

MARKET SURVEY (DECEMBER 2011) GREATER SAINT JOHN 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 Saint John Area. A team of trained researchers collected rental, operating expense and vacancy data on 40 buildings with an aggregate rentable area of 2,189,147 ft.². The survey successfully collected information on 93% of the rentable stock polled. The following results flow from what we believe is the most comprehensive survey of office space ever undertaken in Greater Saint John.

Vacancy Rates

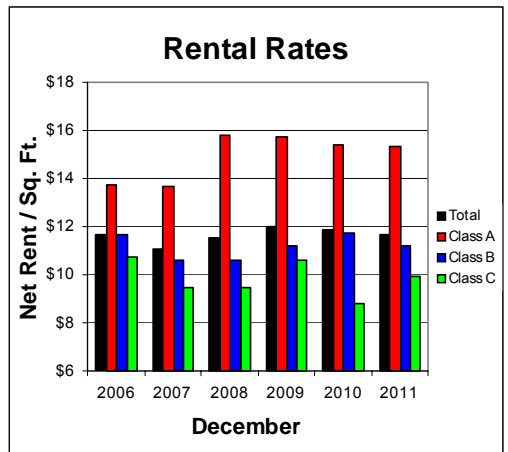
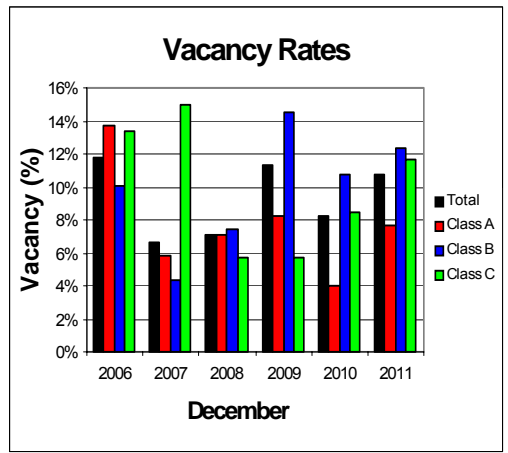
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Our survey measured vacancy rates by class of building. Class A buildings command the highest rents in their community and have distinctive design and lobbies. Class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

The office vacancy rate in Saint John jumped 2.51 percentage points from 2010's 8.22%. Expanding vacancy in Saint John resulted in the second consecutive annual decrease in net absolute rent/ft.² Saint John continues to have the lowest overall net rental rate in Atlantic Canada. The current vacancy rates in Greater Saint John are: Class A 7.66%; Class B 12.35%; Class C 11.67%; Overall 10.73%. The current average net absolute rental rates per square foot are: Class A \$15.33; Class B \$11.18; Class C \$9.95; Overall \$11.64.

Our survey includes all the major centres in Atlantic Canada. The vacancy rate for Saint John is lower only than Charlottetown's. 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 rise to 13.10% from the current 10.73% as supply increases and demand decreases. As a result, we forecast a decrease in the net absolute rent/ft.².



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MARKET SURVEY (DECEMBER 2011) GREATER SAINT JOHN 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 Saint John Area. A team of trained researchers collected rental, operating expense and vacancy data on 11 buildings with an aggregate rentable area of 382,706 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 Saint John.

Vacancy Rates

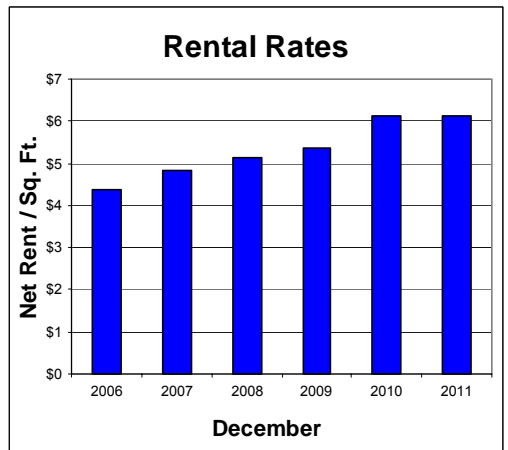
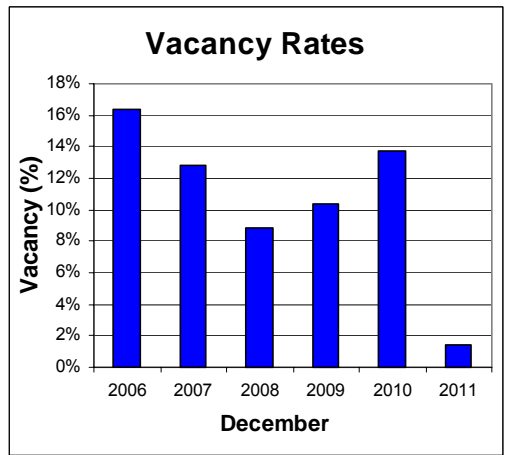
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. The Saint John warehouse vacancy rate dropped dramatically by 12.33 percentage points in 2011 to sit at 1.42%, the lowest rate in Atlantic Canada. This huge decrease can be attributed in part to the size of the rental market in Saint John. Minor demand increases in a small market such as Saint John can result in disproportionately large percentage changes in the vacancy rate. Nevertheless, the change reflects a healthy market and is an indicator of the direction the rental rate will go.

Our survey includes all the major centres in Atlantic Canada. The vacancy rate for Saint John is the lowest 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. Saint John industrial properties are located at the lower end of the spectrum of net rental rates for the 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.

Forecast (Next 12 months)

We anticipate that the overall vacancy rate will decrease further as demand increases and the supply of rental warehouse space remains unchanged. The net absolute rent/ft.² will undergo a significant increase as a result of the tight market.



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