

MARKET SURVEY (DECEMBER 2010) GREATER SAINT JOHN OFFICES

Scope

This survey included every office building with a total rentable area of 5,000 ft.² 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 2,189,147 ft.². The survey successfully collected information on 90% 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

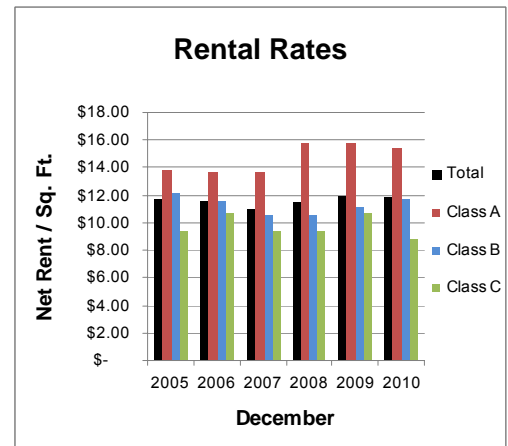
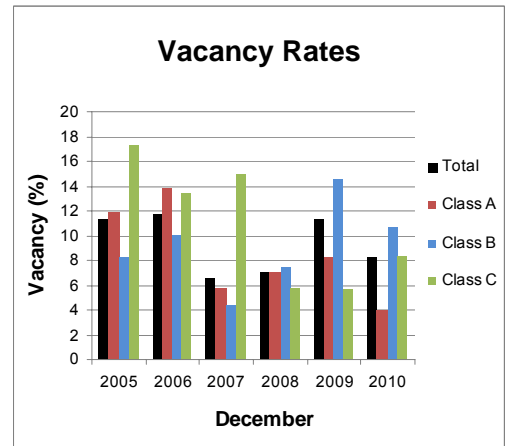
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Our survey measured vacancy rates by class of building. Class A buildings command the highest rents in their community and have distinctive design and lobbies. Class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

The vacancy rate in Saint John dropped a significant 3.07 percentage points from a 2009 high of 11.30%. Even with a decreasing vacancy rate, the Saint John office market boasts the lowest overall net rental rate in Atlantic Canada. The current vacancy rates in Greater Saint John are: Class A 4.01%; Class B 10.75%; Class C 8.45%; Overall 8.23%. The current average net absolute rental rates per square foot are: Class A \$15.42; Class B \$11.72; Class C \$8.79; Overall \$11.85.

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 6.07%; Greater Saint John 8.23%; Greater Moncton 11.14%; Greater St. John's 3.80%; Halifax Regional Municipality 7.96%; Greater Charlottetown 11.76%.

Forecast (Next 12 months)

We anticipate that the overall vacancy rate will rise to 8.39% from the current 8.23% as supply increases. However, a slight increase in the net absolute rent/ft.² is predicted.



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MARKET SURVEY (DECEMBER 2010) GREATER SAINT JOHN WAREHOUSES

Scope

This survey included every warehouse building with a total rentable area of 5,000 ft.² 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 382,706 ft.². The survey successfully collected information on 90% 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

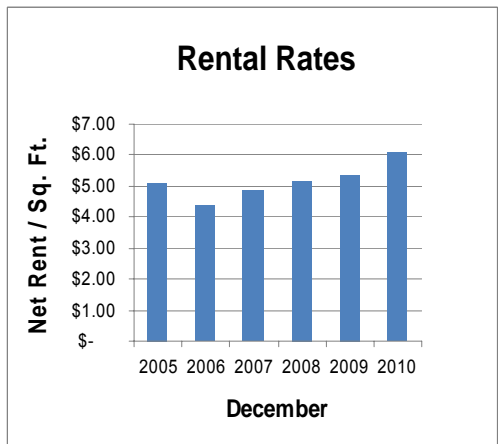
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Vacancy rates prior to June 2006 are based on data collected by the Cushman & Wakefield LePage surveys, and employ heuristic algorithms which compensate for missing data. The vacancy rate saw an increase for the second consecutive year in 2010, rising by 3.41 percentage points, from 10.34% in 2009 to the current four year high of 13.75%. It is now the highest industrial vacancy rate of the three major cities in New Brunswick.

Our survey also measured rental rates. Saint John industrial properties are located in the middle of the pack when the net rental rates of the major centres in Atlantic Canada are compared. The overall average net rental rates by location are as follows: Greater Fredericton \$6.33; Greater Saint John \$6.11; Greater Moncton \$6.04; Greater St. John's \$8.65; Halifax Regional Municipality \$7.02; Greater Charlottetown \$6.00.

Our survey includes all the major centres in Atlantic Canada. The vacancy rate for Saint John is the highest in New Brunswick. The overall vacancy rate by location is as follows: Greater Fredericton 13.11%; Greater Saint John 13.75%; Greater Moncton 8.81%; Greater St. John's 4.39%; Halifax Regional Municipality 5.39%; Greater Charlottetown 21.30%.

Forecast (Next 12 months)

We anticipate that increasing demand in the year ahead will begin a downward trend in the vacancy rate for Saint John: the overall vacancy rate will drop to 12.67% from the current 13.75%. The net absolute rent/ft.² will undergo a slight increase as a result, rising by 0.25%.



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