

# MARKET SURVEY (JUNE 2014) 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 67 buildings with an aggregate rentable area of 3,460,430 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 Moncton.

## Vacancy Rates

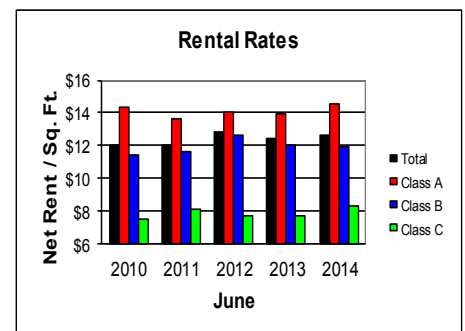
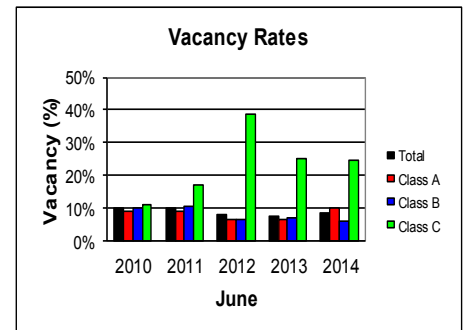
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Our survey measured vacancy rates by class of building. Class A buildings command the highest rents in their community and have distinctive design and lobbies. Class 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.

Increased vacancy in Class A and C spaces pushed the overall vacancy rate in Moncton up 0.65 percentage points over the past year. The current vacancy rates in Greater Moncton by class are: Class A 10.23%; Class B 5.74%; Class C 24.85%; Overall 8.32%. The current average net absolute rental rates per square foot are: Class A \$14.57; Class B \$11.95; Class C \$8.27; Overall \$12.62.

Our survey includes all the major centres in Atlantic Canada. Moncton is second only to St. John's for the lowest overall vacancy rate, and the only other centre with vacancy below double digits. The overall office vacancy rate by location is as follows: Greater Fredericton 10.27%; Greater Saint John 18.06%; Greater Moncton 8.32%; Greater St. John's 5.53%; Halifax Regional Municipality 11.77%.

## Forecast (Next 12 months)

We anticipate that the overall vacancy rate will decrease to 7.30% over the next year, following a modest increase in demand. This overall improvement anticipated is expected to result in a corresponding modest increase in overall net absolute rent/ft.<sup>2</sup>.



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