

Real Estate Market Overview 2010

Kirkland Balsom & Associates

"Helping you make intelligent real estate decisions"



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RESIDENTIAL MARKET

Strong demand with less supply results in higher prices

The residential market just keeps on rolling! Demand remains strong and supply remains tight for well located and appropriately priced homes. The underlining drivers for this strong demand appears to be the fear of having to pay more in the future, easy access to favourable financing and strong employment throughout the region. A substantial increase in land values over the past year spurred new home construction cost and more than offset a slight softening in the sub-trades. Anticipated higher borrowing cost in late 2010 may serve to increase demand in the first half of 2010; however, could weaken demand in the second half. Pending an unforeseen increase in listing inventory, further price increases is anticipated.

MULTI-RESIDENTIAL/CONDOMINIUM SECTOR

Effective full occupancy

With the apartment complexes at effective full occupancy and no new inventory on the horizon, rental rates should continue to increase. Not surprisingly in light of these trends, investor interest remains strong. A number of older apartment buildings in the university area have been purchased, renovated and converted to condominium units. Market activity also remains strong in the small scale 2-6 unit projects as entry level investors compete for limited supply.

Prices/demand continues to strengthen in condominiums at all price points. Escalating construction costs and an aging population will stimulate condo demand and values in the coming year.

OFFICE MARKET

Limited supply of space will lead to increased rents

In spite of record low vacancy, 2009 failed to produce new office space. With increased demand for space, rental rents are expected to climb in 2010. There appears to be many renewals coming due which could cause major concerns for tenants and a better return for investors.

From a sales perspective, with capital markets contracting and investors sitting on the sidelines, 2009 was somewhat of a vacuum. Investors appear to be gradually returning to the market; however, it remains to be seen if capitalization rates will return to pre-recession levels. Buying opportunities will remain scarce with low vacancy rates and escalating rents anticipated for the foreseeable future.

LIGHT INDUSTRIAL SECTOR

Stable growth - tightening raw land supply

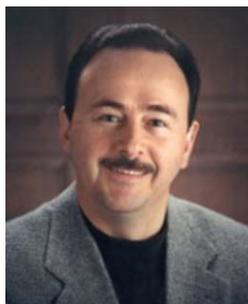
Light industrial land absorption remained stable throughout 2009. Market conditions are expected to improve in anticipation of a number of major construction projects. With Vale Inco and Hebron ramping up, industrial land values will continue to increase. Light industrial land remains scarce especially in the high demand areas close to the Trans Canada Highway. There appears to be a trend towards condominium builds as many small service companies see relatively lower entry cost as an opportunity to own.

Meet Our Team

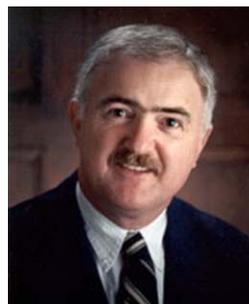
Experienced, accredited appraisers providing sound, intelligent real estate valuation and advisory services.



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