

MARKET SURVEY (DECEMBER 2011) GREATER MONCTON 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 Moncton Area. A team of trained researchers collected rental, operating expense and vacancy data on 62 buildings with an aggregate rentable area of 2,939,961 ft.². The survey successfully collected information on 95% 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 Moncton.

Vacancy Rates

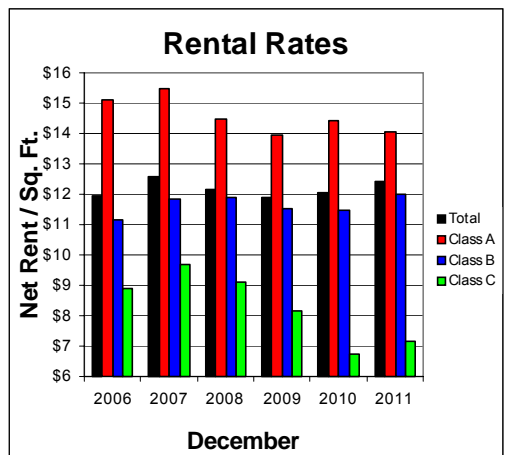
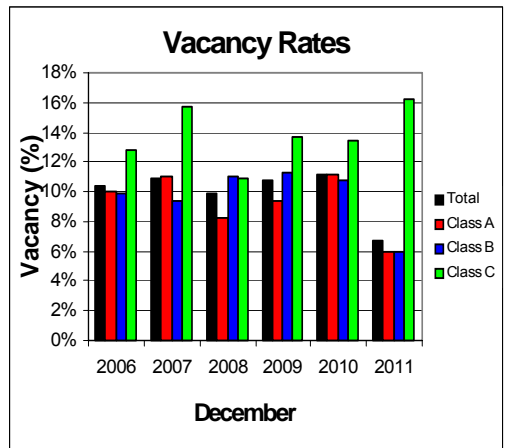
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Our survey measured vacancy rates by class of building. Class A buildings command the highest rents in their community and have distinctive design and lobbies. Class 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.

Moncton’s office vacancy rate dropped sharply this year, from 11.14% in 2010, to 6.69% in 2011. This represented the largest drop in office vacancy rate amongst the six major Atlantic Canadian centres. The city has the lowest Class A net rental rate in the province. The current vacancy rates in Greater Moncton are: Class A 5.94%; Class B 5.98%; Class C 16.28%; Overall 6.69%. The current average net absolute rental rates per square foot are: Class A \$14.03; Class B \$12.02; Class C \$7.16; Overall \$12.41.

Our survey includes all the major centres in Atlantic Canada. The vacancy rate for Moncton sits in the middle of the pack. 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 to 5.22% from the current 6.69% as demand picks up in the year ahead. As a result of the decreasing vacancy rate, we project a 1.50% increase in net absolute rent.



Real Estate Counsellors, Brokers and Valuers
6182 North St. Halifax, N.S. B3K 1P5
Tel.: 1-902-429-1811
Fax: 1-902-429-1891

Suite 221, 12 Smythe Street
Saint John, N.B. E2L 5G5
Tel.: 1-506-634-1811

Internet: www.turnerdrake.com
E-Mail: tdp@turnerdrake.com

MARKET SURVEY (DECEMBER 2011) GREATER MONCTON 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 Moncton Area. A team of trained researchers collected rental, operating expense and vacancy data on 58 buildings with an aggregate rentable area of 2,842,744 ft.². The survey successfully collected information on 86% 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 Moncton.

Vacancy Rates

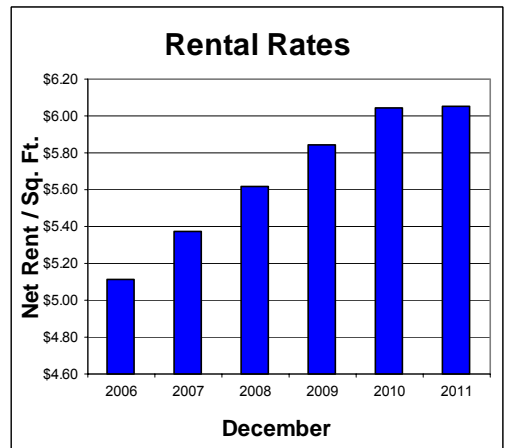
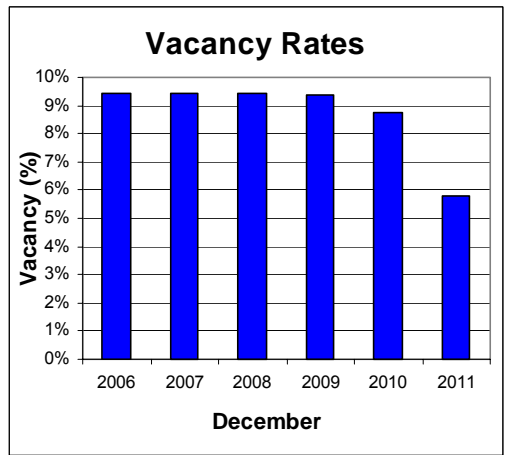
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Moncton's warehouse vacancy rate dropped a noteworthy 2.91 percentage points in 2011. The overall vacancy rate, which was 8.73% in 2010, now sits at a healthy 5.82%. The drop in vacancy was felt throughout Greater Moncton as each sub-market saw its vacancy rate fall or remain constant.

Our survey also measured rental rates. Net rental rates for Moncton industrial properties held steady in 2011 and are now the lowest of major centres in Atlantic Canada. 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.

Our survey includes all the major centres in Atlantic Canada. Greater Saint John has pulled ahead of Greater Moncton for the lowest vacancy in the province. 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 continue on a downward trend. Demand for warehouse space in Greater Moncton will drive the vacancy rate to 4.76%. We also forecast a 2.00% increase in net absolute rent/ft.².



**TURNER DRAKE
& PARTNERS LTD.**

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