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## **Fredericton Office Market Stable (For Now)**

### **The Capital City Continues to be New Brunswick's Office Landlords' Market**

The overall demand for office space in Fredericton improved slightly over the past year, and the Capital City continues to command the highest rental rate in New Brunswick. That is the conclusion from the latest of nine 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 54 office buildings, some as small as 5,000 ft.<sup>2</sup>, with a total rentable area of over 2.27 million ft.<sup>2</sup>. The survey successfully collected information on 84% of the rental stock polled.

Demand for Class B and C office space in Fredericton continues to increase: the vacancy rates fell 1.47 and 1.42 percentage points, to 10.91% and 12.67%, respectively. This increase outpaced the minor decrease in demand for Class A space, which drove the vacancy rate from 6.82% in 2014 to 7.45% in 2015. As a result, the overall vacancy rate fell from 10.18% in 2014 to 9.64% in 2015. We anticipate that vacancy will increase slightly in the next year, driven by weak demand.

The falling overall vacancy rate translated into a rising overall net rental rate; from \$13.03/ft.<sup>2</sup> in 2014 to \$13.36/ft.<sup>2</sup> in 2015, the highest overall net rental rate in the Province. Class B and C increased considerably, by 1.87% and 6.35% to \$13.10/ft.<sup>2</sup> and \$12.39/ft.<sup>2</sup>, respectively, whereas the rental rate for Class A office space remained at \$14.88/ft.<sup>2</sup>. Fredericton remains New Brunswick's office landlords' market, commanding the highest net rents overall. The overall net rental rates in Saint John and Moncton are \$11.65/ft.<sup>2</sup> and \$12.75/ft.<sup>2</sup>, respectively.

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 André Pouliot, please call him at (506) 634-1811 ext. 321 or email [apouliot@turnerdrake.com](mailto:apouliot@turnerdrake.com).