

# MARKET SURVEY (DECEMBER 2010) GREATER FREDERICTON OFFICES

## Scope

This survey included every office building with a total rentable area of at least 5,000 ft.<sup>2</sup>, available for rent in the Greater Fredericton Area. A team of trained researchers collected rental, operating expense and vacancy data on 48 buildings with an aggregate rentable area of 2,036,528 ft.<sup>2</sup>. The survey successfully collected information on 91% of the rentable stock polled. Data analysis prior to June 2006 is based on information from a similar but smaller survey conducted by Cushman & Wakefield LePage for PWGSC.

## Vacancy and Rental 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.

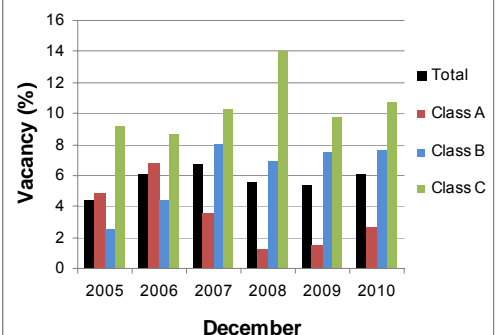
Fredericton has seemed to have weathered the recession relatively well: the vacancy rate has risen from 5.35% in 2009 and the year over year change in the net rental rate still represented a moderate increase. This resulted in Fredericton commanding the highest overall net rental rate in New Brunswick. The current vacancy rates in Greater Fredericton are: Class A 2.71%; Class B 7.69%; Class C 10.73%; Overall 6.07%. The current average net absolute rental rates per square foot are: Class A \$15.23; Class B \$12.21; Class C \$12.37; Overall \$12.96.

Our survey includes all the major centres in Atlantic Canada. Fredericton has the lowest overall vacancy rate in the Maritimes. The overall vacancy rate by location is as follows: Greater Fredericton 6.07%; Greater Saint John 8.23%; Greater Moncton 11.14%; Greater St. John's 3.80%; Halifax Regional Municipality 7.96%; Greater Charlottetown 11.76%.

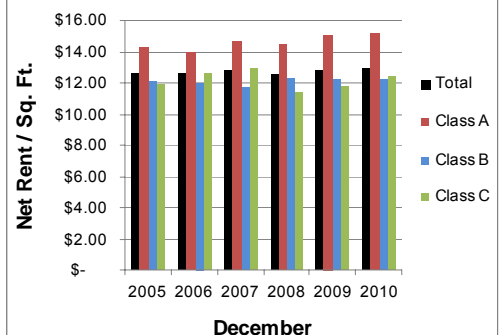
## Forecast (Next 12 months)

New office space is expected to come to market in Fredericton, which will initially drive the vacancy rate up to 8.33% from the current 6.07%. Increases to the net rental rate will moderate further, amounting to a year over year increase of just 0.10%.

### Vacancy Rates



### Rental Rates



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# MARKET SURVEY (DECEMBER 2010) GREATER FREDERICTON WAREHOUSES

## Scope

This survey included every warehouse building with a total rentable area of 5,000 ft.<sup>2</sup> or greater, available for rent in the Greater Fredericton Area. A team of trained researchers collected rental, operating expense and vacancy data on 10 buildings with an aggregate rentable area of 298,577 ft.<sup>2</sup>. The survey successfully collected information on 91% 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 and Rental Rates

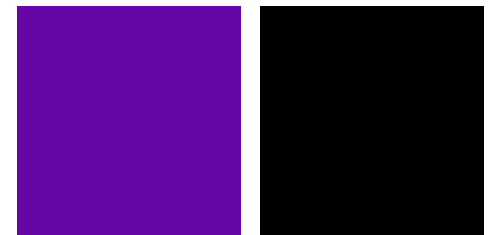
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. The vacancy rate continued its downward trend, dropping for the fourth consecutive year. The current overall vacancy rate is 13.11%, down from 13.26% last year.

Fredericton has seemed to have weathered the recession relatively well: the falling vacancy rate can be attributed to the conversion of warehouse space to owner occupation, and the lack of additions to the rental pool. While the falling vacancy rate has not resulted in increasing rental rates, as the rental rate dropped from \$6.47 in 2009 to \$6.33 in 2010, the net absolute rent/ft<sup>2</sup> for the Fredericton warehouse market remains the highest in New Brunswick, and third highest in Atlantic Canada, behind Greater St. John's (\$8.65) and Halifax Regional Municipality (\$7.02).

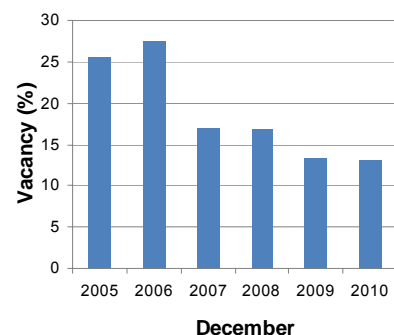
Our survey includes all the major centres in Atlantic Canada. Fredericton has the third highest overall vacancy rate in the Atlantic Canada. The overall vacancy rate by location is as follows: Greater Fredericton 13.11%; Greater Saint John 13.75%; Greater Moncton 8.81%; Greater St. John's 4.39%; Halifax Regional Municipality 5.39%; Greater Charlottetown 21.30%.

## Forecast (Next 12 months)

We anticipate that the overall vacancy rate will decrease to 12.58% from the current 13.11%. There will also be a slight increase in the net absolute rent/ft.<sup>2</sup>.



**Vacancy Rates**



**Rental Rates**



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