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OFFICE SPACE VACANCY DECREASE IS NOT ENOUGH

Class C Building Rates Plummet But Remain Comparatively High

SAINT JOHN, NB (January 18, 2016) – The total office vacancy rate in Saint John dropped since 2014, but don't let that fool you. Although Class C vacancy rates decreased significantly, they are still the highest in Atlantic Canada by 17.1 percentage points. In midst of all this, rental rates are essentially unchanged... what does this mean for building owners? This is the question raised from Turner Drake & Partners Ltd. as part of their Atlantic Canada December 2015 surveys.

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 56 office and warehouse buildings, some as small as 5,000 ft.², with an aggregate rentable area of over 3 million ft.².

The total office building vacancy rate has decreased from 22.35% in 2014 to 20.94% in 2015. Breakdown of this total by class shows that while the Class C vacancy rates dipped from an alarming 51.36% to a slightly less but still alarming 35.41%, Class A and B vacancy rates increased: from 9.40% to 16.47% for Class A and from 16.31% to 16.61% for Class B. In spite the high rate, Saint John Class C vacancies are the lowest they've been since 2012. Does this suggest Class A and B occupants are moving into Class C building to save on rent?

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 Andre Pouliot, please call (506) 634-1811 ext. 321 or email apouliot@turnerdrake.com.