



Contact Alexandra Baird Allen
Tel: (902) 429-1811 Ext. 316
Email: abairdallen@turnerdrake.com

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HEALTHY RENTAL MARKETS IN CAPITAL

Fredericton has highest office and industrial rental rates in New Brunswick

Fredericton now has the highest net absolute rental rates for both office and warehouse space of any of the three major cities in New Brunswick, driven by vacancy rates that are low despite the recession. That is the conclusion from the latest of nine 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 58 office and industrial buildings, some as small as 10,000 square feet, with a total rentable area of over 2.4 million square feet.

Currently sitting at 5.62%, the vacancy rate for office space in the province's capital is the lowest in the Maritimes, and second only to St. John's NL (3.86%) in Atlantic Canada. The city also has the Maritimes' lowest vacancy rate for Class A office space, at just 1.59% (effectively full occupancy). These low rates translate into the highest net rental rates for office space in the province: 7.5% and 7.1% higher than Saint John and Moncton, respectively. Not surprisingly, the city also has the highest gross rent, though the spread here is much smaller, at just 1.5% above that of Saint John and 4.0% above Moncton. With new space expected to come to market in the next year, we expect the vacancy rate to rise a bit, but Fredericton will still command the highest rents in the province.

In the warehouse sector, too, Fredericton is proving robust. For the first time in at least six years, the vacancy rate in the city is below 10%, currently sitting at a respectable 8.44%, down from 12.43% a year ago. Although the market for rental warehouse space in the city is small and the vacancy rate sits in the middle of the three cities in New Brunswick, it has the highest overall net rental rate, 8.8% above Moncton and a whopping 17.3% above Saint John. We anticipate it will continue to command this premium 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 Eastern Canada; together with brokerage (sales and leasing) services in Nova Scotia.

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If you would like more information about this topic, or wish to schedule an interview with Alexandra Baird Allen, please call her at (902) 429-1811 ext. 316 or email abairdallen@turnerdrake.com.