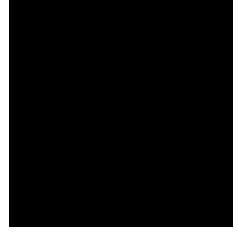
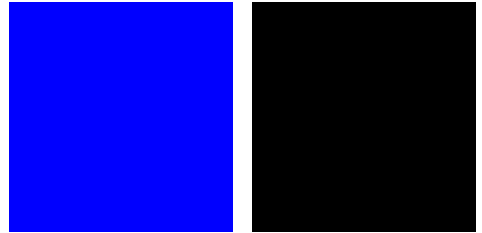


MARKET SURVEY (JUNE 2006) GREATER ST. JOHN'S WAREHOUSES



Scope

This survey included every warehouse building with a total rentable area of 20,000 ft² or greater, available for rent in the Greater St. John's Area. Rental, operating expense and vacancy data was collected on 81 buildings with an aggregate rentable area of 1,860,044 ft², using a team of trained researchers. The survey successfully collected information on 99% 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

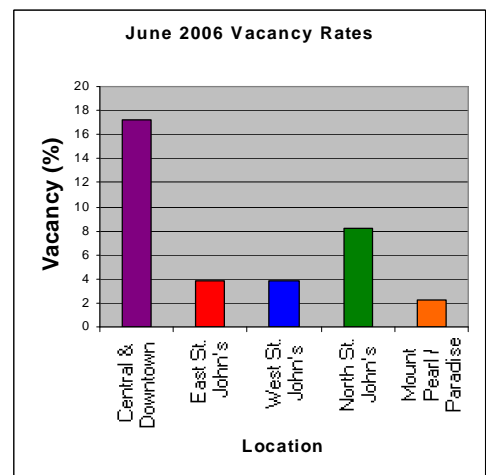
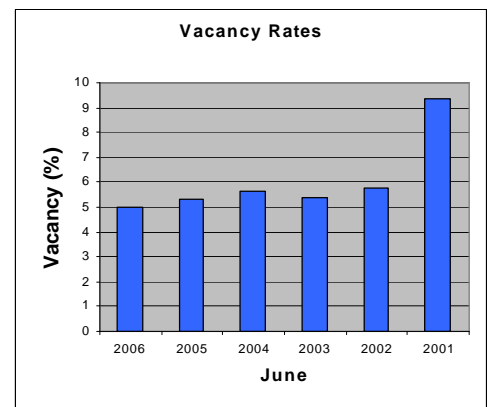
The vacancy rate **excludes** any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Vacancy rates prior to June 2006 are based on data collected by the Cushman & Wakefield LePage surveys, and employ heuristic algorithms which compensate for missing data. The overall vacancy rate peaked in 2001 and has ranged between 5% and 6% since then. The current overall vacancy rate is 5%. Paradoxically, demand for rental accommodation has fallen, albeit more slowly than space has been retired.

Our survey also measured the vacancy rate by geographic node. The graph indicates the current vacancy rate in each of the following locations: Central and Downtown; East St. John's; West St. John's; North St. John's; Mount Pearl/Paradise.

The **overall** vacancy rate is a useful predictor of changes in the net absolute rental rate/ft². A falling vacancy rate portends increasing rents and vice versa. Empirical data indicates that net absolute rent/ft² 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 rise to 8.62% from the current 5%. There will be a 2% increase in the net absolute rent/ft².



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