

# MARKET SURVEY (JUNE 2011) 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 60 buildings with an aggregate rentable area of 2,674,431 ft.<sup>2</sup>. The survey successfully collected information on 98% of the rental stock polled.

## Vacancy Rates

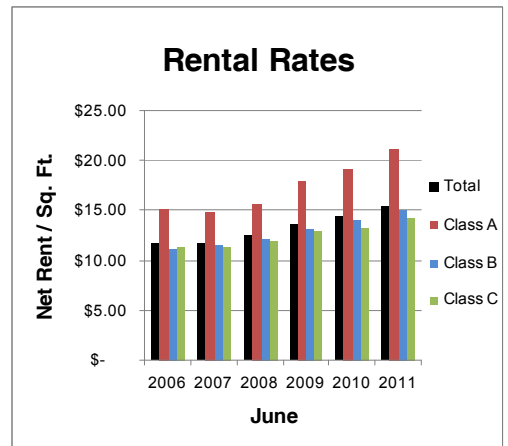
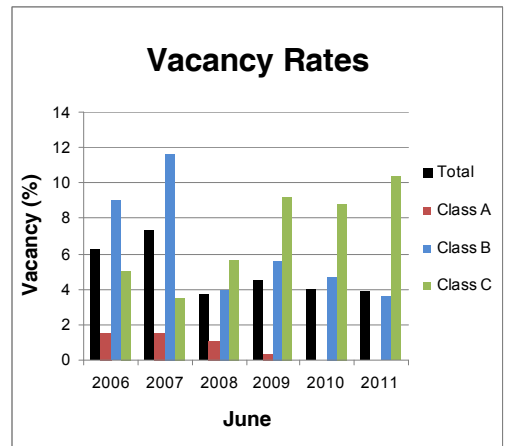
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Our survey measured vacancy rates by class of building. Class A buildings command the highest rents in their community and have distinctive design and lobbies. Class B buildings offer "no frills" modern, airconditioned 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.

At 3.84%, St. John's has the lowest overall vacancy rate in Atlantic Canada, down from 3.93% in 2010. This translates into the highest overall net rental rate in Atlantic Canada. The current vacancy rates in Greater St. John's are: Class A 0%; Class B 3.65%; Class C 10.40%; Overall 3.84%. The current average net absolute rental rates per square foot are: Class A \$21.08; Class B \$15.11; Class C \$14.21; Overall \$15.43.

Our survey includes all the major centres in Atlantic Canada. The overall vacancy rate by location is as follows: Greater Fredericton 9.74%; Greater Saint John 10.73%; Greater Moncton 10.18%; Greater St. John's 3.84%; Halifax Regional Municipality 7.75%.

## Forecast (Next 12 months)

We anticipate that the low vacancy rate will eventually lead to new office space being brought to market. However, we do not foresee a significant increase in supply during the next 12 months. We predict that the vacancy rate will drop to 3.01% in the year to come, as increases in demand continue to outpace increases in supply. The net absolute rent/ft.<sup>2</sup> will rise by 3.75%, reflecting the tight vacancy in most submarkets.



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