

# MARKET SURVEY (JUNE 2015) GREATER ST. JOHN'S 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 St. John's Area. A team of trained researchers collected rental, operating expense and vacancy data on 75 buildings with an aggregate rentable area of 3,595,226 ft.<sup>2</sup>. The survey successfully collected information on 98% 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 St. John's.

## Vacancy Rates

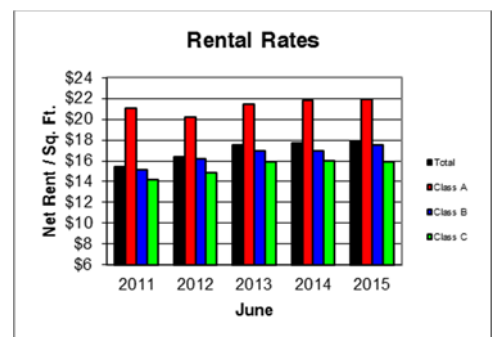
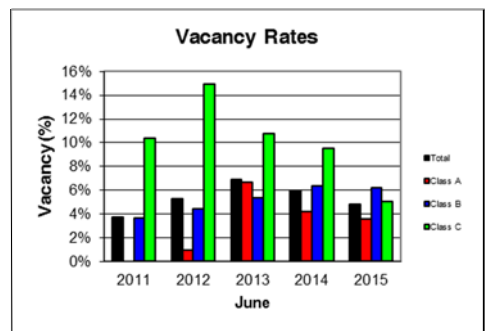
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Our survey measured vacancy rates by class of building. Class A buildings command the highest rents in their community and have distinctive design and lobbies. Class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

St. John's has the lowest overall vacancy rate in Atlantic Canada at 4.85%. This low vacancy has translated into strong year-over-year growth in net rents resulting in the highest net absolute rents in Atlantic Canada. The current average net absolute rental rates per square foot are: Class A \$21.93; Class B \$17.50; Class C \$15.89; Overall \$17.96. Vacancy rates in Greater St. John's stand at: Class A 3.60%; Class B 6.22%; Class C 5.07%; Overall 4.85%.

Our survey includes five major centres in Atlantic Canada. The overall office vacancy rate by location is as follows: Greater Fredericton 9.64%; Greater Saint John 20.55%; Greater Moncton 8.43%; Greater St. John's 4.85%; Halifax Regional Municipality 14.01%.

## Forecast (Next 12 months)

An increase in vacancy (from 4.85% to 6.75%) is expected due to new space becoming available in the next year, accompanied by softening demand in the region. The net absolute rent/ft.<sup>2</sup> will remain stable, reflecting the quality of the new space.



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