

MARKET SURVEY (JUNE 2006) GREATER MONCTON 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 Moncton Area. Rental, operating expense and vacancy data was collected on 54 buildings with an aggregate rentable area of 2,472,665 ft², 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

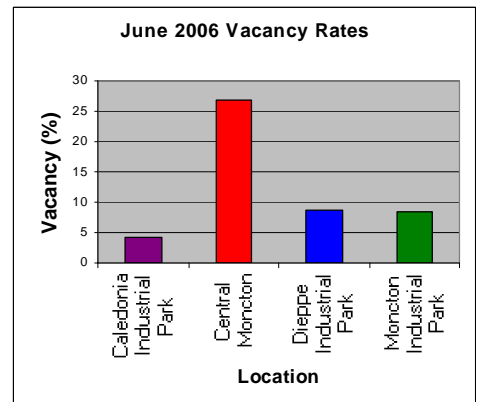
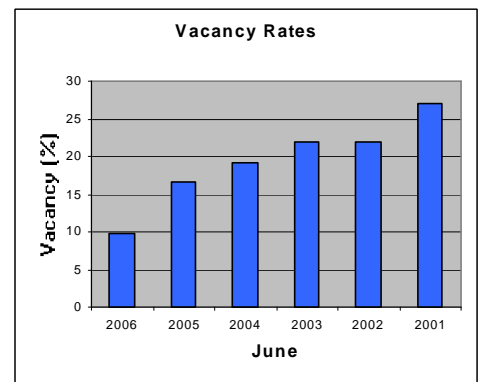
The vacancy rate **excludes** any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Vacancy rates prior to June 2006 are based on data collected by the Cushman & Wakefield LePage surveys, and employ heuristic algorithms which compensate for missing data. The overall vacancy rate has been declining steadily over the past six years. The current overall vacancy rate is 9.86%. We expect it to increase in the next year as new buildings are added to the rental inventory.

Our survey also measured the vacancy rate by geographic node. The graph indicates the current vacancy rate in each of the following locations: Caledonia Industrial park; Central Moncton; Dieppe Industrial Park; Moncton Industrial Park.

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 11.51% from the current 9.86%. There will be no increase in the net absolute rent/ft².



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