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## **Saint John: Overwhelmed by Supply** **Highest vacancy and lowest rental rates in Atlantic Canada**

Saint John's office market continues to weaken. The Port City has the highest overall vacancy rate for the fifth year in a row, and it is likely to continue to climb in the year ahead. That is the conclusion from the latest of nineteen 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: our team of trained researchers collected rental, operating expense and vacancy data for 41 office buildings some as small as 5,000 ft.<sup>2</sup>, with an aggregate rentable area of over 2.5 million ft.<sup>2</sup>. The survey successfully collected information on 95% of the rentable stock polled.

The overall vacancy rate for office space in Saint John climbed almost 2.5 percentage points in 2015, driven by increased vacancies in Class A and B office space. Even the plunging Class C office vacancy rate – from a whopping 44.73% in 2014 to 35.10% in 2015 – wasn't enough to allay the effects of weakening demand for the city's rental office space. We anticipate that the overall vacancy rate will increase slightly as demand continues to decrease over the next year.

Despite an overall net rental rate increase of 0.1%, Saint John continues to command the lowest overall net rental rate in the Maritimes at \$11.65/ft.<sup>2</sup>. Rental rates for Class A and C fell 3.63 and 4.29 percentage points to \$15.67/ft.<sup>2</sup> and \$9.60/ft.<sup>2</sup>, respectively, whereas the rental rate for Class B rose 3.97 percentage points to \$11.26/ft.<sup>2</sup>.

Turner Drake & Partners Ltd. is a multi-disciplinary firm of real estate consultants offering valuation, property tax, counselling, economic intelligence, planning, and Lasercad<sup>®</sup> 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 Matthew Whittleton, please call him at (506) 634-1811 ext. 338 or email [MWhittleton@TurnerDrake.com](mailto:MWhittleton@TurnerDrake.com).