

# MARKET SURVEY (JUNE 2006) GREATER CHARLOTTETOWN WAREHOUSES

## Scope

This survey included every warehouse building with a total rentable area of 20,000 ft<sup>2</sup> or greater, available for rent in the Greater Charlottetown Area. Rental, operating expense and vacancy data was collected on 9 buildings with an aggregate rentable area of 221,058 ft<sup>2</sup>, using a team of trained researchers. The survey successfully collected information on 100% of the rental stock polled. Data analysis prior to June 2006 is based on information gathered by a similar but smaller survey conducted by Cushman & Wakefield LePage for PWGSC.

## Vacancy Rates

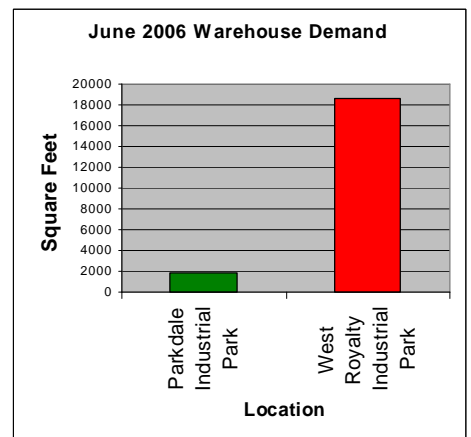
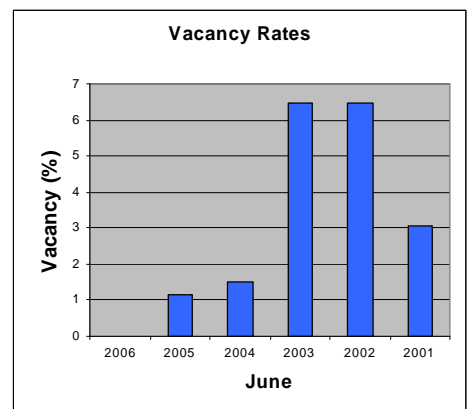
The vacancy rate **excludes** any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Vacancy rates prior to June 2006 are based on data collected by the Cushman Wakefield & LePage surveys, and employ heuristic algorithms which compensate for missing data. The overall vacancy rate peaked in 2002/2003, declined sharply in 2004, and currently sits at 0%. Warehouse rental space has been retired to keep pace with the decreased demand.

Our survey also measured demand by geographic node. The graph indicates the amount of warehouse space currently rented in each of Charlottetown's Industrial Parks: Parkdale Industrial Park and West Royalty Industrial Park.

The **overall** vacancy rate is a useful predictor of changes in the net absolute rental rate/ft<sup>2</sup>. A falling vacancy rate portends increasing rents and vice versa. Empirical data indicates that net absolute rent/ft<sup>2</sup> movements follow the following pattern in a **falling** vacancy rate market: Fairly Stable ( $\geq 12\% < 16\%$ ); Very Slight Increase, Reduced Rental Incentives ( $\geq 10\% < 12\%$ ); Slight Increase, Rental Incentives Removed ( $\geq 8\% < 10\%$ ); Modest Increase ( $\geq 6\% < 8\%$ ); Strong Increase ( $\geq 4\% < 6\%$ ); Major Increase ( $< 4\%$ ).

## Forecast (Next 12 months)

We anticipate that the overall vacancy rate will hold steady at 0% and there will be no change in the net absolute rent/ft<sup>2</sup>.



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