

# MARKET SURVEY (DECEMBER 2014) 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 73 buildings with an aggregate rentable area of 3,435,068 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

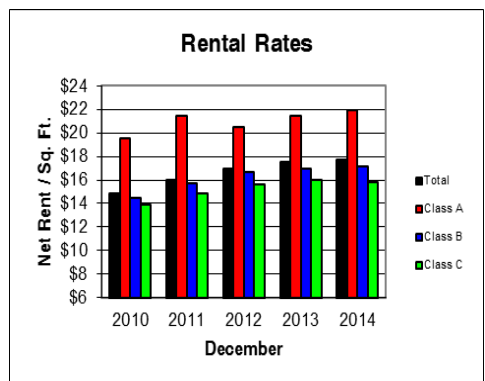
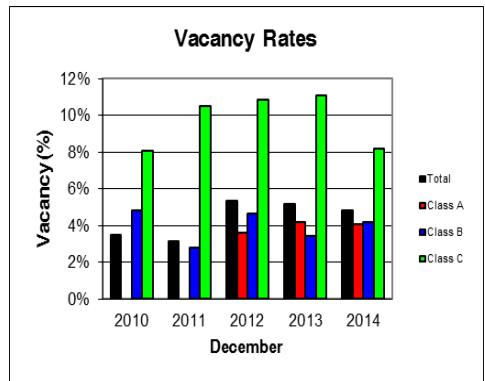
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Our survey measured vacancy rates by class of building. Class A buildings command the highest rents in their community and have distinctive design and lobbies. Class 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 has the lowest overall vacancy rate in Atlantic Canada at 4.81%. 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 \$17.18; Class C \$15.83; Overall \$17.75. Vacancy rates in Greater St. John's stand at: Class A 4.09%; Class B 4.22%; Class C 8.21%; Overall 4.81%.

Our survey includes all the major centres in Atlantic Canada. The overall office vacancy rate by location are as follows: Greater Fredericton 10.03%; Greater Saint John 22.40%; Greater Moncton 7.89%; Greater St. John's 4.81%; Halifax Regional Municipality 12.28%; Greater Charlottetown 10.41%.

## Forecast (Next 12 months)

A large increase in vacancy (from 4.81% to 8.38%) is expected due to new space becoming available in the next year. This temporary increase in vacancy is expected to fall as high demand catches up with supply. Net absolute rent/ft<sup>2</sup> will continue to rise despite the increase in vacancy, reflecting the relatively strong rental market and the quality of the new space.



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# MARKET SURVEY (DECEMBER 2014) 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 104 buildings with an aggregate rentable area of 2,513,912 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 warehouse space ever undertaken in Greater St. John's.

## Vacancy Rates

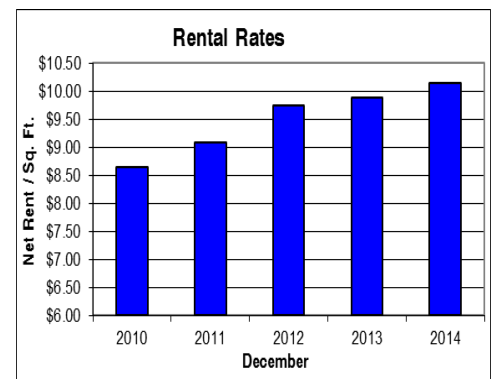
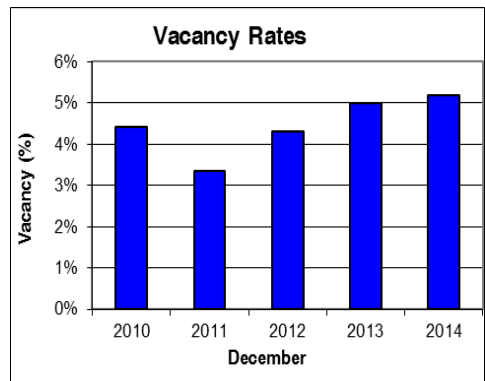
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. The overall warehouse vacancy rate in St. John's increased slightly, from 5.00% in 2013 to 5.18% in 2014, but remains the lowest in Atlantic Canada. The overall net absolute rental rate per square foot increased by 2.63% in 2014, and currently stands at \$10.15/ft<sup>2</sup>.

Our survey includes all the major centres in Atlantic Canada. The vacancy rate for warehouse space in St. John's is the lowest in Atlantic Canada. The overall vacancy rate by location is as follows: Greater Fredericton 12.45%; Greater Saint John 17.32%; Greater Moncton 14.87%; Greater St. John's 5.18%; Halifax Regional Municipality 11.23%; Greater Charlottetown 20.05%.

In keeping with the low vacancy rate, St. John's warehouse 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 \$6.75; Greater Saint John \$7.12; Greater Moncton \$6.06; Greater St. John's \$10.15; Halifax Regional Municipality \$7.55; Greater Charlottetown \$8.99.

## Forecast (Next 12 months)

We anticipate that the overall vacancy rate will increase to 8.89% from the current 5.18% due to new warehouse space becoming available in the Greater St. John's Area. This initial increase in vacancy is expected to decline as demand for space catches up with supply. A moderate, 0.75% increase in net absolute rent/ft<sup>2</sup> is also anticipated, reflecting the balance between lagging demand and the quality of new supply coming to market.



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