

# MARKET SURVEY (DECEMBER 2016) 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 82 buildings with an aggregate rentable area of 3,811,413 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 St. John's.

## Vacancy Rates

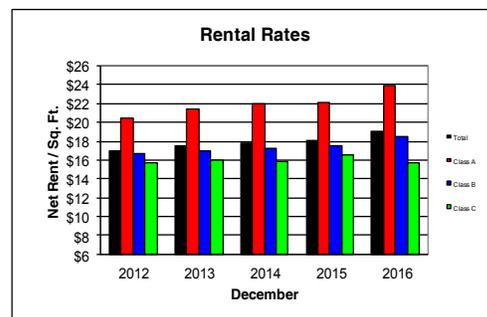
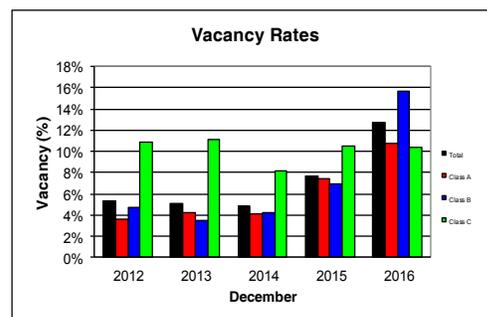
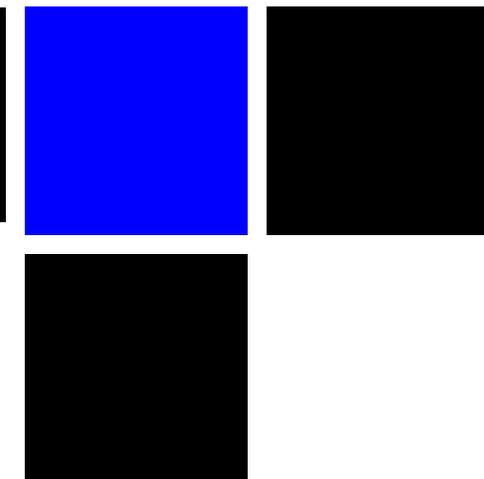
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Our survey measured vacancy rates by class of building. Class A buildings command the highest rents in their community and have distinctive design and lobbies. Class 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 overall vacancy rate increased by 5.02 percentage points between 2015 and 2016. This is due to decreased demand for Class B office space and increased supply of Class A space. St. John's continues to command the highest rents for all classes of office space in Atlantic Canada. The current average net absolute rental rates per square foot are: Class A \$23.96; Class B \$18.52; Class C \$15.74; Overall \$19.05. Vacancy rates in Greater St. John's stand at: Class A 10.78%; Class B 15.68%; Class C 10.37%; Overall 12.72%.

Our survey includes all the major centres in Atlantic Canada. The overall office vacancy rate by location is as follows: Greater Fredericton 9.54%; Greater Saint John 21.48%; Greater Moncton 13.70%; Greater St. John's 12.72%; Halifax Regional Municipality 15.27%; Greater Charlottetown 14.99%.

## Forecast (Next 12 months)

A moderate increase in vacancy is expected due to more new space becoming available in 2017. We predict that the overall net absolute rent/ft.<sup>2</sup> will decrease slightly in response to continuing weak economic conditions.



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# MARKET SURVEY (DECEMBER 2016) GREATER ST. JOHN'S WAREHOUSES

## Scope

This survey included every warehouse 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 105 buildings with an aggregate rentable area of 2,539,570 ft.<sup>2</sup>. The survey successfully collected information on 91% of the rental stock polled. The following results flow from what we believe is the most comprehensive survey of warehouse space ever undertaken in Greater St. John's.

## Vacancy Rates

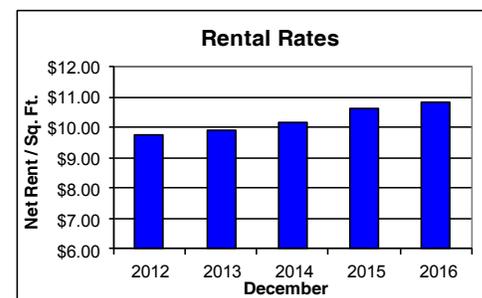
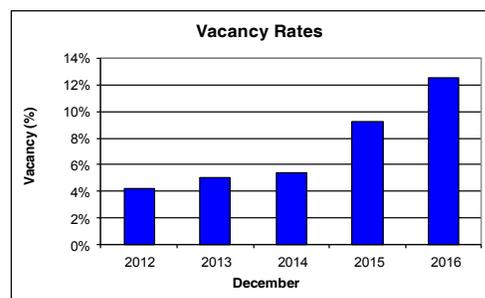
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Overall warehouse vacancy rate in St. John's increased from last year's 9.31% to 12.54% but remains the second lowest in Atlantic Canada. The overall net absolute rental rate per square foot increased by 2.07% in 2016, and currently stands at \$10.83.

Our survey includes all the major centres in Atlantic Canada. The overall vacancy rate by location is as follows: Greater Fredericton 15.82%; Greater Saint John 10.83%; Greater Moncton 20.29%; Greater St. John's 12.54%; Halifax Regional Municipality 13.85%; Greater Charlottetown 15.87%.

In keeping with the low vacancy rate, St. John's industrial properties have the highest overall net rental rate of all the major centres in Atlantic Canada. The overall average net rental rate/ft.<sup>2</sup> by location is as follows: Greater Fredericton \$7.15; Greater Saint John \$6.74; Greater Moncton \$6.14; Greater St. John's \$10.83; Halifax Regional Municipality \$7.80; Greater Charlottetown \$9.31.

## Forecast (Next 12 months)

We anticipate that the overall vacancy rate will increase to 13.05% from the current 12.54% due to a slight decrease in demand and new rental warehouse space being brought on stream. The absolute net absolute rent/ft.<sup>2</sup> is also anticipated to increase slightly, reflecting the quality of new supply coming to market.



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