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CHARLOTTETOWN OFFICE VACANCY RATES STILL HIGHEST IN ATLANTIC CANADA EVEN WITH SLIGHT DECREASE FROM 2009 Warehouse Market Takes Turn for the Worst

The Greater Charlottetown office and industrial markets continue to have the highest vacancy rates among Atlantic Canadian cities and even more increases are expected in the next year. 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 Charlottetown: a team of trained researchers collected rental, operating expense and vacancy data for 34 buildings, some as small as 5,000 square feet, with an aggregate rentable area of over 1.0 million square feet.

The rental rate in the office market of Greater Charlottetown is up 9.96% over the last year, coinciding with a decrease in the vacancy rate from 12.44% to 11.76%. With this rental rate increase, the overall net rent per square foot for office space in Greater Charlottetown rose to \$14.02. Although decreasing by a percentage point, it is vacancy in Class B space that lets the city down with vacancy pushing 18.00%. Turner Drake anticipates that the overall vacancy rate will increase to 13.33% in the next year, driven by increases in supply of rental space outpacing increased demand. As landlords have a harder time finding tenants, the net absolute rent/ft² will fall slightly.

On the industrial side, Charlottetown saw its vacancy rate increase by 7.95 percentage points, from 13.35% in 2009 to 21.30% in 2010. The city is now lagging behind the rest of Atlantic Canada with the highest vacancy rate it has seen in over five years. Also, the Greater Charlottetown warehouse market boasts rental rates of \$6.00 per square foot, below average for the Atlantic Canadian warehouse market. Turner Drake anticipates that the overall vacancy rate will increase to 22.88% from the current 21.30% as demand decreases. The net rental rate will remain unchanged.

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.

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.