

# MARKET SURVEY (DECEMBER 2012) GREATER MONCTON 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 Moncton Area. A team of trained researchers collected rental, operating expense and vacancy data on 65 buildings with an aggregate rentable area of 2,919,071 ft.<sup>2</sup>. The survey successfully collected information on 94% 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 Moncton.

## Vacancy Rates

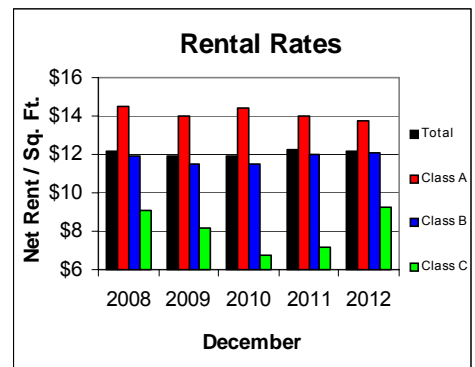
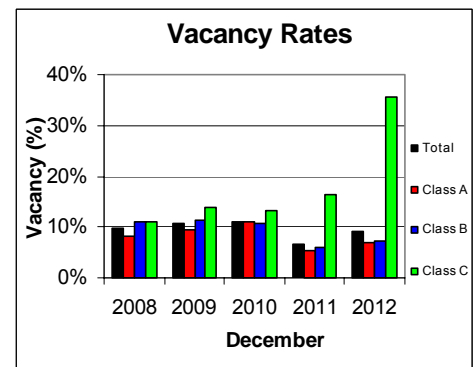
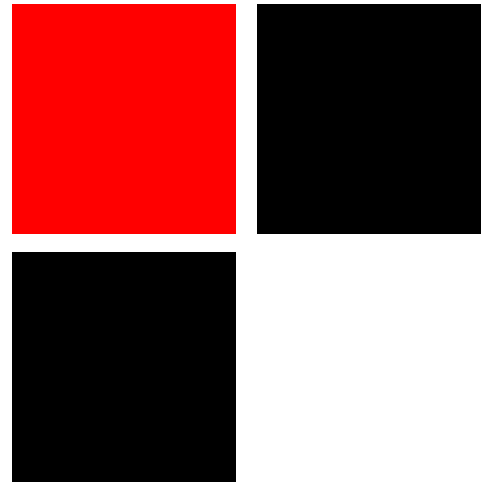
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Our survey measured vacancy rates by class of building. Class A buildings command the highest rents in their community and have distinctive design and lobbies. Class B buildings offer “no frills” modern, 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.

Moncton's office vacancy rate increased over 2012, rising from 6.55% in 2011 to 9.25%. The overall increase in vacancy can be largely attributed to a dramatic increase in Class C vacancy, increasing from 16.28% to 35.65%. The current vacancy rates in Greater Moncton by class are: Class A 6.88%; Class B 7.26%; Class C 35.65%; Overall 9.25%. The current average net absolute rental rates per square foot are: Class A \$13.72; Class B \$12.07; Class C \$9.21; Overall \$12.32.

Our survey includes all the major centres in Atlantic Canada. The vacancy rate for Moncton sits in the middle of the pack. The overall office vacancy rate by location is as follows: Greater Fredericton 7.33%; Greater Saint John 21.17%; Greater Moncton 9.25%; Greater St. John's 5.46%; Halifax Regional Municipality 10.28%; Greater Charlottetown 14.77% .

## Forecast (Next 12 months)

We anticipate that the overall vacancy rate will increase to 13.49% over the next year as supply increases, driven by buildings re-entering the market after being renovated, outpace new demand. As a result of the increasing vacancy rate, we project a slight decrease in net absolute rent/ft.<sup>2</sup> .



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