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FREDERICTON WEATHERS ECONOMIC TURMOIL WELL

What will happen to the office vacancy rate once consumer confidence recovers?

Fredericton has weathered the economic turmoil quite well with current overall office vacancy of 6.43%. Now with the lowest vacancy rate in New Brunswick, Fredericton is commanding the highest overall net rent in the province of \$12.71/ft.². However, a lag in demand for this space is expected while consumer confidence recovers and new space is added to the rental pool. That is the conclusion from the latest of twelve 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 Fredericton: a team of trained researchers collected rental, operating expense and vacancy data for 51 office buildings, some as small as 5,000 square feet, with a total rentable area of over 2.1million square feet.

Class A and Class B office space is becoming difficult to obtain with overall vacancies of 4.84% and 5.41% respectively. We anticipate that the addition of the Reynolds Plaza and the Fredericton Square Tower 2 will drive the overall vacancy up slightly to 6.78% in the next year, as demand is outpaced by the new supply. Class C vacancy continued to rise to 14.57%, the highest it has been in the past six years, signalling the growing demand for higher quality office space in the region.

In terms of the industrial market in Fredericton, the results are positive, with an overall vacancy rate of 8.92%, the lowest it has been in the past six years. Unfortunately, it is not enough to beat out the remaining New Brunswick centres, with Saint John's overall industrial vacancy rate at 1.42% and Moncton's overall industrial vacancy rate at 5.82%.

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 Ashley Urquhart, please call her at (902) 429-1811 ext. 340 or email aurquhart@turnerdrake.com.