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SAINT JOHN OFFICE VACANCY DROPS IN 2010 WHILE INDUSTRIAL VACANCY INCREASES OVER 3 PERCENTAGE POINTS

Will changes in vacancy rates affect rental rates once noted as the lowest in Atlantic Canada?

Office vacancy rates in Saint John dropped in 2010, however the Port City still boats the lowest overall net rental rate in Atlantic Canada while the industrial market sits in the middle of the pack. 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 Saint John: a team of trained researchers collected rental, operating expense and vacancy data for 49 buildings, some as small as 5,000 square feet, with an aggregate rentable area of over 2.5 million square feet.

The vacancy rate for office space in Saint John dropped a significant 3.07 percentage points from a 2009 high of 11.30%. While Saint John has yet to catch up with Fredericton's 6.07% overall vacancy rate for office space, it is a far cry from Moncton's 11.14% vacancy rate. Even with a decreasing vacancy rate, the Saint John office market has the lowest overall net rental rate of \$11.85/ft.² in Atlantic Canada. Turner Drake anticipates that the overall vacancy rate will rise to 8.39% from the current 8.23% as supply increases. However, a slight increase in the net absolute rent/ft.² is predicted.

The vacancy rate for the industrial market in Saint John saw an increase for the second consecutive year in 2010, rising by 3.41 percentage points, from 10.34% in 2009 to the current four year high of 13.75%. It is now the highest industrial vacancy rate of the three major cities in New Brunswick. With current net rent sitting at \$6.11/ft.², Saint John now sits in the middle of the pack when compared to the other major city centres in Atlantic Canada. Turner Drake anticipates that increasing demand in the year ahead will begin a downward trend in the vacancy rate: the overall vacancy rate will drop to 12.67% from the current 13.75%. The net absolute rent/ft.² will undergo a slight increase as a result, rising by 0.25%.

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.