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HIGHEST OFFICE VACANCY, LOWEST RENTAL RATE

Saint John's Class C office vacancy almost 50% and on the rise

Office vacancy in Greater Saint John is the highest of all the major centres in Atlantic Canada for the fourth year in a row. The city has also maintained the lowest rental rate in the region since 2007. Will demand continue to weaken, causing the overall vacancy rate to continue to increase? That is the question raised 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 Saint John: a team of trained researchers collected rental, operating expense and vacancy data for 42 office buildings, some as small as 5,000 ft.², with an aggregate rentable area of over 2.5 million ft.². The survey successfully collected information on 88% of the rentable stock polled.

The office market in Saint John marginally improved in the last year, due to the reduced amount of space available for rent outpacing the decreased demand and possibly from a slightly cheaper rental rate: the overall net rental from \$11.82/ft.² to \$11.64 and the overall vacancy rate dropped from 18.27% to 18.06%. The vacancy for Class A and C office space increased 6.13 and 5.32 percentage points, respectively, bringing their vacancy rates to 10.01% and 44.73%. Despite the rise in vacancy for Class A space, the net rental rate remained the same as the previous year, \$16.26. The rental rate for Class C office space fell at a similar rate to the vacancy, dropping 5.73% to \$10.03 per square foot. As for Saint John's Class B office space, the vacancy decreased 6.33 percentage points to 10.06% and the office rental rate fell 1.81 percentage points to the lowest in Atlantic Canada at \$10.83. We anticipate that the overall vacancy rate will increase slightly in the next year as demand continues to weaken.

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 Matt Whittleton, please call him at (506) 634-1811 ext. 338 or email mwhittleton@turnerdrake.com.