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ST. JOHN'S OFFICE VACANCY RATES FURTHER DECLINE, NO SIGNIFICANT INCREASE IN SUPPLY IN YEAR TO COME

What does this mean for St. John's?

Turner Drake & Partners Ltd. released June 2011 statistics for the St. John's office market that show positive results for the city, once again being the strong leader of the Atlantic Region. St. John's continues to have the lowest vacancy rate for office space and the highest rental rates in Atlantic Canada confirming predicted trends from 2010 reports. What does this mean for St. John's? We anticipate the low vacancy rate will eventually lead to new space being brought to market; however we do not foresee a significant increase in supply over the next 12 months. In fact, we see the vacancy rate further declining to 3.01% in the year to come. That is the conclusion from the latest of six rental surveys recently conducted throughout the six major city centres in Atlantic Canada.

The surveys are thought to be the most extensive exercise ever conducted in Greater St. John's: a team of trained researchers collected rental, operating expense and vacancy data for 60 office buildings, now including office space as small as 5,000 square feet, with an aggregate rentable area of over 2.6 million square feet.

Looking for Class A office space in St. John's? This may prove to be a challenge, at least for the next 12 months. Class A office space remains fully occupied, sufficient to drive St. John's office rental rates up across the board to an all new high of \$15.43/ft.² overall. The vacancy rate in Class A and Class B office space in St. John's contracted again this year, and the overall vacancy rate for the city remains the lowest in Atlantic Canada at 3.84%, down from 3.93% in 2010. The overall rental rate is the highest in Atlantic Canada, as is the average net rent for every class of office space in the city. The net absolute rent/ft.² will rise by 3.75% within the next 12 months, reflecting the tight vacancy in most submarkets.

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 Eastern 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.