

MARKET SURVEY ST. JOHN'S NL OFFICES DECEMBER 2023



Survey Scope: 85 office buildings
3,948,123 ft.² of rental office space
expert researchers



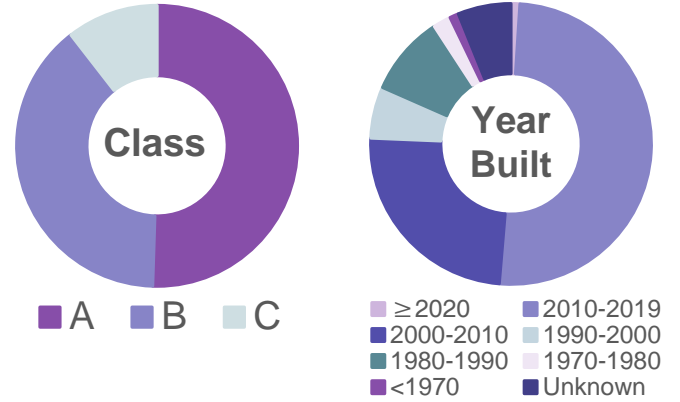
Real Estate Counsellors, Brokers and Valuers
35 York St., PO Box 1021, Stn. C
St. John's, NL A1C 5M3
Tel.: (709) 722-1811
Internet: www.turnerdrake.com
E-Mail: tdp@turnerdrake.com

DECEMBER 2023 MARKET SURVEY ST. JOHN'S NL OFFICES

Year at a Glance

	2022	2023	Change
Office Inventory (ft. ²)	3,935,083	3,948,123	↑ 13,040
Net Absorption (ft. ²)	28,135	(3,656)	↓ (31,791)
Vacancy Rate	23.65%	24.00%	↑ 0.35 pp
Avg. Net Rent/ft. ²	\$18.75	\$ 18.48	↓ 1.44%
Avg. RTCAM/ft. ²	\$10.19	\$ 10.17	↓ 0.20%
Avg. Gross Rent/ft. ²	\$28.92	\$ 28.71	↓ 0.73%

Overall Office Inventory



Supply & Demand Overview

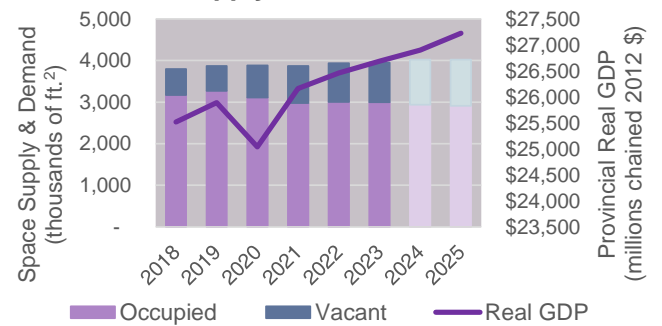
The total amount of rentable office space in St. John's increased by 0.33% over last year. The overall vacancy rate increased from 23.65% in 2022 to 24.00% in 2023.

The key driver of space demand is the growth in the provincial real (deflated) Gross Domestic Product. Our analysis of GDP projections indicates that 2024 will see GDP increase 0.86%. However, St. John's office market is expected to see a decrease in demand of 0.96%. The vacancy rate is expected to increase to 26.13%.

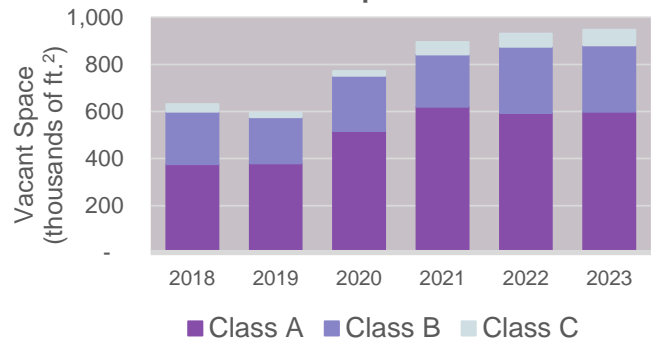
The current vacancy rates by class are: Class A 30.05%; Class B 18.31%; Class C 16.03%; Overall 24.00%. Class A buildings command the highest rents in their community and have distinctive design and lobbies. Class B buildings offer "no frills" modern, air conditioned space. Class C buildings make up the remainder of the office rental market.

Current average net absolute rental rates per square foot are: Class A \$22.50; Class B \$16.85; Class C \$17.64; Overall \$18.48. 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.

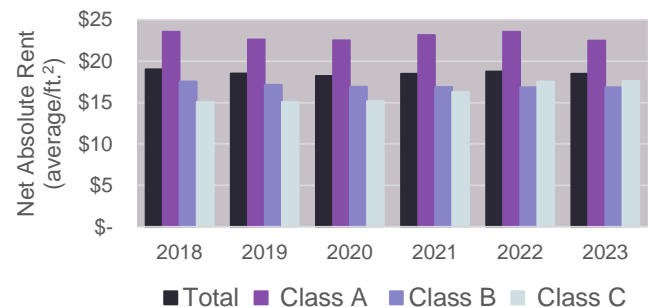
Supply, Demand & GDP



Vacant Space



Net Absolute Rent/ft.²

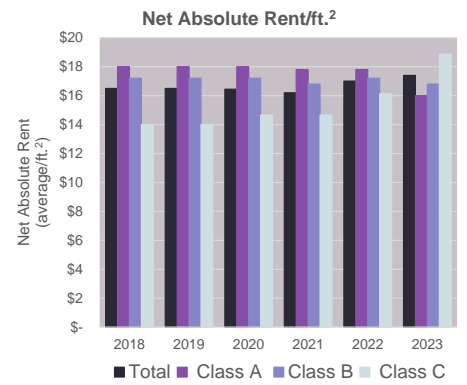
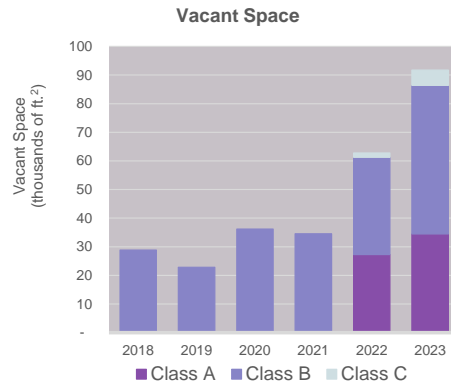
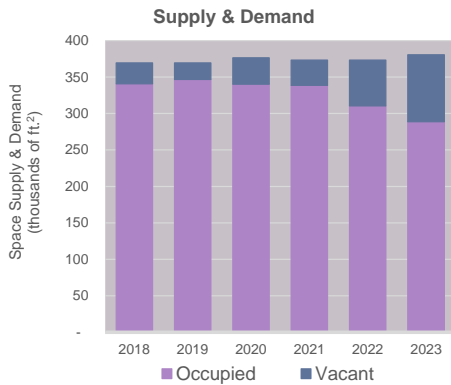
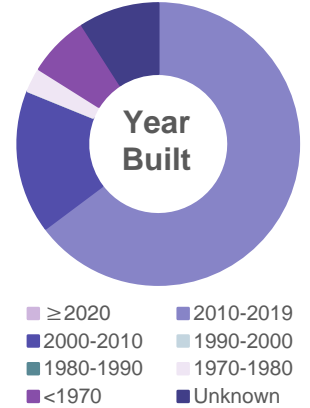
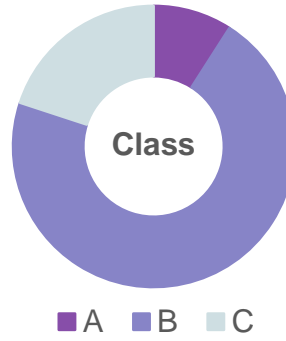


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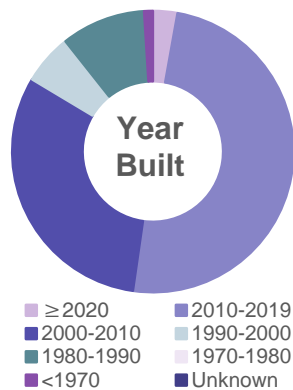
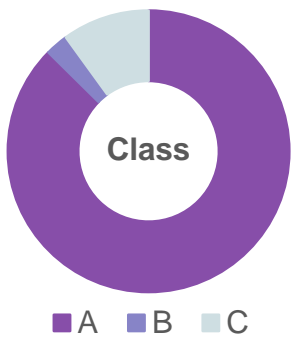
CENTRAL ST. JOHN'S

Year at a Glance

	2022	2023	Change
Office Inventory (ft. ²)	373,260	380,472	↑ 7,212
Net Absorption (ft. ²)	(28,243)	(21,782)	↑ 6,461
Vacancy Rate	16.82%	24.12%	↑ 7.30 pp
Avg. Net Rent/ft. ²	\$ 17.01	\$ 17.40	↑ 2.29%
Avg. RTCAM/ft. ²	\$ 9.88	\$ 10.11	↑ 2.33%
Avg. Gross Rent/ft. ²	\$ 28.44	\$ 28.13	↓ 1.09%

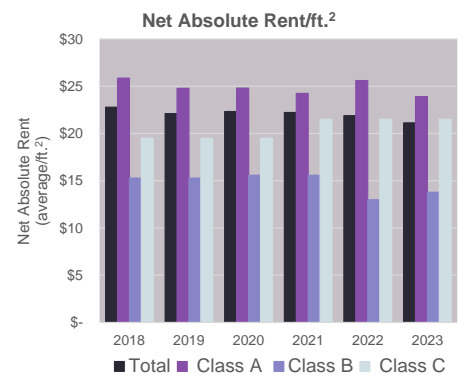
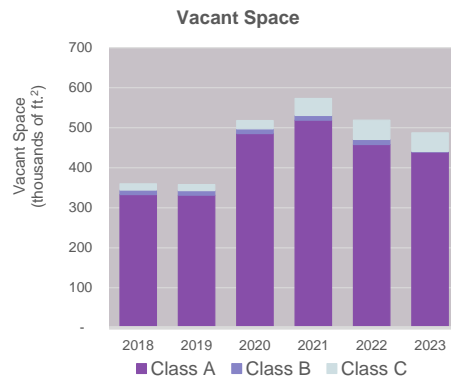
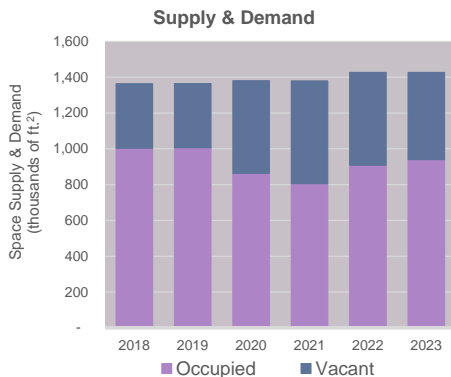


DOWNTOWN ST. JOHN'S



Year at a Glance

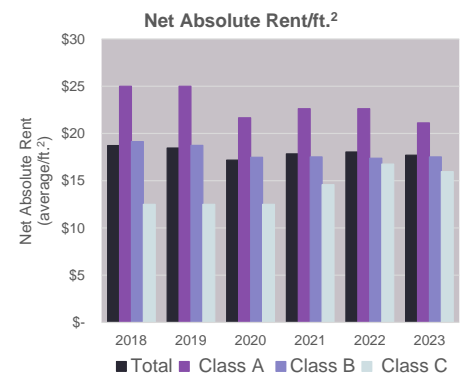
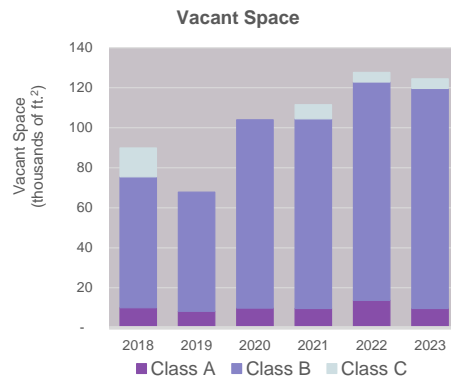
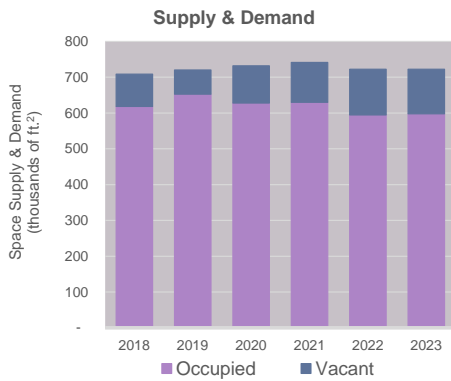
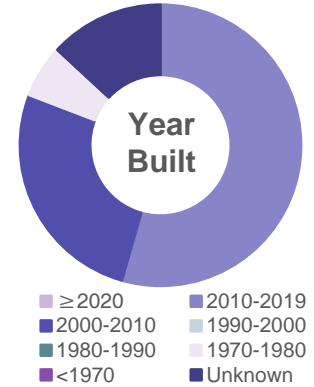
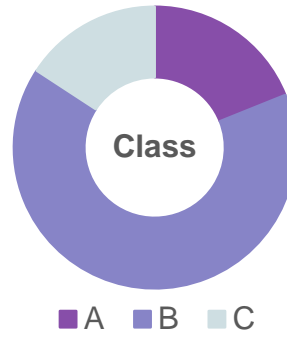
	2022	2023	Change
Office Inventory (ft. ²)	1,427,051	1,427,051	↔ —
Net Absorption (ft. ²)	102,108	31,526	↓ (70,582)
Vacancy Rate	36.36%	34.15%	↓ 2.21 pp
Avg. Net Rent/ft. ²	\$ 21.89	\$ 21.12	↓ 3.52%
Avg. RTCAM/ft. ²	\$ 10.97	\$ 10.18	↓ 7.20%
Avg. Gross Rent/ft. ²	\$ 32.29	\$ 30.91	↓ 4.27%



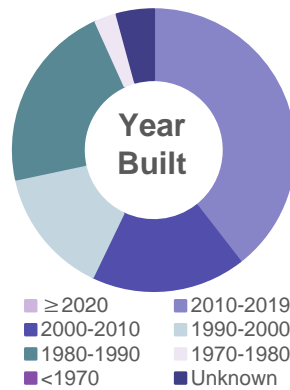
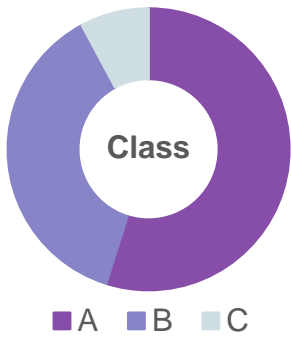
NORTH ST. JOHN'S

Year at a Glance

	2022	2023	Change
Office Inventory (ft. ²)	722,055	722,055	↔ 0
Net Absorption (ft. ²)	(35,382)	3,247	↑ 38,629
Vacancy Rate	17.69%	17.24%	↓ 0.45 pp
Avg. Net Rent/ft. ²	\$18.05	\$17.71	↓ 1.88%
Avg. RTCAM/ft. ²	\$ 9.85	\$10.03	↑ 1.83%
Avg. Gross Rent/ft. ²	\$27.92	\$27.74	↓ 0.64%

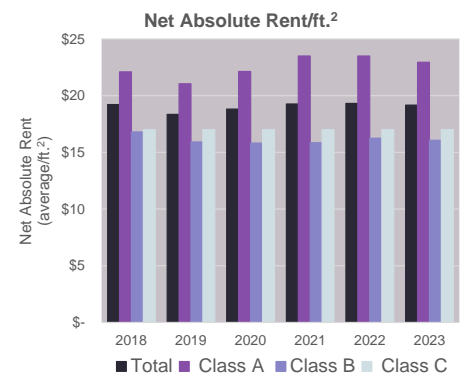
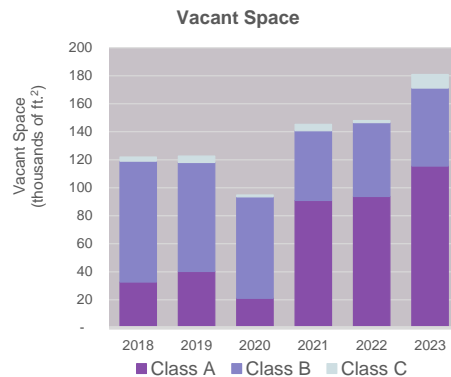
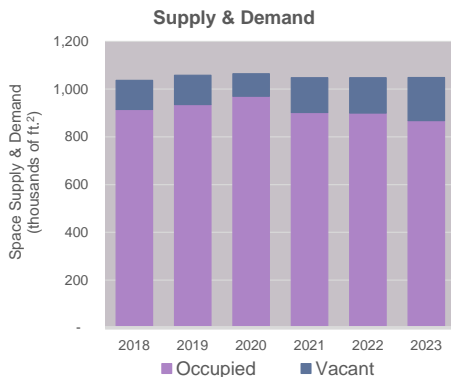


EAST & WEST ST. JOHN'S



Year at a Glance

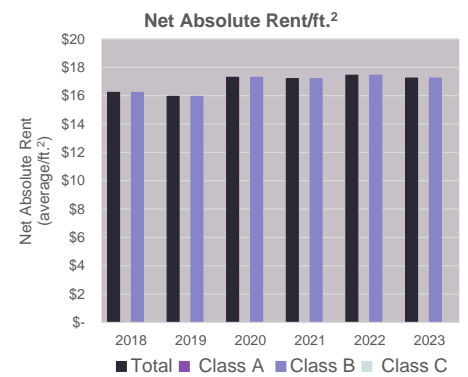
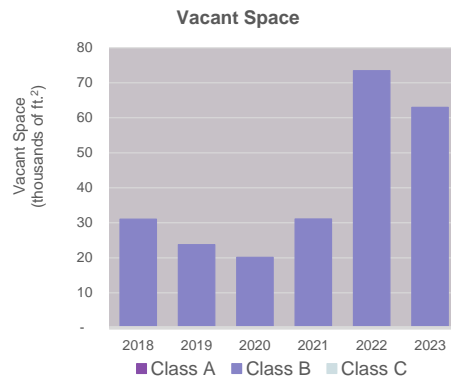
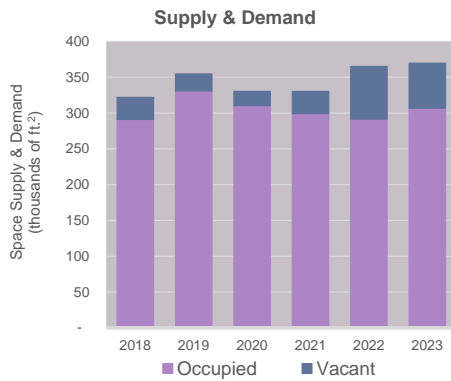
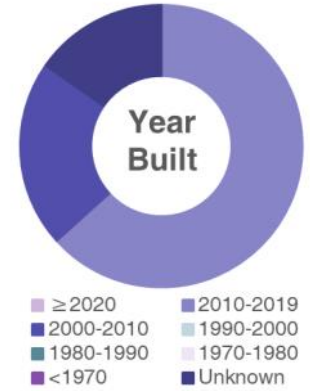
	2022	2023	Change
Office Inventory (ft. ²)	1,047,701	1,048,901	↑ 1,200
Net Absorption (ft. ²)	(2,680)	(31,765)	↓ (29,085)
Vacancy Rate	14.13%	17.25%	↑ 3.13 pp
Avg. Net Rent/ft. ²	\$19.33	\$19.18	↓ 0.78%
Avg. RTCAM/ft. ²	\$11.19	\$11.36	↑ 1.52%
Avg. Gross Rent/ft. ²	\$30.44	\$30.54	↑ 0.33%



MOUNT PEARL/PARADISE

Year at a Glance

	2022	2023	Change
Office Inventory (ft. ²)	365,016	369,644	↑ 4,628
Net Absorption (ft. ²)	(7,668)	15,118	↑ 22,786
Vacancy Rate	20.12%	17.03%	↓ 3.09 pp
Avg. Net Rent/ft. ²	\$17.45	\$17.25	↓ 1.15%
Avg. RTCAM/ft. ²	\$ 6.76	\$ 7.00	↑ 3.55%
Avg. Gross Rent/ft. ²	\$23.58	\$24.25	↑ 2.84%



DECEMBER 2023 MARKET SURVEY

ST. JOHN'S NL OFFICES

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



GISELLE KAKAMOUSIAS
B.Comm, DULE, MRICS, AACI
Vice President
GKakamousias@turnerdrake.com

COUNSELLING



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

ECONOMIC INTELLIGENCE



COLIN RENNIE
B.A. Adv. Dip GIS
Manager
CRennie@turnerdrake.com

LASERCAD®



TYLER MANNING
B.Comm
Manager
TManning@turnerdrake.com

VALUATION



NIGEL TURNER
B.Comm, DULE, BBRE, MRICS, AACI
Vice President
[NigelTurner@turnerdrake.com](mailto:NLovitt@turnerdrake.com)

BROKERAGE



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

PLANNING



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

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