

MARKET SURVEY (JUNE 2008) 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 11 buildings with an aggregate rentable area of 366,184 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

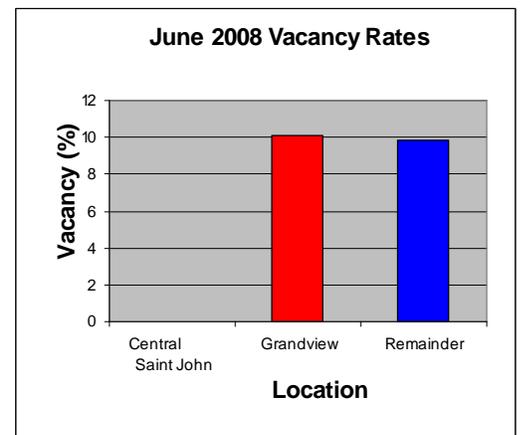
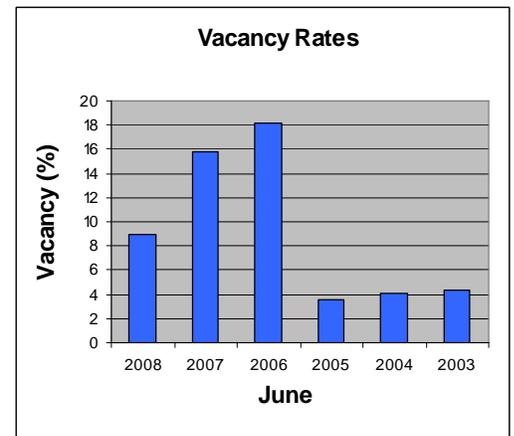
The vacancy rate **excludes** any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Vacancy rates prior to June 2006 are based on data collected by the Cushman & Wakefield LePage surveys, and employ heuristic algorithms which compensate for missing data. The current **overall** vacancy rate is 8.98%, down from its 2006 peak. We anticipate it will continue to fall as demand increases in the coming year.

Our survey also measured vacancy by geographic node. The graph indicates the current vacancy rate in each of the following locations: Central Saint John 0%; Grandview 10.14%; all remaining areas 9.81%.

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 fall to 7.67% from the current 8.89%. The net absolute rent/ft² will increase by 1.00%.



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