

# Charlottetown, PEI

Office Q1 2024



	YoY Chg	12-Mo. Forecast
<b>4.8%</b> Overall Vacancy Rate	—	▲
<b>24,604</b> Net Absorption, SF	—	▼
<b>\$24.50</b> Gross Asking Rent, PSF	—	▲

(Overall, All Property Classes)

## ECONOMIC INDICATORS Q1 2024

	YoY Chg	12-Mo. Forecast
<b>92K</b> PEI Employment	▲	▲
<b>7.4%</b> PEI Unemployment Rate	▲	▼
<b>6.1%</b> Canada Unemployment Rate	▲	▲

Source: Statistics Canada

## ECONOMIC OVERVIEW

Prince Edward Island stands out as one of the few provincial economies poised for growth in the upcoming year. Strong population growth and decreasing inflationary pressures are setting the stage for another successful year of household spending. The ongoing influx of migrants to the province is expected to alleviate labor shortages, especially in the construction sector. With a projected growth rate of 2.1%, P.E.I. is anticipated to reclaim its position at the top of the provincial growth rankings in 2024. The economic outlook for P.E.I. in the near term has significantly improved compared to previous forecasts. Household spending on the island showed robust growth last year, particularly in retail, accommodation, and food services, supported by low levels of consumer debt. Despite a slight increase in shelter costs following the lifting of the rent freeze, consumer price inflation remains low at 1.5%. The substantial increase in P.E.I.'s population has been a key driver of consumption, leading to strong job growth and a return to pre-pandemic job vacancy levels. Positive indicators such as a 20% rise in non-residential investment and increased government spending in healthcare point towards a promising year ahead for construction and the public sector. Additionally, ongoing tax relief measures are expected to boost disposable incomes and consumption in 2025. While P.E.I.'s exports saw significant growth in 2023, driven mainly by potato products due to the lifting of a U.S. ban, excluding this factor reveals weaker export performance. Interprovincial markets play a crucial role in P.E.I.'s export demand, and slower economic growth in Canada could pose challenges. Weaker labor markets in Canada and the U.S. may also hinder the recovery of P.E.I.'s tourism sector, which faced a slowdown in domestic visits in the latter half of last year. (Sources: Statistics Canada, RBC, TD Economics)

## SUPPLY AND DEMAND

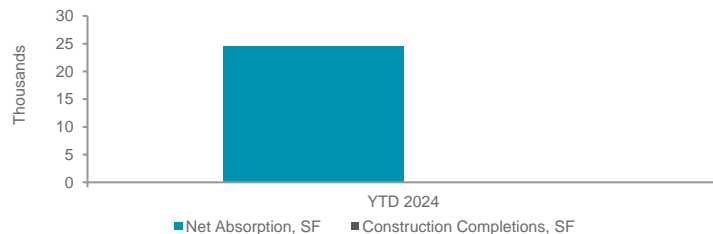
In the first quarter of 2024 Charlottetown had a total of 59,000 square feet of vacant space available. The majority of this vacant space was situated in the Central market and consisted entirely of direct vacancy.

The Charlottetown office market reported an overall vacancy rate of 4.8% for this quarter, with the Central market slightly higher at 4.9% and the Suburban market at 4.3%. This data suggests a relatively low vacancy rate in Charlottetown's office market, with the Central market showing a slightly higher vacancy compared to the Suburban market.

## PRICING

During this quarter, the average net rent in Charlottetown's office market was \$15.91 per square foot (psf). Additionally, the overall average additional rent was \$8.60 psf, resulting in a total average gross rent of \$24.50 psf. Specifically, in the Central submarket, the net rent was \$16.42 psf with an additional rent of \$8.21 psf, bringing the gross rent to \$24.63 psf. In the Suburban submarket the total net rent was \$14.78 psf with an additional rent of \$10.60 psf, resulting in a gross rent of \$25.38 psf.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY & ASKING RENT



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Office Q1 2024


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## MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Charlottetown- Central	1,036,799	-	50,740	4.9%	21,910	21,910	0	\$24.63	\$25.21
Charlottetown- Suburban	197,704	-	8,431	4.3%	2,694	2,694	0	\$24.30	\$29.50
<b>Charlottetown Totals</b>	<b>1,234,503</b>	<b>-</b>	<b>59,171</b>	<b>4.8%</b>	<b>24,604</b>	<b>24,604</b>	<b>0</b>	<b>\$24.50</b>	<b>\$25.28</b>

\*Rental rates reflect full service asking

## KEY SALE TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	TENANT	SF	SALE PRICE
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N/A

## KEY LEASE TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	TENANT	SF	Type
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N/A

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