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## **FREDERICTON'S OFFICE VACANCY RATE DISCREPANCY**

### **Total Vacancy Rates Decline But Class C Rates Climb**

FREDERICTON, NB (January 19, 2016) – The good news: Fredericton office vacancy rates are on the low side compared to some other Atlantic Canadian cities. Overall, vacancy rates decreased from 2014 to 2015 by less than 1% led by a decline in Class A and B vacancy rates. The bad news: compared to previous years, Fredericton's Class C vacancy rates increased significantly. Are climbing rental rates responsible for this trend, or are there external factors coming into play? 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 Fredericton: a team of trained researchers collected rental, operating expense and vacancy data for 65 office and warehouse 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>.

Fredericton's overall office vacancy rate dropped slightly, from 10.02% to 9.69%. Class A increased from 7.84% to 7.97%, and Class B spaces saw a slightly more significant decline of 1.98 percentage points to 9.92%. However, Class C space vacancy space climbed from 11.33% in 2014 to 14.30% in 2015.

Class C rental rates are fluctuating at a slightly more significant pace than Class A and B, being the only class whose rental rates changed by more than a dime. Class C rental rates increased from \$12.15 per square foot to \$12.46 per square foot, the highest rental rate for this class since 2011. While both Class A and B rates remain higher than Class C, the gap is beginning to close, which may be evidenced in the increase in Class C vacancy rates.

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, Prince Edward Island, and Newfoundland and Labrador.

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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](mailto:apouliot@turnerdrake.com).