

# MARKET SURVEY (JUNE 2010) CHARLOTTETOWN 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 Charlottetown area. A team of trained researchers collected rental, operating expense and vacancy data on 26 buildings with an aggregate rentable area of 852,878 ft<sup>2</sup>. The survey successfully collected information on 96% 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

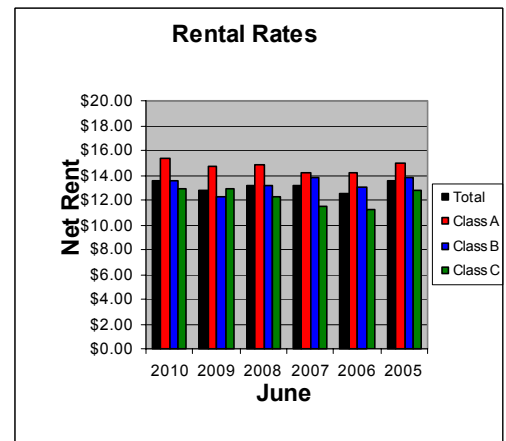
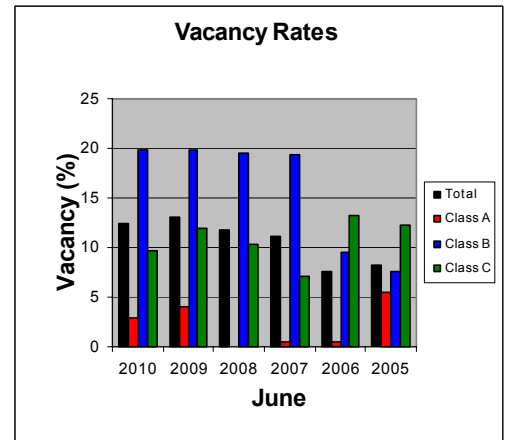
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Our survey measured vacancy and rental rates by class of building. Class A buildings command the highest rents in their community and have distinctive design and lobbies. 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.

Charlottetown’s office rental market has the highest vacancy of Atlantic Canadian cities: while the vacancy rate has dropped from 13.03% in 2009, it remains above 11% for the fourth straight year. The current vacancy rates in Greater Charlottetown are: Class A 2.98%; Class B 19.86%; Class C 9.64%; Overall 12.34%. The current average net absolute rental rates per square foot are: Class A \$15.33; Class B \$13.60; Class C \$12.90; Overall \$13.61.

Our survey measured vacancy by geographic node. The overall vacancy rates by location are: Central 10.78%; Peripheral 12.34%. We also included all the major centres 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 increase to 14.54% in the next year, driven by increases in supply of rental space outpacing increased demand. As landlords have a harder time finding tenants, the net absolute rent/ft<sup>2</sup> will fall slightly.



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# MARKET SURVEY (JUNE 2010) CHARLOTTETOWN 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 Charlottetown area. A team of trained researchers collected rental, operating expense and vacancy data was collected on 5 buildings with an aggregate rentable area of 183,354 ft<sup>2</sup>. The survey successfully collected information on 100% 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

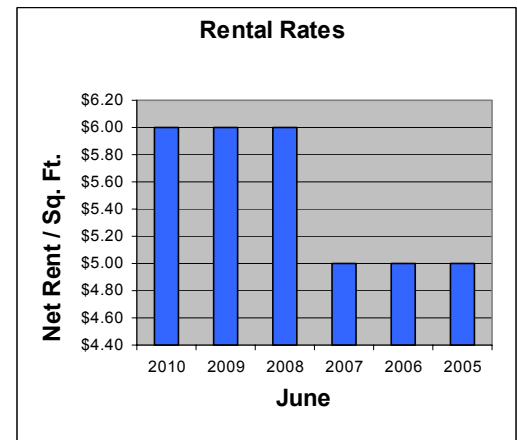
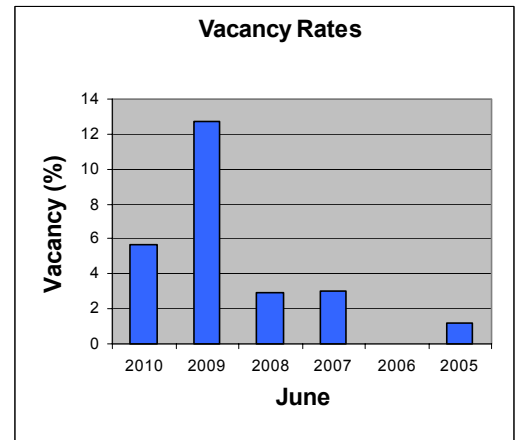
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Vacancy rates prior to June 2006 are based on data collected by the Cushman & Wakefield LePage surveys, and employ heuristic algorithms which compensate for missing data. The vacancy rate in Greater Charlottetown dropped 7.04 percentage points from the 2009 level. The current overall vacancy rate is 5.66%, down from 12.70% last year.

Our survey also measured rental rates. Greater Charlottetown industrial properties rank in the middle of the pack when compared to the other major Atlantic Canadian Cities. 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 Greater Charlottetown sits in the middle of the range. 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 increase to 7.55% from the current 5.66% as demand decreases. The net rental rate will remain unchanged.



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