

MARKET SURVEY (JUNE 2011)

H.R.M. 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 Halifax Regional Municipality. A team of trained researchers collected rental, operating expense and vacancy data on 146 buildings with an aggregate rentable area of 7,577,737 ft.². The survey successfully collected information on 93% of the rental stock polled.

Vacancy Rates

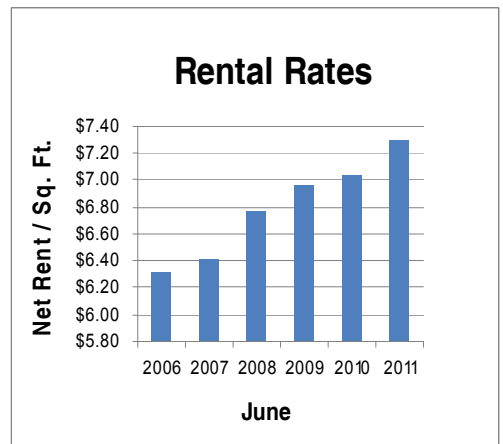
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Our survey measured vacancy and rental rates by class of building and geographic node. The vacancy rate in H.R.M. rose 1.50 percentage points from the 2010 level. The current overall vacancy rate now sits at 8.22%.

The current vacancy rate in each of the following locations is: Atlantic Acres Industrial Park 1.44%; Bayers Lake Industrial Park 8.08%; Bedford 2.58%; Burnside/City of Lakes Industrial Park 7.73%; Central Halifax 8.18%; Lakeside Industrial Park 100.00%; Ragged Lake Industrial Park 0%; Sackville Industrial Park 6.65%.

Our survey also measured rental rates. The overall average net rental rate per square foot for industrial space in H.R.M. increased slightly in 2011, and now sits at \$7.30. The overall average net rental rates by geographic node are as follows: Atlantic Acres Industrial Park \$6.68; Bayers Lake Industrial Park \$10.68; Bedford \$10.80; Burnside/City of Lakes Industrial Park \$6.83; Central Halifax \$7.73; Lakeside Industrial Park \$6.00; Ragged Lake Industrial Park \$7.50; Sackville Industrial Park \$10.50.

Forecast (Next 12 months)

We anticipate that the overall vacancy rate will rise slightly to 8.32% from the current 8.22% as supply increases. Despite this increase in vacancy, an increase in the net absolute rent/ft² is predicted.



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