

# MARKET SURVEY (DECEMBER 2012) 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 309,577 ft.<sup>2</sup>. The survey successfully collected information on 90% of the rental stock polled. The following results flow from what we believe is the most comprehensive survey of warehouse 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. The overall vacancy rate increased in 2012 to 14.39% from 9.07%. Fredericton has the highest warehouse vacancy rate in New Brunswick, in contrast to the lowest office vacancy in New Brunswick.

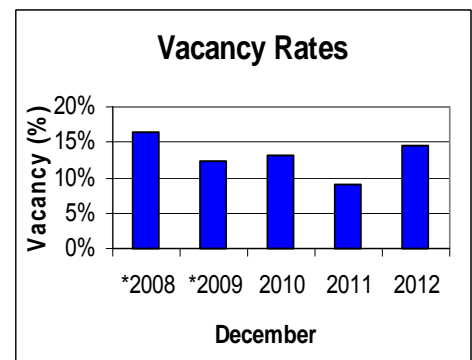
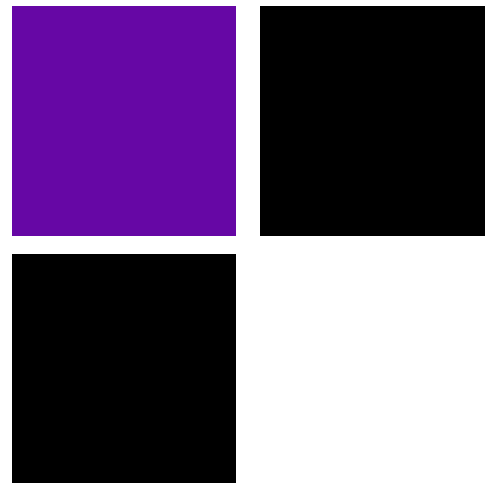
The increased vacancy rate, which can be attributed to decreased demand for warehouse space, has resulted in a slight decrease in average net absolute rent per square foot: the average net absolute rental rate decreased from \$6.37 in 2011 to \$6.25 in 2012.

Our survey includes all the major centres in Atlantic Canada. Fredericton has the second highest overall vacancy rate in Atlantic Canada. The overall vacancy rate by location is as follows: Greater Fredericton 14.39%; Greater Saint John 5.91%; Greater Moncton 7.10%; Greater St. John's 4.36%; Halifax Regional Municipality 7.27%; Greater Charlottetown 16.50%.

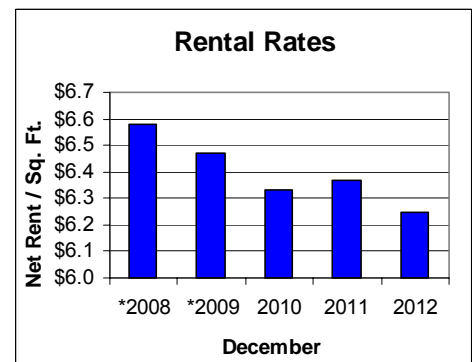
Our survey also measured rental rates. The overall average net rental rate/ft.<sup>2</sup> by location is as follows: Greater Fredericton \$6.25; Greater Saint John \$6.46; Greater Moncton \$6.17; Greater St. John's \$9.75; Halifax Regional Municipality \$7.47; Greater Charlottetown \$7.74.

## Forecast (Next 12 months)

We anticipate that the overall vacancy rate will increase to 15.72% from the current 14.39% over the next year due to decreased demand. We also predict a slight decline in net absolute rent/ft.<sup>2</sup> will accompany the rising vacancy rate.



\*June



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