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CONTACT:

André Pouliot
Turner Drake & Partners Ltd.
Tel: (902) 429-1811 Ext. 321
Fax: (902) 429-1891
Email: apouliot@turnerdrake.com
Website: www.turnerdrake.com

TURNER DRAKE & PARTNERS LTD.

Real Estate Counsellors, Brokers & Valuers
6182 North Street
Halifax NS B3K 1P5

Press Release

OFFICE OF OPPORTUNITY: HIGH VACANCY, LOW RENTS FOR NEW BRUNSWICK RENTAL MARKET

Falling rental rates and more space on the rental office market indicate a tenants' market for New Brunswick's three major cities. The overall office vacancy rate for Fredericton, Saint John and Moncton crept up between June 2016 and 2017 to 15.42%, driven by increases in vacancy for each of Fredericton and Moncton. Saint John enjoyed a drop in its vacancy rate, but not enough to push it below the 20% mark. Despite the initial gloom of these statistics, New Brunswick's office market has the healthiest vacancy in Atlantic Canada, outperforming Halifax, where vacancy climbed to 16.91% this year, and St. John's, where it jumped to 17.77%. These are the conclusions from the latest of 23 rental surveys recently completed by Halifax real estate counsellors Turner Drake & Partners Ltd.

Fredericton's overall vacancy rate climbed from 11.63% in June 2016 to 12.01% in 2017. Moncton saw an increase from 12.06% to 13.55% over the same period. The vacancy rate is the primary driver of the net rental rate, and average net rents for both Fredericton and Moncton decreased, by 0.89% and 0.84%, respectively. Fredericton's average net rent is now \$13.30/ft.² and Moncton's is \$13.00/ft.². In Saint John, meanwhile, the average net rental rate did some catching up to provincial levels, climbing 4.1% to \$12.44/ft.², even though one-fifth of its rental office space remains empty: vacancy fell from 21.13% to 20.74% between June 2016 and 2017. Rental rates in all three cities are below the regional average (\$14.69/ft.²), and represent the lowest rates in Atlantic Canada versus an average of \$14.18/ft.² in Halifax and \$18.97/ft.² in St. John's NL. The freeze on New Brunswick's provincial assessments over the next year could sweeten the pot further, ensuring stable taxes while the province completes a comprehensive review of the property tax system. The timing is excellent for tenants looking to establish or expand their footprint in Atlantic Canada to secure a great deal on office space, with plenty to choose from, low rental rates, and steady taxes during their first year of operations.

Turner Drake & Partners Ltd., a "home grown" Atlantic Canadian real estate company, has provided real estate advice for over forty years. From their offices in Halifax, St. John's, Charlottetown, Saint John and Toronto they provide landlords and tenants with property tax, valuation, counselling, planning, economic intelligence, Lasercad® space measurement and commercial brokerage advice.

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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 (902) 429-1811 ext. 321 or email apouliot@turnerdrake.com.