

Our Ref: 1913059:NB/ABA

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Press Release

OFFICE DEMAND UP IN NEW BRUNSWICK

The total office vacancy rate for Fredericton, Saint John and Moncton edged down between June 2018 and June 2019 to 11.28%, as the decreases in vacancy for each of Fredericton and Moncton were sizable enough to negate an increase in Saint John. Moncton saw the biggest drop, and now has the lowest vacancy rate in Atlantic Canada, at 7.96%, edging out Fredericton's 8.04%. Saint John, at 18.26%, has the highest of all markets surveyed in June, joining Halifax (14.62%) and St. John's (17.64%) in double digit territory.

These are the conclusions from the latest rental market surveys recently completed by Atlantic Canadian real estate counsellors Turner Drake & Partners Ltd. The surveys are thought to be the most comprehensive ever conducted in Saint John, Fredericton and Moncton: a team of trained researchers collected rental, operating expense and vacancy data for 163 office buildings, some as small as 5,000 ft.², with an aggregate rentable area of almost 8 million ft.².

Fredericton's overall vacancy rate dropped for the third year in a row, from 8.28% in June 2018 to 8.04% in 2019, the lowest it has been in the past six years. Moncton saw the largest decrease in the province, from 11.89% to 7.96% over the same period. Saint John lags, but vacancy remained below the 20% mark for the second year in a row, despite edging up from 16.60% in 2018 to 18.26% in 2019.

Office buildings are categorised by class. Class A buildings command the highest rents in their community and have distinctive design and lobbies. Class B buildings offer "no frills" modern, air conditioned space. Class C buildings make up the remainder of the office rental market. The Central Business District (CBD) and in particular, its Class A space, is the bellwether of a city's office rental market. In uptown Saint John, Class A office vacancy fell for the second year in a row, from 17.41% to 16.27%. Fredericton's downtown Class A is balanced as it dropped below the 5% mark, from 8.14% to 4.91%. Moncton's downtown outperformed all other major cities in Atlantic Canada, with Class A vacancy plummeting from 8.49% to 3.57% – considered to be effective full occupancy.

New Brunswick's success is accompanied by the best deals on net rental rates in Atlantic Canada. Overall average net rents in the three cities are all below the \$14 per square foot mark. Moncton has the lowest rates on average, dropping from \$13.05/ft.² in 2018 to \$12.84/ft.² in 2019 (\$14.06/ft.² for downtown Class A). Average rents crept up year-over-year in each of Saint John, from \$12.78/ft.² to \$12.94/ft.² (\$15.83/ft.² for uptown Class A), and Fredericton, from \$13.68/ft.² to \$13.84/ft.² (\$16.14/ft.² for downtown Class A). For comparison, average rates elsewhere in Atlantic Canada are: Halifax \$14.08/ft.² and St. John's, NL \$19.05/ft.².

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 Alexandra Baird Allen, please call her at (902) 429-1811 Ext. 323 or email abairdallen@turnerdrake.com.