

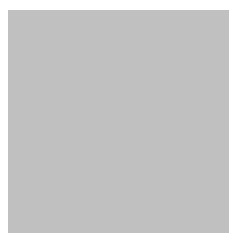
# MARKET SURVEY

## ST. JOHN'S NL OFFICES & WAREHOUSES

JUNE 2021



Survey Scope: 85 office & 114 warehouse buildings  
 3,933,288 ft.<sup>2</sup> of rental office space  
 2,899,867 ft.<sup>2</sup> of rental warehouse space  
 expert researchers



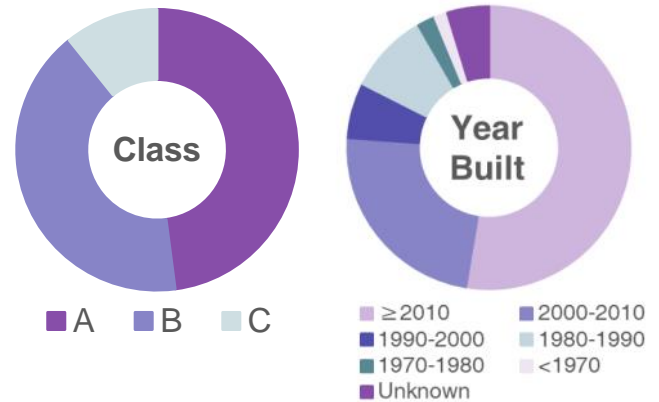
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# JUNE 2021 MARKET SURVEY ST. JOHN'S NL OFFICES

## Year at a Glance

	2020	2021	Change
Office Inventory (ft. <sup>2</sup> )	3,922,850	3,933,288	↑ 10,438
Net Absorption (ft. <sup>2</sup> )	(82,140)	(108,162)	↓ (26,022)
Vacancy Rate	20.30%	23.26%	↑ 2.96 pp
Avg. Net Rent/ft. <sup>2</sup>	\$18.20	\$18.43	↑ 1.26%
Avg. RTCAM/ft. <sup>2</sup>	\$11.09	\$10.58	↓ - 4.60%
Avg. Gross Rent/ft. <sup>2</sup>	\$29.04	\$28.96	↓ - 0.28%

## Overall Office Inventory



## Supply & Demand Overview

The total amount of rentable office space in St. John's increased 0.26% over last year. The overall vacancy rate increased from 20.30% in 2020 to 23.26% in 2021, in part due to movement from rental to owner-occupied space. The key driver of space demand is the growth in the provincial real (deflated) Gross Domestic Product. Our analysis of GDP projections indicates that 2022 will see GDP increase 2.5%. However, the rental office market in St. John's is expected to experience another year of declining demand in the year ahead, as this economic growth favours alternative sectors. With a forecast 3.01% decrease in office space demand, the vacancy rate is expected to increase to 27.51%.

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 31.85%; Class B 15.79%; Class C 10.12%; Overall 23.26%.

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 \$22.68; Class B \$17.07; Class C \$16.03; Overall \$18.43.

## Supply, Demand & GDP



## Vacant Space



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

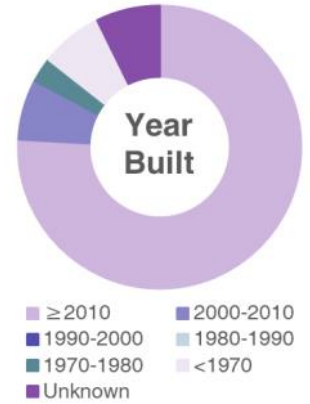
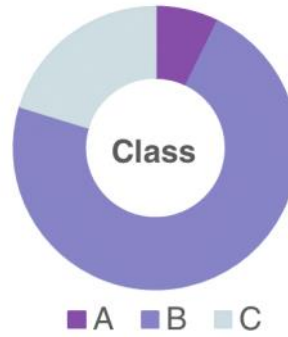


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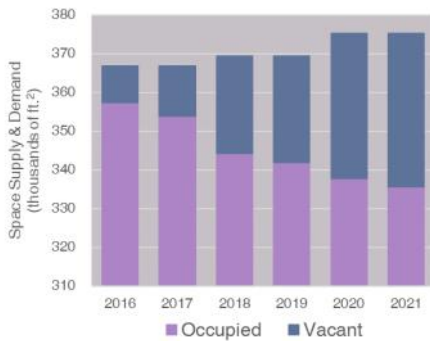
# CENTRAL ST. JOHN'S NL

## Year at a Glance

	2020	2021	Change
Office Inventory (ft. <sup>2</sup> )	375,255	375,255	↔ ---
Net Absorption (ft. <sup>2</sup> )	(4,161)	(2,200)	↓ 1,961
Vacancy Rate	9.97%	10.56%	↑ 0.59 pp
Avg. Net Rent/ft. <sup>2</sup>	\$16.44	\$16.42	↓ 0.12%
Avg. RTCAM/ft. <sup>2</sup>	\$11.00	\$10.11	↓ 8.09%
Avg. Gross Rent/ft. <sup>2</sup>	\$27.44	\$27.16	↓ 1.02%



Supply & Demand



Vacant Space



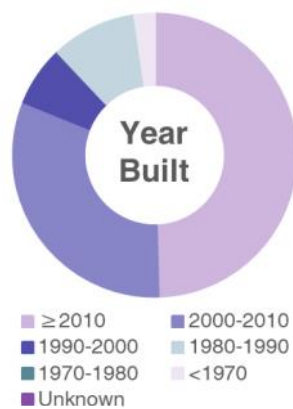
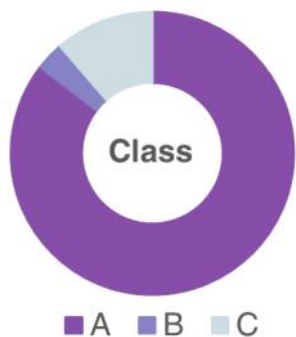
Net Absolute Rent/ft.<sup>2</sup>



# DOWNTOWN ST. JOHN'S NL

## Year at a Glance

	2020	2021	Change
Office Inventory (ft. <sup>2</sup> )	1,409,232	1,409,232	↔ ---
Net Absorption (ft. <sup>2</sup> )	(137,518)	(74,054)	↓ 63,464
Vacancy Rate	37.18%	42.44%	↑ 5.26 pp
Avg. Net Rent/ft. <sup>2</sup>	\$21.00	\$21.32	↑ 1.52%
Avg. RTCAM/ft. <sup>2</sup>	\$12.53	\$11.34	↓ 9.50%
Avg. Gross Rent/ft. <sup>2</sup>	\$32.64	\$33.50	↑ 2.63%



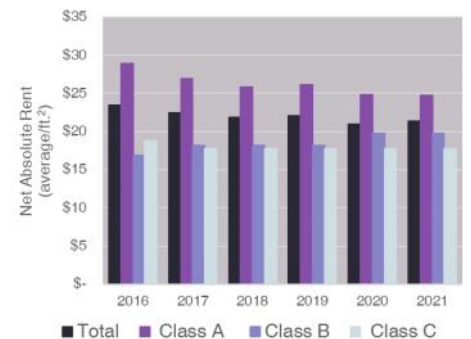
Supply & Demand



Vacant Space



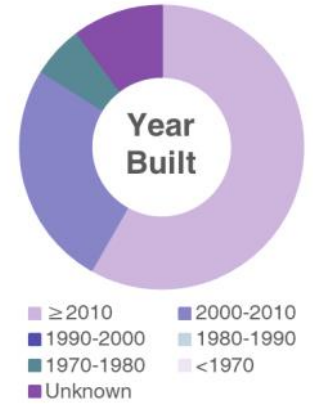
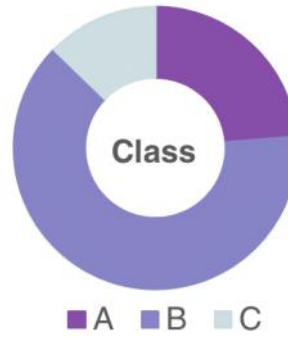
Net Absolute Rent/ft.<sup>2</sup>



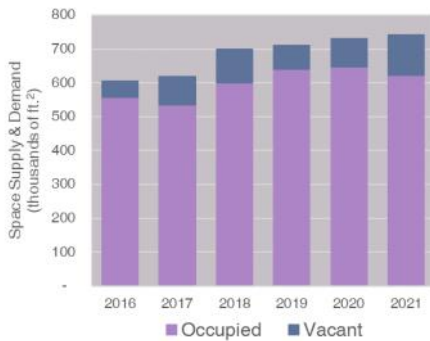
# NORTH ST. JOHN'S NL

## Year at a Glance

	2020	2021	Change
Office Inventory (ft. <sup>2</sup> )	730,860	741,298	↑ 10,438
Net Absorption (ft. <sup>2</sup> )	6,574	(23,206)	↓ (29,780)
Vacancy Rate	11.53%	15.91	↑ 4.38 pp
Avg. Net Rent/ft. <sup>2</sup>	\$17.43	\$17.87	↑ 2.52%
Avg. RTCAM/ft. <sup>2</sup>	\$10.97	\$10.45	↓ 4.74%
Avg. Gross Rent/ft. <sup>2</sup>	\$28.74	\$28.16	↓ 2.02%



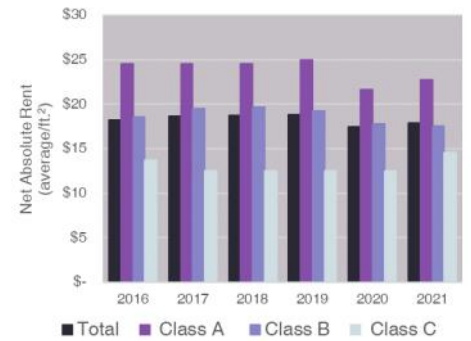
Supply & Demand



Vacant Space



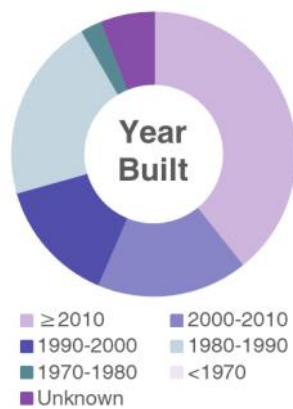
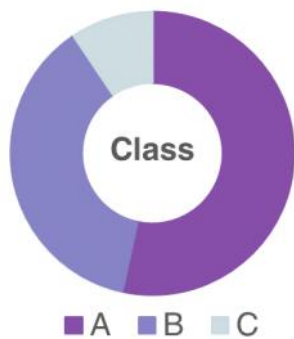
Net Absolute Rent/ft.<sup>2</sup>



# EAST & WEST ST. JOHN'S NL

## Year at a Glance

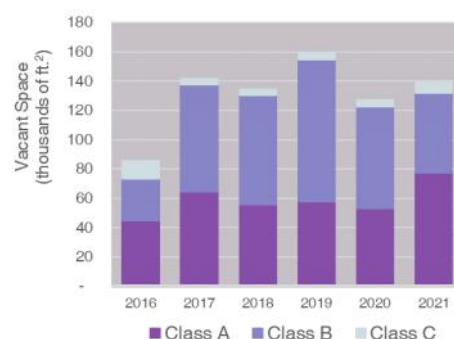
	2020	2021	Change
Office Inventory (ft. <sup>2</sup> )	1,077,187	1,077,187	↔ ---
Net Absorption (ft. <sup>2</sup> )	32,834	(12,350)	↓ (45,184)
Vacancy Rate	11.79%	12.94%	↑ 1.15 pp
Avg. Net Rent/ft. <sup>2</sup>	\$18.66	\$18.70	↑ 0.21%
Avg. RTCAM/ft. <sup>2</sup>	\$11.13	\$11.04	↓ 0.81%
Avg. Gross Rent/ft. <sup>2</sup>	\$29.39	\$29.36	↓ 0.10%



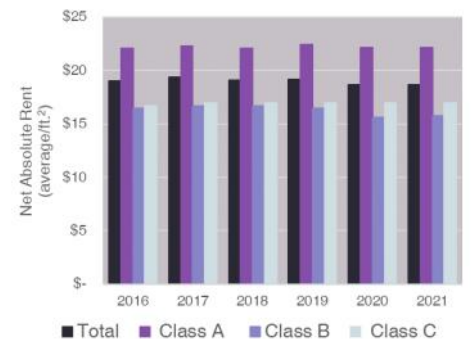
Supply & Demand



Vacant Space



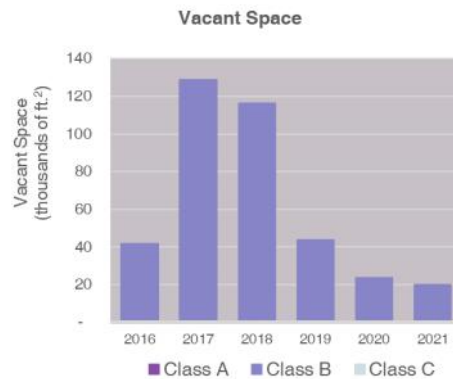
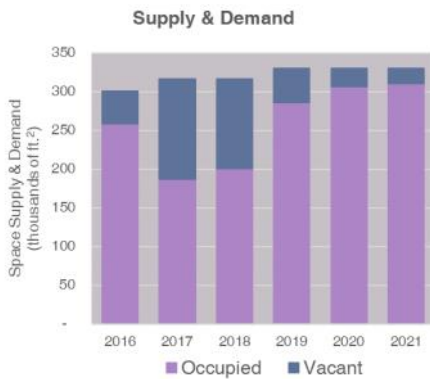
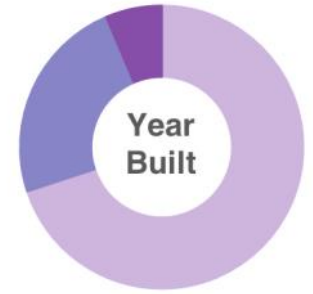
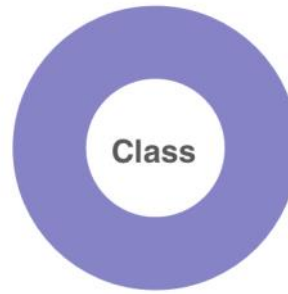
Net Absolute Rent/ft.<sup>2</sup>



# MOUNT PEARL/PARADISE

## Year at a Glance

	2020	2021	Change
Office Inventory (ft. <sup>2</sup> )	330,316	330,316	↔ ---
Net Absorption (ft. <sup>2</sup> )	20,131	3,648	↓ (16,483)
Vacancy Rate	7.19%	6.09%	↓ 1.10 pp
Avg. Net Rent/ft. <sup>2</sup>	\$17.30	\$17.20	↓ 0.58%
Avg. RTCAM/ft. <sup>2</sup>	\$7.52	\$7.52	↔ ---
Avg. Gross Rent/ft. <sup>2</sup>	\$24.52	\$24.43	↓ 0.37%



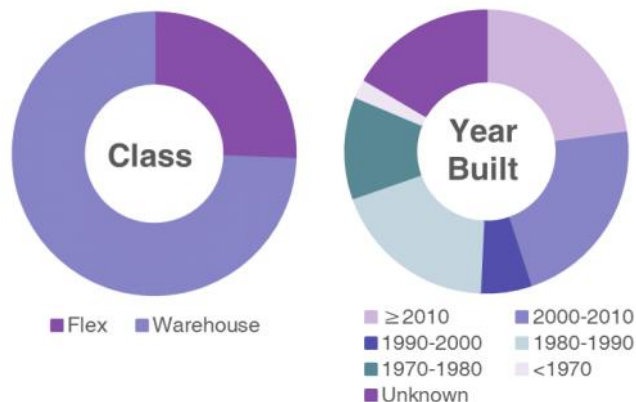
# JUNE 2021 MARKET SURVEY

## ST. JOHN'S WAREHOUSES

### Year at a Glance

Warehouse	2020	2021	Change
Inventory (ft. <sup>2</sup> )	2,759,087	2,899,867	↑ 140,780
Net Absorption (ft. <sup>2</sup> )	- - -	23,238	↑ 23,238
Vacancy Rate	10.14%	13.70%	↑ 3.56 pp
Avg. Net Rent/ft. <sup>2</sup>	\$11.52	\$11.66	↑ 1.22%
Avg. RTCAM/ft. <sup>2</sup>	\$3.21	\$3.32	↑ 3.43%
Avg. Gross Rent/ft. <sup>2</sup>	\$15.02	\$15.40	↑ 2.53%

### Overall Warehouse Inventory



### Supply & Demand Overview

The total amount of rentable warehouse space in Greater St. John's increased 5.10% over last year. The overall vacancy rate increased from 10.14% in 2020 to 13.70% in 2021. The key driver of space demand is the growth in the provincial real (deflated) Gross Domestic Product. Our analysis of GDP projections indicates that 2022 will see GDP growth of 2.5%; demand for rental warehouse space, strong throughout the pandemic, is expected to rise, with an overall increase in demand of 4.20%. The vacancy rate is expected to fall to 10.08%.

Our survey measured the vacancy rate by geographic node. The current vacancy rate in each of the following locations is: St. John's North 6.64%; Central and Downtown 8.62%; St. John's East 21.10%; St. John's West 41.96%; Mount Pearl/Paradise 15.04%; Overall 13.70%.

Our survey also measured rental rates. Industrial properties in St. John's saw the overall net absolute rent per square foot increase by 1.22% year over year, to \$11.66 in 2021. The average overall net rental rates per square foot in each of the following locations are: St. John's North \$12.31; Central and Downtown \$11.25; St. John's East \$14.00; St. John's West \$10.50; Mount Pearl/Paradise \$11.19; Overall \$11.66.

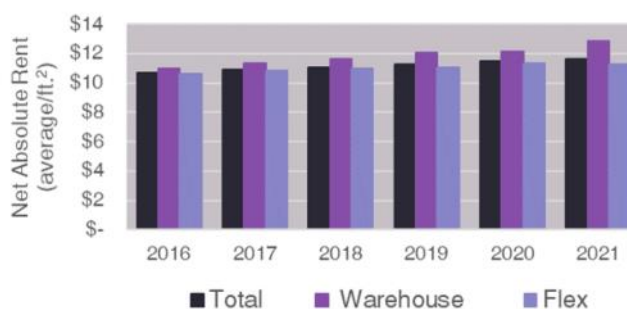
### Supply, Demand & GDP



### Vacant Space



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

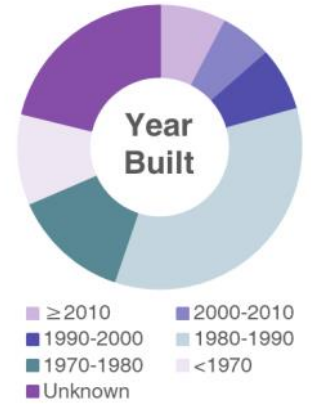
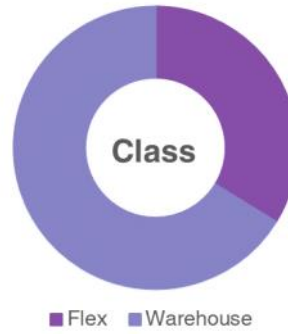


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# NORTH ST. JOHN'S NL

## Year at a Glance

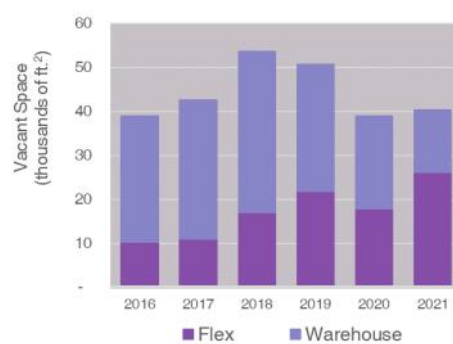
	2020	2021	Change
Office Inventory (ft. <sup>2</sup> )	561,221	608,721	⬆️ 47,500
Net Absorption (ft. <sup>2</sup> )	- - -	46,004	⬆️ 46,004
Vacancy Rate	6.94%	6.64%	⬇️ - 0.30 pp
Avg. Net Rent/ft. <sup>2</sup>	\$12.02	\$12.31	⬆️ 2.41%
Avg. RTCAM/ft. <sup>2</sup>	\$4.39	\$4.76	⬆️ 8.43%
Avg. Gross Rent/ft. <sup>2</sup>	\$16.46	\$17.39	⬆️ 5.65%



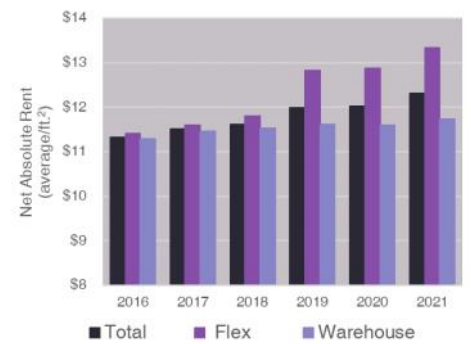
Supply & Demand



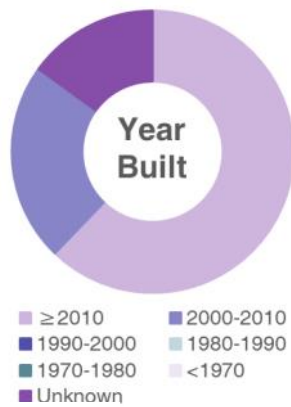
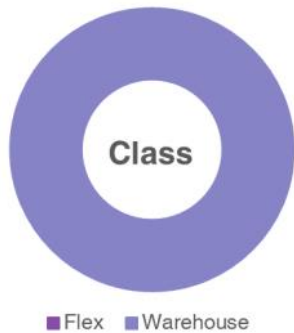
Vacant Space



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



# CENTRAL & DOWNTOWN



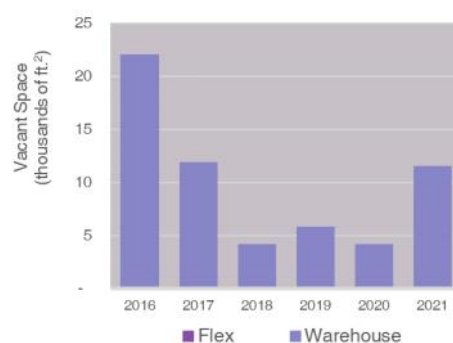
## Year at a Glance

	2020	2021	Change
Office Inventory (ft. <sup>2</sup> )	133,396	133,396	↔️ - - -
Net Absorption (ft. <sup>2</sup> )	- - -	(7,400)	⬇️ (7,400)
Vacancy Rate	3.07%	8.62%	⬆️ 5.55 pp
Avg. Net Rent/ft. <sup>2</sup>	\$11.25	\$11.25	↔️ - - -
Avg. RTCAM/ft. <sup>2</sup>	\$4.54	\$4.35	⬆️ - 4.19%
Avg. Gross Rent/ft. <sup>2</sup>	\$15.79	\$15.60	⬆️ - 1.20%

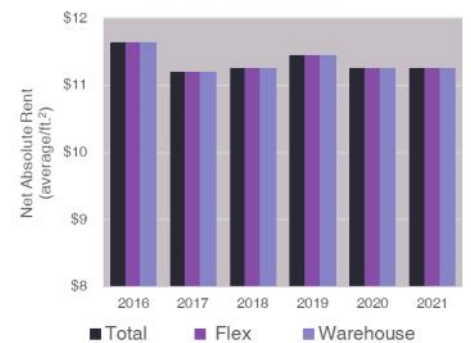
Supply & Demand



Vacant Space



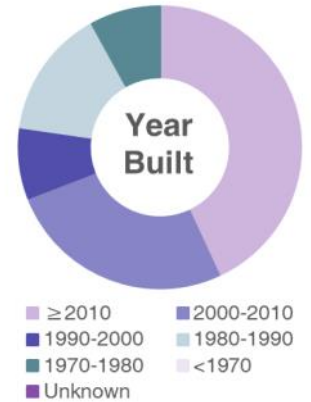
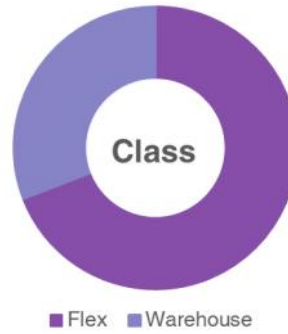
Net Absolute Rent/ft.<sup>2</sup>



# EAST ST. JOHN'S NL

## Year at a Glance

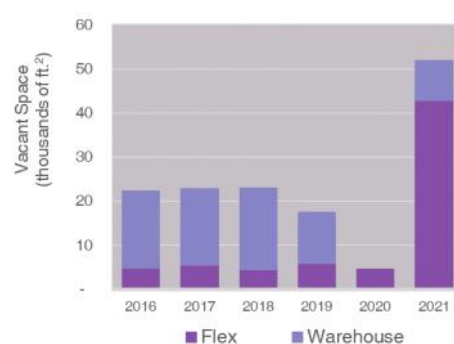
	2020	2021	Change
Office Inventory (ft. <sup>2</sup> )	245,717	245,717	↔ ---
Net Absorption (ft. <sup>2</sup> )	---	(47,284)	↓ (47,284)
Vacancy Rate	1.85%	21.10%	↑ 19.25 pp
Avg. Net Rent/ft. <sup>2</sup>	\$13.79	\$14.00	↑ 1.52%
Avg. RTCAM/ft. <sup>2</sup>	\$ 5.11	\$ 5.28	↑ 3.33%
Avg. Gross Rent/ft. <sup>2</sup>	\$19.38	\$19.78	↑ 2.06%



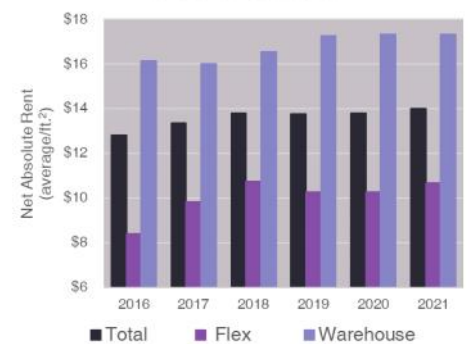
Supply & Demand



Vacant Space



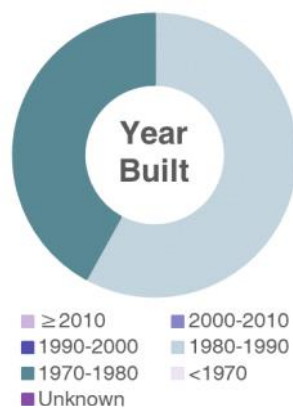
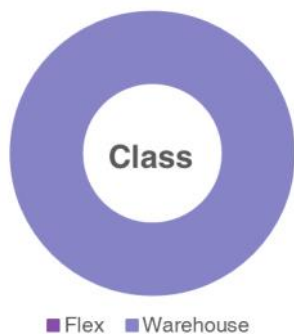
Net Absolute Rent/ft.<sup>2</sup>



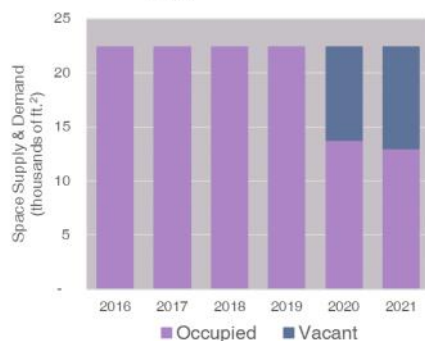
# WEST ST. JOHN'S NL

## Year at a Glance

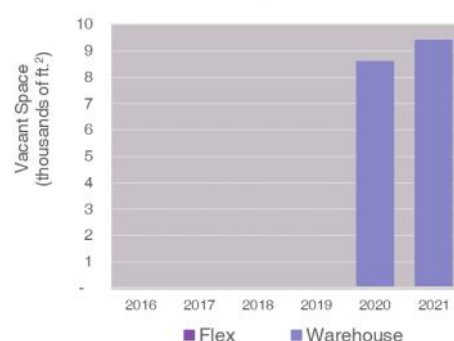
	2020	2021	Change
Office Inventory (ft. <sup>2</sup> )	22,400	22,400	↔ ---
Net Absorption (ft. <sup>2</sup> )	---	(800)	↓ (800)
Vacancy Rate	38.39%	41.96%	↑ 3.57 pp
Avg. Net Rent/ft. <sup>2</sup>	\$ 10.50	\$10.50	↔ ---
Avg. RTCAM/ft. <sup>2</sup>	\$ 2.07	\$ 2.46	↑ 18.84%
Avg. Gross Rent/ft. <sup>2</sup>	\$13.73	\$13.75	↑ 0.15%



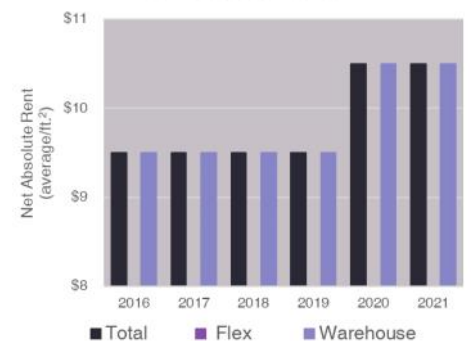
Supply & Demand



Vacant Space



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

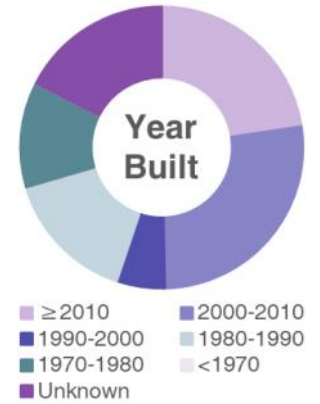
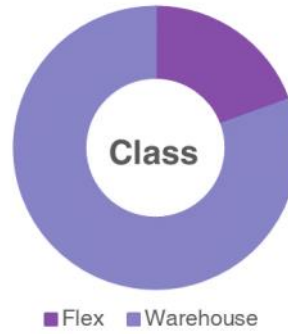




# MOUNT PEARL/ PARADISE

## Year at a Glance

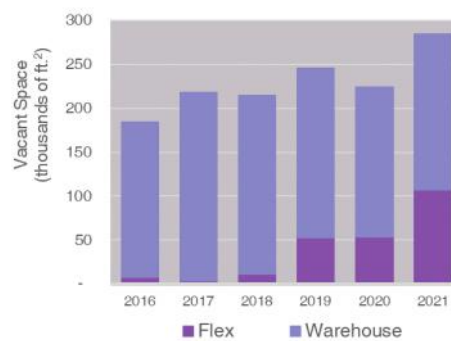
	2020	2021	Change
Office Inventory (ft. <sup>2</sup> )	1,796,353	1,899,633	↑ 103,280
Net Absorption (ft. <sup>2</sup> )	- - -	32,718	↑ 32,718
Vacancy Rate	12.45%	15.04%	↑ 2.59 pp
Avg. Net Rent/ft. <sup>2</sup>	\$11.12	\$11.19	↑ 0.63%
Avg. RTCAM/ft. <sup>2</sup>	\$ 2.48	\$ 2.51	↑ 1.21%
Avg. Gross Rent/ft. <sup>2</sup>	\$13.93	\$14.04	↑ 0.79%



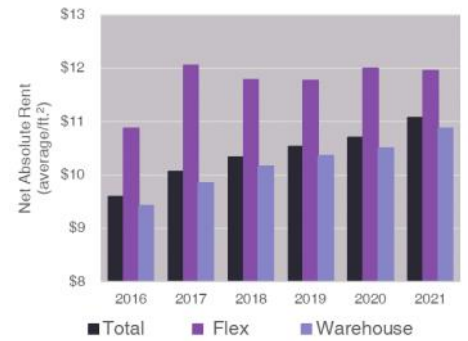
Supply & Demand



Vacant Space



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



# JUNE 2021 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



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## 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

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