

MARKET SURVEY (JUNE 2010) GREATER SAINT JOHN OFFICES

Scope

This survey included every office building with a total rentable area of 10,000 ft² or greater, available for rent in the Greater Saint John Area. A team of trained researchers collected rental, operating expense and vacancy data on 39 buildings with an aggregate rentable area of 2,216,801 ft². The survey successfully collected information on 93% of the rentable stock polled. Data analysis prior to June 2006 is based on information from a similar but smaller survey conducted by Cushman & Wakefield LePage for PWGSC.

Vacancy Rates

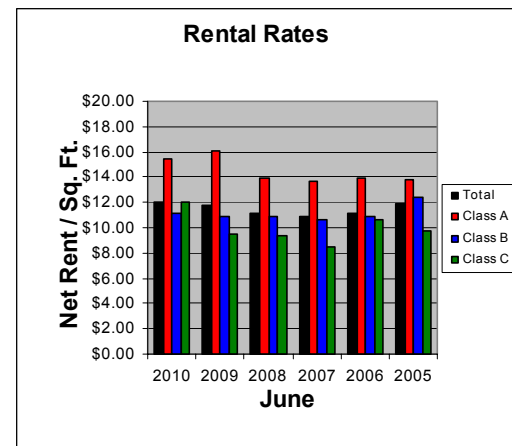
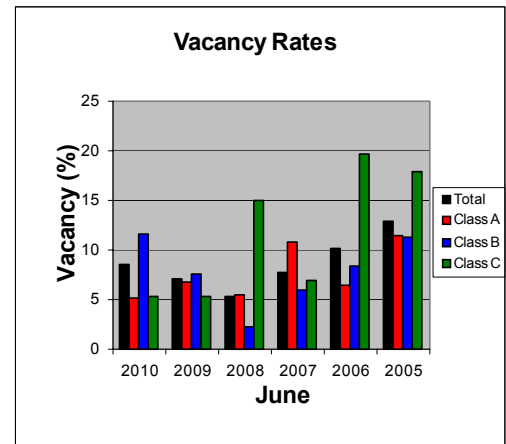
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Our survey measured vacancy rates by class of building. Class A buildings command the highest rents in their community and have distinctive design and lobbies. Class B buildings offer “no frills” modern, airconditioned space. Class C buildings make up the remainder of the office rental market. The vacancy rate and net rental rate are inversely correlated: empirical data indicates that generally a falling vacancy rate portends a rising net rental rate, while a rising vacancy rate indicates that net rental rate increases will moderate or even fall.

Saint John is now experiencing its highest vacancy rate since 2006, up from 7.03% in 2009, led by a sharp spike in the vacancy rate for Class B space. This translates into the lowest overall net rental rate in Atlantic Canada. The current vacancy rates in Greater Saint John are: Class A 5.18%; Class B 11.60%; Class C 5.29%; Overall 8.56%. The current average net absolute rental rates per square foot are: Class A \$15.42; Class B \$11.18; Class C \$11.97; Overall \$12.00.

Our survey includes all the major centres in Atlantic Canada. The vacancy rate for Saint John falls in the middle of pack both provincially and in terms of Atlantic Canada as a whole. The overall vacancy rate by location is as follows: Greater Fredericton 5.62%; Greater Saint John 8.56%; Greater Moncton 9.70%; Greater St. John's 3.86%; Halifax Regional Municipality 7.63%; Greater Charlottetown 12.34%.

Forecast (Next 12 months)

We anticipate that the overall vacancy rate will drop to 8.21% from the current 8.56% as demand increases. There will be a 1.75% increase in the net absolute rent/ft².



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MARKET SURVEY (JUNE 2010) 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. A team of trained researchers collected rental, operating expense and vacancy data on 10 buildings with an aggregate rentable area of 343,706 ft². The survey successfully collected information on 91% 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

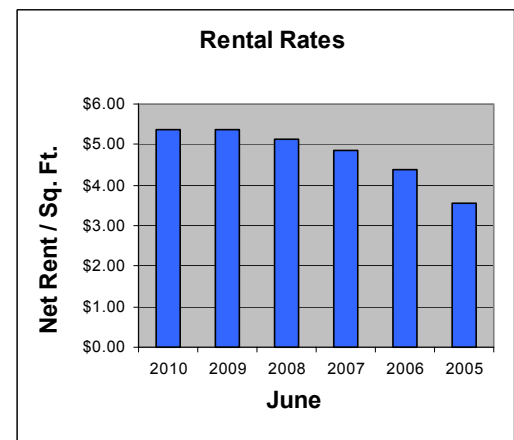
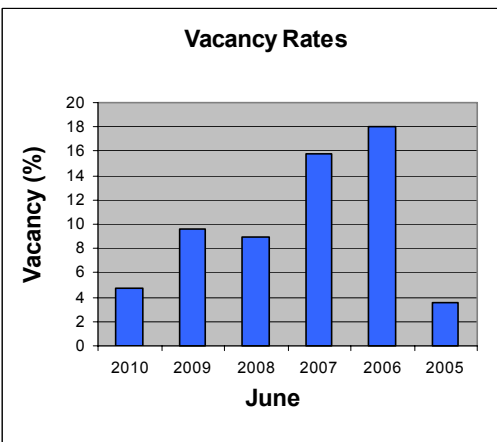
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Vacancy rates prior to June 2006 are based on data collected by the Cushman & Wakefield LePage surveys, and employ heuristic algorithms which compensate for missing data. The vacancy rate saw a sharp decrease in 2010, dropping by almost half, from 9.58% in 2009 to the current five year low of 4.80%. It is now the lowest industrial vacancy rate of the three major cities in New Brunswick.

Our survey also measured rental rates. Saint John industrial properties have the lowest net rental rate of all the major centres in Atlantic Canada. The overall average net rental rates by location are as follows: Greater Fredericton \$6.31; Greater Saint John \$5.38; Greater Moncton \$5.80; Greater St. John's \$8.18; Halifax Regional Municipality \$7.04; Greater Charlottetown \$6.00.

Our survey includes all the major centres in Atlantic Canada. The vacancy rate for Saint John is the lowest in the Maritimes, and second only to St. John's NL in Atlantic Canada. The overall vacancy rate by location is as follows: Greater Fredericton 8.44%; Greater Saint John 4.80%; Greater Moncton 11.11%; Greater St. John's 4.08%; Halifax Regional Municipality 6.72%; Greater Charlottetown 5.66%.

Forecast (Next 12 months)

We anticipate that decreasing demand in the year ahead will reverse some of the gains made in the vacancy rate for Saint John: the overall vacancy rate will rise to 6.23% from the current 4.80%. The net absolute rent/ft² will suffer a slight contraction as a result, falling by 0.10%.



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