

# MARKET SURVEY (JUNE 2011) GREATER SAINT JOHN OFFICES

## Scope

This survey included every office building with a total rentable area of 5,000 ft.<sup>2</sup> or greater, available for rent in the Greater Saint John Area. A team of trained researchers collected rental, operating expense and vacancy data on 40 buildings with an aggregate rentable area of 2,189,147 ft.<sup>2</sup>. The survey successfully collected information on 100% of the rentable stock polled.

## Vacancy Rates

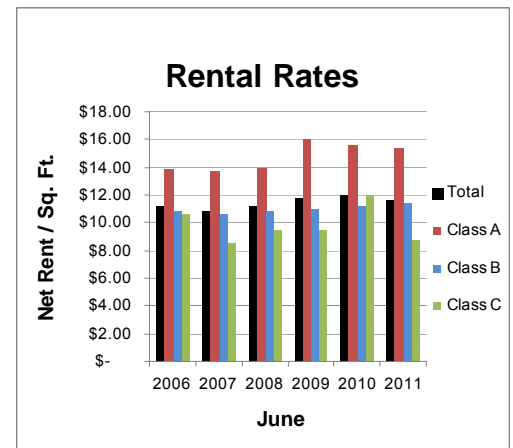
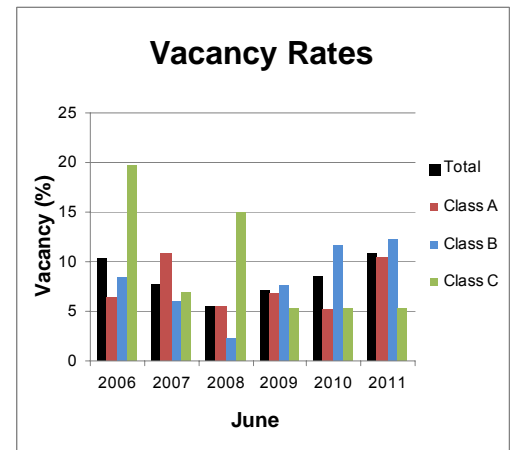
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Our survey measured vacancy rates by class of building. Class A buildings command the highest rents in their community and have distinctive design and lobbies. Class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

The vacancy rate in Saint John sharply increased 2.16 percentage points from a 2010 rate of 8.57%. At 10.73%, Saint John now has the highest office vacancy rate in Atlantic Canada. The Saint John office market also has the lowest overall net rental rate in Atlantic Canada. The current vacancy rates in Greater Saint John are: Class A 10.52%; Class B 12.33%; Class C 5.30%; Overall 10.73%. The current average net absolute rental rates per square foot are: Class A \$15.33; Class B \$11.45; Class C \$8.79; Overall \$11.64.

Our survey includes all the major centres in Atlantic Canada. 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 rise to 14.07% from the current 10.73% as supply increases and demand decreases. As a result, a very slight increase in the net absolute rent/ft.<sup>2</sup> is predicted.



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