

MARKET SURVEY (DECEMBER 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 51 buildings with an aggregate rentable area of 2,166,332 ft.². The survey successfully collected information on 90% 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 Fredericton.

Vacancy and Rental Rates

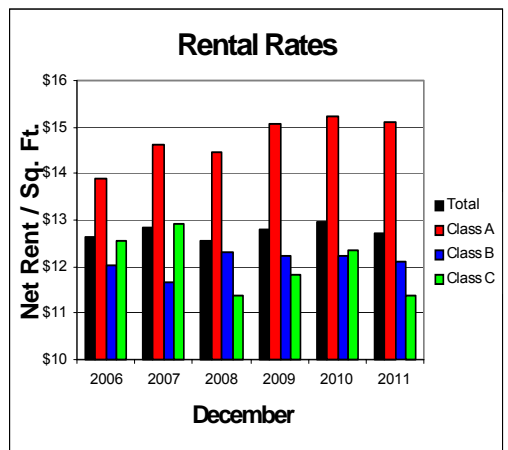
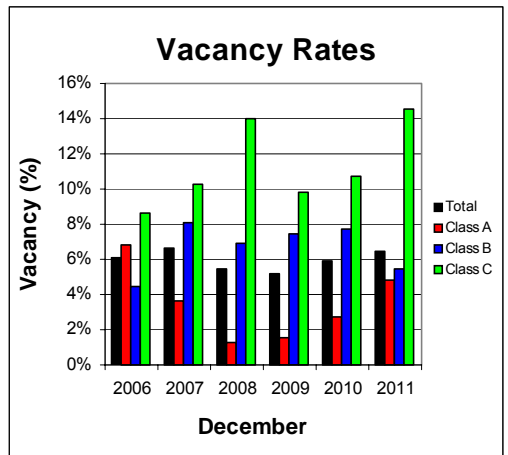
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Our survey measured vacancy and rental rates by class of building. Class A buildings command the highest rents in their community and have distinctive design and lobbies.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

Fredericton boasts the lowest overall office vacancy rate in New Brunswick: despite rising 0.49 percentage points in 2011, it now sits at 6.43%. Thus Fredericton also commands the highest overall net rental rate in New Brunswick. The current vacancy rates in Greater Fredericton are: Class A 4.81%; Class B 5.41%, Class C 14.57%; Overall 6.43%. The current average net absolute rental rates per square foot are: Class A \$15.12; Class B \$12.11; Class C \$11.36; Overall \$12.71.

Our survey includes all the major centres in Atlantic Canada. Fredericton has the lowest overall vacancy rate in the Maritimes. 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 slightly to 6.78% in the next year, driven by new supply of rental space outpacing demand. We predict that the quality of the new space will result in a modest increase in net absolute rent/ft.².



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MARKET SURVEY (DECEMBER 2011) GREATER FREDERICTON 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 Fredericton Area. A team of trained researchers collected rental, operating expense and vacancy data on 10 buildings with an aggregate rentable area of 298,577 ft². The following results flow from what we believe is the most comprehensive survey of warehouse space ever undertaken in Greater Fredericton.

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. The overall vacancy rate continued a five year downward trend, dropping to 8.92% from 13.11% last year. Despite the downward trend, Fredericton has the highest warehouse vacancy rate in New Brunswick.

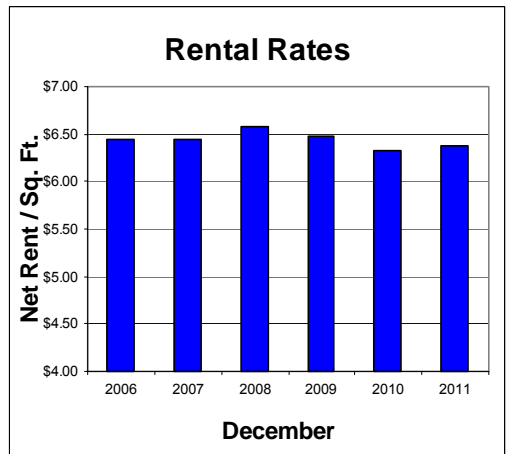
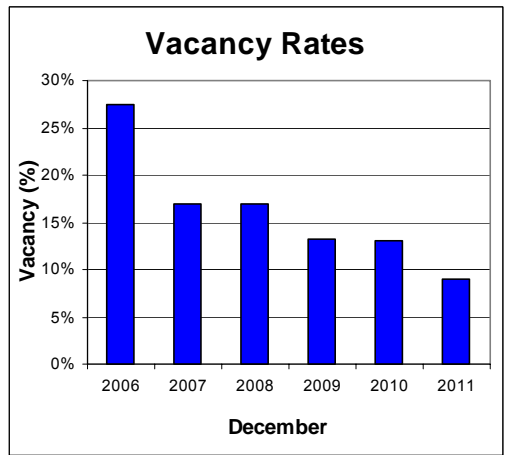
The falling vacancy rate, which can be attributed to increased demand for warehouse space, has resulted in a slight increase in average net absolute rent per square foot: the average net absolute rental rate increased from \$6.33 in 2010 to \$6.37 in 2011, remaining the highest in New Brunswick.

Our survey includes all the major centres in Atlantic Canada. Fredericton has the second highest overall vacancy rate and the third highest overall net absolute rent 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%.

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 decrease to 8.10% from the current 8.92%. We also predict a modest increase in net absolute rent/ft.².



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