

MARKET SURVEY (JUNE 2011) GREATER FREDERICTON OFFICES

Scope

This survey included every office building with a total rentable area of at least 5,000 ft.², available for rent in the Greater Fredericton Area. A team of trained researchers collected rental, operating expense and vacancy data on 49 buildings with an aggregate rentable area of 2,076,917 ft.². The survey successfully collected information on 100% of the rentable stock polled.

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.

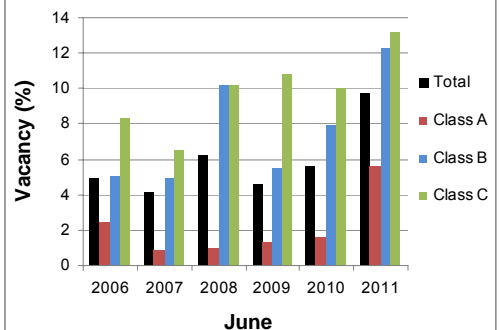
Fredericton's office vacancy rate increased significantly in 2011. The vacancy rate rose 4.12 percentage points in 2011 and now sits at 9.74%, up from 5.62% in 2010. This increase in vacancy caused the overall net rental rate in Fredericton to decrease by 3.26% in 2011 to \$12.48. The current vacancy rates in Greater Fredericton are: Class A 5.64%; Class B 12.32%; Class C 13.20%; Overall 9.74%. The current average net absolute rental rates per square foot are: Class A \$14.86; Class B \$11.90; Class C \$11.48; Overall \$12.48.

Our survey includes all the major centres in Atlantic Canada. Fredericton continues to sport the lowest overall vacancy rate in New Brunswick. 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%.

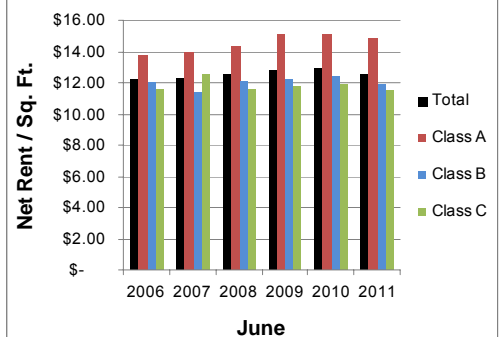
Forecast (Next 12 months)

New office space is expected to come to market in Fredericton, which will initially drive the vacancy rate up to 10.49% from the current 9.74%.

Vacancy Rates



Rental Rates



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