

MARKET SURVEY (JUNE 2010) GREATER FREDERICTON OFFICES

Scope

This survey included every office building with a total rentable area of at least 10,000 ft.², available for rent in the Greater Fredericton Area. A team of trained researchers collected rental, operating expense and vacancy data on 48 buildings with an aggregate rentable area of 2,041,544 ft.². The survey successfully collected information on 98% 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 and Rental Rates

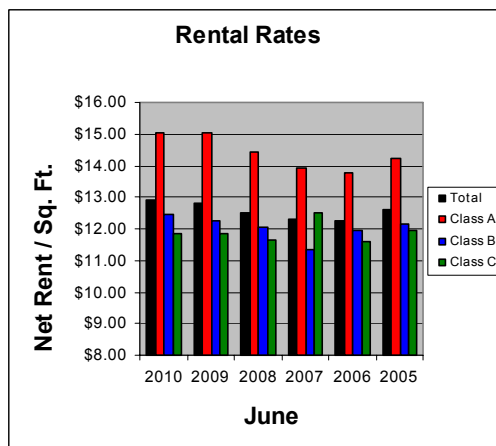
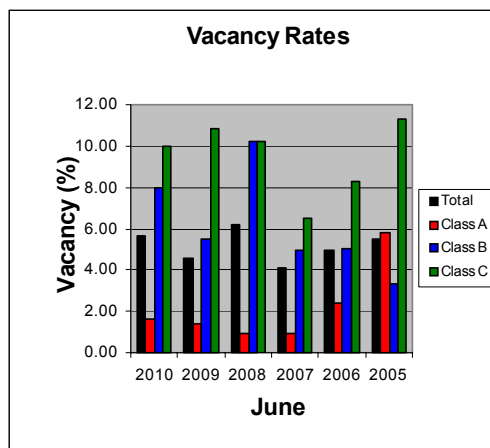
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Our survey measured vacancy and rental rates by class of building. Class A buildings command the highest rents in their community and have distinctive design and lobbies. 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.

Fredericton has so far weathered the recession relatively well: while the vacancy rate has risen from 4.55% in 2009 and the year over year increase in the net rental rate moderated it did still represent an increase, with Fredericton commanding the highest overall net rental rate in New Brunswick. The current vacancy rates in Greater Fredericton are: Class A 1.59%; Class B 7.94%; Class C 10.01%; Overall 5.62%. The current average net absolute rental rates per square foot are: Class A \$15.05; Class B \$12.45; Class C \$11.85; Overall \$12.90.

Our survey includes all the major centres in Atlantic Canada. Fredericton has the lowest overall vacancy rate in the Maritimes. 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)

New office space is expected to come to market in Fredericton, which will initially drive the vacancy rate up to 7.88% from the current 5.62%. Increases to the net rental rate will moderate further, amounting to a year over year increase of just 0.10%.



Real Estate Counsellors, Brokers and Valuers
6182 North St. Halifax, N.S. B3K 1P5
Tel.: 1-902-429-1811
Fax: 1-902-429-1891

Suite 221, 12 Smythe Street
Saint John, N.B. E2L 5G5
Tel.: 1-506-634-1811

Internet: www.turnerdrake.com
E-Mail: tdp@turnerdrake.com

MARKET SURVEY (JUNE 2010) GREATER FREDERICTON 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 Fredericton Area. A team of trained researchers collected rental, operating expense and vacancy data on 10 buildings with an aggregate rentable area of 369,679 ft². The survey successfully collected information on 98% 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 and Rental 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. The vacancy rate is at its lowest level in 6 years, dropping for the first time below 10%. The current overall vacancy rate is 8.44%, down from 12.43% last year.

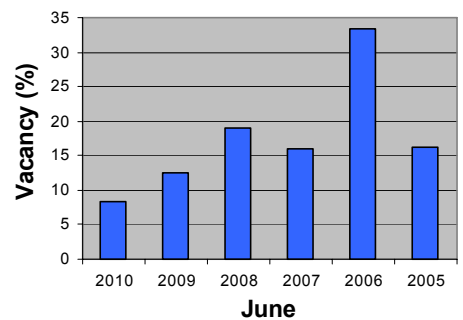
Fredericton has so far weathered the recession relatively well: the falling vacancy rate can be attributed to a 4.56% increase in space demand, and the lack of additions to the rental pool. While the falling vacancy rate has not resulted in increasing rental rates, as the rental rate dropped from \$6.47 in 2009 to \$6.31 in 2010, the net absolute rent/ft² for the Fredericton warehouse market remains the highest in New Brunswick, and third highest in Atlantic Canada, behind Greater St. John's (\$8.18) and Halifax Regional Municipality (\$7.04).

Our survey includes all the major centres in Atlantic Canada. Fredericton has the second highest overall vacancy rate in the 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%.

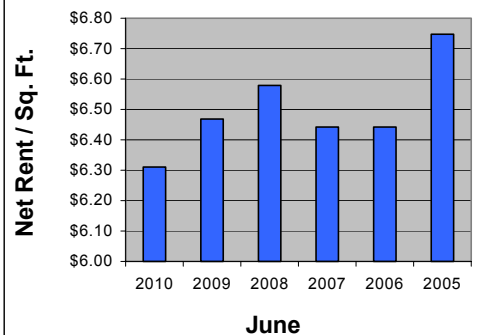
Forecast (Next 12 months)

We anticipate that the overall vacancy rate will increase to 10.41% from the current 8.44%. There will also be a slight increase in the net absolute rent/ft.².

Vacancy Rates



Rental Rates



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