

MARKET SURVEY (DECEMBER 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 148 buildings with an aggregate rentable area of 10,644,681 ft.². The survey successfully collected information on 96% of the rental stock polled. The following results flow from what we believe is the most comprehensive survey of office space ever undertaken in Greater Halifax.

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, air conditioned 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.

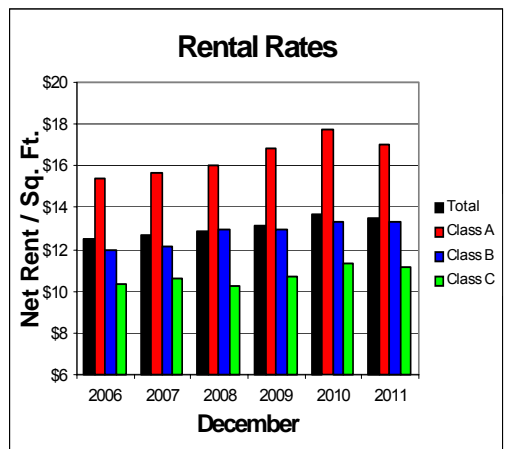
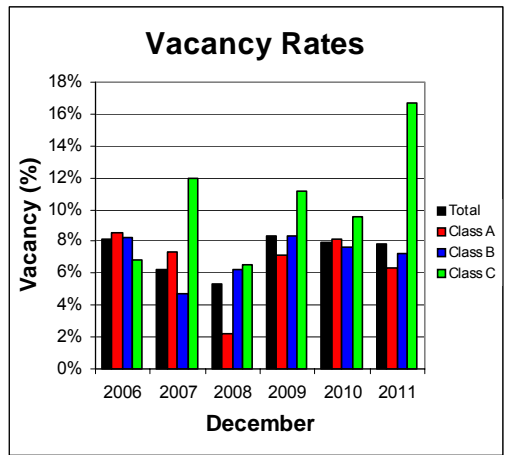
Halifax’s office rental market is maintaining a healthy status quo: the vacancy rate dropped slightly from 7.96% in 2010 to 7.89% in 2011. The current vacancy rates in Halifax Regional Municipality are: Class A 6.31%; Class B 7.20%; Class C 16.71%; Overall 7.89%. The current average net absolute rental rates per square foot are: Class A \$17.01; Class B \$13.32; Class C \$11.19; Overall \$13.53.

Our survey measured vacancy by geographic node. The overall vacancy rates by location are: Bedford 10.06%; Burnside 11.82%; Central Dartmouth 8.15%; Peripheral Dartmouth 17.54%; Central Halifax 6.61%; Downtown Peripheral Halifax 5.61%; Suburban Halifax 6.11%; Sackville 9.31%.

We also included all the major centres in Atlantic Canada. The overall vacancy rate by location is as follows: Greater Fredericton 6.43%; Greater Saint John 10.73%; Greater Moncton 6.69%; Greater St. John’s 3.53%; Halifax Regional Municipality 7.89%; Greater Charlottetown 12.95%.

Forecast (Next 12 months)

We anticipate that the overall vacancy rate will increase to 8.21% in the next year, driven by increases in supply of rental space outpacing increased demand. We expect this will result in a slight drop in the net absolute rent/ft.².



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MARKET SURVEY (DECEMBER 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 147 buildings with an aggregate rentable area of 7,579,086 ft.². The survey successfully collected information on 92% of the rental stock polled. The following results flow from what we believe is the most comprehensive survey of warehouse space ever undertaken in Greater Halifax.

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. The vacancy rate in H.R.M. rose 2.42 percentage points from the 2010 level. The current overall vacancy rate is 7.81%, up from 5.39% last year.

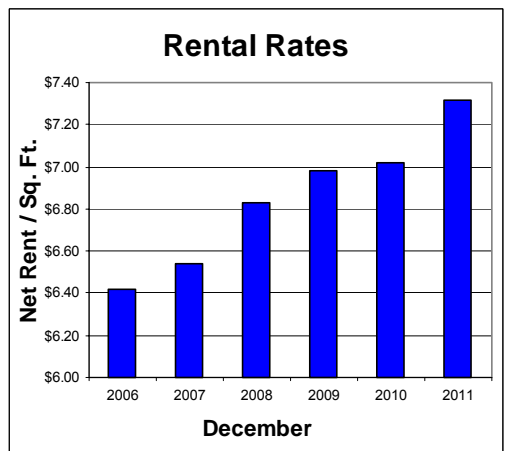
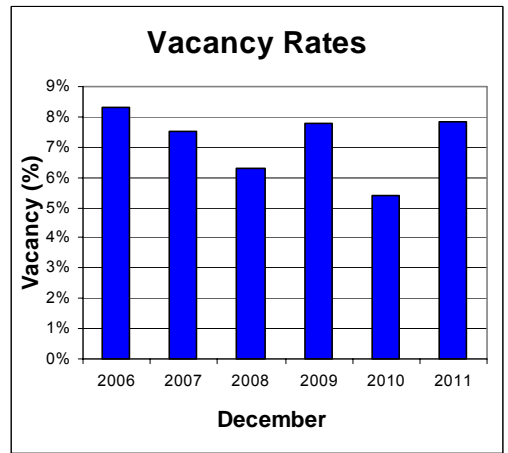
Our survey measured the vacancy rate by geographic node. The current vacancy rate in each of the following locations is: Atlantic Acres Industrial Park 16.40%; Bayers Lake Industrial Park 6.65%; Bedford 2.69%; Burnside/City of Lakes Industrial Park 7.06%; Central Halifax 10.50%; Lakeside Industrial Park 50.00%; Ragged Lake Industrial Park 0.00%; Sackville Industrial Park 6.65%.

Our survey also measured rental rates. Industrial properties in H.R.M saw the overall net absolute rent/ft.² increase by 4.27% in 2011. The average overall net rental rates in each of the following locations is: Atlantic Acres Industrial Park \$6.45; Bayers Lake Industrial Park \$10.87; Bedford \$11.00; Burnside/City of Lakes Industrial Park \$6.90; Central Halifax \$7.25; Lakeside Industrial Park \$6.00; Ragged Lake Industrial Park \$7.50; Sackville Industrial Park \$10.50.

Our survey includes all the major centres in Atlantic Canada. The overall vacancy rate by location is as follows: Greater Fredericton 8.92%; Greater Saint John 1.42%; Greater Moncton 5.82%; Greater St. John's 3.32%; Halifax Regional Municipality 7.81%; Greater Charlottetown 22.09%.

Forecast (Next 12 months)

We anticipate that the overall vacancy rate will decrease to 7.48% from the current 7.81% as increases in demand outpace additions to supply. A significant increase in the overall net absolute rent/ft.² is also projected.



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