



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

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MONCTON WAREHOUSE VACANCY HIGHEST IN ATLANTIC CANADA

Vacancy expected to decrease in post recession years

The Greater Moncton warehouse vacancy rate has increased over the past year, resulting in the highest warehouse vacancy in the Atlantic Provinces. The net rental rate has decreased for the second straight year – and with vacancy poised to decrease marginally, rental rates are predicted to undergo a slight increase in the year ahead. 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 Moncton: a team of trained researchers collected rental, operating expense and vacancy data for 122 buildings, some as small as 10,000 square feet, with an aggregate rentable area of over 5.8 million square feet.

In Greater Moncton, the overall vacancy rate for office buildings decreased for the fourth consecutive year, but is still above that of Saint John and Fredericton. Vacancy levels for Class A office buildings decreased 0.66 percentage points over last June. Class B office buildings and Class C office buildings both saw slight increases in vacancy over last June, however, the overall vacancy rate remains below 10% for the second year in a row. The overall vacancy rate fell to 9.70% from 9.81%. A 2.5% increase in the Class A rental rate resulted from the decrease in Class A vacancy. Moncton still has the lowest Class A rental rate in Atlantic Canada. The Class B and Class C rental rates dropped 0.4% and 2.0% respectively, coinciding with increasing vacancy rates.

Greater Moncton is the leading supplier of industrial space in New Brunswick, with 280,000 ft.² of space added to the rental pool in 2010. This was sufficient to drive the vacancy rate up from 10.11% to 11.11%, even as demand increased by 1.52% over last June. As Canada emerges from the recession, the Greater Moncton warehouse market, which weathered the recession fairly well, is expected to see a 2.46% increase in space demand over the next 12 months. This increase in demand, should push the overall vacancy rate below 9% by June 2011.

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.