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HIGHEST AND LOWEST OFFICE VACANCIES IN MARITIMES

As Class C Vacancy Skyrockets, Class A is Saint John's Lowest in Five Years

The overall vacancy rate in Saint John jumped 8.21 percentage points over the past year to 18.50%; the highest in Atlantic Canada and more than double that of runner up Fredericton at 8.72%. Despite the overall high vacancy rate, the city's individual office building Classes are not all doing that badly. Class A office vacancy stands at 3.88%, the lowest in Atlantic Canada: Class C vacancy on the other hand is 39.41%; the highest of all six major city centres. That is the conclusion from the latest of fifteen 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 42 office buildings, including buildings as small as 5,000 square feet, with an aggregate rentable area of over 2.5 million square feet.

The vacancy rates for Class B and C office space in Saint John are the highest for their building Class in Atlantic Canada. This year, Class B increased by 5.36 percentage points to 16.57%, while Class C more than doubled its 2012 vacancy rate of 16.63%; rising 22.78 percentage points to 39.41%. This increase in vacancy plays a key role in the falling of net rents: Class B office space net rental rate dropped 2.22 percentage points in to \$11.03/ft.², and Class C fell 1.66 percentage points to \$10.64/ft.². Since the vacancy rates for Class B and C are unsustainably high; it is likely that further rental rate decreases are on the horizon for both. In contrast, the vacancy for Class A office space decreased 1.96 percentage points to 3.88%; the city's lowest in five years. This drop in vacancy influenced an increase of 6.07% in the average net rental rate for Class A space, from \$15.33/ft.² in 2012 to \$16.26/ft.² in 2013. Nevertheless, Saint John remains in the middle of the pack for Class A rental rates in Atlantic Canada.

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 Matt Whittleton, please call him at (506) 634-1811 ext. 338 or email mwhittleton@turnerdrake.com.