

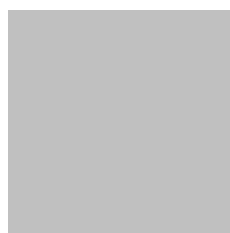
# MARKET SURVEY

## ST. JOHN'S NL OFFICES

### DECEMBER 2021



Survey Scope: 84 office buildings  
 3,904,779 ft.<sup>2</sup> of rental office space  
 expert researchers



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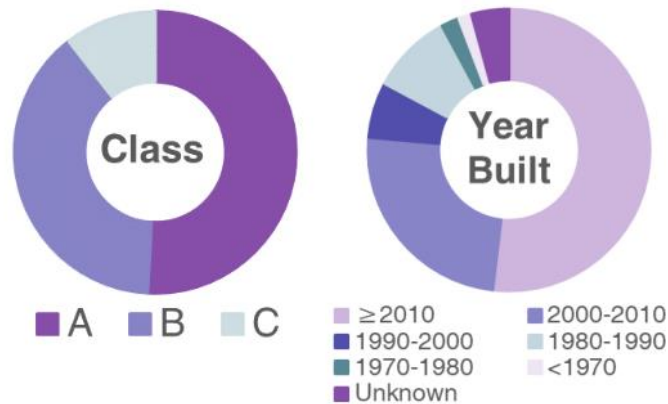


# DEC 2021 MARKET SURVEY ST. JOHN'S NL OFFICES

## Year at a Glance

	2020	2021	Change
Office Inventory (ft. <sup>2</sup> )	3,445,871	3,904,779	↑ 458,908
Net Absorption (ft. <sup>2</sup> )	-130,296	162,105	↑ 292,401
Vacancy Rate	17.82%	23.33%	↑ 5.51 pp
Avg. Net Rent/ft. <sup>2</sup>	\$18.06	\$18.51	↑ 2.49%
Avg. RTCAM/ft. <sup>2</sup>	\$10.56	\$10.44	↓ -1.14%
Avg. Gross Rent/ft. <sup>2</sup>	\$28.33	\$28.82	↑ 1.73%

## Overall Office Inventory



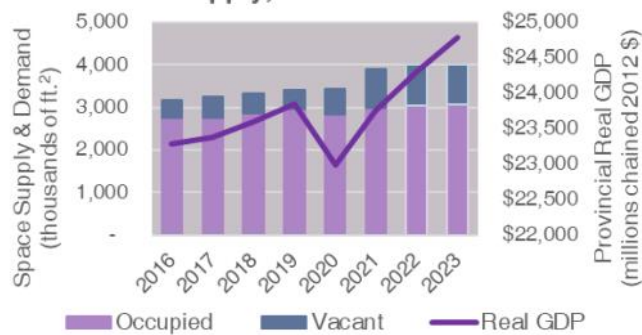
## Supply & Demand Overview

The total amount of rentable office space in St. John's increased 13.32% over last year. The overall vacancy rate increased from 17.82% in 2020 to 23.33% 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 increase 2.3%, leading to a modest increase in office space demand of 1.38%, insufficient to keep pace with further additions to supply. The vacancy rate is expected to increase to 24.31%.

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 31.20%; Class B 15.17%; Class C 15.24%; Overall 23.33%.

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 \$23.17; Class B \$17.06; Class C \$16.26; Overall \$18.51.

## Supply, Demand & GDP



## Vacant Space



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

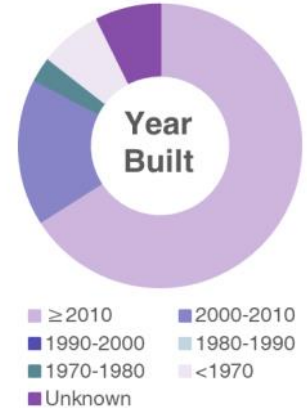
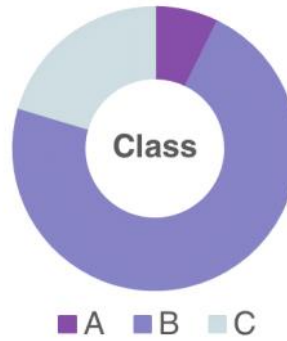


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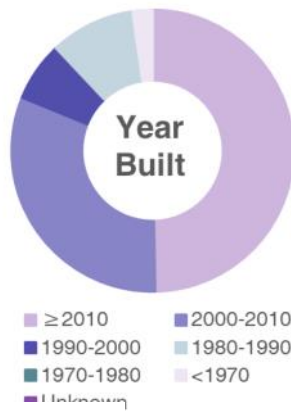
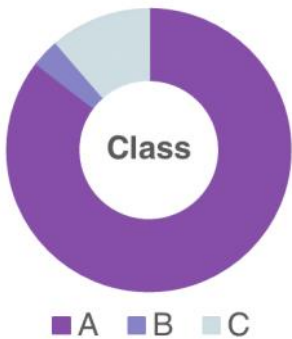
# CENTRAL ST. JOHN'S NL

## Year at a Glance

	2020	2021	Change
Office Inventory (ft. <sup>2</sup> )	314,647	373,260	↑ 58,613
Net Absorption (ft. <sup>2</sup> )	6,184	36,185	↑ 30,001
Vacancy Rate	3.85%	9.25%	↑ 5.40 pp
Avg. Net Rent/ft. <sup>2</sup>	\$16.75	\$16.20	↓ -3.28%
Avg. RTCAM/ft. <sup>2</sup>	\$10.19	\$10.20	↑ 0.10%
Avg. Gross Rent/ft. <sup>2</sup>	\$27.68	\$27.04	↓ -2.31%



# DOWNTOWN ST. JOHN'S NL



## Year at a Glance

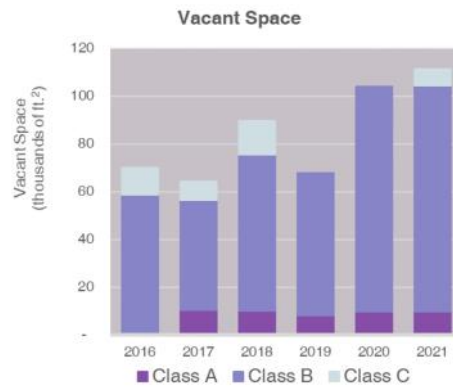
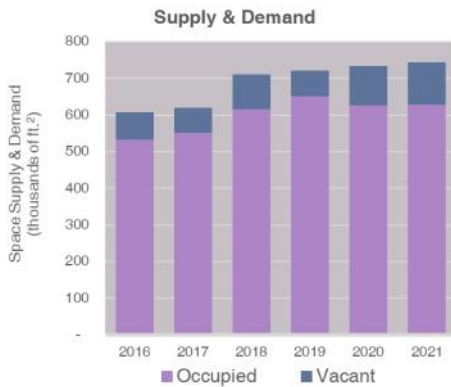
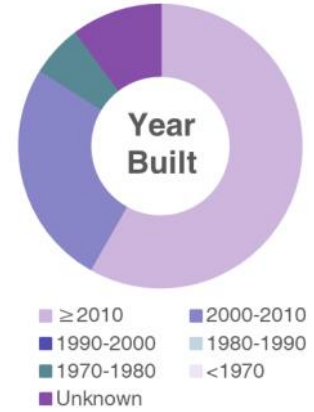
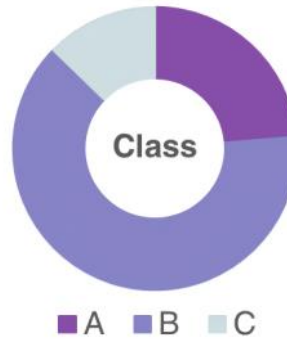
	2020	2021	Change
Office Inventory (ft. <sup>2</sup> )	1,025,646	1,412,204	↑ 386,558
Net Absorption (ft. <sup>2</sup> )	-149,590	181,132	↑ 330,722
Vacancy Rate	37.35%	41.67%	↑ 4.32 pp
Avg. Net Rent/ft. <sup>2</sup>	\$20.17	\$21.15	↑ 4.86%
Avg. RTCAM/ft. <sup>2</sup>	\$10.92	\$11.38	↑ 4.21%
Avg. Gross Rent/ft. <sup>2</sup>	\$29.50	\$34.24	↑ 16.07%



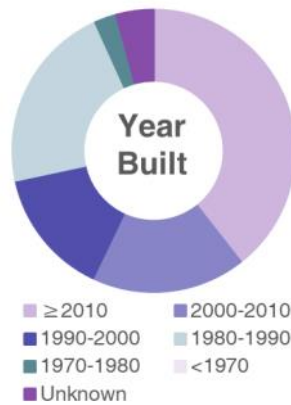
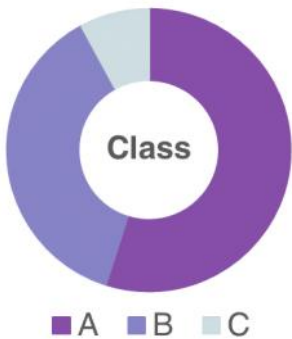
# NORTH ST. JOHN'S NL

## Year at a Glance

	2020	2021	Change
Office Inventory (ft. <sup>2</sup> )	731,762	741,298	↑ 9,536
Net Absorption (ft. <sup>2</sup> )	-24,701	1,976	↑ 26,677
Vacancy Rate	14.21%	15.05%	↑ 0.84 pp
Avg. Net Rent/ft. <sup>2</sup>	\$17.19	\$17.85	↑ 3.84%
Avg. RTCAM/ft. <sup>2</sup>	\$10.97	\$10.29	↓ -6.20%
Avg. Gross Rent/ft. <sup>2</sup>	\$28.16	\$28.13	↓ -0.11%

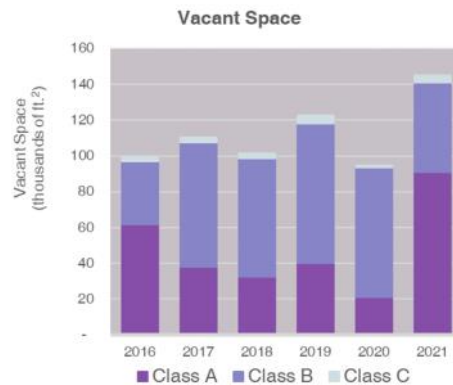


# EAST & WEST ST. JOHN'S NL



## Year at a Glance

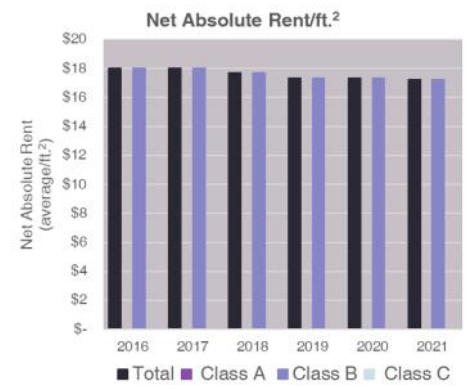
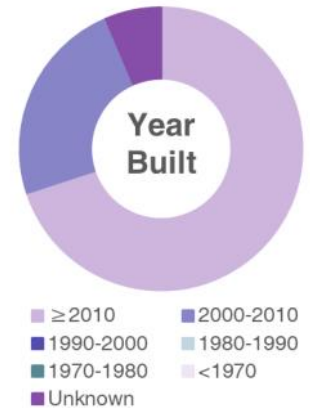
	2020	2021	Change
Office Inventory (ft. <sup>2</sup> )	1,043,500	1,047,701	↑ 4,201
Net Absorption (ft. <sup>2</sup> )	34,163	-46,216	↓ -80,379
Vacancy Rate	9.09%	13.87%	↑ 4.78 pp
Avg. Net Rent/ft. <sup>2</sup>	\$18.81	\$19.28	↑ 2.50%
Avg. RTCAM/ft. <sup>2</sup>	\$10.73	\$10.69	↓ -0.37%
Avg. Gross Rent/ft. <sup>2</sup>	\$29.09	\$29.30	↑ 0.72%



# 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> )	3,648	-10,972	↓ -14,620
Vacancy Rate	6.09%	9.41%	↑ 3.32
Avg. Net Rent/ft. <sup>2</sup>	\$17.30	\$17.20	↓ -0.58%
Avg. RTCAM/ft. <sup>2</sup>	\$ 7.52	\$ 7.52	↔ 0.00%
Avg. Gross Rent/ft. <sup>2</sup>	\$24.52	\$24.43	↓ -0.37%



# 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

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Studies

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