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**FOR IMMEDIATE RELEASE**

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**Press Release**

**ST. JOHN'S OFFICE MARKET: IT'S A GOOD TIME TO BE AN OFFICE TENANT**

Despite a slight decrease to its office vacancy rate over the past year, almost a quarter of the rentable office inventory remains vacant in Newfoundland and Labrador's capital city. St. John's finished December 2024 with an overall office vacancy rate of 23.74%. This was a decline of 0.19 pp from December 2023's figure of 23.93%; the 2023 rate was actually the highest ever recorded for St. John's. In conjunction with the slight dip in the vacancy, the overall net rental rate increased by 0.65% year-over-year, reaching \$18.56/ft.<sup>2</sup> in 2024, up from \$18.44/ft.<sup>2</sup> in 2023. If vacancy continues to stay high in St. John's, it is likely that increases to rental rates will stay low; the surplus of available spaces on the market gives prospective tenants plenty to choose from, and could give tenants a leg up in lease negotiations.

St. John's' much maligned downtown finally saw a reprieve, with its vacancy falling to 32.45%, down from 34.15% in 2023. This was driven by an uptick in demand in the downtown submarket, which saw a net increase of nearly 25,000 ft.<sup>2</sup> of occupied space over the past year. This is welcome news for Downtown St. John's' office market, where the overall vacancy rate has fallen 9.11 pp from 41.56% in 2020. This year-over-year fall in vacancy was accompanied by an increase of 8.95% to the overall net rental rate, which rose to \$23.01/ft.<sup>2</sup> in 2024, up from \$21.12/ft.<sup>2</sup> in 2023. This marked the first increase to office rental rates in Downtown St. John's since 2021; it had fallen each consecutive year between 2021 and 2023.

The decrease in the Downtown's vacancy rate, and the ensuing increase to net rental rates, could also be a good sign for municipal financial coffers should these trends continue into the future. This was the first time since 2020 that overall realty taxes (\$/ft.<sup>2</sup>) for downtown rental office properties saw a year-over-year increase. Market metrics, such as vacancy and rental rates, are factored into the assessed values for commercial properties, and wide-spread changes in demand for these spaces can generally be expected to manifest themselves in the overarching commercial property assessment base against which the City draws its property tax revenue.

These conclusions stem from the latest rental market surveys completed by Halifax 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 86 office buildings, some as small as 5,000 ft.<sup>2</sup>, with an aggregate rentable area of over 3.9 million ft.<sup>2</sup>.

**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, Brokerage, 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.