

MARKET SURVEY (JUNE 2011) GREATER MONCTON OFFICES

Scope

This survey included every office building with a total rentable area of 5,000 ft.² or greater, available for rent in the Greater Moncton Area. A team of trained researchers collected rental, operating expense and vacancy data on 62 buildings with an aggregate rentable area of 2,921,022 ft.². The survey successfully collected information on 100% of the rental stock polled.

Vacancy Rates

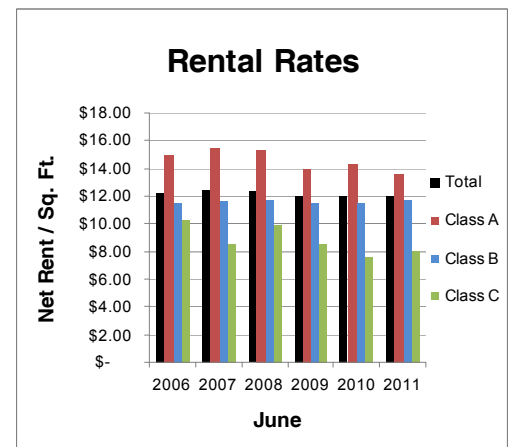
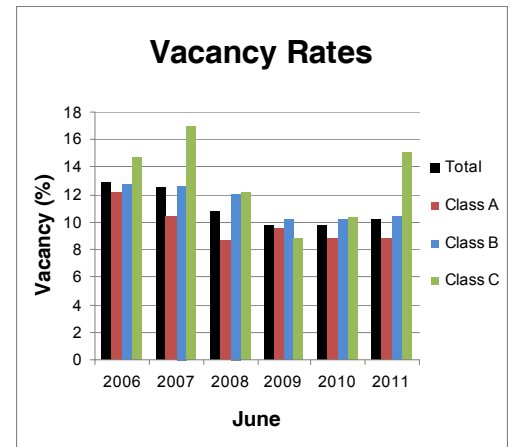
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Our survey measured vacancy rates by class of building. Class A buildings command the highest rents in their community and have distinctive design and lobbies. Class 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 increased slightly this year, from 9.70% in 2010 to 10.18% in 2011, due to a decrease in the demand for office space. The overall net rental rate has decreased each of the past four years. It is now only higher than that of Saint John in Atlantic Canada. The current vacancy rates in Greater Moncton are: Class A 8.78%; Class B 10.43%; Class C 15.12%; Overall 10.18%. The current average net absolute rental rates per square foot are: Class A \$13.61; Class B \$11.75; Class C \$8.08; Overall \$12.00.

Our survey includes all the major centres in Atlantic Canada. The vacancy rate for Moncton is the second highest of all the cities in Atlantic Canada, below only that of Saint John. The overall vacancy rate by location is as follows: Greater Fredericton 9.74%; Greater Saint John 10.73%; Greater Moncton 10.18%; Greater St. John’s 3.84%; Halifax Regional Municipality 7.75%.

Forecast (Next 12 months)

We anticipate that the overall vacancy rate will decrease to 8.99% from the current 10.18% as demand picks up in the year ahead. There will be a slight increase in the net absolute rent/ft.².



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