



Contact: Daniel Slipp  
Tel: (506) 634-1811 Ext. 328  
Email: [dslipp@turnerdrake.com](mailto:dslipp@turnerdrake.com)

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## **OFFICE VACANCY IN SAINT JOHN HIGHEST IN NB Are Rental Rates Set to Plummet?**

Office vacancy in Saint John sits at 10.33%, making the Port City the only city in Atlantic Canada with a double digit vacancy rate. With vacancy rates falling elsewhere in the province, something's got to give, and tenants may be in a position to demand deals on rental rates. That is the conclusion from the latest of six rental surveys recently conducted by Atlantic Canada real estate counsellors, Turner Drake & Partners Ltd.

The surveys are thought to be the most comprehensive ever conducted in Greater Saint John: a team of trained researchers collected rental, operating expense and vacancy data for 41 office buildings, some as small as 5,000 ft.<sup>2</sup>, with an aggregate rentable area of over 2.2 million ft.<sup>2</sup>.

The net rental rate and vacancy rate are inversely correlated: tight vacancy means rents go up, but the opposite is also true, with higher vacancy rates for each Class A and Class B space, than either Moncton or Fredericton, the rental rates in those two classes of office space in Saint John fell year over year. It worked, and vacancy also tightened up a bit. Class C office space is another story: the net rental rate went up, but demand did not, and the vacancy rate jumped 3.4 percentage points. In the year ahead, we anticipate vacancy will rise and net rents will fall until balance between supply and demand is achieved.

Turner Drake & Partners Ltd. is a multi-disciplinary firm of real estate consultants offering valuation, property tax, counselling, economic intelligence, and Lasercad™ space measurement advice, throughout Atlantic Canada; together with brokerage (sales and leasing) services in Nova Scotia, New Brunswick and Prince Edward Island.

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If you would like more information about this topic, or wish to schedule an interview with Daniel Slipp, please call him at (506) 634-1811 ext. 328 or email [dslipp@turnerdrake.com](mailto:dslipp@turnerdrake.com).