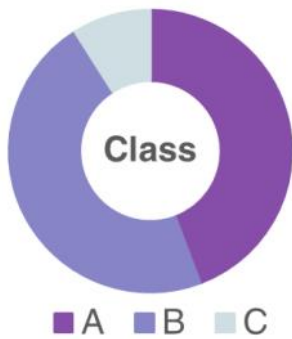
NORTH ST. JOHN'S NL

Year at a Glance

	2019	2020	Change
Office Inventory (ft. ²)	730,524	751,132	↑ 20,608
Net Absorption (ft. ²)	46,538	12,126	↓ (34,412)
Vacancy Rate	10.37%	11.22%	↑ 0.85 pp
Avg. Net Rent/ft. ²	\$18.94	\$17.64	↓ - 6.86%
Avg. RTCAM/ft. ²	\$10.23	\$10.74	↑ 4.99%
Avg. Gross Rent/ft. ²	\$29.39	\$28.79	↓ - 2.04%

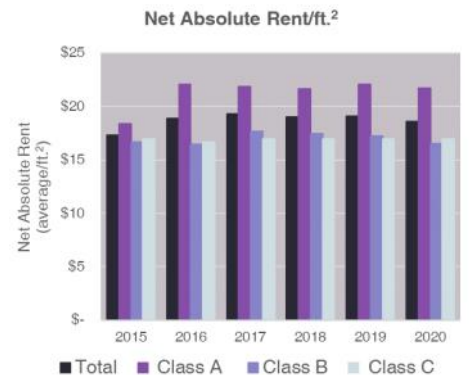


EAST & WEST ST. JOHN'S NL



Year at a Glance

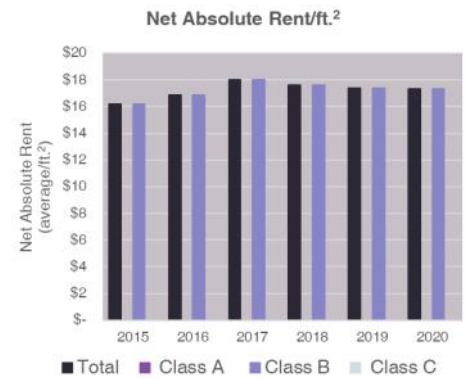
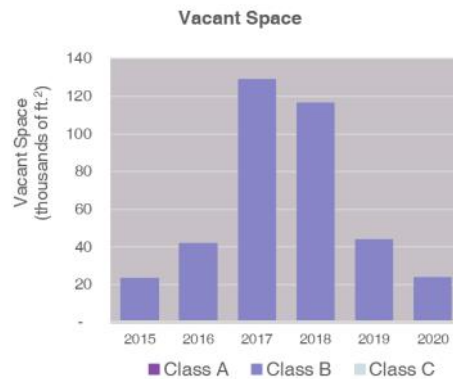
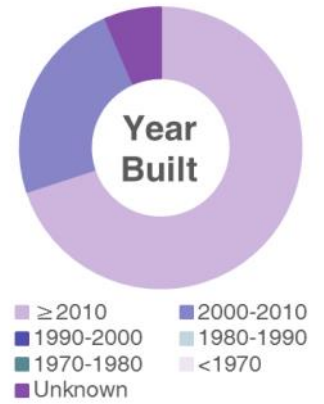
	2019	2020	Change
Office Inventory (ft. ²)	1,128,508	1,128,508	↔ ---
Net Absorption (ft. ²)	(703)	32,834	↑ 33,537
Vacancy Rate	14.17%	11.26%	↓ - 2.91 pp
Avg. Net Rent/ft. ²	\$19.08	\$18.60	↓ - 2.52%
Avg. RTCAM/ft. ²	\$10.49	\$10.44	↓ - 0.48%
Avg. Gross Rent/ft. ²	\$29.43	\$28.66	↓ - 2.62%



MOUNT PEARL/PARADISE

Year at a Glance

	2019	2020	Change
Office Inventory (ft. ²)	330,316	330,316	↔ ---
Net Absorption (ft. ²)	85,907	20,131	↓ (65,776)
Vacancy Rate	13.29%	7.19%	↓ - 6.10 pp
Avg. Net Rent/ft. ²	\$17.40	\$17.30	↓ - 0.57%
Avg. RTCAM/ft. ²	\$ 6.50	\$ 7.52	↑ 15.69%
Avg. Gross Rent/ft. ²	\$23.18	\$24.52	↑ 5.78%



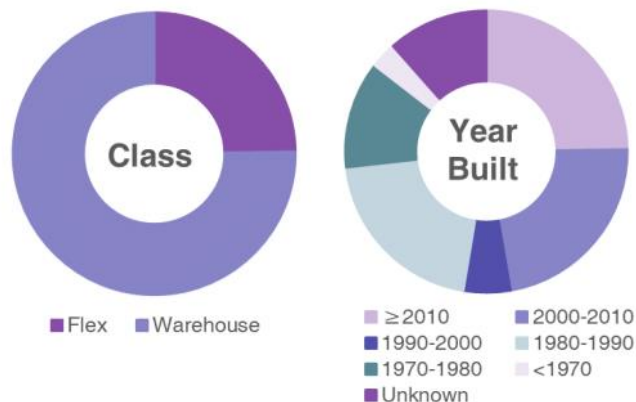
JUNE 2020 MARKET SURVEY

ST. JOHN'S WAREHOUSES

Year at a Glance

Warehouse	2019	2020	Change
Inventory (ft. ²)	2,596,907	2,759,087	↑ 162,180
Net Absorption (ft. ²)	27,825	201,319	↑ 173,494
Vacancy Rate	12.28%	10.14%	↓ - 2.14 pp
Avg. Net Rent/ft. ²	\$11.27	\$11.50	↑ 2.04%
Avg. RTCAM/ft. ²	\$ 3.89	\$ 3.21	↓ - 17.48%
Avg. Gross Rent/ft. ²	\$15.16	\$14.99	↑ -1.12%

Overall Warehouse Inventory



Supply & Demand Overview

The total amount of rentable warehouse space in Greater St. John's increased 6.25% over last year. The overall vacancy rate decreased from 12.28% in 2019 to 10.14% in 2020. The key driver of space demand is the growth in the provincial real (deflated) Gross Domestic Product. Our analysis of GDP projections indicates that 2021 will see GDP growth of 1.5%; demand for rental warehouse space is expected to decline, with an overall decrease in demand of 0.06%. The vacancy rate is expected to climb slightly to 10.20%.

Our survey measured the vacancy rate by geographic node. The current vacancy rate in each of the following locations is: St. John's North 6.94%; Central and Downtown 3.07%; St. John's East 1.85%; St. John's West 38.39%; Mount Pearl/Paradise 12.45%; Overall 10.14%.

Our survey also measured rental rates. Industrial properties in St. John's saw the overall net absolute rent per square foot increase by 2.04% year over year, to \$11.50 in 2020. The average overall net rental rates per square foot in each of the following locations are: St. John's North \$12.02; Central and Downtown \$11.25; St. John's East \$13.79; St. John's West \$10.50; Mount Pearl/Paradise \$11.08; Overall \$11.50.

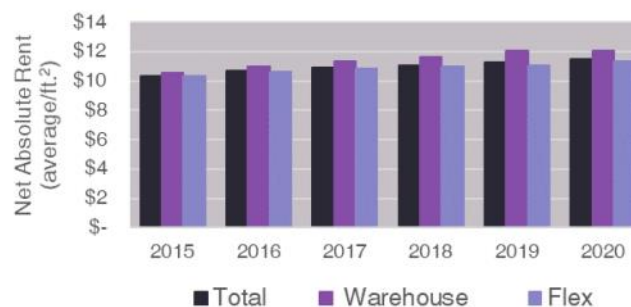
Supply, Demand & GDP



Vacant Space



Net Absolute Rent/ft.²

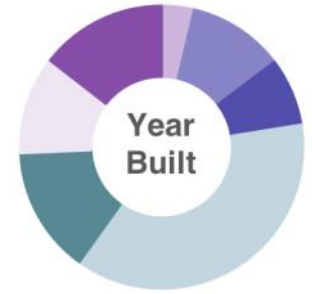


©2020 Turner Drake & Partners Ltd. This material may be used, copied and distributed provided that the appropriate attribution and copyright is accorded to Turner Drake & Partners Ltd. Whilst every effort has been made to ensure the accuracy and completeness of this Market Survey, no liability is assumed by Turner Drake & Partners Ltd. for errors and omissions. This bulletin is distributed without charge on the understanding that the contents do not render legal, accounting, appraisal or other professional services.

NORTH ST. JOHN'S NL

Year at a Glance

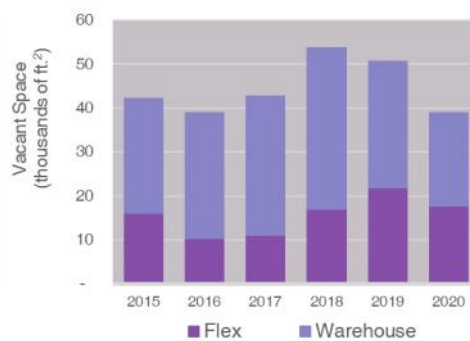
	2019	2020	Change
Office Inventory (ft. ²)	561,221	561,221	↔ ---
Net Absorption (ft. ²)	27,342	11,753	↓ (15,590)
Vacancy Rate	9.03%	6.94%	↓ - 2.09 pp
Avg. Net Rent/ft. ²	\$11.99	\$12.02	↑ 0.25%
Avg. RTCAM/ft. ²	\$ 4.93	\$ 4.39	↓ - 10.95%
Avg. Gross Rent/ft. ²	\$16.92	\$16.46	↓ - 2.72%



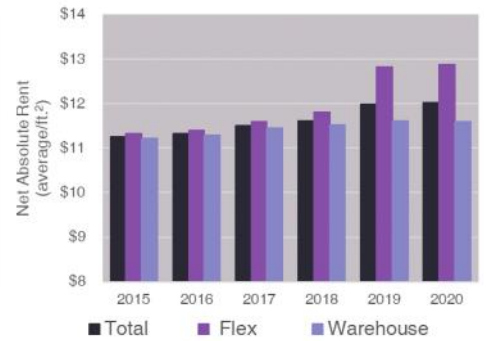
Supply & Demand



Vacant Space



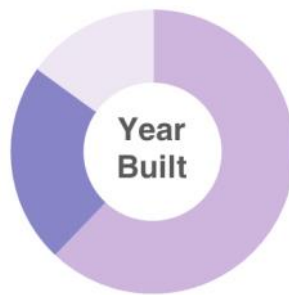
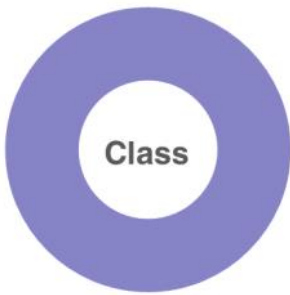
Net Absolute Rent/ft.²



CENTRAL & DOWNTOWN

Year at a Glance

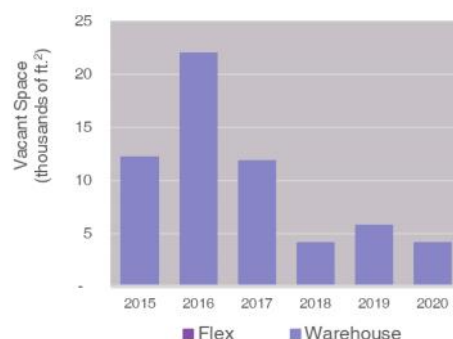
	2019	2020	Change
Office Inventory (ft. ²)	133,396	133,396	↔ ---
Net Absorption (ft. ²)	(1,650)	1,650	↑ 3,300
Vacancy Rate	4.31%	3.07%	↓ - 1.24 pp
Avg. Net Rent/ft. ²	\$11.44	\$11.25	↓ - 1.66%
Avg. RTCAM/ft. ²	\$5.27	\$4.54	↓ -13.85%
Avg. Gross Rent/ft. ²	\$16.71	\$15.79	↓ - 5.51%



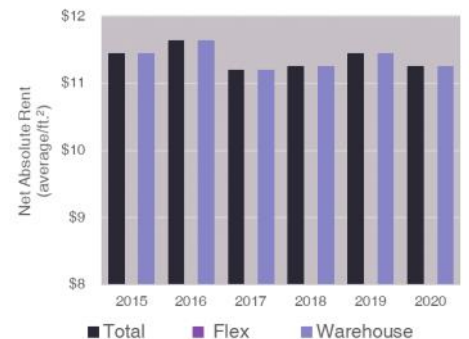
Supply & Demand



Vacant Space



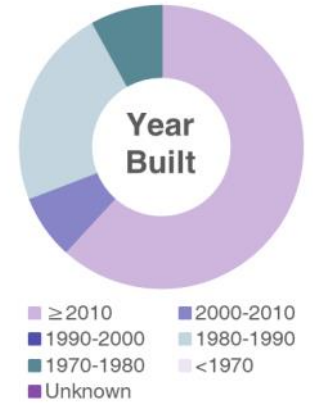
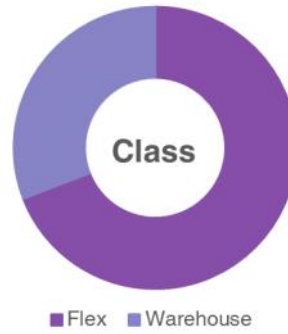
Net Absolute Rent/ft.²



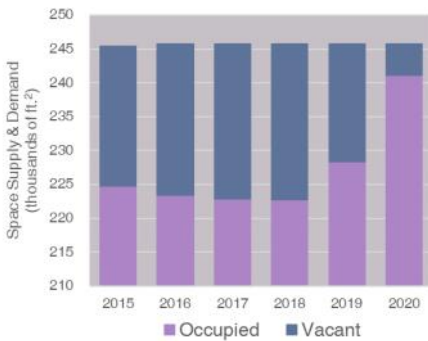
EAST ST. JOHN'S NL

Year at a Glance

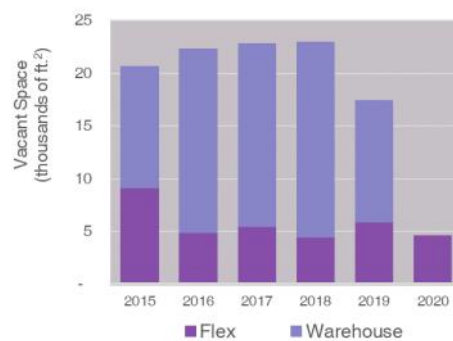
	2019	2020	Change
Office Inventory (ft. ²)	245,717	245,717	↔ ---
Net Absorption (ft. ²)	5,553	12,844	↑ 7,291
Vacancy Rate	7.08%	1.85%	↓ - 5.23 pp
Avg. Net Rent/ft. ²	\$13.75	\$13.79	↑ 0.29%
Avg. RTCAM/ft. ²	\$ 5.92	\$ 5.11	↓ - 13.68%
Avg. Gross Rent/ft. ²	\$19.67	\$19.38	↓ - 1.47%



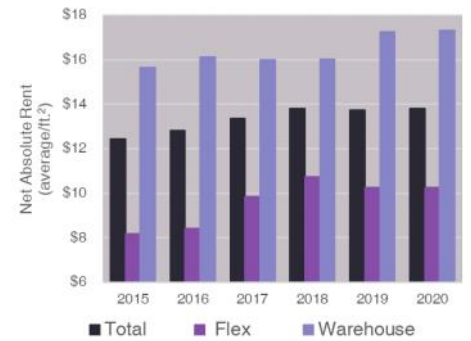
Supply & Demand



Vacant Space



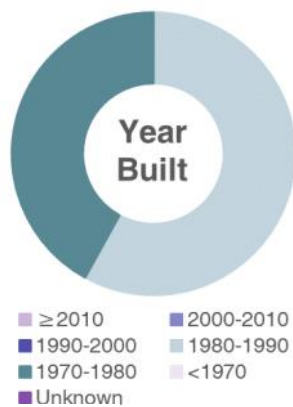
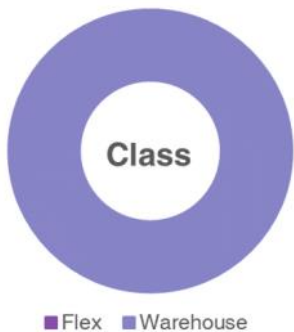
Net Absolute Rent/ft.²



WEST ST. JOHN'S NL

Year at a Glance

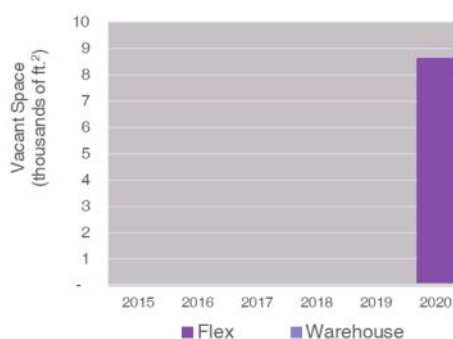
	2019	2020	Change
Office Inventory (ft. ²)	22,397	22,400	↑ 3
Net Absorption (ft. ²)	---	(8,597)	↓ (8,597)
Vacancy Rate	0.00%	38.39%	↑ 38.39 pp
Avg. Net Rent/ft. ²	\$ 9.50	\$10.50	↑ 10.53%
Avg. RTCAM/ft. ²	\$ 2.88	\$ 2.07	↓ - 28.13%
Avg. Gross Rent/ft. ²	\$12.38	\$13.73	↑ 10.90%



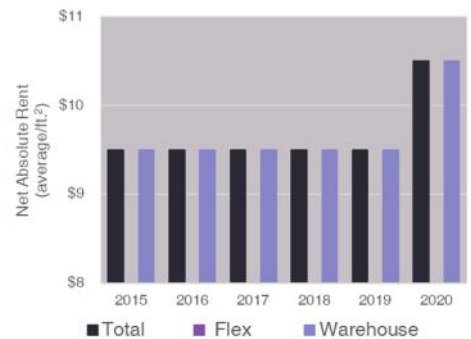
Supply & Demand



Vacant Space



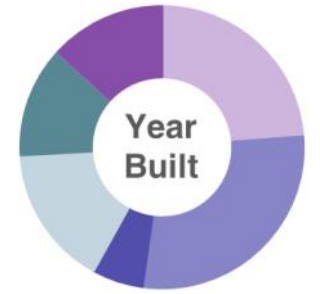
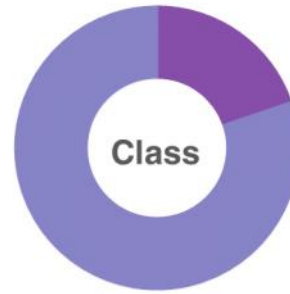
Net Absolute Rent/ft.²



MOUNT PEARL/ PARADISE

Year at a Glance

	2019	2020	Change
Office Inventory (ft. ²)	1,634,176	1,796,353	↑ 162,177
Net Absorption (ft. ²)	(3,422)	183,669	↑ 187,091
Vacancy Rate	15.00%	12.45%	↓ - 2.55 pp
Avg. Net Rent/ft. ²	\$10.70	\$11.08	↑ 3.55%
Avg. RTCAM/ft. ²	\$ 3.12	\$ 2.48	↓ - 20.51%
Avg. Gross Rent/ft. ²	\$13.82	\$13.89	↑ 0.51%



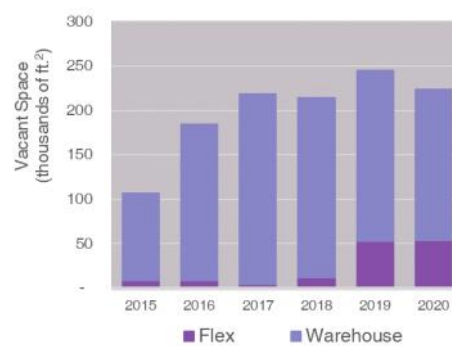
Flex Warehouse

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

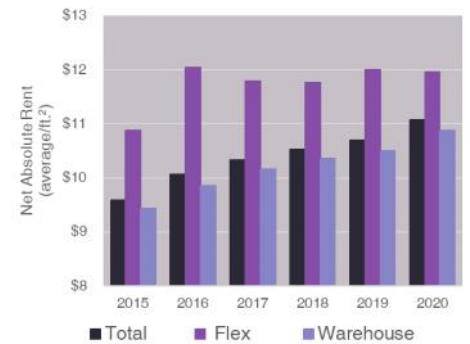
Supply & Demand



Vacant Space



Net Absolute Rent/ft.²



JUNE 2020 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

ECONOMIC INTELLIGENCE



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
B.Comm, DULE
Senior Manager

PLANNING



NEIL LOVITT
B.CD (Hons), Dip GIS & Urban
Planning, MCIP
Vice President

Specialist Skills: A Broader Perspective

PROPERTY TAX

Assessment Audits
Negotiation
Appeal Board
PAMS® Property Tax
Manager

LASERCAD®

Space Certification
"As Built" Plans
Fire Exit Plans
Fire Emergency
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 Portfolio
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