

MARKET SURVEY (JUNE 2006) GREATER SAINT JOHN 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 Saint John Area. Rental, operating expense and vacancy data was collected on 14 buildings with an aggregate rentable area of 486,183 ft², using a team of trained researchers. The survey successfully collected information on 86% 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

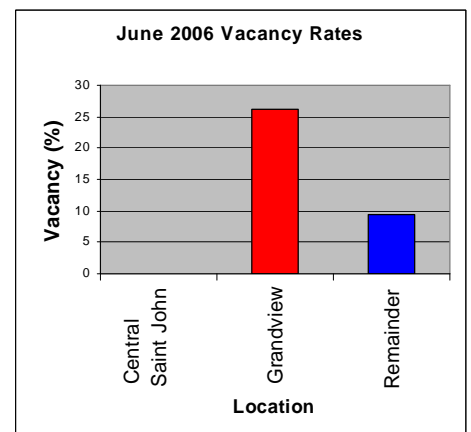
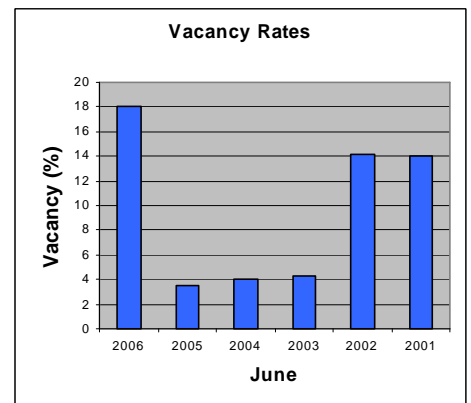
The vacancy rate **excludes** any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Vacancy rates prior to June 2006 are based on data collected by the Cushman & Wakefield LePage surveys, and employ heuristic algorithms which compensate for missing data. Though the vacancy rate was declining steadily prior to 2006, at this point there was a sharp increase. It is impossible to assess whether this is real or due to the change in methodology for collecting the data. The current overall vacancy is 18.10%.

Our survey also measured vacancy by geographic node. The graph indicates the current vacancy rate for Central Saint John, Grandview and all remaining areas.

The **overall** vacancy rate is a useful predictor of changes in the net absolute rental rate/ft². A rising vacancy rate portends decreasing 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 decrease to 15% from the current 18.10%. There will be a 10% decrease in the net absolute rent/ft².



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