

# MARKET SURVEY (JUNE 2012) 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 54 buildings with an aggregate rentable area of 2,194,683 ft.<sup>2</sup>. The survey successfully collected information on 97% of the rental stock polled. The following results flow from what we believe is the most comprehensive survey of office space ever undertaken in Greater Fredericton.

## Vacancy and Rental Rates

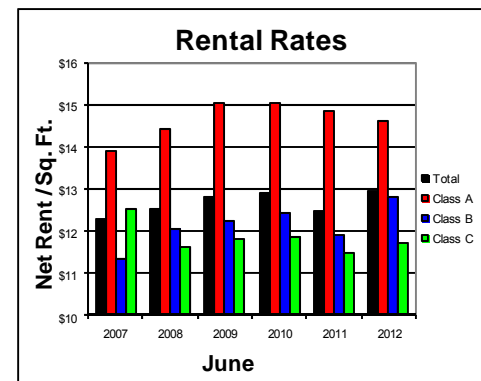
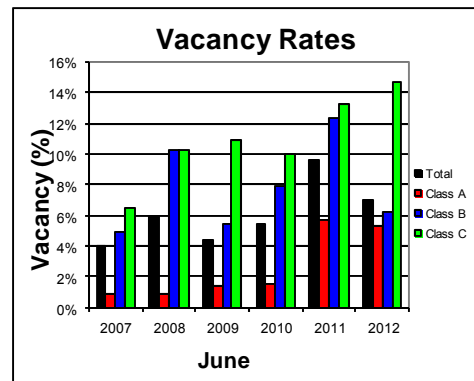
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Our survey measured vacancy and rental rates by class of building. Class A buildings command the highest rents in their community and have distinctive design and lobbies. Class B buildings offer “no frills” modern, air conditioned 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 boasts the lowest overall office vacancy rate in the Maritimes: decreasing 2.62 percentage points over the past year, it now sits at 6.97%. Thus Fredericton also commands the highest overall net rental rate in New Brunswick. The current vacancy rates in Greater Fredericton are: Class A 5.27%; Class B 6.21%, Class C 14.65%; Overall 6.97%. The current average net absolute rental rates per square foot are: Class A \$14.62; Class B \$12.82; Class C \$11.71; Overall \$12.97.

Our survey includes all the major centres in Atlantic Canada. The overall vacancy rate by location is as follows: Greater Fredericton 6.97%; Greater Saint John 10.33%; Greater Moncton 7.84%; Greater St. John's 5.29%; Halifax Regional Municipality 8.21%.

## Forecast (Next 12 months)

We anticipate that the overall vacancy rate will decrease slightly to 6.70% in the next year, driven by increased demand and stable supply. We predict the increased demand will result in a modest increase in net absolute rent/ft.<sup>2</sup>.



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