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## **FREDERICTON OFFICE VACANCY RATE ON THE RISE**

### **Fredericton Commanding Highest Net Rental Rates for Office Space in New Brunswick**

Fredericton has the lowest overall vacancy rate in the Maritimes for office space, despite an increase in the office vacancy rate in 2010. 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 Fredericton: a team of trained researchers collected rental, operating expense and vacancy data for 58 office and industrial buildings, some as small as 5,000 square feet, with a total rentable area of over 2.3 million square feet.

Currently sitting at 6.07%, the vacancy rate for office space in the province's capital increased in all three classes. However, Fredericton still has the lowest vacancy in the Maritimes, and second only to St. John's NL (3.80%) in Atlantic Canada. Overall net rent currently sits at \$12.96/ft.<sup>2</sup> up from \$12.81/ft.<sup>2</sup> in 2009, mainly due to a 4.56% increase in net rental rates in Class C office buildings from 2009 to 2010. Turner Drake anticipates new office space to come to market in Fredericton, which will initially drive the vacancy rate up to 8.33% from the current 6.07%. Increases to the net rental rate will be moderate further, amounting to a year over year increase of just 0.10%.

The industrial scene is a different matter however; the overall vacancy rate in Fredericton's industrial market has declined from 13.26% to 13.11%. The falling vacancy rate can be attributed to the conversion of warehouse space to owner occupation, and the lack of additions to the rental pool. Overall net rents dropped from \$6.47/ft.<sup>2</sup> in 2009 to \$6.33/ft.<sup>2</sup> in 2010. Although net rents are declining, Fredericton continues to have the highest industrial rental rates in New Brunswick. Turner Drake anticipates the overall vacancy rate to decrease to 12.58% from the current 13.11%. There will be a slight increase in the net absolute rent/ft.<sup>2</sup>.

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 Ashley Urquhart, please call her at (902) 429-1811 ext. 340 or email [aurquhart@turnerdrake.com](mailto:aurquhart@turnerdrake.com).