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FOR IMMEDIATE RELEASE:

CONTACT:

James Stephens
Manager, Charlottetown Office
Turner Drake & Partners Ltd.
Tel: (902) 368-1811 Ext. 346
Fax: (902) 429-1891
Email: jstephens@turnerdrake.com
Website: www.turnerdrake.com

TURNER DRAKE & PARTNERS LTD.

Real Estate Counsellors, Brokers & Valuers
6182 North Street
Halifax NS B3K 1P5

Suite 11, 109 Richmond Street
Charlottetown PE C1A 1H7

Press Release

CHARLOTTETOWN'S OFFICE VACANCY DROPS TO SINGLE DIGITS

The overall rental office vacancy rate in Charlottetown dropped for the third straight year, landing below the ten percent mark for the first time since Turner Drake began surveying the market in 2006. This year, overall vacancy rate in Charlottetown decreased almost six percentage points, to 7.59%. The drop moves the city toward a balanced market (5%) and puts Charlottetown second in Atlantic Canada only to Fredericton (7.05% vacancy). Following behind are Moncton (8.02% vacancy), Halifax (13.86% vacancy), St. John's (17.21% vacancy) and Saint John (19.10% vacancy).

These are the conclusions from the latest rental market surveys recently completed by Atlantic Canadian real estate counsellors Turner Drake & Partners Ltd. The surveys are thought to be the most comprehensive ever conducted in Charlottetown: a team of trained researchers collected rental, operating expense and vacancy data for 39 office and industrial buildings, some as small as 5,000 ft.², with an aggregate rentable area of over 1.2 million ft.²

Office buildings are categorised by class. 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. Year over year, Class A office space, which makes up two thirds of the Charlottetown market, saw vacancy drop from 12.3% to 6.8%. Class B fell from 24.6% to 5.9%, while Class C increased from 5.6% to 12.5%. Vacancy and rental rates are correlated: falling vacancy typically pushes the net rental rate upwards, but the reverse may also be true, and a falling rental rate may attract new tenants and thereby push vacancy downward. Charlottetown has a very stable market: between 2017 and 2018, the average net rental rate for Class A space edged up from \$15.86/ft.² to \$15.88/ft.², Class B rose from \$15.82/ft.² to \$15.95/ft.², and Class C held steady at \$11.22/ft.². Overall, the average net rental rate climbed just under one percent, from \$14.73/ft.² to \$14.87/ft.². This places Charlottetown at the upper end relative to other Atlantic Canadian cities: Fredericton (\$13.95/ft.²), Moncton (\$12.93/ft.²), Saint John (\$13.03/ft.²) and Halifax (\$14.00/ft.²) but still below St. John's (\$18.99/ft.²).

Turner Drake & Partners Ltd., a "home grown" Atlantic Canadian company, has provided real estate advice for over forty years. From their offices in Halifax, St. John's, Charlottetown, Saint John and Toronto they provide tenants and landlords with leasing, property tax, valuation, counselling, planning, economic intelligence, and Lasercad® space measurement advice.

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If you would like more information about this topic, or wish to schedule an interview with James Stephens, please call him at (902) 368-1811 ext. 346 or email jstephens@turnerdrake.com.