

MARKET SURVEY (DECEMBER 2011) GREATER ST. JOHN'S 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 St. John's Area. A team of trained researchers collected rental, operating expense and vacancy data on 62 buildings with an aggregate rentable area of 2,818,736 ft.². The survey successfully collected information on 98% 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 St. John's.

Vacancy Rates

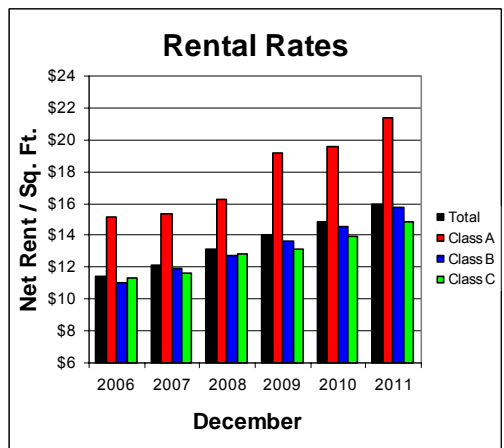
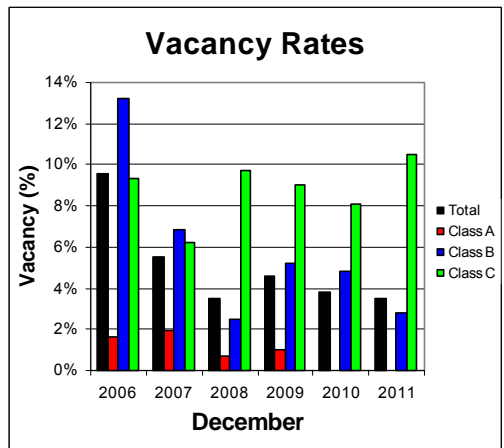
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Our survey measured vacancy rates by class of building. Class A buildings command the highest rents in their community and have distinctive design and lobbies. Class B buildings offer "no frills" modern, 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.

At 3.53%, St. John's has the lowest overall vacancy rate in Atlantic Canada, down from 3.82% in 2010. This translates into the highest overall net rental rate in Atlantic Canada. The current vacancy rates in Greater St. John's are: Class A 0.00%; Class B 2.78%; Class C 10.49%; Overall 3.53%. The current average net absolute rental rates per square foot are: Class A \$21.42; Class B \$15.75; Class C \$14.85; Overall \$16.00.

Our survey includes 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%. The overall net absolute rent per square foot by location is as follows: Greater Fredericton \$12.71; Greater Saint John \$11.64; Greater Moncton \$12.41; Greater St. John's \$16.00; Halifax Regional Municipality \$13.53; Greater Charlottetown \$13.99.

Forecast (Next 12 months)

We anticipate that the overall vacancy rate will increase slightly to 4.03% in the next year, driven by new additions to the rental pool outpacing the increases in demand for office space. The net absolute rent/ft.² will continue to rise despite this slight increase in vacancy, reflecting the still-tight vacancy rate and the quality of the new space.



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MARKET SURVEY (DECEMBER 2011) GREATER ST. JOHN'S 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 St. John's Area. A team of trained researchers collected rental, operating expense and vacancy data on 101 buildings with an aggregate rentable area of 2,304,395 ft.². The survey successfully collected information on 97% 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 St. John's.

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.

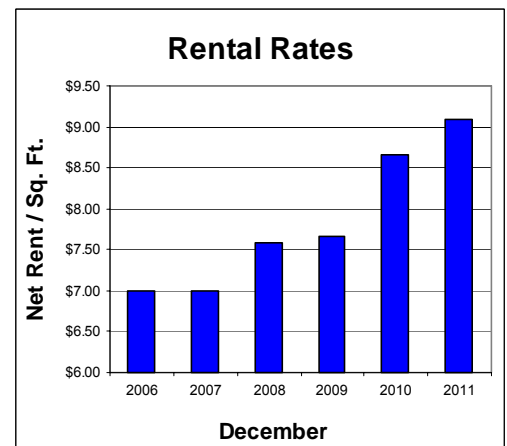
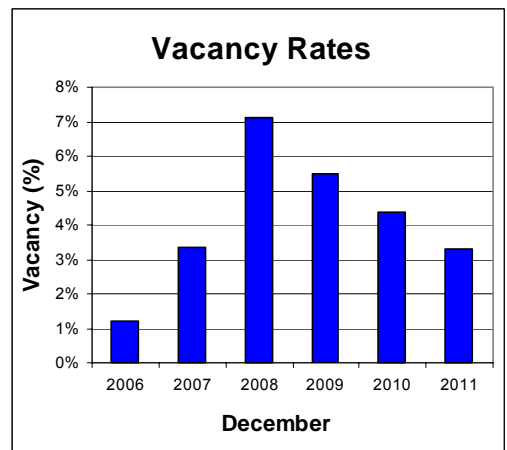
The overall vacancy rate, which dropped for the third consecutive year, now sits at 3.32%. Our survey also measured rental rates. The overall net absolute rental rate per square foot increased by 5.09% in 2011, and currently stands at \$9.09.

Our survey includes all the major centres in Atlantic Canada. The vacancy rate for St. John's is above only that of Saint John. 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%.

St. John's industrial properties have the highest overall net rental rate of all the major centres in Atlantic Canada. The overall average net rental rate by location is as follows: Greater Fredericton \$6.37; Greater Saint John \$6.12; Greater Moncton \$6.05; Greater St. John's \$9.09; Halifax Regional Municipality \$7.32; Greater Charlottetown \$6.11.

Forecast (Next 12 months)

We anticipate that the overall vacancy rate will increase to 8.75% from the current 3.32% due to a number of additions to St. John's warehouse rental pool. A slight increase in net absolute rent/ft.² is also anticipated, having regard to the premium new space commands.



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