

# MARKET SURVEY (JUNE 2013) 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 42 buildings with an aggregate rentable area of 2,500,715 ft.<sup>2</sup>. The survey successfully collected information on 95% of the rentable stock polled. The following results flow from what we believe is the most comprehensive survey of office space ever undertaken in Greater Saint John.

## 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.

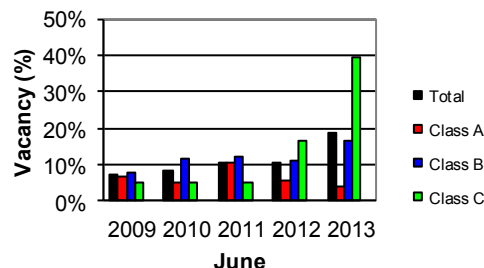
The office market in Saint John varies significantly by building class. On one hand, Class A office vacancy, at 3.88%, is the lowest in Atlantic Canada, while Class C vacancy, at 39.41%, is the highest. The overall vacancy rate in Saint John is noticeably high at 18.50%. The overall average net rent/ft.<sup>2</sup> of \$11.82/ft.<sup>2</sup> was unchanged over the past year as an increase in Class A net rent/ft.<sup>2</sup> offset decreases in Classes B and C. The current vacancy rates in Greater Saint John are: Class A 3.88%; Class B 16.57%; Class C 39.41%; Overall 18.50%. The current average net absolute rental rates per square foot are: Class A \$16.26; Class B \$11.03; Class C \$10.64; Overall \$11.82.

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%.

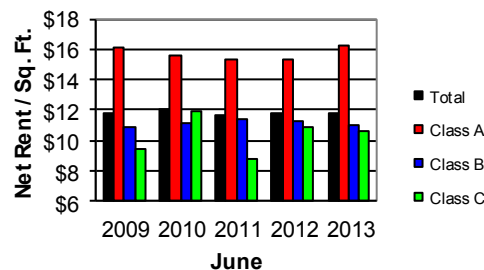
## Forecast (Next 12 months)

We anticipate that the overall vacancy rate will decrease slightly this year to 17.62% from the current 18.50% as a result of a slight increase in demand. We forecast a decrease in the overall net absolute rent/ft.<sup>2</sup> as a result of the continued high vacancy rate.

### Vacancy Rates



### Rental Rates



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