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**Press Release**

## **ATLANTIC CANADIAN OFFICE VACANCY STAYS HIGH WHILE WAREHOUSE MARKET STAYS STRONG**

The results of our latest Rental Market Survey are detailed below. These surveys are some of the most comprehensive ever conducted in Atlantic Canada: a team of trained researchers collected rental, operating expense and vacancy data for 581 office and industrial buildings (over 10,000 data points), some as small as 5,000 ft.<sup>2</sup>, with an aggregate rentable area of over 32 million ft.<sup>2</sup>. Our December 2023 Rental Market Survey covered the Greater Halifax area, New Brunswick's three urban centres, and Greater St. John's.

### **Halifax Office and Industrial Markets:**

The Greater Halifax market's overall office vacancy rate finished 2023 at 15.02%, up 1.00 pp from 14.02% in 2022. Despite this, net rent for offices in the Halifax region saw a marginal increase, rising 1.50% to \$15.53/ft.<sup>2</sup>, up from \$15.30/ft.<sup>2</sup> in 2022. Greater Halifax's total office supply also saw a modest uptick, with a net increase of 0.66% year-over-year, finishing 2023 at 11,972,156 ft.<sup>2</sup>.

Greater Halifax's warehouse market continued to enjoy a rock-bottom vacancy rate, with overall vacancy finishing the year at 3.56%. Although this was a marginal increase of 0.19 pp over last year's low-point of 3.37%, 2023's figure of 3.56% is the second-lowest warehouse vacancy rate that we have on-record since 2001. The warehouse market is effectively fully-occupied; this has spurred increases in rental rates across the board, and prompted the construction of new warehouse space, subject to the limited industrial land supply within the City's urban boundaries.

### **Moncton, Fredericton, and Saint John Office Markets:**

Moncton's office rental market finished 2023 with a vacancy rate of 14.31%; this was a decline of 0.51 pp from 2022's figure of 14.82%. The net rental rate for office space in Moncton climbed 4.01% to \$14.02/ft.<sup>2</sup> in 2023, up from \$13.48/ft.<sup>2</sup> in 2022. Moncton enjoyed the lowest office vacancy of the three New Brunswick cities.

Fredericton's overall vacancy rate decreased marginally year-over-year, ending 2023 at 17.63%. This was a decrease of 0.75 pp over 2022's rate (18.38%). Fredericton's overall net rental rate saw an increase of 1.67% over 2022's rate of \$14.33/ft.<sup>2</sup>, finishing 2023 at \$14.57/ft.<sup>2</sup>. Fredericton had the second-lowest vacancy amongst New Brunswick's three cities.

Demand in Saint John's office rental market was stagnant over the past year; this was characterised by growth in its vacancy rate, which went from 20.79% in 2022, to 24.81% in 2023, an increase of 4.02 pp. Saint John's net rental rate finished 2023 at \$13.73/ft.<sup>2</sup>; this was lower than the overall net rent in both Moncton (\$14.02/ft.<sup>2</sup>), and Fredericton (\$14.57/ft.<sup>2</sup>). Saint John had the highest vacancy rate amongst New Brunswick's three cities; a spread of 10.5 pp over Moncton's rate, and 9.79 pp over that of the regional centre of Halifax.

### **St. John's Office Market:**

The Greater St. John's office market saw a year-end vacancy rate of 24.00%; this was a marginal increase of 0.35 pp over 2022's figure of 23.65%. Correspondingly, St. John's overall net rental rate fell 1.44% year-over-year, finishing 2023 with a rate of \$18.48/ft.<sup>2</sup>, down from \$18.75/ft.<sup>2</sup> in 2022. Although Downtown St. John's vacancy rate experienced a mild reprieve, over one-third (34.15%) of all leasable office space in the downtown core remains vacant; this was 2.21 pp lower than 2022's year-end rate of 36.36%. In conjunction with the high vacancy rate, net rental rates in Downtown St. John's decreased 3.52% year-over-year to \$21.12/ft.<sup>2</sup>, down from \$21.89/ft.<sup>2</sup> in 2022.

### **About Turner Drake & Partners Ltd.:**

Turner Drake & Partners Ltd., a "home-grown" leader in real estate consulting, specialises in Valuation, Property Tax, Counseling, Planning, Economic Intelligence, and Space Measurement Services. From our offices in Halifax, St. John's, Charlottetown, Saint John, and Toronto, we service clients in the real estate industry across Canada.

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