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ST. JOHN'S OFFICE AND INDUSTRIAL RENTS CLIMBING TO AN ALL NEW HIGH AS VACANCY RATES FURTHER DECLINE

St. John's Strong Leader in Atlantic Canada

Turner Drake & Partners Ltd. released year-end 2010 statistics for the St. John's office and industrial market that show positive results for the city, once again being the strong leader of the Atlantic Region. St. John's continues to have the lowest vacancy rate for both office and industrial space and the highest rental rates in Atlantic Canada confirming predicted trends from 2009 reports. What does this mean for St. John's? A higher demand for office and industrial space in the year ahead, causing the rental rate to increase further. That is the conclusion from the latest of twelve rental surveys recently conducted throughout the six major city centres in Atlantic Canada.

The surveys are thought to be the most extensive exercise ever conducted in Greater St. John's: a team of trained researchers collected rental, operating expense and vacancy data for 165 buildings, now including office and industrial space as small as 5,000 square feet, with an aggregate rentable area of over 5.0 million square feet.

The vacancy rate in every class of office space in St. John's contracted again this year, and the overall vacancy rate for the city remains the lowest in Atlantic Canada at 3.80%, down from 4.55% in 2009. Class A office space is now fully occupied, sufficient to drive St. John's office rental rates up across the board to an all new high. The overall rental rate is the highest in Atlantic Canada, as is the average net rent for every class of office space in the city. The largest increase in net rental rates occurred in Class B office space, jumping by 6.30% over 2009, and now sits at \$14.50/ft.². Turner Drake anticipates that the low vacancy rate will lead to new office space being brought to market in the year to come, bringing the vacancy rate up to 4.66% from the current 3.80%. The net absolute rent/ft.² will rise by 3.25%, reflecting the tight vacancy in most submarkets.

St. John's is also leading on the industrial side, still having the lowest vacancy rate, dropping from 5.49% in 2009 to the current 4.39%. The rental rate, now averaging \$8.65/ft.², remains the highest in Atlantic Canada. Turner Drake anticipates a small increase in demand in the year ahead, which should cause the vacancy to contract further, to 4.15%. As a result, net absolute rents/ft.² will increase by 4.00%.

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.