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## **OFFICE VACANCY UP, RENTS DOWN IN MONCTON**

### **Class A Office Space Net Rents Drop 2.21%**

Landlords, lock in your leases: vacancy is up and set to climb, while net rents are moving in the opposite direction. That is the conclusion from the latest of fourteen 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 Moncton: a team of trained researchers collected rental, operating expense and vacancy data for 125 office and warehouse buildings, some as small as 5,000 ft.<sup>2</sup>, with an aggregate rentable area of over 6.0 million ft.<sup>2</sup>.

Moncton's overall office vacancy rate increased on par with other Atlantic Canadian cities this year, climbing 2.7 percentage points from 6.55% in 2011 to 9.25% in 2012, but Moncton was the only one in Atlantic Canada to see a corresponding drop in the net rental rate. Overall, average net rents dropped 0.65% to \$12.20/ft.<sup>2</sup>. This was driven by a decrease in the net rental rate for Class A space, which saw rental rates fall 2.21% to \$13.72/ft.<sup>2</sup>, accompanying a 1.38 percentage point increase in the vacancy rate. Net rental rates are highly correlated with the vacancy rate: when the latter climbs, the rental rate moves in the opposite direction. Vacancy rates for all classes of office space in the city are up: expect Class B and C space to suffer corresponding drops in their net rental rates in the year ahead.

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 André Pouliot, please call him at (506) 634-1811 ext. 321 or email [apouliot@turnerdrake.com](mailto:apouliot@turnerdrake.com).