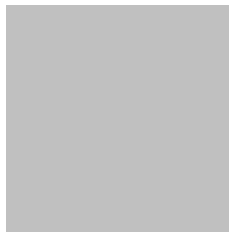


# MARKET SURVEY

## NB OFFICES & WAREHOUSES

### DECEMBER 2017



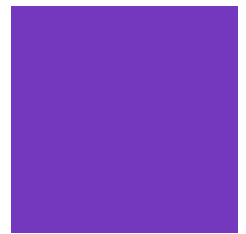
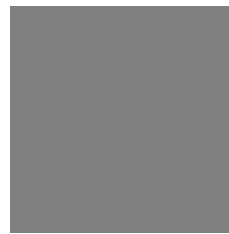
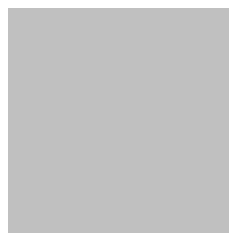
Survey Scope: 167 office & 91 warehouse buildings

7,938,942 ft.<sup>2</sup> of rental office space

4,110,811 ft.<sup>2</sup> of rental warehouse space

expert researchers

3 cities



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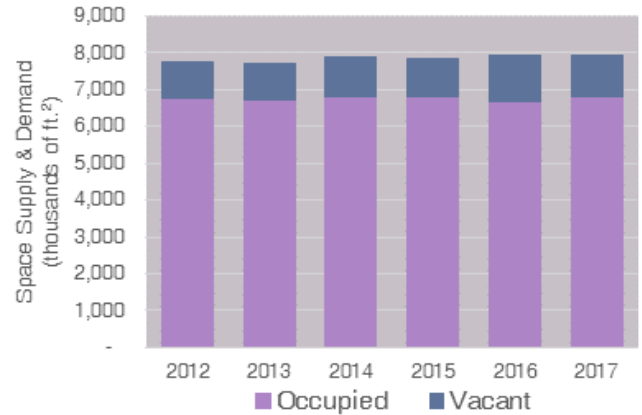
E-Mail: [tdp@turnerdrake.com](mailto:tdp@turnerdrake.com)

# DEC. 2017 MARKET SURVEY NEW BRUNSWICK OFFICES

## Year at a Glance

	2016	2017	Change
Office Inventory (ft. <sup>2</sup> )	7,948,519	7,938,942	↓ (9,577)
Net Absorption (ft. <sup>2</sup> )	(156,042)	147,721	↑ 303,763
Vacancy Rate	16.14%	14.18%	↓ -1.96 pp
Avg. Net Rent/ft. <sup>2</sup>	\$12.99	\$12.96	↓ -0.23%
Avg. RTCAM/ft. <sup>2</sup>	\$9.87	\$9.28	↓ -5.98%
Avg. Gross Rent/ft. <sup>2</sup>	\$22.47	\$22.55	↓ 0.36%

## Supply & Demand



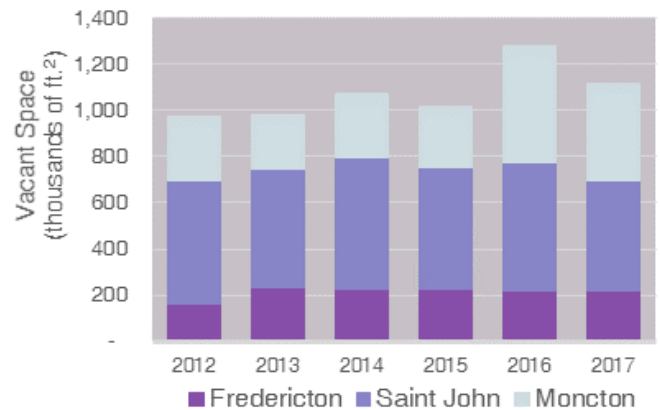
## Survey Overview

These surveys included every office building with a total rentable area of 5,000 ft.<sup>2</sup> or greater, available for rent in the three major cities in New Brunswick: Greater Fredericton, Greater Saint John, and Greater Moncton. A team of trained researchers collected rental, operating expense and vacancy data on 167 buildings with an aggregate rentable area of 7,938,942 ft.<sup>2</sup>, broken down by city as follows:

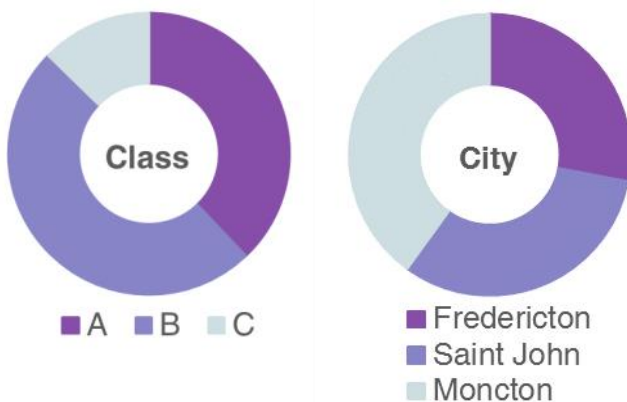
Greater Fredericton: 55 buildings 2,225,363 ft.<sup>2</sup> GLA  
 Greater Saint John: 41 buildings 2,536,691 ft.<sup>2</sup> GLA  
 Greater Moncton: 71 buildings 3,176,888 ft.<sup>2</sup> GLA

The survey successfully collected information on 83% of the rental stock polled. The results flow from what we believe is the most comprehensive survey of office space ever undertaken in New Brunswick.

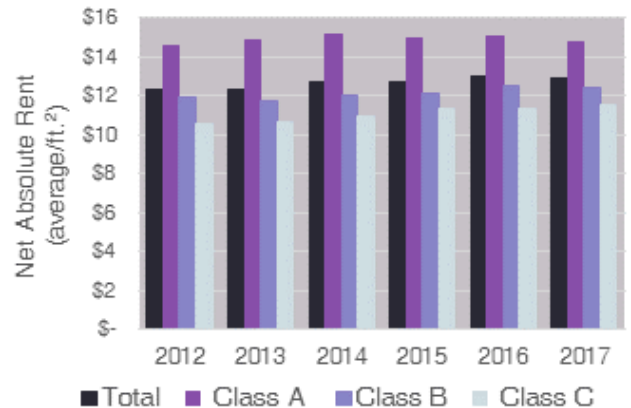
## Vacant Space



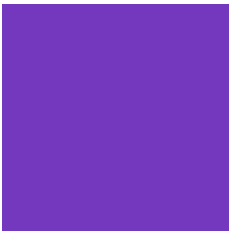
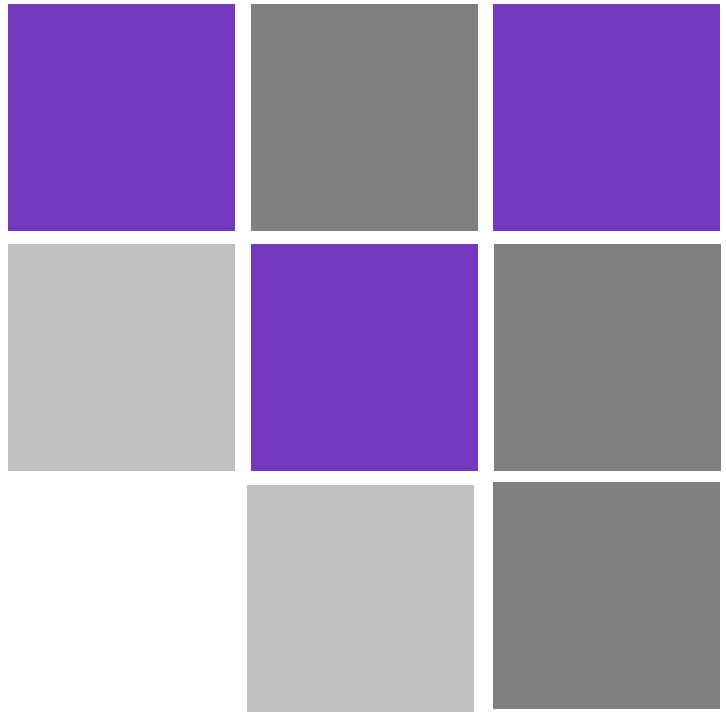
## Overall Office Inventory



## Net Absolute Rent/ft.<sup>2</sup>



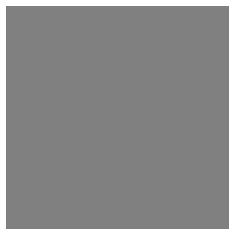
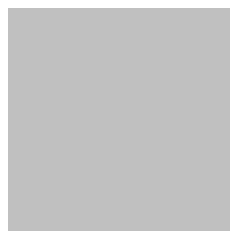
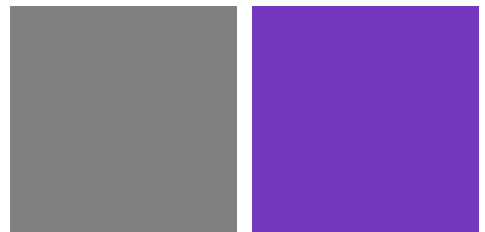
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# MARKET SURVEY FREDERICTON OFFICES DECEMBER 2017



Survey Scope:  
55 buildings  
2,225,363 ft.<sup>2</sup> of rental office space  
expert researchers



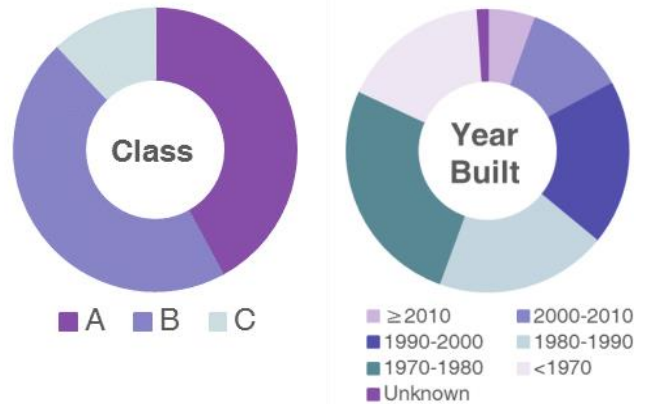
Real Estate Counsellors, Brokers and Valuers  
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E-Mail: [tdp@turnerdrake.com](mailto:tdp@turnerdrake.com)

# DEC. 2017 MARKET SURVEY FREDERICTON OFFICES

## Year at a Glance

	2016	2017	Change
Office Inventory (ft. <sup>2</sup> )	2,286,321	2,225,363	↓ (60,958)
Net Absorption (ft.2)	11,750	(65,215)	↓ (76,965)
Vacancy Rate	9.54%	10.00%	↑ 0.45 pp
Avg. Net Rent/ft. <sup>2</sup>	\$13.46	\$13.25	↓ -1.56%
Avg. RTCAM/ft. <sup>2</sup>	\$9.48	\$9.59	↑ 1.16%
Avg. Gross Rent/ft. <sup>2</sup>	\$22.94	\$22.84	↓ -0.44%

## Overall Office Inventory



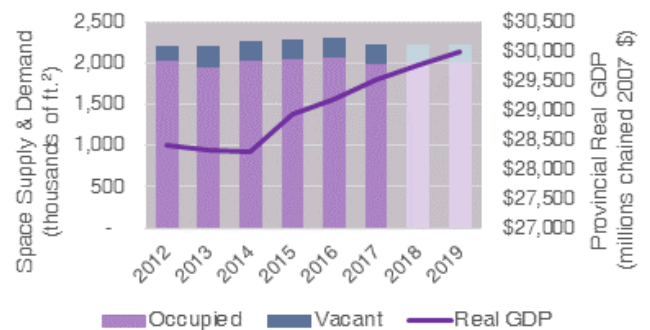
## Supply & Demand Overview

The total amount of rentable office space in Greater Fredericton decreased 2.67% over last year, due in part to some rental office space changing to owner occupation and some being reallocated to the retail market. The overall vacancy rate increased from 9.54% in 2016 to 10.00% in 2017. The key driver of space demand is the growth in the provincial real (deflated) Gross Domestic Product. Our analysis of GDP projections indicates that 2018 will see GDP growth of 0.9%, leading to an uptick in demand for office space of 0.4%. With no additional supply expected to be brought to market, the vacancy rate is expected to drop slightly to 9.6%.

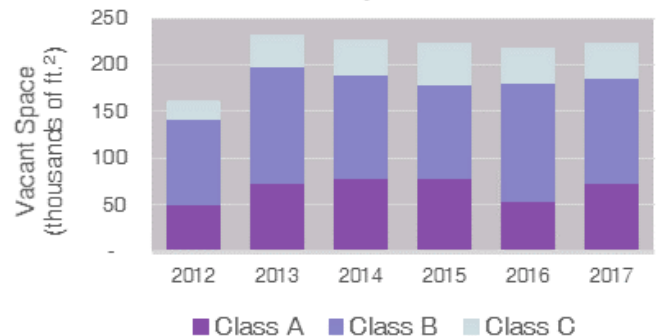
Our survey measured vacancy and rental rates by class of building. Class A buildings command the highest rents in their community and have distinctive design and lobbies. Class B buildings offer “no frills” modern, air conditioned space. Class C buildings make up the remainder of the office rental market. The current vacancy rates by class are: Class A 7.78%; Class B 11.06%; Class C 13.70%; Overall 10.00%.

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. Current average net absolute rental rates per square foot are: Class A \$14.85; Class B \$12.90; Class C \$12.44; Overall \$13.25.

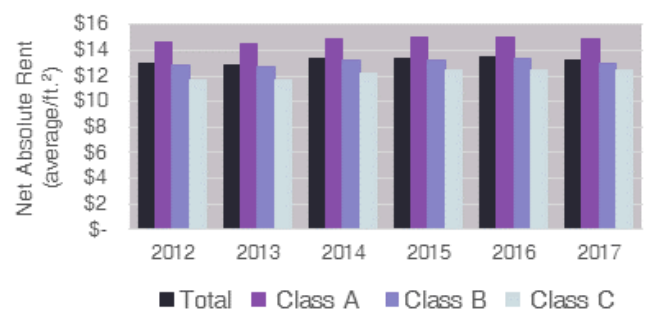
## Supply, Demand & GDP



## Vacant Space



## Net Absolute Rent/ft.<sup>2</sup>

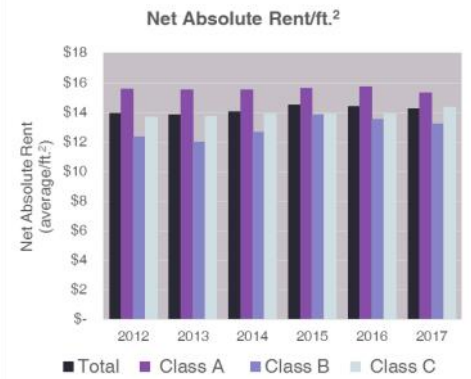
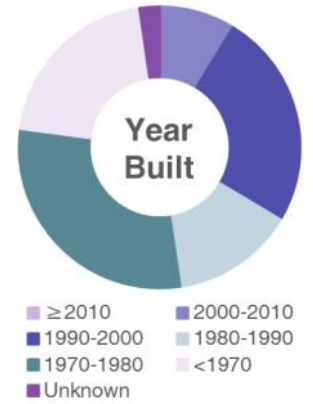


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# CENTRAL FREDERICTON

## Year at a Glance

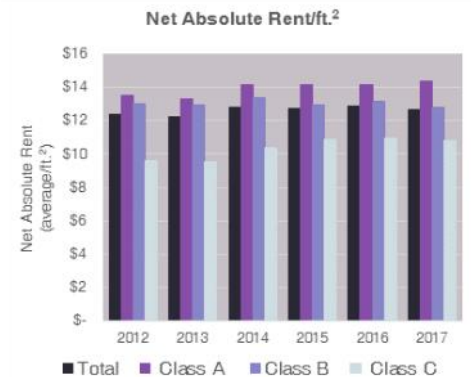
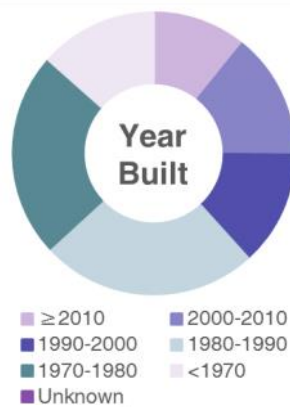
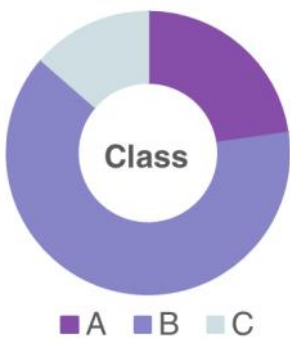
	2016	2017	Change
Office Inventory (ft. <sup>2</sup> )	1,147,602	1,084,802	↓ (62,800)
Net Absorption (ft. <sup>2</sup> )	41,228	(94,444)	↓ (135,672)
Vacancy Rate	7.22%	10.56%	↑ 3.34 pp
Avg. Net Rent/ft. <sup>2</sup>	\$14.37	\$14.22	↓ -1.04%
Avg. RTCAM/ft. <sup>2</sup>	\$9.43	\$9.41	↓ -0.21%
Avg. Gross Rent/ft. <sup>2</sup>	\$23.80	\$23.64	↓ -0.67%




# FREDERICTON PERIPHERAL

## Year at a Glance

	2016	2017	Change
Office Inventory (ft. <sup>2</sup> )	1,138,719	1,140,561	↑ 1,842
Net Absorption (ft. <sup>2</sup> )	(29,478)	29,229	↑ 58,707
Vacancy Rate	11.88%	9.46%	↓ -2.42 pp
Avg. Net Rent/ft. <sup>2</sup>	\$12.90	\$12.65	↓ -1.94%
Avg. RTCAM/ft. <sup>2</sup>	\$9.50	\$9.71	↑ 2.21%
Avg. Gross Rent/ft. <sup>2</sup>	\$22.41	\$22.35	↓ -0.27%








MARKET SURVEY  
SAINT JOHN NB OFFICES  
DECEMBER 2017



Survey Scope:  
41 buildings  
2,536,691 ft.<sup>2</sup> of rental office space  
expert researchers



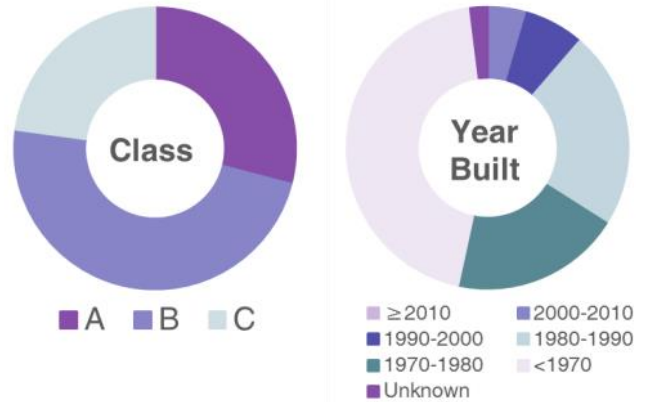
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# DEC. 2017 MARKET SURVEY SAINT JOHN NB OFFICES

## Year at a Glance

	2016	2017	Change
Office Inventory (ft. <sup>2</sup> )	2,533,901	2,536,691	↑ 2,790
Net Absorption (ft. <sup>2</sup> )	(11,808)	76,195	↑ 88,003
Vacancy Rate	21.97%	19.05%	↓ -2.92 pp
Avg. Net Rent/ft. <sup>2</sup>	\$12.36	\$12.31	↓ -0.40%
Avg. RTCAM/ft. <sup>2</sup>	\$9.71	\$9.09	↓ -6.39%
Avg. Gross Rent/ft. <sup>2</sup>	\$21.63	\$21.45	↓ -0.83%

## Overall Office Inventory

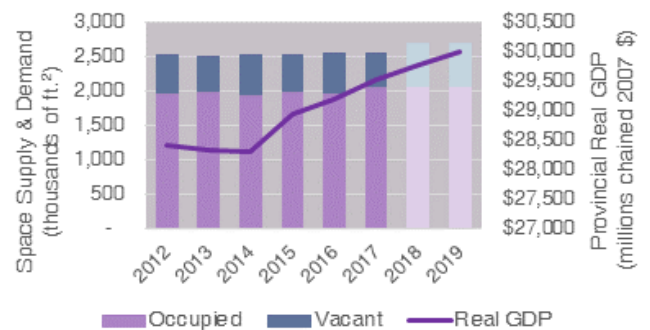


## Supply & Demand Overview

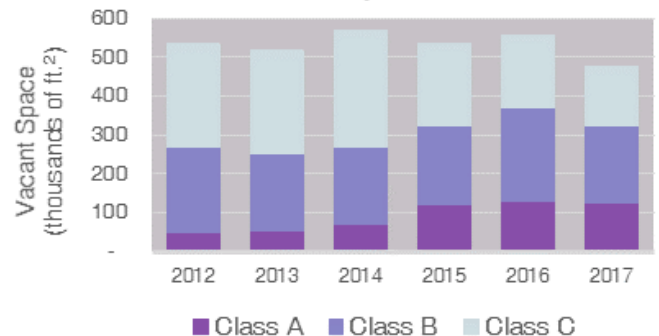
The total amount of rentable office space in Saint John increased 0.11% over last year, mainly due to owner occupied space being converted for rental space. The overall vacancy rate decreased from 21.97% in 2016 to 19.05% in 2017. The key driver of space demand is the growth in the provincial real (deflated) Gross Domestic Product. Our analysis of GDP projections indicates that 2018 will see GDP growth of 0.9%, leading to an uptick in demand for office space of 0.4%. No major additions to rental supply are anticipated in the year to come, but the 300,000 ft<sup>2</sup> owner-occupied Irving headquarters, scheduled for completion in mid-2018, will have an impact on the rental market as employees move from five separate offices to the new building. The vacancy rate is expected to increase to 23.2%.

Our survey measured vacancy and rental 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 current vacancy rates by class are: Class A 16.79%; Class B 16.92%; Class C 26.48%; Overall 19.05%. 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. Current average net absolute rental rates per square foot are: Class A \$14.90; Class B \$12.25; Class C \$10.00; Overall \$12.31.

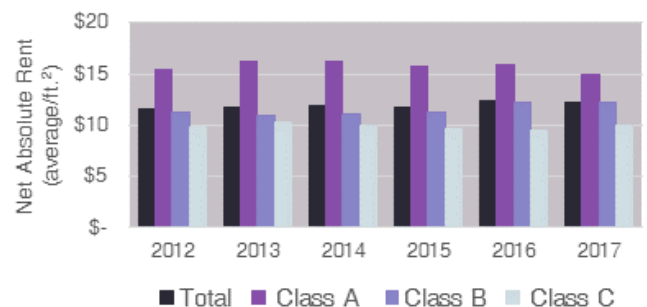
## Supply, Demand & GDP



## Vacant Space



## Net Absolute Rent/ft.<sup>2</sup>

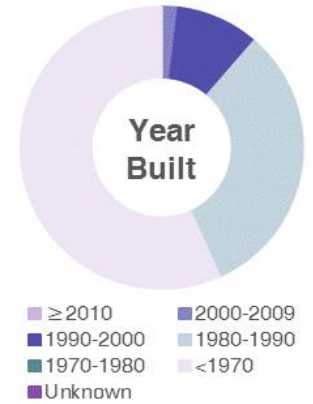
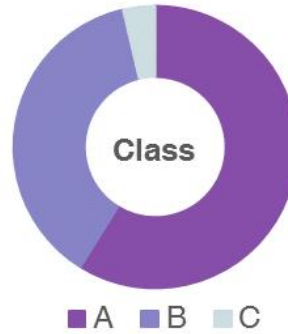


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# UPTOWN SAINT JOHN NB

## Year at a Glance

	2016	2017	Change
Office Inventory (ft. <sup>2</sup> )	1,268,501	1,270,356	↑ 1,855
Net Absorption (ft. <sup>2</sup> )	(14,209)	8,268	↑ 22,477
Vacancy Rate	21.04%	20.50%	↓ -0.54 pp
Avg. Net Rent/ft. <sup>2</sup>	\$11.93	\$11.86	↓ -0.59%
Avg. RTCAM/ft. <sup>2</sup>	\$11.20	\$10.47	↓ -6.52%
Avg. Gross Rent/ft. <sup>2</sup>	\$22.58	\$22.63	↑ 0.22%



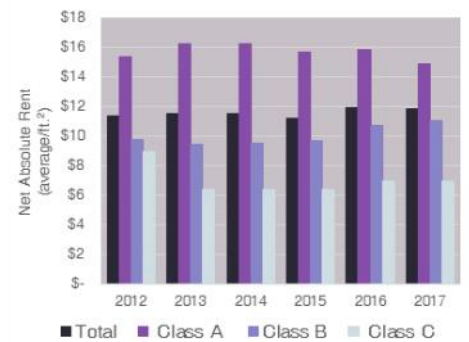
Supply & Demand



Vacant Space



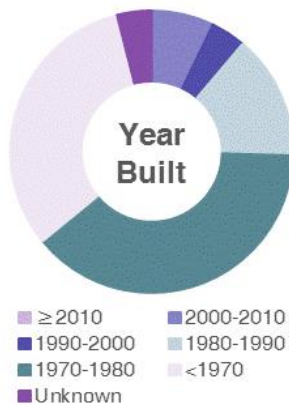
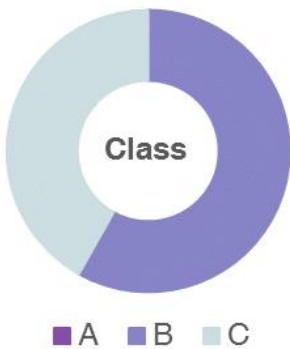
Net Absolute Rent/ft.<sup>2</sup>



# PERIPHERAL SAINT JOHN NB

## Year at a Glance

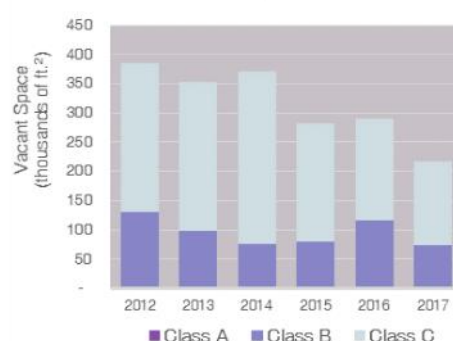
	2016	2017	Change
Office Inventory (ft. <sup>2</sup> )	1,265,400	1,266,335	↑ 935
Net Absorption (ft. <sup>2</sup> )	2,401	67,927	↑ 65,526
Vacancy Rate	22.90%	17.59%	↓ -5.31 pp
Avg. Net Rent/ft. <sup>2</sup>	\$12.69	\$12.66	↓ -0.24%
Avg. RTCAM/ft. <sup>2</sup>	\$8.53	\$8.03	↓ -5.86%
Avg. Gross Rent/ft. <sup>2</sup>	\$20.78	\$19.49	↓ -6.21%



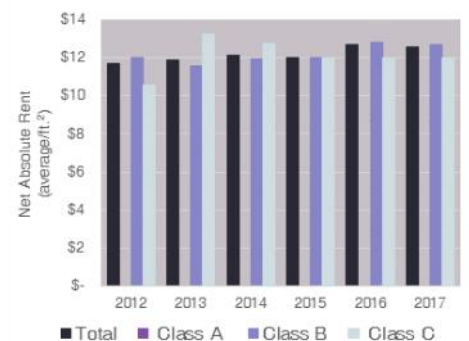
Supply & Demand



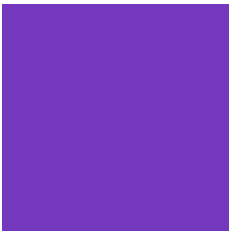
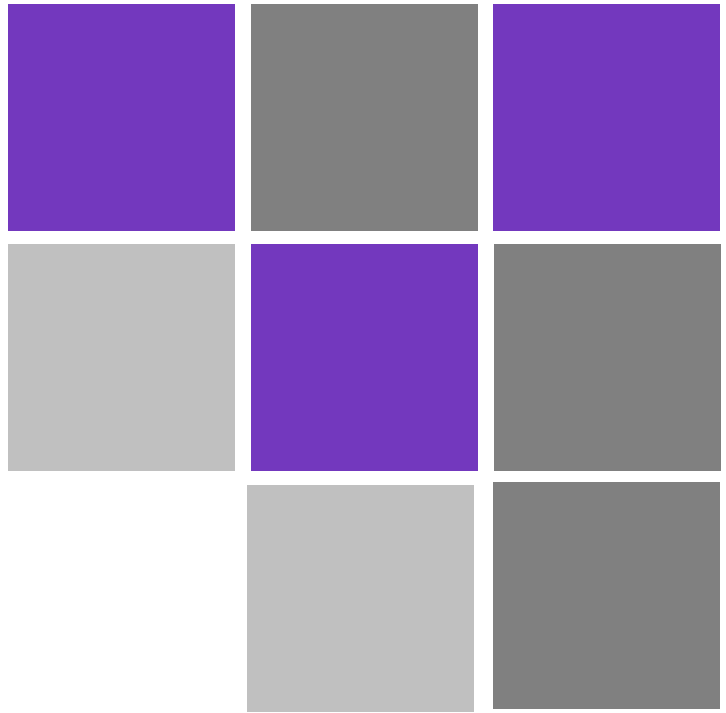
Vacant Space



Net Absolute Rent/ft.<sup>2</sup>



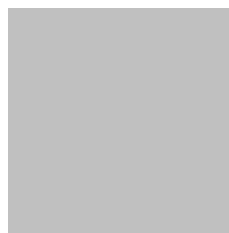




# MARKET SURVEY MONCTON OFFICES DECEMBER 2017



Survey Scope:  
71 buildings  
3,176,888 ft.<sup>2</sup> of rental office space  
expert researchers



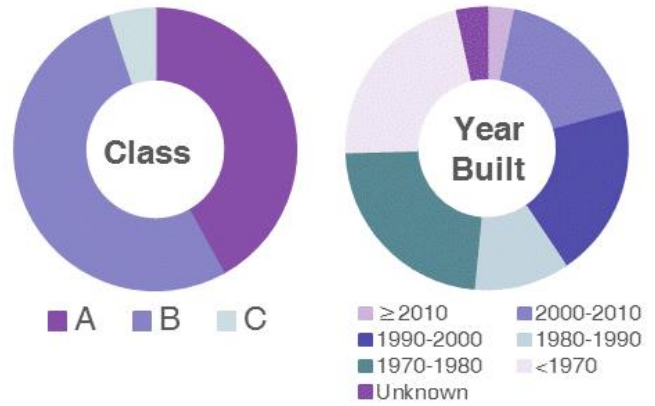
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# DEC. 2017 MARKET SURVEY MONCTON OFFICES

## Year at a Glance

	2016	2017	Change
Office Inventory (ft. <sup>2</sup> )	3,128,297	3,176,888	↑ 48,591
Net Absorption (ft. <sup>2</sup> )	(155,984)	136,741	↑ 292,725
Vacancy Rate	16.23%	13.21%	↓ -3.02 pp
Avg. Net Rent/ft. <sup>2</sup>	\$12.93	\$13.06	↑ 1.01%
Avg. RTCAM/ft. <sup>2</sup>	\$10.46	\$9.12	↓ -12.81%
Avg. Gross Rent/ft. <sup>2</sup>	\$22.60	\$23.07	↑ 2.08%

## Overall Office Inventory



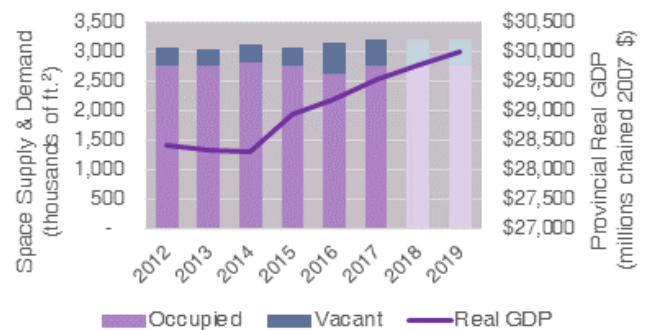
## Supply & Demand Overview

The total amount of rentable office space in Greater Moncton increased 1.55% over last year, due in part to newly renovated space being added back into the market. The overall vacancy rate dropped from 16.23% in 2016 to 13.21% in 2017. The key driver of space demand is the growth in the provincial real (deflated) Gross Domestic Product. Our analysis of GDP projections indicates that 2018 will see GDP growth of 0.9%, leading to an uptick in demand for office space of 0.4%. With no new supply expected to be brought to the market in 2018, the vacancy rate is expected to drop slightly to 12.9%.

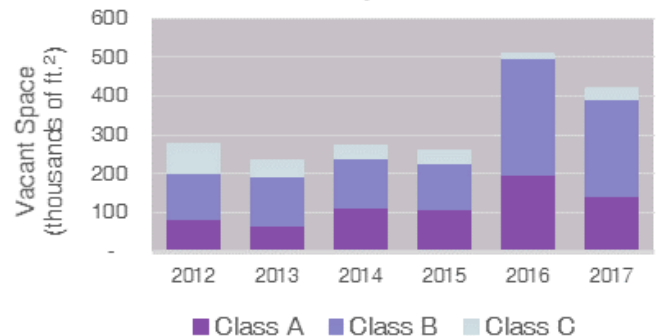
Our survey measured vacancy and rental rates by class of building. Class A buildings command the highest rents in their community and have distinctive design and lobbies. Class B buildings offer “no frills” modern, air conditioned space. Class C buildings make up the remainder of the office rental market. The current vacancy rates by class are: Class A 10.86%; Class B 14.61%; Class C 18.07%; Overall 13.21%.

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. Current average net absolute rental rates per square foot are: Class A \$14.79; Class B \$12.14; Class C \$10.37; Overall \$13.06.

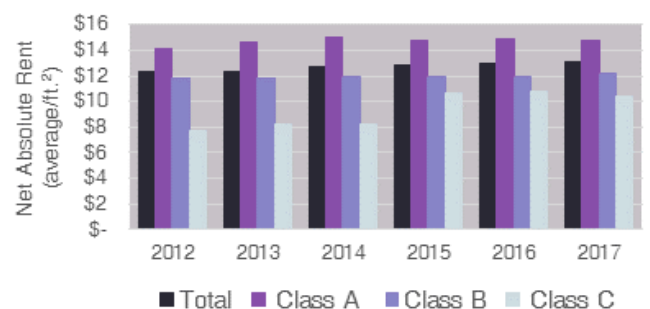
## Supply, Demand & GDP



## Vacant Space



## Net Absolute Rent/ft.<sup>2</sup>

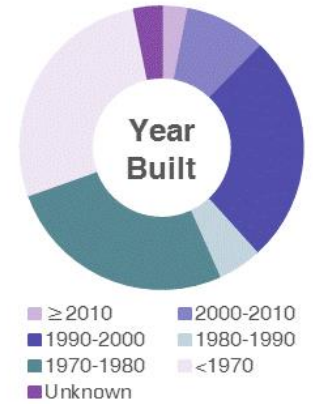
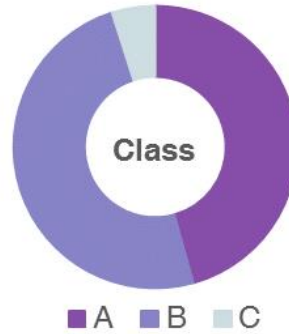


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# CENTRAL MONCTON

## Year at a Glance

	2016	2017	Change
Office Inventory (ft. <sup>2</sup> )	1,998,120	2,032,090	↑ 33,970
Net Absorption (ft. <sup>2</sup> )	12,134	90,688	↑ 78,554
Vacancy Rate	12.84%	9.83%	↓ -3.01 pp
Avg. Net Rent/ft. <sup>2</sup>	\$13.23	\$13.24	↑ 0.08%
Avg. RTCAM/ft. <sup>2</sup>	\$11.34	\$8.96	↓ -20.99%
Avg. Gross Rent/ft. <sup>2</sup>	\$23.29	\$23.78	↓ 2.10%



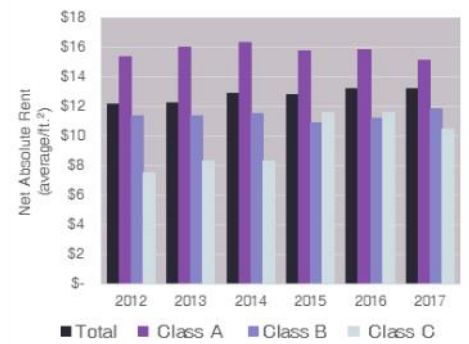
Supply & Demand



Vacant Space



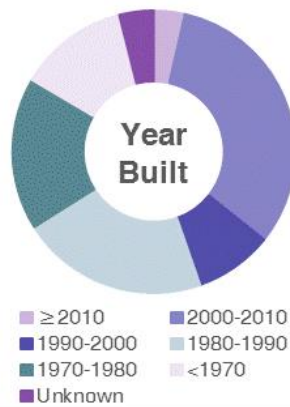
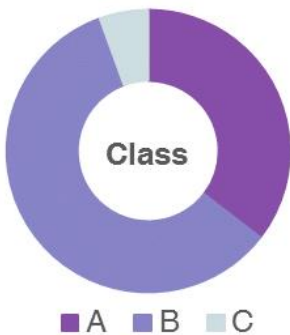
Net Absolute Rent/ft.<sup>2</sup>



# MONCTON PERIPHERAL

## Year at a Glance

	2016	2017	Change
Office Inventory (ft. <sup>2</sup> )	1,130,177	1,144,798	↑ 14,621
Net Absorption (ft. <sup>2</sup> )	(168,118)	46,053	↑ 214,171
Vacancy Rate	22.24%	19.21%	↓ -3.03 pp
Avg. Net Rent/ft. <sup>2</sup>	\$12.73	\$12.92	↑ 1.49%
Avg. RTCAM/ft. <sup>2</sup>	\$9.81	\$9.28	↓ -5.40%
Avg. Gross Rent/ft. <sup>2</sup>	\$21.97	\$22.43	↑ 2.09%



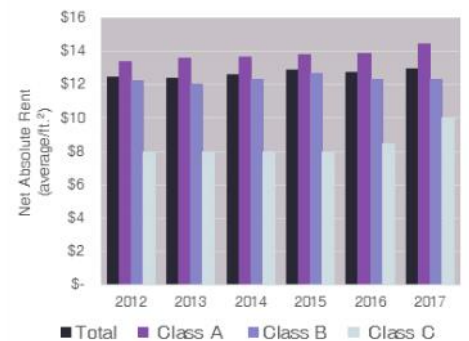
Supply & Demand



Vacant Space



Net Absolute Rent/ft.<sup>2</sup>

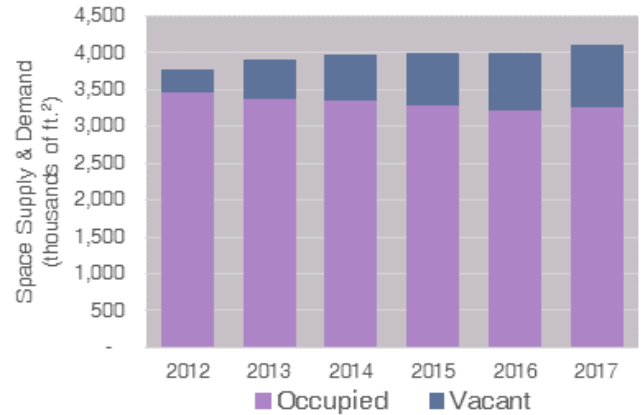


# DEC. 2017 MARKET SURVEY NEW BRUNSWICK WAREHOUSES

## Year at a Glance

	2016	2017	Change
Office Inventory (ft. <sup>2</sup> )	3,997,921	4,110,811	↑ 112,890
Net Absorption (ft. <sup>2</sup> )	(69,717)	21,729	↑ 91,446
Vacancy Rate	19.36%	21.05%	↑ 1.69 pp
Avg. Net Rent/ft. <sup>2</sup>	\$6.37	\$6.66	↑ 4.55%
Avg. RTCAM/ft. <sup>2</sup>	\$3.72	\$3.74	↑ 0.54%
Avg. Gross Rent/ft. <sup>2</sup>	\$10.01	\$10.53	↑ 5.19%

## Supply & Demand



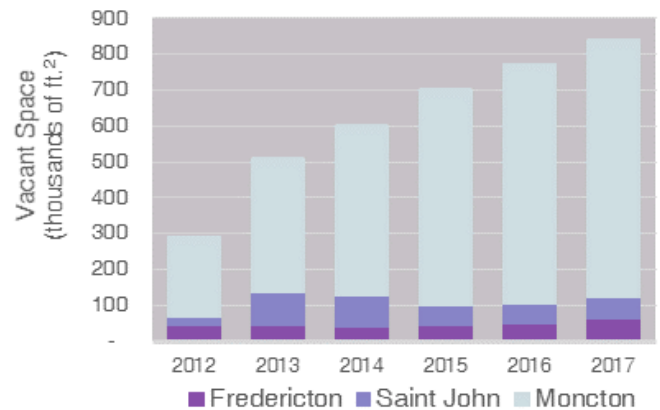
## Survey Overview

These surveys included every warehouse building with a total rentable area of 5,000 ft.<sup>2</sup> or greater, available for rent in the three major cities in New Brunswick: Greater Fredericton, Greater Saint John, and Greater Moncton. A team of trained researchers collected rental, operating expense and vacancy data on 91 buildings with an aggregate rentable area of 4,110,811 ft.<sup>2</sup>, broken down by city as follows:

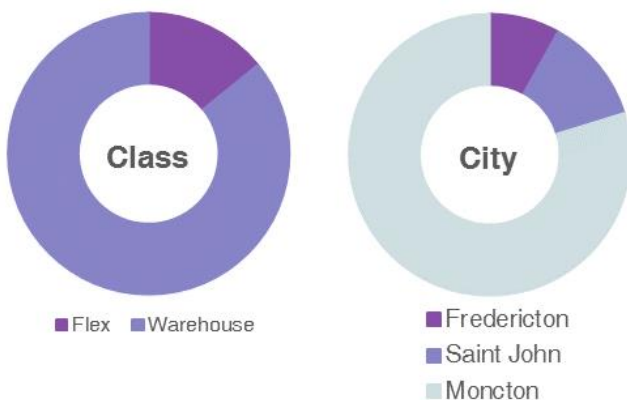
Greater Fredericton:	11 buildings	332,020 ft. <sup>2</sup>	GLA
Greater Saint John:	14 buildings	500,536 ft. <sup>2</sup>	GLA
Greater Moncton:	66 buildings	3,278,255 ft. <sup>2</sup>	GLA

The survey successfully collected information on 82% of the rental stock polled. The results flow from what we believe is the most comprehensive survey of office space ever undertaken in New Brunswick.

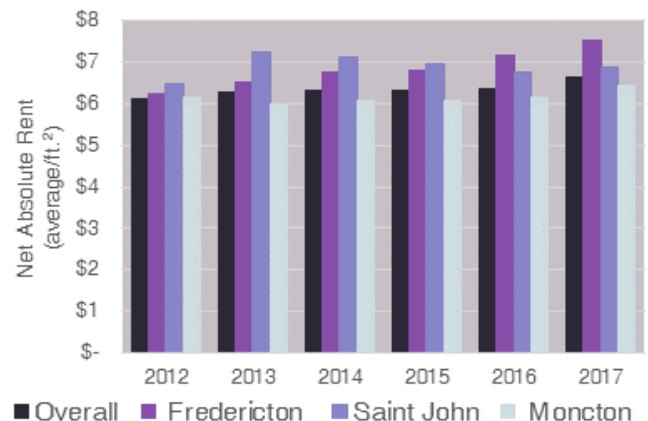
## Vacant Space

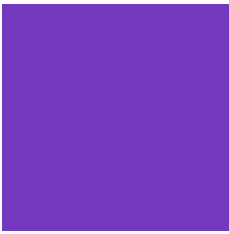


## Overall Warehouse Inventory



## Net Absolute Rent/ft.<sup>2</sup>





# MARKET SURVEY FREDERICTON WAREHOUSES DECEMBER 2017



Survey Scope:  
11 buildings  
332,020 ft.<sup>2</sup> of rental warehouse space  
expert researchers



Real Estate Counsellors, Brokers and Valuers  
6182 North St. Halifax, N.S. B3K 1P5  
Tel.: (902) 429-1811  
Internet: [www.turnerdrake.com](http://www.turnerdrake.com)  
E-Mail: [tdp@turnerdrake.com](mailto:tdp@turnerdrake.com)

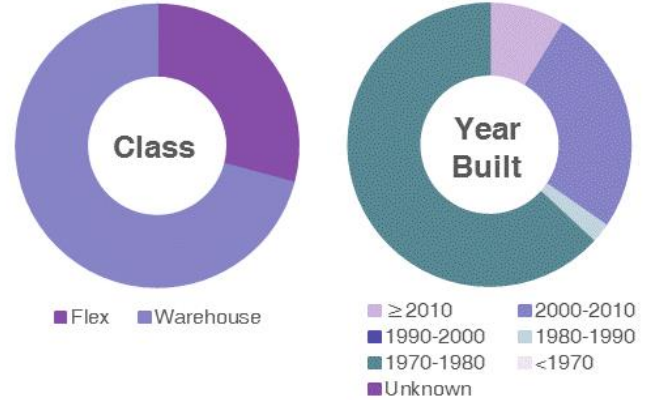


# DEC. 2017 MARKET SURVEY FREDERICTON WAREHOUSES

## Year at a Glance

Warehouse	2016	2017	Change
Inventory (ft. <sup>2</sup> )	303,020	332,020	↑ 29,000
Net Absorption (ft. <sup>2</sup> )	(5,037)	13,950	↑ 18,987
Vacancy Rate	15.82%	18.97%	↑ 3.15 pp
Avg. Net Rent/ft. <sup>2</sup>	\$7.15	\$7.54	↑ 5.45%
Avg. RTCAM/ft. <sup>2</sup>	\$3.45	\$3.61	↑ 4.64%
Avg. Gross Rent/ft. <sup>2</sup>	\$10.25	\$10.67	↑ 4.10%

## Overall Warehouse Inventory



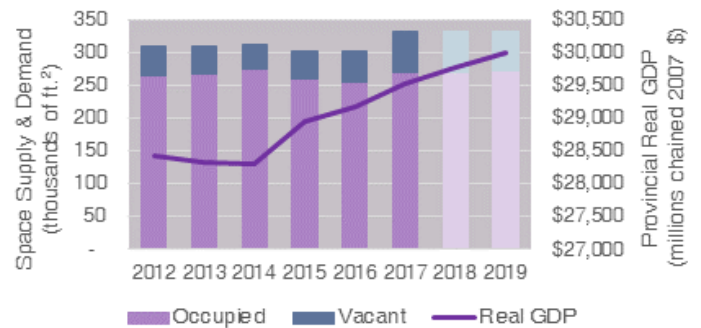
## Supply & Demand Overview

The total amount of rentable warehouse space in Greater Fredericton remained increased 9.57% over last year, due in part to newly renovated space being added back into the market. The overall vacancy rate increased from 15.82% in 2016 to 18.97% in 2017. The key driver of space demand is the growth in the provincial real (deflated) Gross Domestic Product. Our analysis of GDP projections indicates that 2018 will see GDP growth of 0.9%, leading to an uptick in demand for warehouse space of 0.4%. With no anticipated new supply coming to market in 2018, the vacancy rate is expected to drop to 18.6%.

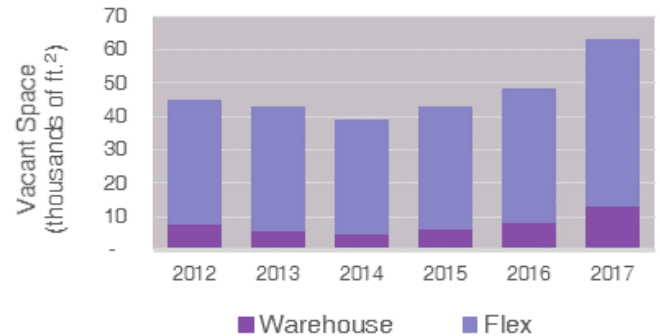
Our survey measured the vacancy rate by geographic node. The current vacancy rate in each of the following locations is: Fredericton Central 4.05%; Fredericton Industrial Park 29.28%; Overall 18.97%.

Our survey also measured rental rates. Industrial properties in Fredericton saw the overall net absolute rent per square foot increase by 5.45% year over year, to \$7.54/ft.<sup>2</sup> in 2017. The average overall net rental rates per square foot in each of the following locations are: Central Fredericton \$7.97; Fredericton Industrial Park \$7.38, Overall \$7.54.

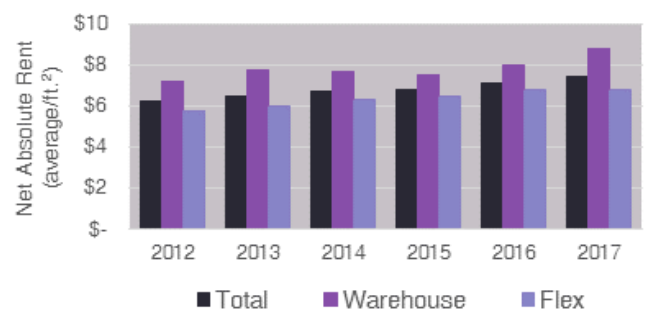
## Supply, Demand & GDP



## Vacant Space



## Net Absolute Rent/ft.<sup>2</sup>

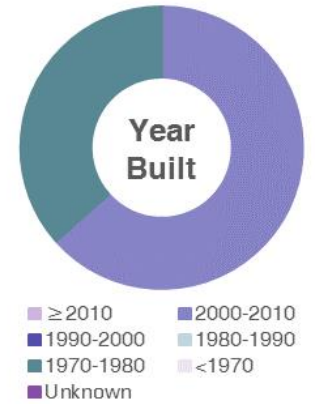
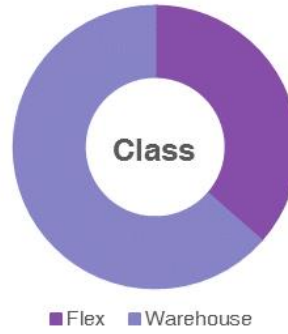


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# CENTRAL FREDERICTON

## Year at a Glance

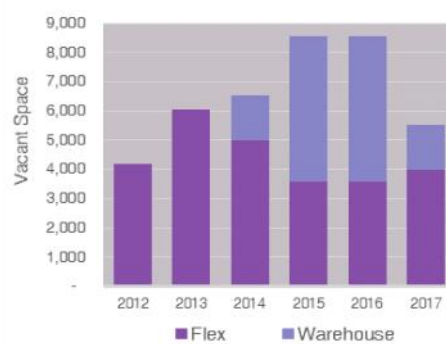
Warehouse	2016	2017	Change
Inventory (ft. <sup>2</sup> )	135,644	135,644	↔ ---
Net Absorption (ft. <sup>2</sup> )	---	3,050	↑ 3,050
Vacancy Rate	6.30%	4.05%	↓ -2.25 pp
Avg. Net Rent/ft. <sup>2</sup>	\$8.47	\$7.97	↓ -5.90%
Avg. RTCAM/ft. <sup>2</sup>	\$2.57	\$2.61	↑ 1.56%
Avg. Gross Rent/ft. <sup>2</sup>	\$11.04	\$10.39	↓ -5.89%



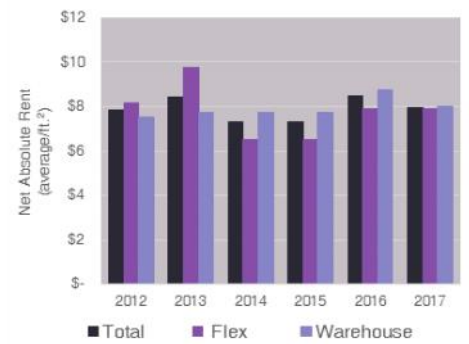
Supply & Demand



Vacant Space



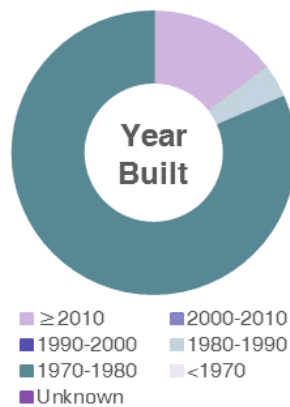
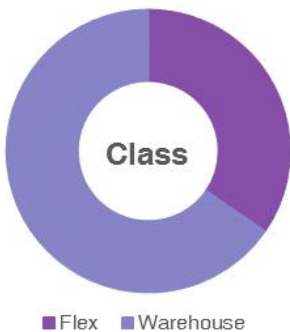
Net Absolute Rent/ft.<sup>2</sup>



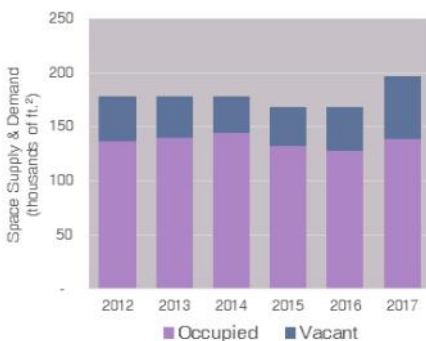
# FREDERICTON PERIPHERAL

## Year at a Glance

Warehouse	2016	2017	Change
Inventory (ft. <sup>2</sup> )	167,376	196,376	↑ 29,000
Net Absorption (ft. <sup>2</sup> )	(5,037)	10,900	↑ 15,937
Vacancy Rate	23.53%	29.28%	↑ 5.74 pp
Avg. Net Rent/ft. <sup>2</sup>	\$6.58	\$7.38	↑ 12.16%
Avg. RTCAM/ft. <sup>2</sup>	\$3.89	\$4.03	↑ 3.60%
Avg. Gross Rent/ft. <sup>2</sup>	\$9.92	\$10.75	↑ 8.37%



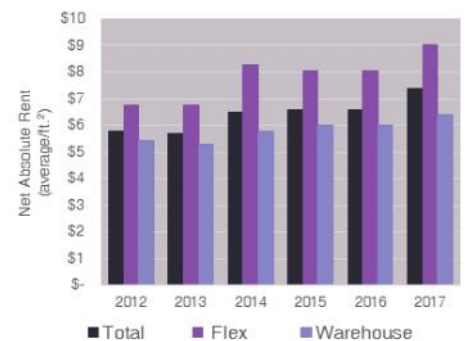
Supply & Demand



Vacant Space

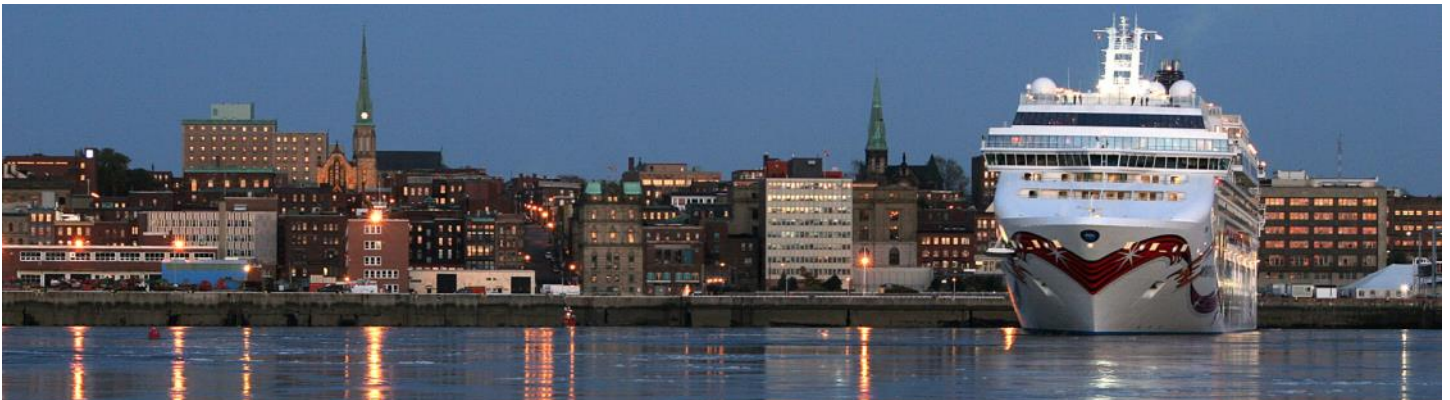


Net Absolute Rent/ft.<sup>2</sup>






# MARKET SURVEY SAINT JOHN NB WAREHOUSES DECEMBER 2017



Survey Scope:  
14 buildings  
500,536 ft.<sup>2</sup> of rental warehouse space  
expert researchers



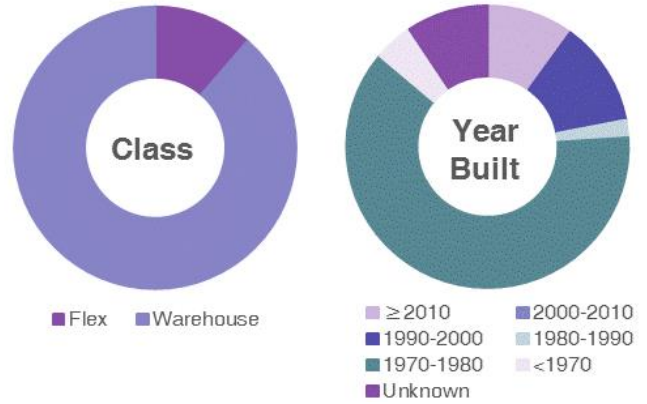
Real Estate Counsellors, Brokers and Valuers  
6182 North St. Halifax, N.S. B3K 1P5  
Tel.: (902) 429-1811  
Internet: [www.turnerdrake.com](http://www.turnerdrake.com)  
E-Mail: [tdp@turnerdrake.com](mailto:tdp@turnerdrake.com)

# DEC. 2017 MARKET SURVEY SAINT JOHN WAREHOUSES

## Year at a Glance

Warehouse	2016	2017	Change
Inventory (ft. <sup>2</sup> )	500,536	500,536	↔ ---
Net Absorption (ft. <sup>2</sup> )	1,947	(5,271)	↓ (7,218)
Vacancy Rate	10.83%	11.88%	↑ 1.05 pp
Avg. Net Rent/ft. <sup>2</sup>	\$6.74	\$6.89	↑ 2.23%
Avg. RTCAM/ft. <sup>2</sup>	\$4.22	\$4.22	↔ 0.00%
Avg. Gross Rent/ft. <sup>2</sup>	\$10.93	\$12.09	↑ 10.61%

## Overall Warehouse Inventory



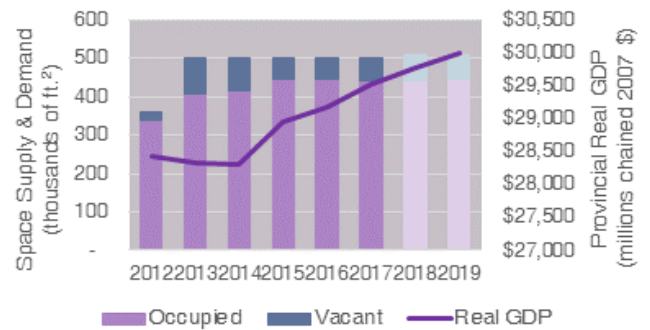
## Supply & Demand Overview

The total amount of rentable warehouse space in Greater Saint John remained stable over last year. The overall vacancy rate increased from 10.83% in 2016 to 11.88% in 2017. The key driver of space demand is the growth in the provincial real (deflated) Gross Domestic Product. Our analysis of GDP projections indicates that 2018 will see GDP growth of 0.9%, leading to an uptick in demand for warehouse space of 0.4%. With anticipated new supply to come to market in 2018, the vacancy rate is expected to increase to 13.2%.

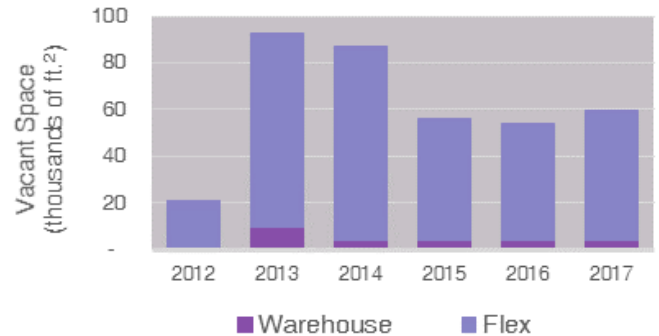
Our survey measured the vacancy rate by geographic node. The current vacancy rate in each of the following locations is: Saint John Industrial Park 11.76%; Saint John Remainder 12.17%, Overall 11.88%.

Our survey also measured rental rates. Industrial properties in Saint John saw the overall net absolute rent per square foot increased by 2.23% year over year, to \$6.89/ft.<sup>2</sup> in 2017. The average overall net rental rates per square foot in each of the following locations are: Saint John Industrial Park \$6.08; Saint John Remainder \$9.33; Overall \$ 6.89

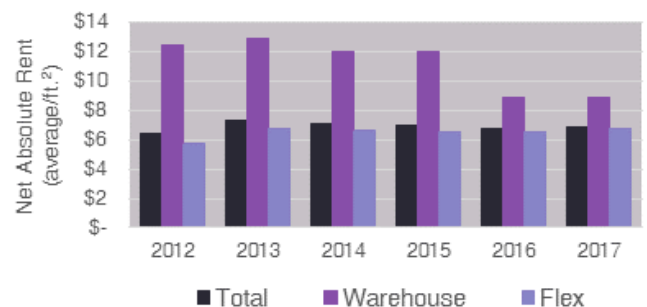
## Supply, Demand & GDP



## Vacant Space



## Net Absolute Rent/ft.<sup>2</sup>



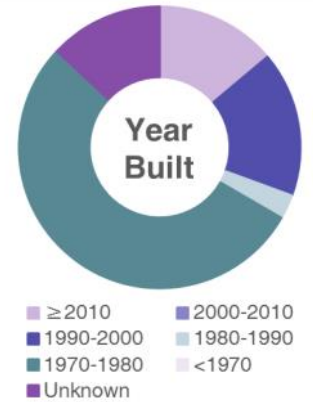
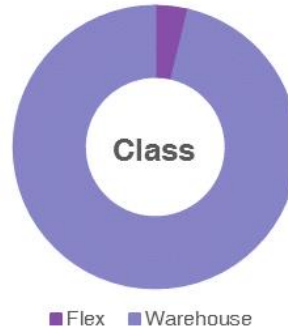
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# SAINT JOHN INDUSTRIAL PARK

## Year at a Glance

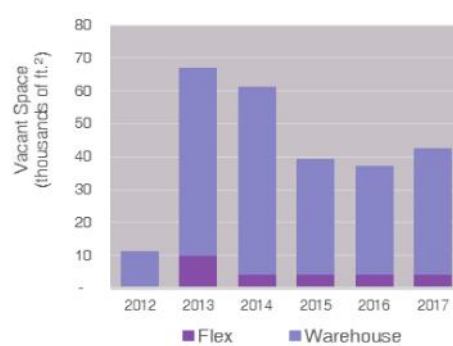
Warehouse	2016	2017	Change
Inventory (ft. <sup>2</sup> )	359,714	359,714	↔ ---
Net Absorption (ft. <sup>2</sup> )	2,000	(5,271)	↓ (7,271)
Vacancy Rate	10.30%	11.76%	↑ 1.47 pp
Avg. Net Rent/ft. <sup>2</sup>	\$5.83	\$6.08	↑ 4.29%
Avg. RTCAM/ft. <sup>2</sup>	\$3.76	\$3.70	↓ -1.60%
Avg. Gross Rent/ft. <sup>2</sup>	\$9.16	\$9.78	↑ 6.77%



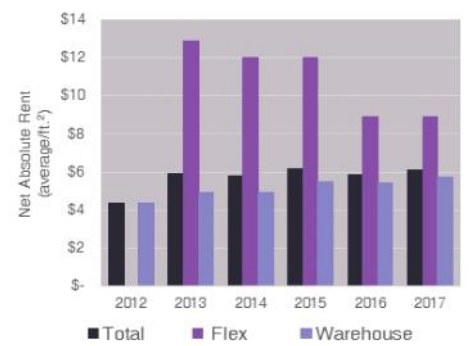
Supply & Demand



Vacant Space



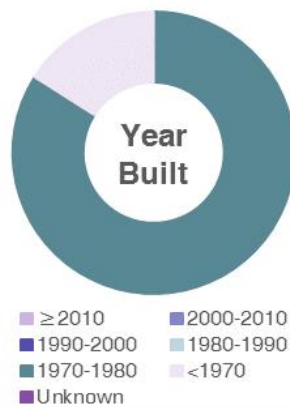
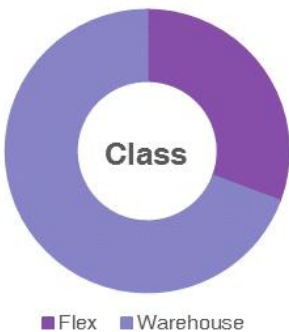
Net Absolute Rent/ft.<sup>2</sup>



# SAINT JOHN REMAINDER

## Year at a Glance

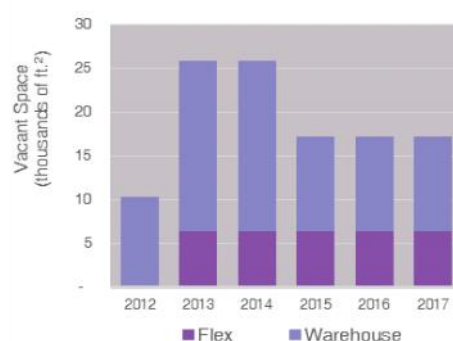
Warehouse	2016	2017	Change
Inventory (ft. <sup>2</sup> )	140,822	140,822	↔ ---
Net Absorption (ft. <sup>2</sup> )	(53)	---	↑ 53
Vacancy Rate	12.17%	12.17%	↔ 0.00 pp
Avg. Net Rent/ft. <sup>2</sup>	\$9.17	\$9.33	↑ 1.74%
Avg. RTCAM/ft. <sup>2</sup>	\$5.27	\$5.41	↑ 2.66%
Avg. Gross Rent/ft. <sup>2</sup>	\$14.90	\$17.31	↑ 16.17%



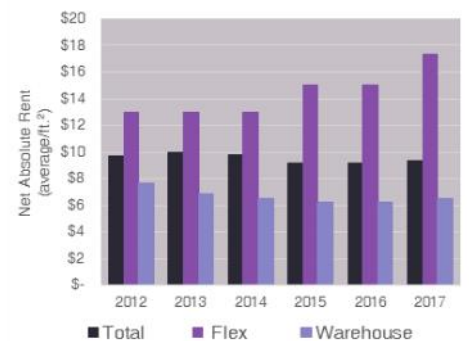
Supply & Demand



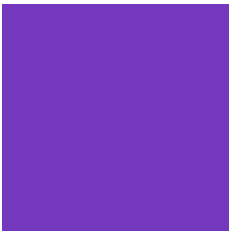
Vacant Space



Net Absolute Rent/ft.<sup>2</sup>



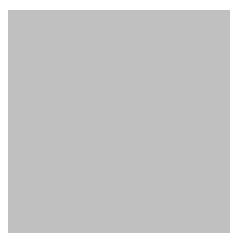




# MARKET SURVEY MONCTON WAREHOUSES DECEMBER 2017



Survey Scope:  
66 buildings  
3,278,255 ft.<sup>2</sup> of rental warehouse space  
expert researchers



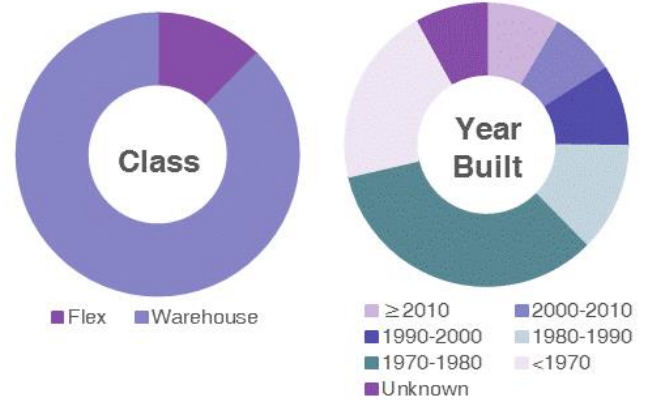
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E-Mail: [tdp@turnerdrake.com](mailto:tdp@turnerdrake.com)

# DEC. 2017 MARKET SURVEY MONCTON WAREHOUSES

## Year at a Glance

Warehouse	2016	2017	Change
Inventory (ft. <sup>2</sup> )	3,194,365	3,278,255	↑ 83,890
Net Absorption (ft. <sup>2</sup> )	(66,627)	13,050	↑ 79,677
Vacancy Rate	21.03%	22.66%	↑ 1.62 pp
Avg. Net Rent/ft. <sup>2</sup>	\$6.14	\$6.42	↑ 4.56%
Avg. RTCAM/ft. <sup>2</sup>	\$3.64	\$3.65	↑ 0.27%
Avg. Gross Rent/ft. <sup>2</sup>	\$9.74	\$10.09	↑ 3.59%

## Overall Warehouse Inventory



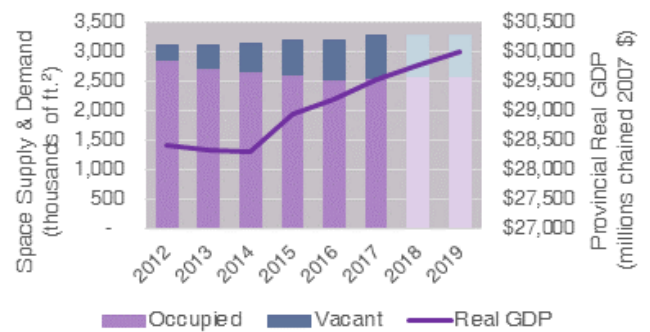
## Supply & Demand Overview

The total amount of rentable warehouse space in Greater Moncton increased by 2.6% over last year. The overall vacancy rate increased from 21.03% in 2016 to 22.66% in 2017. The key driver of space demand is the growth in the provincial real (deflated) Gross Domestic Product. Our analysis of GDP projections indicates that 2018 will see GDP growth of 0.9%, leading to an uptick in demand for warehouse space of 0.4%. With limited new supply coming to market in 2018, the vacancy rate is expected to drop to 22.3%.

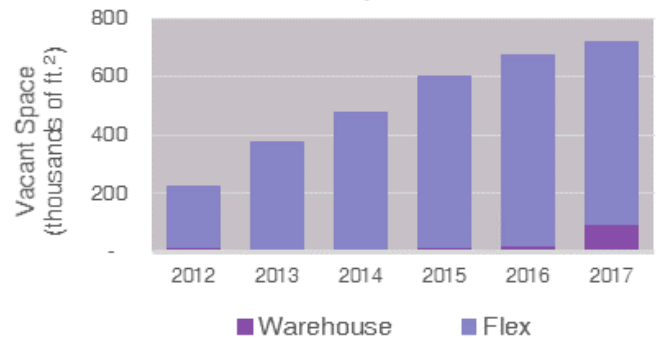
Our survey measured the vacancy rate by geographic node. The current vacancy rate in each of the following locations is: Moncton Central 16.18%; Moncton Industrial Park 26.79%; Dieppe Industrial Park 18.78%; Caledonia Industrial Park 19.52%; Overall 22.66%.

Our survey also measured rental rates. The average overall net rental rates per square foot in each of the following locations are: Moncton Central \$8.11; Moncton Industrial Park \$5.81; Dieppe Industrial Park \$7.07; Caledonia Industrial Park \$6.63; Overall \$6.42.

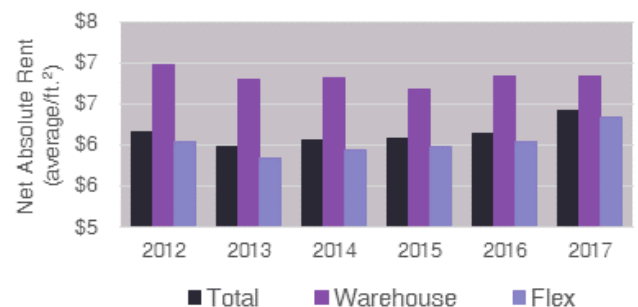
## Supply, Demand & GDP



## Vacant Space



## Net Absolute Rent/ft.<sup>2</sup>

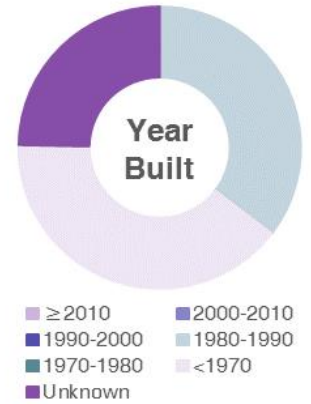
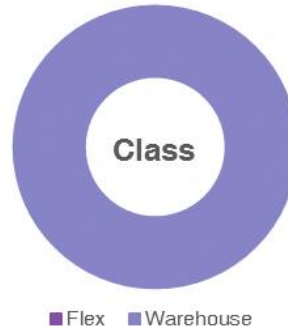


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# CENTRAL MONCTON

## Year at a Glance

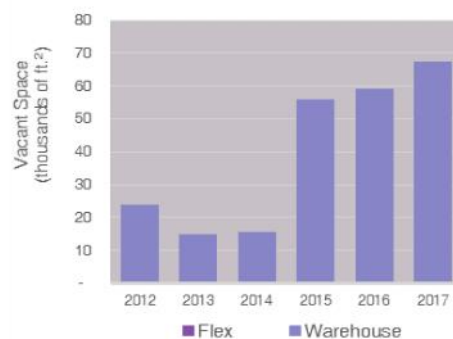
Warehouse	2016	2017	Change
Inventory (ft. <sup>2</sup> )	416,113	416,113	↔ ---
Net Absorption (ft. <sup>2</sup> )	(3,979)	(8,478)	↓ (4,499)
Vacancy Rate	14.14%	16.18%	↑ 2.04 pp
Avg. Net Rent/ft. <sup>2</sup>	\$7.82	\$8.11	↑ 3.71%
Avg. RTCAM/ft. <sup>2</sup>	\$6.30	\$4.66	↓ -26.03%
Avg. Gross Rent/ft. <sup>2</sup>	\$13.47	\$13.90	↑ 3.19%



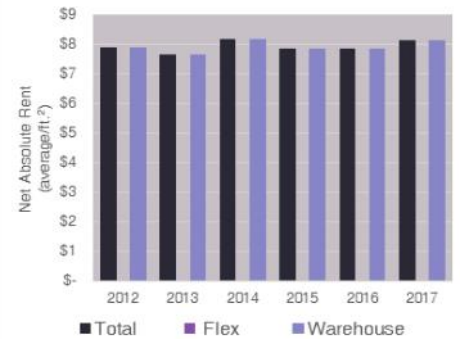
Supply & Demand



Vacant Space



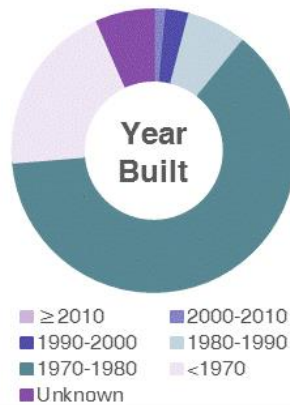
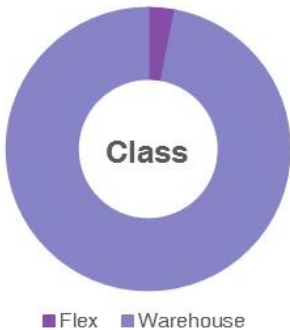
Net Absolute Rent/ft.<sup>2</sup>



# MONCTON INDUSTRIAL PARK

## Year at a Glance

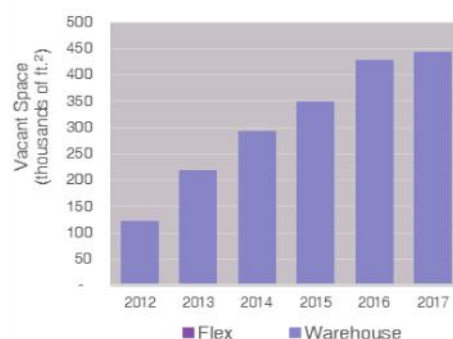
Warehouse	2016	2017	Change
Inventory (ft. <sup>2</sup> )	1,641,238	1,652,078	↑ 10,840
Net Absorption (ft. <sup>2</sup> )	(80,355)	(3,717)	↑ 76,638
Vacancy Rate	26.08%	26.79%	↑ 0.71 pp
Avg. Net Rent/ft. <sup>2</sup>	\$5.49	\$5.81	↑ 5.83%
Avg. RTCAM/ft. <sup>2</sup>	\$2.96	\$2.97	↑ 0.34%
Avg. Gross Rent/ft. <sup>2</sup>	\$8.53	\$8.49	↓ -0.47%



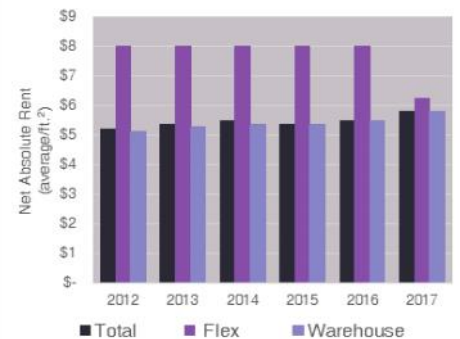
Supply & Demand



Vacant Space



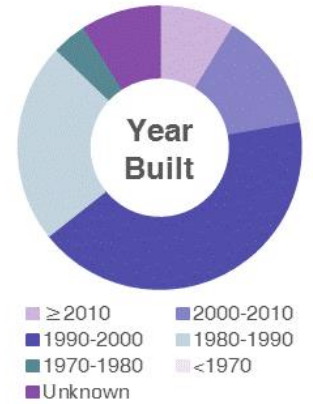
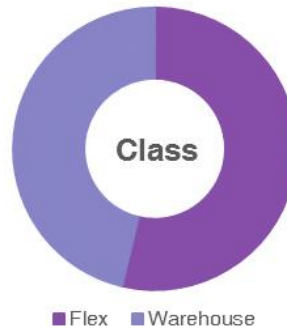
Net Absolute Rent/ft.<sup>2</sup>



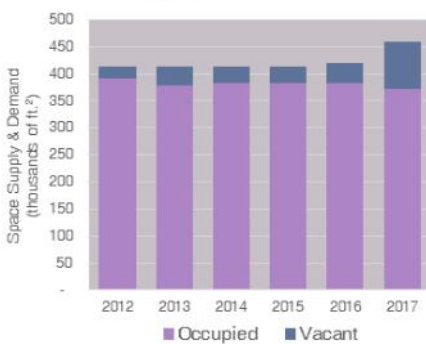
# DIEPPE INDUSTRIAL PARK

## Year at a Glance

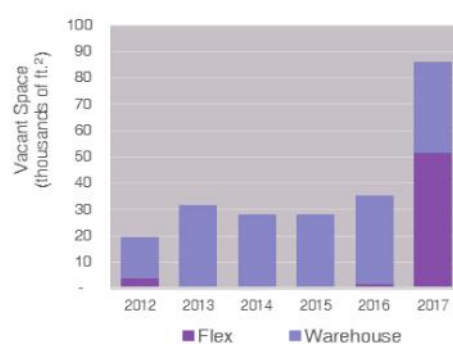
Warehouse	2016	2017	Change
Inventory (ft. <sup>2</sup> )	418,199	458,249	↑ 40,050
Net Absorption (ft. <sup>2</sup> )	(41)	(11,050)	↓ (11,009)
Vacancy Rate	8.36%	18.78%	↑ 10.42 pp
Avg. Net Rent/ft. <sup>2</sup>	\$6.86	\$7.07	↑ 3.06%
Avg. RTCAM/ft. <sup>2</sup>	\$4.38	\$4.53	↑ 3.42%
Avg. Gross Rent/ft. <sup>2</sup>	\$11.23	\$11.60	↑ 3.29%



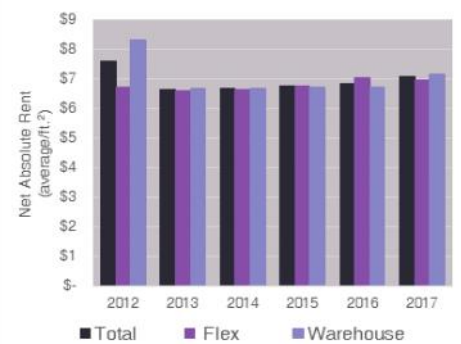
Supply & Demand



Vacant Space

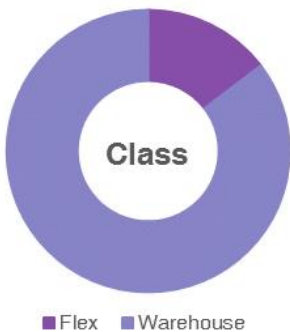


Net Absolute Rent/ft.<sup>2</sup>

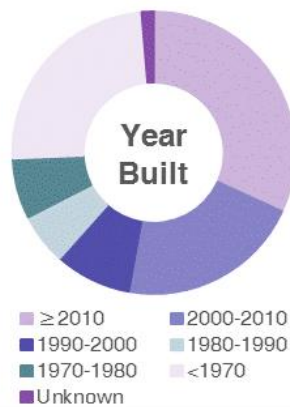


# CALEDONIA INDUSTRIAL PARK

## Class



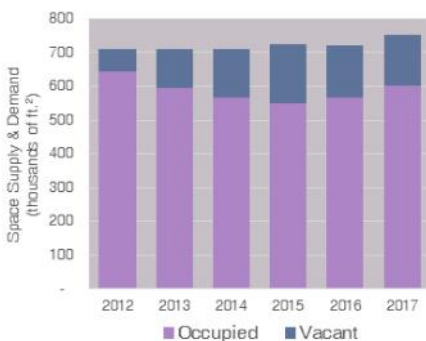
## Year Built



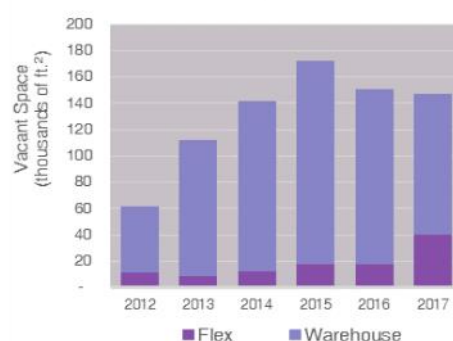
## Year at a Glance

Warehouse	2016	2017	Change
Inventory (ft. <sup>2</sup> )	718,815	751,815	↑ 33,000
Net Absorption (ft. <sup>2</sup> )	17,748	36,295	↑ 18,547
Vacancy Rate	20.88%	19.52%	↓ -1.35 pp
Avg. Net Rent/ft. <sup>2</sup>	\$6.58	\$6.63	↑ 0.76%
Avg. RTCAM/ft. <sup>2</sup>	\$4.05	\$4.08	↑ 0.74%
Avg. Gross Rent/ft. <sup>2</sup>	\$10.46	\$10.99	↑ 5.07%

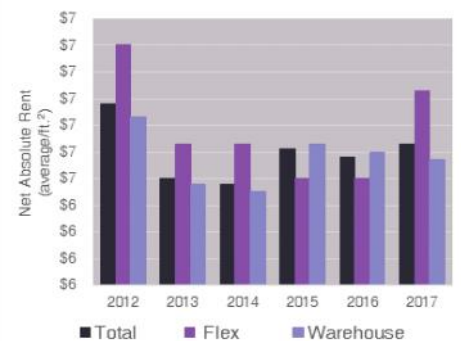
Supply & Demand



Vacant Space



Net Absolute Rent/ft.<sup>2</sup>



# DEC. 2017 MARKET SURVEY NEW BRUNSWICK OFFICES & WAREHOUSES

## Glossary

**Inventory/Supply:** The total rentable area of office space in the rental market, occupied or vacant.

**Vacancy Rate** - The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased.

**Absorption** - This is the amount of additional space absorbed by the market during that period. It is the incremental market demand.

### Building Class:

**Office Class** - This is the industry definition common to this particular marketplace.

**Class A** - These office buildings command the highest rents, have “presence” by virtue of their distinctive design and lobbies, are air-conditioned and sprinklered. They are regarded as “prestige” buildings in their marketplace and are usually the most modern buildings. They typically include the leading firms of lawyers and accountants, together with regional or head offices for banks, financial institutions and other major companies, as their tenants.

**Class B** - These are “second tier” office buildings in terms of rents. They are usually older than Class A buildings and lack “presence”. They are air conditioned and are usually sprinklered. They are regarded as offering modern, but not “prestige” office accommodation in their marketplace. Typically they were built over 20 years ago. Tenants usually include second tier firms of lawyers and accountants, together with a wide selection of private sector companies, provincial and local government agencies.

**Class C** - These include all office buildings not classed as “A” or “B”.

**Class W** - Distribution warehouse

**Class F** - Flex space. This type of space may be used for retail or office use as an alternative to pure warehousing and is typically located at the entrance to a business park in an area with high traffic exposure.

### Income & Expense Data:

**Net Absolute Rent** - This is often referred to as “AAA” or “Base” rent and does not include Realty or Business Occupancy Taxes, Common Area Maintenance (CAM), or any other services such as Electricity, Cleaning or Heating.

**Current Realty Taxes** - These are the Realty Taxes (not the Business Occupancy Taxes) currently paid by the Landlord and which are recovered from the Tenant usually as part of the Service Rent.

**Current CAM** - This is the additional amount recovered by the Landlord from the Tenant to cover the operating and maintenance costs of the building including the tenant suites. Common Area Maintenance (CAM) typically includes fire insurance, repairs and maintenance, cleaning (common areas plus often the tenant suites), electricity (common areas plus often the tenant suites), heating and air conditioning (common areas plus often the tenant suites), water, garbage removal, snow clearing, elevator maintenance, management, security, etc. It, together with the Realty Taxes, is recovered by the Landlord from the Tenant as “Service Rent”, if the Tenant has a “net absolute” lease.

**Total Realty Taxes + CAM (RTCAM)** - This is the total of the Realty Taxes and CAM, and is often recovered from the tenant as “Service Rent”.

**Total Gross Rent** - This is the total rent recovered from the Tenant by the Landlord and is the total of the Base (Net Absolute Rent) plus the Service Rent (Realty Taxes + CAM).