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SAINT JOHN OFFICE AND WAREHOUSE RENTAL RATES LOWEST OF LOW

With rock bottom rental rates, can the Port City attract new commercial tenants?

Despite year over year increases, the net rental rates for Saint John's office and industrial space are the lowest in a province with the lowest rates in Atlantic Canada. 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 Saint John: a team of trained researchers collected rental, operating expense and vacancy data for 49 buildings, some as small as 10,000 square feet, with an aggregate rentable area of over 2.5 million square feet.

The rental rate in Saint John is up 1.7% over last year, despite an overall increase in the vacancy rate from 7.03% to 8.56%. But the Port City's net rental rates remain the lowest overall of all the major centres in Atlantic Canada. At an average of just \$12.00/ft.², they are currently 16% lower than the highest average net rent in Atlantic Canada, St. John's, NL. The rate is 12% below that of Charlottetown, which has the highest in the Maritimes, and 7% below Fredericton, which is the highest in the province. In fact, New Brunswick overall has the lowest rental rates in Atlantic Canada: average overall net rents for the three major cities in the province sit 14% below those of St. John's, and 9% below the average of the three Atlantic centres outside of New Brunswick.

On the industrial side, Saint John saw its vacancy rate drop by half, from 9.6% in 2009 to 4.8% in 2010. The city now boasts the lowest vacancy rate for industrial space in the Maritimes. Tenants are possibly drawn in by the lowest net rental rates in Atlantic Canada: even though they are at their highest point since 2005, at an average of \$5.38/ft.², Saint John's industrial rents are 7% below Moncton's and 15% below Fredericton's. In comparison to the other major cities in Atlantic Canada, the city is 10% below Charlottetown, 24% below Halifax Regional Municipality, and a whopping 34% below St. John's, NL.

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.