



Contact: Andre Pouliot  
Tel: (506) 634-1811 Ext. 321  
Email: [apouliot@turnerdrake.com](mailto:apouliot@turnerdrake.com)  
Website: [www.turnerdrake.com](http://www.turnerdrake.com)

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## **PLENTY OF SPACE BY THE SEA: Why the Port City's High Office Vacancy Rate Is a Good Thing**

Saint John has the highest office vacancy rates in Atlantic Canada. Overall vacancy sits at 21.13%, up from 20.47% in 2015. Class A and B vacancies increased to 17.34% and 16.92% respectively, and while Class C vacancies decreased, more than a third of this office space still sits empty. Doom and gloom, or a gem of opportunity for start-up companies? This is the question raised from Turner Drake & Partners Ltd. as part of their Atlantic Canada June 2016 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 42 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>.

Saint John office rental rates are the lowest in Atlantic Canada...and vacancy is the highest. Both have changed little in the past year. This presents an opportunity for small and start-up companies: it's the perfect time to secure a good deal on office space of any class. The city's funky uptown area, newly minted as Brick Park knowledge park, has of late experienced a revival, with renovations to historic brick and beam buildings coupled with a thriving restaurant scene, new high-end condominiums and interesting boutique shopping, and attracting a boom of tech companies to the area. Class A rents in the central business district are competitive with those of Fredericton and Moncton, averaging \$15.83/ft.<sup>2</sup>, but there is more available space from which to choose. For those looking for no-frills space, ample space is available uptown in Class B and C buildings at the lowest net rental rates in the province: \$10.64/ft.<sup>2</sup> and \$6.41/ft.<sup>2</sup>, respectively, allowing even start-up tenants to take advantage of the innovative atmosphere and amenities of an uptown location. A crackling downtown (or uptown, as the case may be) is the hallmark of the most successful cities worldwide – after all, no one travels by choice to London, Paris or New York to visit business parks. Saint John stands to reclaim some of its historic glory by leveraging this tenants' market into a boom for the city.

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 and Ontario; 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](mailto:apouliot@turnerdrake.com).