

MARKET SURVEY (JUNE 2011)

H.R.M. 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 Halifax Regional Municipality. A team of trained researchers collected rental, operating expense and vacancy data on 146 buildings with an aggregate rentable area of 10,573,995 ft.². The survey successfully collected information on 93% of the rental stock polled.

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 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.

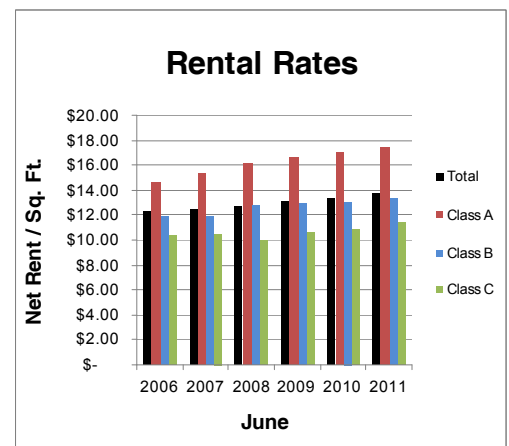
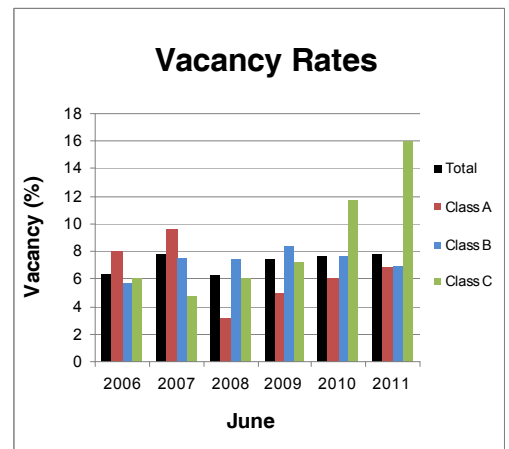
Halifax's office rental market continues to maintain a healthy status quo: the vacancy rate rose slightly from 7.64% in 2010 to 7.75% in 2011. The current vacancy rates in Halifax Regional Municipality are: Class A 6.88%; Class B 6.92%; Class C 15.97%; Overall 7.75%. The current average net absolute rental rates per square foot are: Class A \$17.38; Class B \$13.39; Class C \$11.37; Overall \$13.69.

Our survey measured vacancy by geographic node. The overall vacancy rates by location are: Bedford 9.72%; Burnside 16.03%; Central Dartmouth 6.27%; Peripheral Dartmouth 12.57%; Central Halifax 6.48%; Downtown Peripheral Halifax 4.19%; Suburban Halifax 6.87%; Sackville 9.31%.

We also included all the major centres in Atlantic Canada. Halifax sits in the middle of the pack. The overall vacancy rate by location is as follows: Greater Fredericton 9.74%; Greater Saint John 10.73%; Greater Moncton 10.18%; Greater St. John's 3.84%; Halifax Regional Municipality 7.75%.

Forecast (Next 12 months)

We anticipate that the overall vacancy rate will increase to 9.03% in the next year, driven by increases in supply of rental space outpacing increased demand.



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