

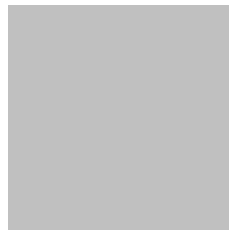
MARKET SURVEY

ST. JOHN'S NL OFFICES & WAREHOUSES

JUNE 2022



Survey Scope: 86 office & 114 warehouse buildings
 3,916,801 ft.² of rental office space
 2,909,194 ft.² of rental warehouse space
 expert researchers



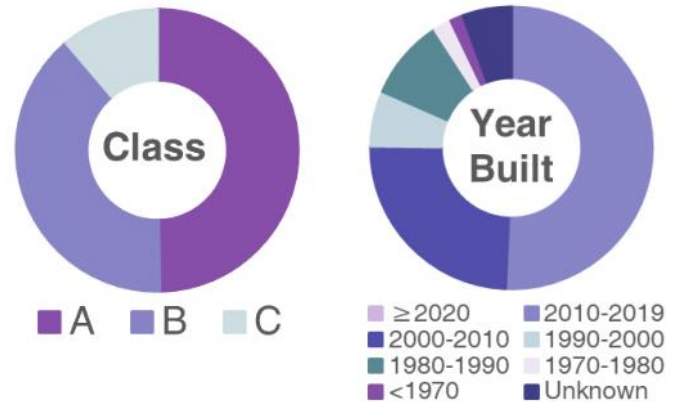
Real Estate Counsellors, Brokers and Valuers
 35 York St., PO Box 1021, Stn. C
 St. John's, NL A1C 5M3
 Tel.: (709) 722-1811
 Internet: www.turnerdrake.com
 E-Mail: tdp@turnerdrake.com

JUNE 2022 MARKET SURVEY ST. JOHN'S NL OFFICES

Year at a Glance

	2021	2022	Change
Office Inventory (ft. ²)	3,938,552	3,916,801	↓ 21,751
Net Absorption (ft. ²)	(112,116)	(17,891)	↑ 94,225
Vacancy Rate	23.33%	23.37%	↑ 0.04 pp
Avg. Net Rent/ft. ²	\$18.27	\$18.34	↑ 0.38%
Avg. RTCAM/ft. ²	\$10.32	\$10.05	↓ - 2.62%
Avg. Gross Rent/ft. ²	\$28.53	\$28.48	↓ - 0.18%

Overall Office Inventory



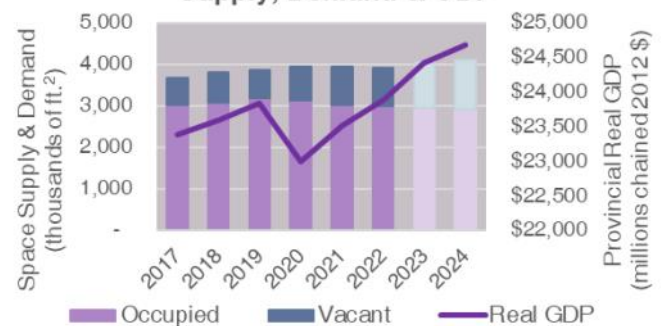
Supply & Demand Overview

The total amount of rentable office space in St. John's decreased 0.55% over last year. The overall vacancy rate increased from 23.33% in 2021 to 23.37% in 2022. 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 1.56%. However, the rental office market in St. John's is expected to experience continued declining demand in the year ahead, as the projected growth favours other sectors. With a forecast 2% decrease in office space demand, the vacancy rate is expected to increase to 27.13%.

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 30.44%; Class B 16.82%; Class C 14.84%; Overall 23.37%.

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 \$22.96; Class B \$16.92; Class C \$16.26; Overall \$18.34.

Supply, Demand & GDP



Vacant Space



Net Absolute Rent/ft.²

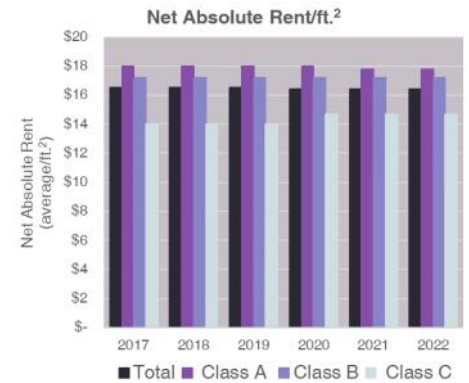
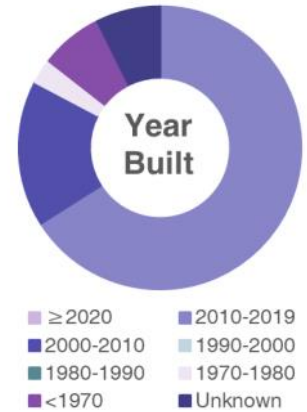
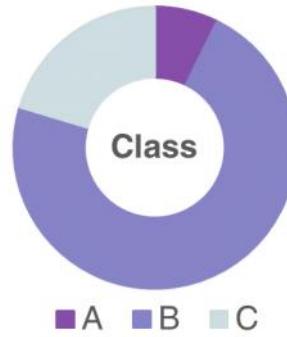


©2022 Turner Drake & Partners Ltd. This material may be used, copied and distributed provided that the appropriate attribution and copyright is accorded to Turner Drake & Partners Ltd. Whilst every effort has been made to ensure the accuracy and completeness of this Market Survey, no liability is assumed 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.

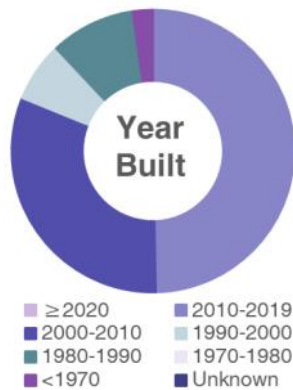
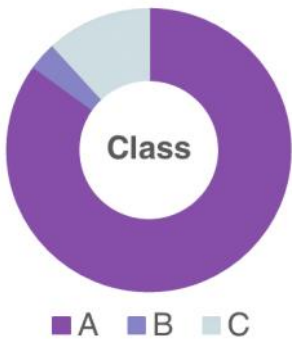
CENTRAL ST. JOHN'S NL

Year at a Glance

	2021	2022	Change
Office Inventory (ft. ²)	375,255	373,260	↓ 1,995
Net Absorption (ft. ²)	(2,200)	(23,356)	↓ (21,156)
Vacancy Rate	10.56%	16.34%	↑ 5.78
Avg. Net Rent/ft. ²	\$16.42	\$16.42	↔ ---
Avg. RTCAM/ft. ²	\$10.11	\$10.06	↓ -0.49%
Avg. Gross Rent/ft. ²	\$27.16	\$27.10	↓ -0.22%



DOWNTOWN ST. JOHN'S NL



Year at a Glance

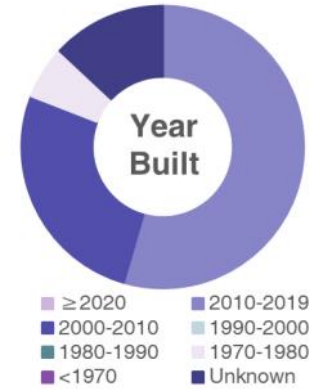
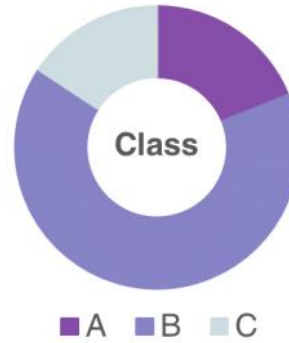
	2021	2022	Change
Office Inventory (ft. ²)	1,409,232	1,420,004	↑ 10,772
Net Absorption (ft. ²)	(74,054)	74,310	↑ 148,364
Vacancy Rate	42.44%	37.64%	↓ 4.80 pp
Avg. Net Rent/ft. ²	\$21.32	\$20.95	↓ 1.74%
Avg. RTCAM/ft. ²	\$11.34	\$10.49	↓ 7.50%
Avg. Gross Rent/ft. ²	\$33.50	\$32.70	↓ 2.39%



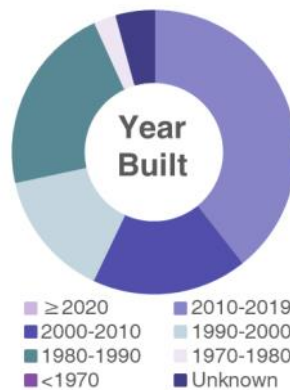
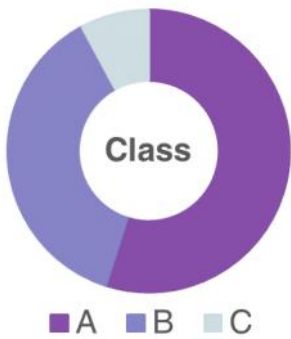
NORTH ST. JOHN'S NL

Year at a Glance

	2021	2022	Change
Office Inventory (ft. ²)	741,298	721,401	↓ (19,897)
Net Absorption (ft. ²)	(23,206)	(18,880)	↑ 4,236
Vacancy Rate	15.91%	16.20%	↑ 0.29%
Avg. Net Rent/ft. ²	\$17.87	\$17.78	↓ -0.50%
Avg. RTCAM/ft. ²	\$10.45	\$ 9.90	↓ -5.26%
Avg. Gross Rent/ft. ²	\$28.16	\$27.96	↓ -0.71%



EAST & WEST ST. JOHN'S NL



Year at a Glance

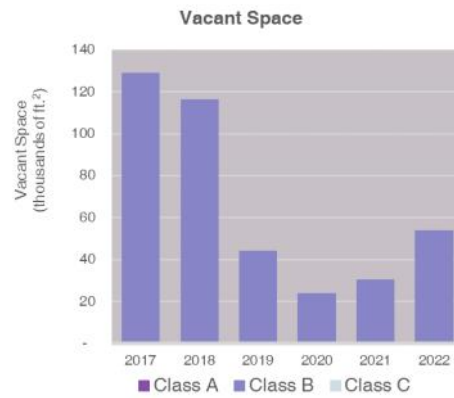
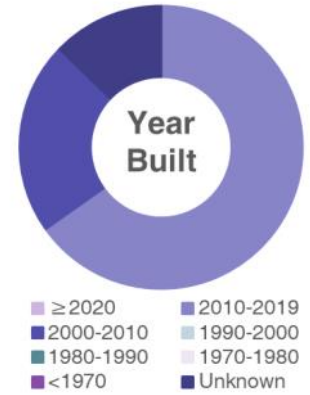
	2021	2022	Change
Office Inventory (ft. ²)	1,058,332	1,047,701	↓ (10,631)
Net Absorption (ft. ²)	(6,324)	(26,344)	↓ (20,020)
Vacancy Rate	12.60%	14.23%	↑ 1.63 pp
Avg. Net Rent/ft. ²	\$18.77	\$19.41	↑ 3.41%
Avg. RTCAM/ft. ²	\$10.86	\$10.99	↑ 1.20%
Avg. Gross Rent/ft. ²	\$29.24	\$30.16	↑ 3.15%



MOUNT PEARL/PARADISE

Year at a Glance

	2021	2022	Change
Office Inventory (ft. ²)	354,435	354,435	↔ ---
Net Absorption (ft. ²)	(6,332)	(23,621)	↓ (17,289)
Vacancy Rate	8.49%	15.16%	↑ 6.66 pp
Avg. Net Rent/ft. ²	\$15.59	\$15.59	↔ ---
Avg. RTCAM/ft. ²	\$ 5.84	\$ 6.25	↑ 7.02%
Avg. Gross Rent/ft. ²	\$21.63	\$21.50	↓ -0.60%



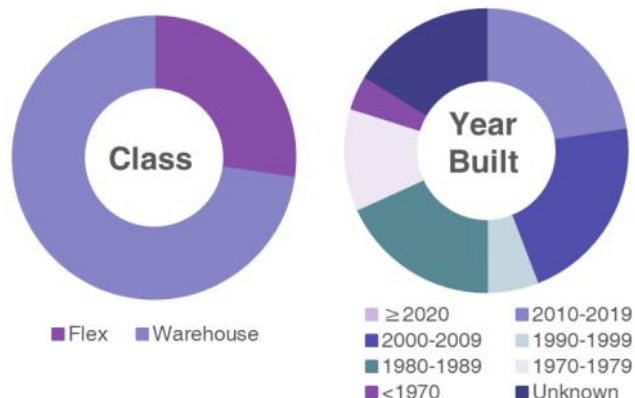
JUNE 2022 MARKET SURVEY

ST. JOHN'S WAREHOUSES

Year at a Glance

Warehouse	2021	2022	Change
Inventory (ft. ²)	2,840,744	2,909,194	↑ 68,450
Net Absorption (ft. ²)	28,218	166,012	↑ 137,794
Vacancy Rate	13.64%	9.96%	↓ 3.67 pp
Avg. Net Rent/ft. ²	\$11.73	\$11.90	↑ 1.45%
Avg. RTCAM/ft. ²	\$ 3.38	\$ 3.68	↑ 8.88%
Avg. Gross Rent/ft. ²	\$15.50	\$15.90	↑ 2.58%

Overall Warehouse Inventory



Supply & Demand Overview

The total amount of rentable warehouse space in Greater St. John's increased 2.41% over last year. The overall vacancy rate decreased from 13.64% in 2021 to 9.96% in 2022. 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 1.56%; demand for rental warehouse space, strong throughout the pandemic, is expected to rise, with an overall increase in demand of 1.13%. The vacancy rate is expected to fall to 8.94%.

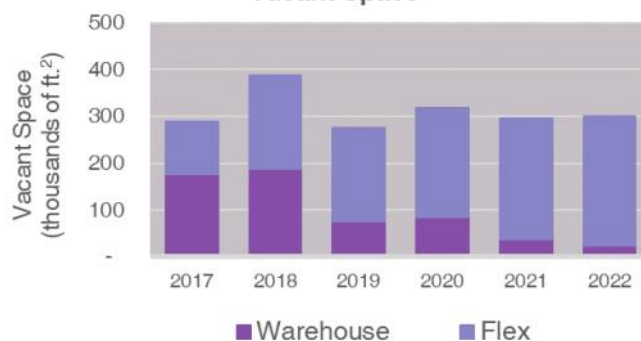
Our survey measured the vacancy rate by geographic node. The current vacancy rate in each of the following locations is: St. John's North 8.53%; Central and Downtown 0%; St. John's East 21.1%; St. John's West 0%; Mount Pearl/Paradise 9.94%; Overall 9.96%.

Our survey also measured rental rates. Industrial properties in St. John's saw the overall net absolute rent per square foot increase by 1.45% year over year, to \$11.90 in 2022. The average overall net rental rates per square foot in each of the following locations are: St. John's North \$12.96; Central and Downtown \$11.50; St. John's East \$13.92; St. John's West \$10.50; Mount Pearl/Paradise \$11.28; Overall \$11.90.

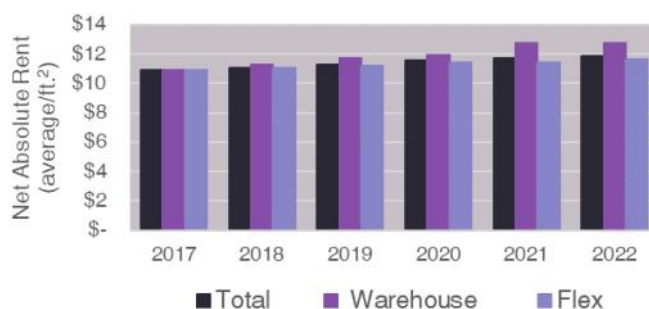
Supply, Demand & GDP



Vacant Space



Net Absolute Rent/ft.²

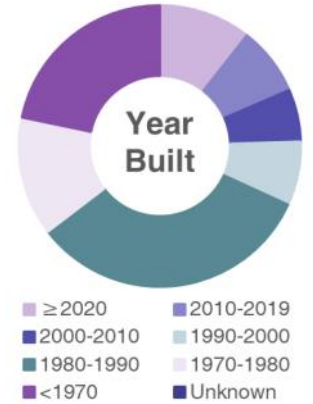
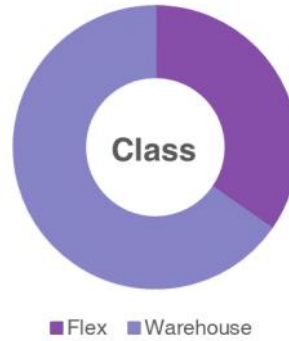


©2022 Turner Drake & Partners Ltd. This material may be used, copied and distributed provided that the appropriate attribution and copyright is accorded to Turner Drake & Partners Ltd. Whilst every effort has been made to ensure the accuracy and completeness of this Market Survey, no liability is assumed 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

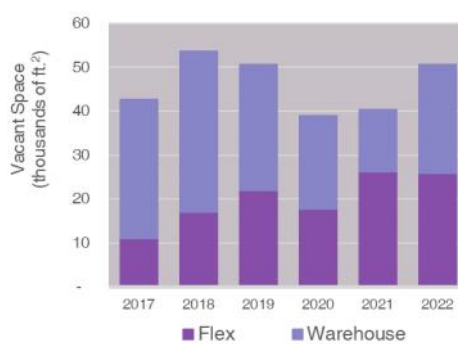
	2021	2022	Change
Inventory (ft. ²)	592,721	592,721	↔ ---
Net Absorption (ft. ²)	46,004	(10,136)	↓ (56,140)
Vacancy Rate	6.82%	8.53%	↑ 1.71 pp
Avg. Net Rent/ft. ²	\$12.53	\$12.96	↑ 3.43%
Avg. RTCAM/ft. ²	\$ 4.81	\$ 4.89	↑ 1.66%
Avg. Gross Rent/ft. ²	\$17.67	\$18.02	↑ 1.98%



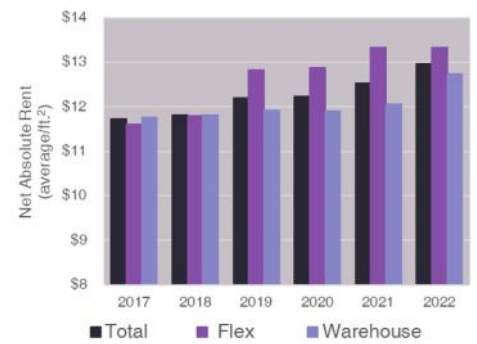
Supply & Demand



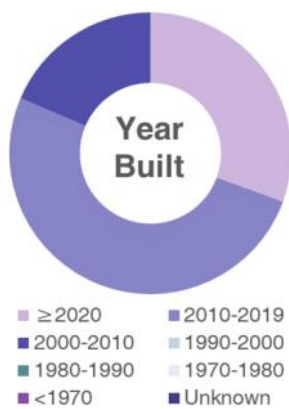
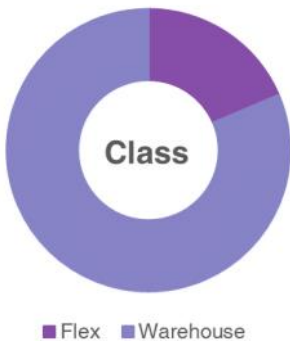
Vacant Space



Net Absolute Rent/ft.²



CENTRAL & DOWNTOWN



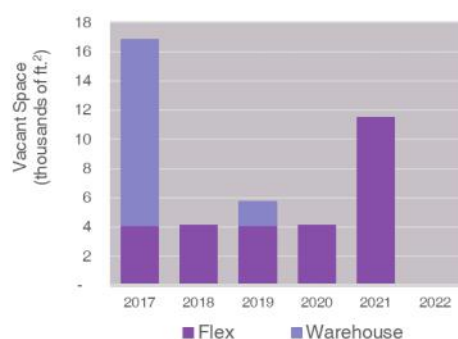
Year at a Glance

	2021	2022	Change
Inventory (ft. ²)	133,396	163,396	↑ 30,000
Net Absorption (ft. ²)	(7,400)	41,500	↑ 48,900
Vacancy Rate	8.62%	0.00%	↓ 8.62 pp
Avg. Net Rent/ft. ²	\$11.25	\$11.50	↑ 2.22%
Avg. RTCAM/ft. ²	\$ 4.35	\$ 4.10	↓ -5.75%
Avg. Gross Rent/ft. ²	\$15.60	\$15.60	↔ ---

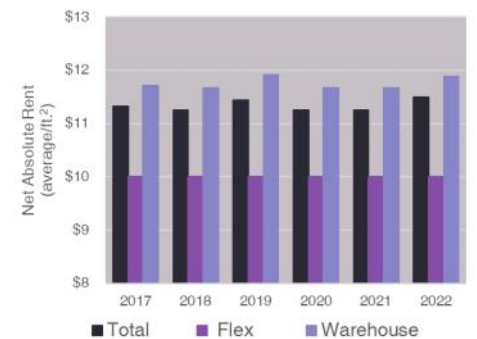
Supply & Demand



Vacant Space



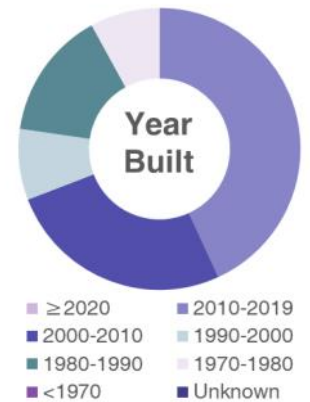
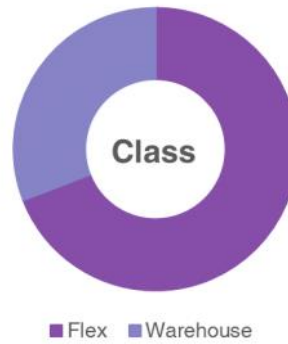
Net Absolute Rent/ft.²



EAST ST. JOHN'S NL

Year at a Glance

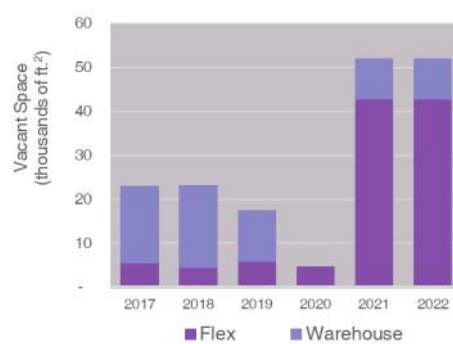
	2021	2022	Change
Inventory (ft. ²)	245,717	245,717	↔ ---
Net Absorption (ft. ²)	(47,284)	---	↑ 47,284
Vacancy Rate	21.10%	21.10%	↔ ---
Avg. Net Rent/ft. ²	\$14.00	\$13.92	↓ - 0.57%
Avg. RTCAM/ft. ²	\$ 5.28	\$ 5.37	↑ 1.70%
Avg. Gross Rent/ft. ²	\$19.78	\$19.71	↓ - 0.35%



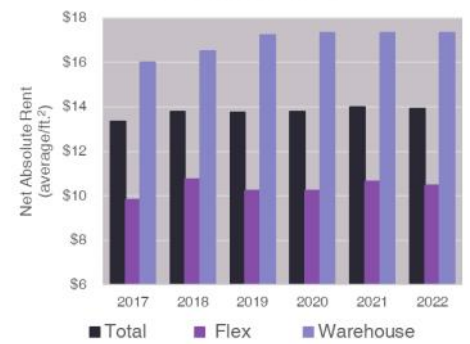
Supply & Demand



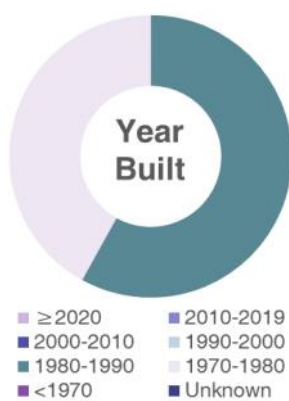
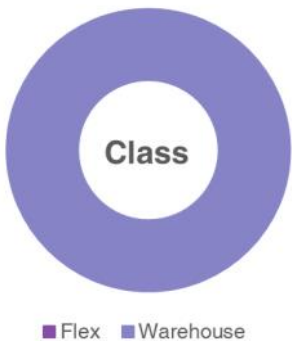
Vacant Space



Net Absolute Rent/ft.²



WEST ST. JOHN'S NL



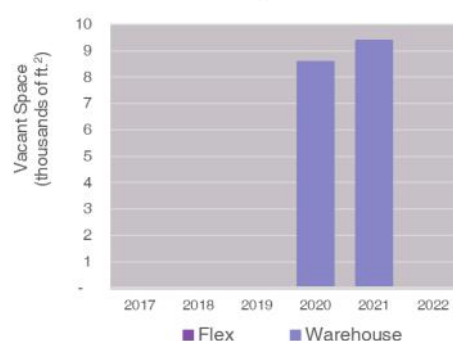
Year at a Glance

	2021	2022	Change
Inventory (ft. ²)	22,400	22,400	↔ ---
Net Absorption (ft. ²)	(800)	9,400	↑ 10,200
Vacancy Rate	41.96%	0.00%	↓ 41.96 pp
Avg. Net Rent/ft. ²	\$10.50	\$10.50	↔ ---
Avg. RTCAM/ft. ²	\$ 2.46	\$ 2.48	↑ 0.81%
Avg. Gross Rent/ft. ²	\$13.75	\$13.75	↔ ---

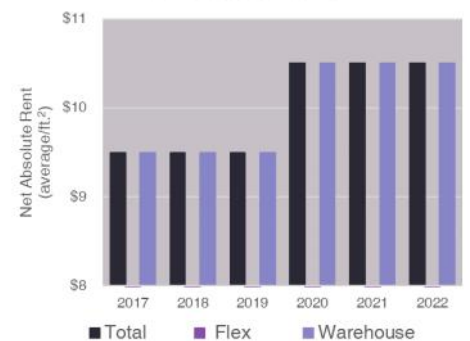
Supply & Demand



Vacant Space



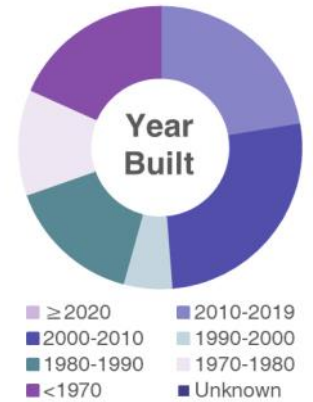
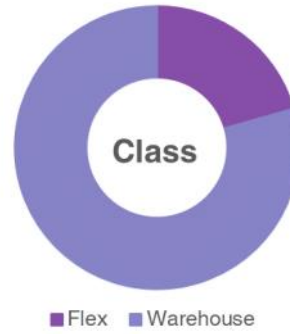
Net Absolute Rent/ft.²



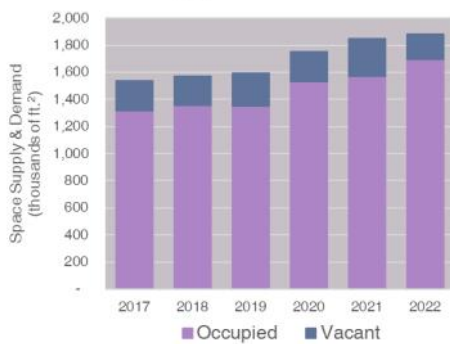
MOUNT PEARL/ PARADISE

Year at a Glance

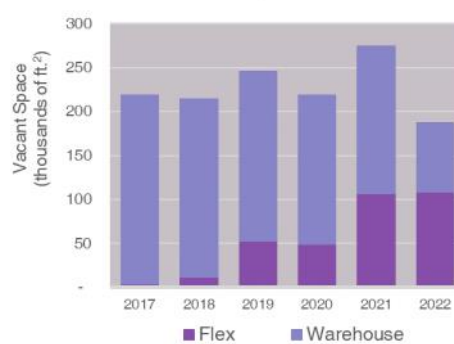
	2021	2022	Change
Inventory (ft. ²)	1,846,510	1,884,960	↑ 38,450
Net Absorption (ft. ²)	37,698	125,248	↑ 87,550
Vacancy Rate	14.85%	9.94%	↓ 4.91 pp
Avg. Net Rent/ft. ²	\$11.19	\$11.28	↑ 0.80%
Avg. RTCAM/ft. ²	\$ 2.56	\$ 3.01	↑ 17.58%
Avg. Gross Rent/ft. ²	\$14.07	\$14.62	↑ 3.91%



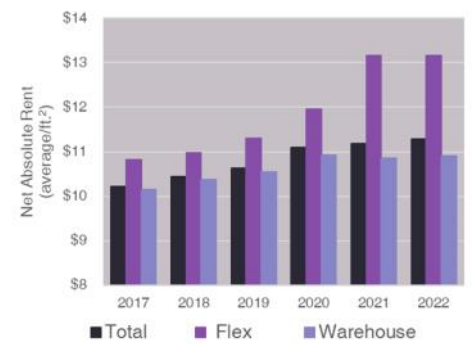
Supply & Demand



Vacant Space



Net Absolute Rent/ft.²



JUNE 2022 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
GKakamousias@turnerdrake.com

COUNSELLING



LEE WEATHERBY
FRICS, AACI
Vice President
LWeatherby@turnerdrake.com

ECONOMIC INTELLIGENCE



ALEXANDRA BAIRD ALLEN
B.A. Adv. Dip GIS, DULE, MRICS
Manager
ABairdAllen@turnerdrake.com

LASERCAD®



EMILY McCLELLAND
B.B.A.
Manager
EMcLelland@turnerdrake.com

VALUATION



NIGEL TURNER
B.Comm, BBRE, DULE, MRICS, AACI
Vice President
NigelTurner@turnerdrake.com

BROKERAGE



ASHLEY URQUHART
BBA, DULE
Senior Manager
AUrquhart@turnerdrake.com

PLANNING



NEIL LOVITT
B.CD, Dip. GIS, LPP MCIP, CPT
Vice President
NLovitt@turnerdrake.com

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