

# MARKET SURVEY (JUNE 2013) 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 64 buildings with an aggregate rentable area of 3,295,427 ft.<sup>2</sup>. The survey successfully collected information on 100% 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.

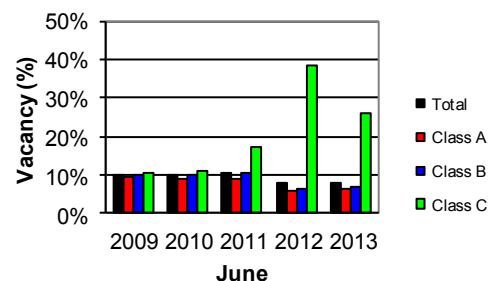
The office vacancy rate in Moncton decreased from 7.94% in 2012 to 7.72% in 2013. This overall vacancy rate is the lowest in New Brunswick and is a result of a 2.39% increase in space demand over the past year. The current vacancy rates in Greater Moncton by class are: Class A 6.30%; Class B 6.91%; Class C 25.80%; Overall 7.72%. The current average net absolute rental rates per square foot are: Class A \$13.83; Class B \$11.99; Class C \$9.52; Overall \$12.39.

Our survey includes all the major centres in Atlantic Canada. The overall office vacancy rate by location is as follows: Greater Fredericton 8.72%; Greater Saint John 18.50%; Greater Moncton 7.72%; Greater St. John's 6.93%; Halifax Regional Municipality 8.52%.

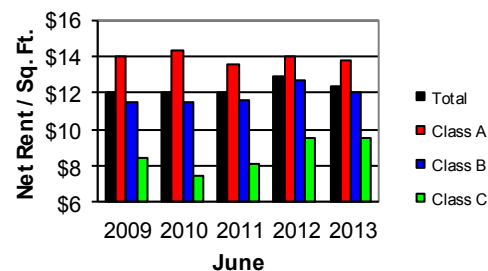
## Forecast (Next 12 months)

We anticipate that the overall vacancy rate will increase to 9.89% over the next year as supply is increased by a large building re-entering the market after renovations. Despite an increase in vacancy, we project net absolute rent/ft<sup>2</sup> will rise slightly due to the quality of space available.

### Vacancy Rates



### Rental Rates



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