

MARKET SURVEY (JUNE 2012)

H.R.M. 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 Halifax Regional Municipality. A team of trained researchers collected rental, operating expense and vacancy data on 153 buildings with an aggregate rentable area of 10,815,953 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 office space ever undertaken in Greater Halifax.

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.

Halifax's office rental market showed some weakness over the past year: the overall vacancy rate increased from 7.71% in 2011 to 8.21% in 2012 and the average net rental rate for each of Class A and Class C declined. The current vacancy rates in Halifax Regional Municipality are: Class A 9.89%; Class B 7.05%; Class C 11.85%; Overall 8.21%. The current average net absolute rental rates per square foot are: Class A \$17.19; Class B \$13.41; Class C \$11.02; Overall \$13.69.

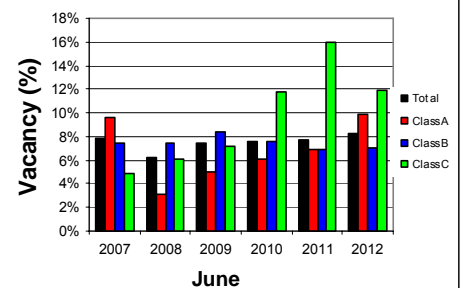
Our survey measured vacancy by geographic node. The overall vacancy rates by location are: Bedford 11.79%; Burnside 12.62%; Central Dartmouth 7.10%; Peripheral Dartmouth 11.16%; Central Halifax 7.67%; Downtown Peripheral Halifax 6.79%; Suburban Halifax 5.89%; Sackville 10.33%.

Our survey includes all the major centres in Atlantic Canada. The overall vacancy rate by location is as follows: Greater Fredericton 6.97%; Greater Saint John 10.33%; Greater Moncton 7.84%; Greater St. John's 5.29%; Halifax Regional Municipality 8.21%.

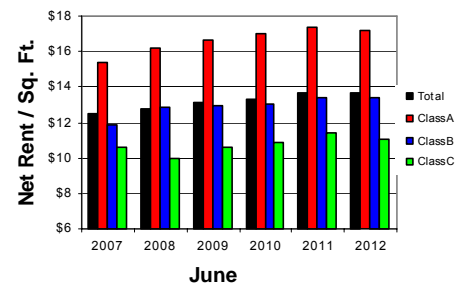
Forecast (Next 12 months)

We anticipate that the overall vacancy rate will decrease to 7.47% in the next year, driven by increases in demand outpacing increased rental supply. We expect this will result in a slight rise in the net absolute rent/ft.².

Vacancy Rates



Rental Rates



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