

# MARKET SURVEY (JUNE 2009) 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 7 buildings with an aggregate rentable area of 219,854 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

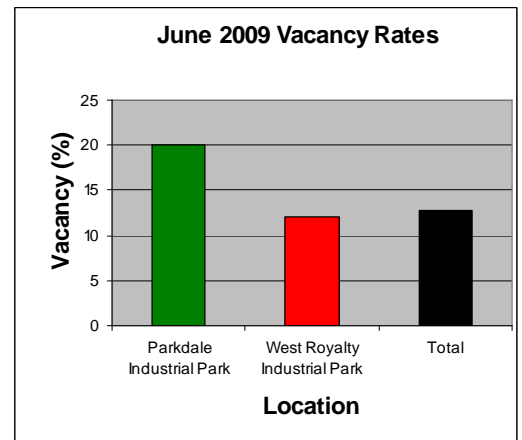
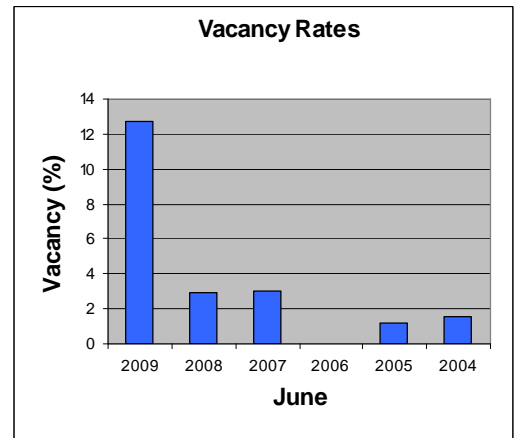
The vacancy rate **excludes** any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Vacancy rates prior to June 2006 are based on data collected by the Cushman & Wakefield LePage surveys, and employ heuristic algorithms which compensate for missing data. The overall vacancy rate jumped from 2.95% in 2008 due to a 10% decrease in demand. The current overall vacancy rate is 12.70%. We anticipate continuing decreases in demand will result in a further increase in vacancy in the year ahead.

Our survey also measured the vacancy rate by geographic node. The graph indicates the current vacancy rate in each of Charlottetown's Industrial Parks: Parkdale Industrial Park 20.00%; West Royalty Industrial Park 11.97%.

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 climb to 15.89% but there will be no change in the net absolute rent/ft<sup>2</sup>.



**TURNER DRAKE  
& PARTNERS LTD.**  
Real Estate Counsellors, Brokers and Valuers  
6182 North St. Halifax, N.S. B3K 1P5  
Internet: [www.turnerdrake.com](http://www.turnerdrake.com)  
E-Mail: [tdp@turnerdrake.com](mailto:tdp@turnerdrake.com)  
Tel.: 1-902-429-1811  
Fax: 1-902-429-1891