

MARKET SURVEY (DECEMBER 2011) CHARLOTTETOWN 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 Charlottetown area. A team of trained researchers collected rental, operating expense and vacancy data on 28 buildings with an aggregate rentable area of 885,978 ft.². The survey successfully collected information on 93% 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 Charlottetown.

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.

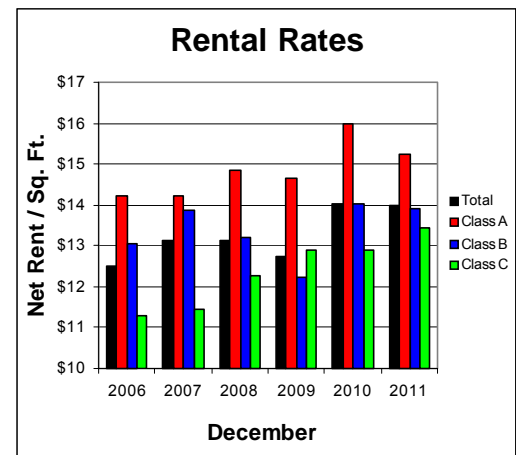
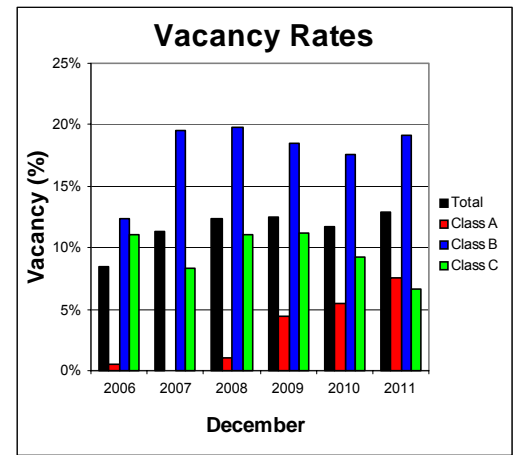
Charlottetown’s office rental market continues to report the highest vacancy rate of Atlantic Canadian cities: the vacancy rate, which eclipsed 11% for the fifth consecutive year, increased 1.19 percentage points in 2011 and now sits at 12.95%. The current vacancy rates in Greater Charlottetown are: Class A 7.54%; Class B 19.10%; Class C 6.64%; Overall 12.95%.

The overall net absolute rental rates have held steady over the past year. The current average net absolute rental rates per square foot are: Class A \$15.25; Class B \$13.91; Class C \$13.43; Overall \$13.99.

Our survey measured vacancy by geographic node. The overall vacancy rates by location are: Central 13.36%; Peripheral 11.20%. We also surveyed the other 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 decrease slightly to 12.12% in the next year, driven by increased demand for rental space. We anticipate this will result in a modest increase in net absolute rent/ft.².



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MARKET SURVEY (DECEMBER 2011) CHARLOTTETOWN 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 Charlottetown area. A team of trained researchers collected rental, operating expense and vacancy data on 5 buildings with an aggregate rentable area of 198,208 ft.². The survey successfully collected information on 100% 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 Charlottetown.

Vacancy Rates

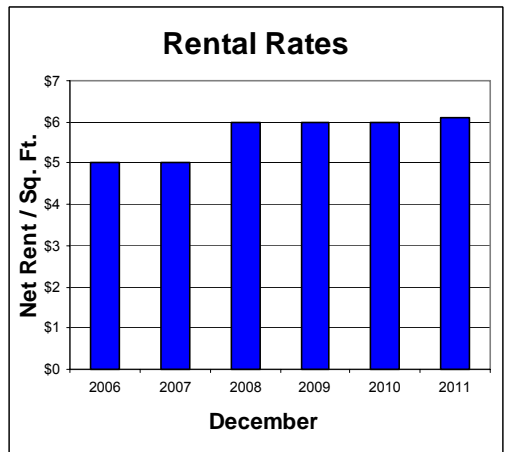
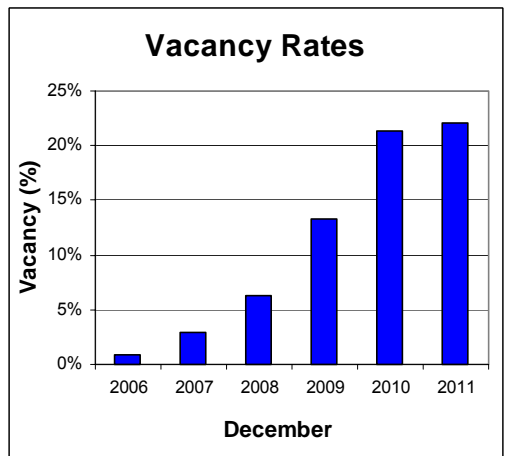
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. The vacancy rate in Greater Charlottetown rose 0.79 percentage points from the 2010 level. The current overall vacancy rate is 22.09%, up from 21.30% last year. The high vacancy rate for industrial space in Greater Charlottetown can be attributed to a large addition of unoccupied space into a small rental pool: the introduction of the BioCommons Research Park, located adjacent to the West Royalty Industrial Park, provides state-of-the-art infrastructure which will allow the Province of PEI to compete for the top firms in the fast growing biotechnology sector.

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%.

Our survey also measured rental rates. Greater Charlottetown industrial properties have the second lowest rental rate when compared to the other major centres in Atlantic Canada. Only Greater Moncton has a lower average net rental rate per square foot than Charlottetown. The overall average net rental rates by location are 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 26.65% from the current 22.10% as the supply of rental warehouse space increases in Charlottetown and demand decreases. The net rental rate will remain unchanged.



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