



Contact: André Pouliot
Tel: (506) 634-1811 Ext. 321
Email: apouliot@turnerdrake.com

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Fredericton Office Market Continues to Weaken **Decreased demand forces overall vacancy up, rental rates highest in NB**

Overall demand for Fredericton office space declined over the past twelve months, but the Capital City still has the highest rental rate in New Brunswick, and has since 2007. That is the conclusion from the latest of sixteen 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 53 office buildings, some as small as 5,000 ft.², with a total rentable area of over 2.1 million ft.². The survey successfully collected information on 94% of the rental stock polled.

Over the past year, the decreased demand for Class B and C office space in Fredericton outpaced the minor increase in demand for Class A space. As a result, the overall vacancy rate rose 1.53 percentage points from 8.93% in 2013 to 10.27% in 2014. The vacancy for Class C space increased 6.80 percentage points, the largest increase in vacancy in Atlantic Canada, from 13.02% to 19.82%. The vacancy rate for Class B space increased 1.62 percentage points from 8.93% to 10.55%. The net rental rates marginally increased across all building classes for an overall increase of 1.16% from \$12.88 to \$13.03 per square foot: \$0.41 and \$1.39 higher than Moncton and Saint John, respectively. The current net rental rates for building classes in Fredericton are: Class A \$14.88; Class B \$12.74; Class C \$11.74.

Turner Drake & Partners Ltd. is a multi-disciplinary firm of real estate consultants offering valuation, property tax, counselling, economic intelligence, planning, and Lasercad™ space measurement advice, throughout Atlantic Canada; together with brokerage (sales and leasing) services in Nova Scotia, New Brunswick and Prince Edward Island.

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If you would like more information about this topic, or wish to schedule an interview with André Pouliot, please call him at (506) 634-1811 ext. 321 or email apouliot@turnerdrake.com.