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MONCTON OFFICE VACANCY HIGHEST IN NEW BRUNSWICK

Warehouse Vacancy Not So Much

The Greater Moncton office vacancy rate has increased over the past year, resulting in the highest office vacancy in New Brunswick and second highest in Atlantic Canada. However the industrial market has the lowest vacancy rate in New Brunswick coming third in Atlantic Canada, still trailing Greater Halifax and Greater St. John's. 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 Moncton: a team of trained researchers collected rental, operating expense and vacancy data for 121 buildings, some as small as 5,000 square feet, with an aggregate rentable area of over 5.8 million square feet.

In Greater Moncton, the overall vacancy rate for office buildings increased slightly over the past year, from 10.75% in 2009 to 11.14% in 2010 due to an increase in the supply of office space. Vacancy levels for Class A office buildings increased 1.66 percentage points over last December. Class B office buildings and Class C office buildings both saw slight decreases in vacancy over last December. Although a 3.36% increase in the Class A rental rate occurred over the last year, Moncton still has the lowest Class A rental rates in Atlantic Canada. The Class B and Class C rental rates dropped 0.95% and 17.50% respectively. Turner Drake anticipates the overall vacancy rate to drop to 9.50% from the current 11.14% as demand picks up in the year ahead. There will be a slight increase in the net absolute rent/ft.².

Greater Moncton is the leading supplier of industrial space in New Brunswick with 163,258 ft.² of space added to the rental pool in 2010. Strong demand for industrial space outpaced additions to the rental pool resulting in a decrease in the overall industrial vacancy rate from 9.41% to 8.81%. The average net rental rate increased from \$5.84/ft.² to \$6.04/ft.². Turner Drake anticipates the overall vacancy rate to drop to 6.19% from the current 8.81% as demand increases 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 Ashley Urquhart, please call her at (902) 429-1811 ext. 340 or email aurquhart@turnerdrake.com.