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## **ST. JOHN'S RENTS HIGHEST IN ATLANTIC CANADA**

### **Lowest vacancy rates in Atlantic Canada: St. John's rents exceed all others**

St. John's has the lowest vacancy rate for both office and industrial space and the highest rental rates in Atlantic Canada. But as the recession slows the pace of growth rate for in the year ahead, expect vacancy to increase and rental rate increases to be moderate. That is the conclusion from the latest of seven rental surveys recently conducted by Atlantic Canada real estate counsellors, Turner Drake & Partners Ltd.

The surveys are thought to be the most comprehensive ever conducted in Greater St. John's: a team of trained researchers collected rental, operating expense and vacancy data for 165 buildings, some as small as 10,000 square feet, with an aggregate rentable area of over 5 million square feet.

Driven by increased availability of Class B and C office space, the overall vacancy rate for office space in St. John's is now 4.4%, up over last year's 3.62%, but still the lowest in Atlantic Canada. The tightening market for Class A office space and overall low vacancy rate were sufficient to drive St. John's office rental rates up across the board, culminating in an overall increase of 9.4%. The overall rental rate is the highest in Atlantic Canada, largely due to the rates for Class A space, which increased by a whopping 15.7% over June 2008. The Class A market is effectively fully occupied, at just 0.37% vacancy. The city's office market is in a strong starting position to weather the recession, but both the Class B and C vacancy rates had significant increases over last year: vacancy is expected to continue to climb as demand dwindles in the wake of the economic downturn, and rental rate increases will slow.

On the industrial side, too, St. John's has the lowest vacancy rate, dropping from 7.6% in 2008 to the current 6.0%. The rental rate, up 1% over last year, is the highest in Atlantic Canada. Demand for warehouse space is expected to drop in the year ahead as aftershocks of the recession continue. Vacancy will rise and changes to the rental rate will be slight.

Turner Drake & Partners Ltd. is a multi-disciplinary firm of real estate consultants offering valuation, property tax, counselling, and Lasercad™ space measurement advice throughout Eastern Canada; together with brokerage (sales and leasing) services in Nova Scotia.

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If you would like more information about this topic, or wish to schedule an interview with Alexandra Baird Allen, please call her at (902) 429-1811 ext. 316 or email [abairdallen@turnerdrake.com](mailto:abairdallen@turnerdrake.com).