

# MARKET SURVEY (JUNE 2010) GREATER MONCTON WAREHOUSES

## Scope

This survey included every warehouse building with a total rentable area of 20,000 ft<sup>2</sup> or greater, available for rent in the Greater Moncton Area. A team of trained researchers collected rental, operating expense and vacancy data on 59 buildings with an aggregate rentable area of 3,013,541 ft<sup>2</sup>. The survey successfully collected information on 95% of the rental stock polled. Data analysis prior to June 2006 is based on information gathered by a similar but smaller survey conducted by Cushman & Wakefield LePage for PWGSC.

## Vacancy Rates

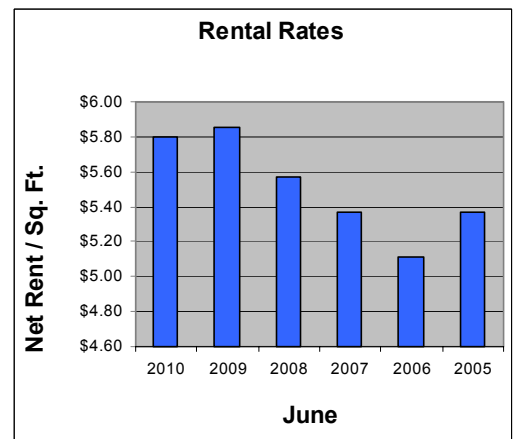
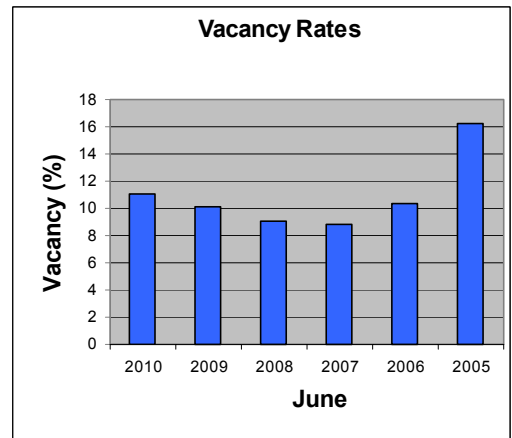
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Vacancy rates prior to June 2006 are based on data collected by the Cushman & Wakefield LePage surveys, and employ heuristic algorithms which compensate for missing data. The vacancy rate rose one percentage point between 2009 and 2010, from 10.11% to 11.11%. It is now the highest industrial vacancy rate of the three major cities in New Brunswick.

Our survey also measured rental rates. Net rental rates for Moncton industrial properties are down slightly from 2009 and are higher only than those of Saint John out of all the major centres in Atlantic Canada. The overall average net rental rates by location are as follows: Greater Fredericton \$6.31; Greater Saint John \$5.38; Greater Moncton \$5.80; Greater St. John's \$8.18; Halifax Regional Municipality \$7.04; Greater Charlottetown \$6.00.

Our survey includes all the major centres in Atlantic Canada. The vacancy rate for Moncton is the highest in Atlantic Canada, and the only one over 10%. The overall vacancy rate by location is as follows: Greater Fredericton 8.44%; Greater Saint John 4.80%; Greater Moncton 11.11%; Greater St. John's 4.08%; Halifax Regional Municipality 6.72%; Greater Charlottetown 5.66%.

## Forecast (Next 12 months)

We anticipate that the overall vacancy rate will drop below 10%, to 8.93% from the current 11.11% as demand increases in the year ahead. There will be a moderate increase in the net absolute rent/ft.<sup>2</sup>.



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# MARKET SURVEY (JUNE 2010) GREATER MONCTON OFFICES

## Scope

This survey included every office building with a total rentable area of 10,000 ft<sup>2</sup> or greater, available for rent in the Greater Moncton Area. A team of trained researchers collected rental, operating expense and vacancy data on 63 buildings with an aggregate rentable area of 2,955,653 ft<sup>2</sup>. The survey successfully collected information on 95% of the rental stock polled. Data analysis prior to June 2006 is based on information gathered by a similar but smaller survey conducted by Cushman & Wakefield LePage for PWGSC.

## Vacancy Rates

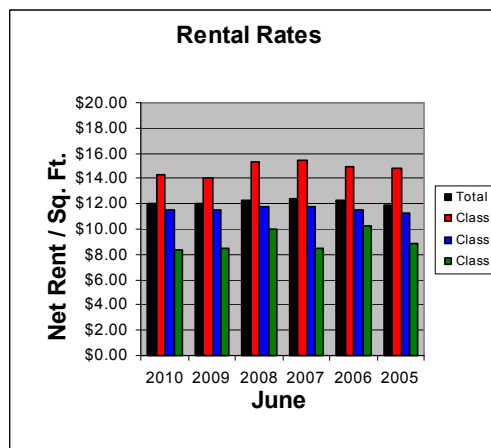
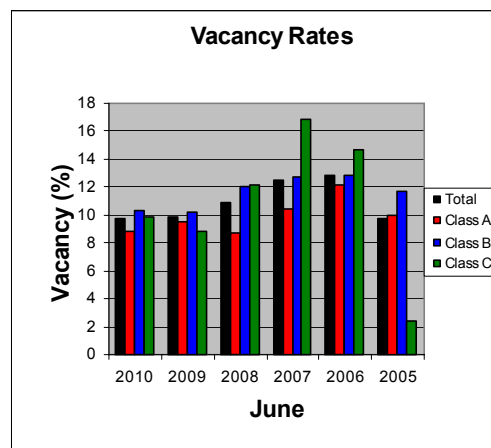
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Our survey measured vacancy rates by class of building. Class A buildings command the highest rents in their community and have distinctive design and lobbies. Class B buildings offer “no frills” modern, airconditioned space. Class C buildings make up the remainder of the office rental market. The vacancy rate and net rental rate are inversely correlated: empirical data indicates that generally a falling vacancy rate portends a rising net rental rate, while a rising vacancy rate indicates that net rental rate increases will moderate or even fall.

Moncton’s office vacancy rate dropped slightly this year, from 9.81% in 2009, due to a contraction in the vacancy rate for Class A space. However, it is still the highest overall vacancy rate in New Brunswick. The city also has the lowest Class A net rental rate in the province. The current vacancy rates in Greater Moncton are: Class A 8.82%; Class B 10.30%; Class C 9.88%; Overall 9.70%. The current average net absolute rental rates per square foot are: Class A \$14.35; Class B \$11.50; Class C \$8.34; Overall \$12.04.

Our survey includes all the major centres in Atlantic Canada. The vacancy rate for Moncton is second highest only to Charlottetown of all the cities in Atlantic Canada. The overall vacancy rate by location is as follows: Greater Fredericton 5.62%; Greater Saint John 8.56%; Greater Moncton 9.70%; Greater St. John’s 3.86%; Halifax Regional Municipality 7.63%; Greater Charlottetown 12.34%.

## Forecast (Next 12 months)

We anticipate that the overall vacancy rate will decrease to 8.35% from the current 11.11% as demand picks up in the year ahead. There will be a very moderate increase in the net absolute rent/ft.<sup>2</sup>.



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