

MARKET SURVEY (JUNE 2012) 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 41 buildings with an aggregate rentable area of 2,205,418 ft.². The survey successfully collected information on 97% 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

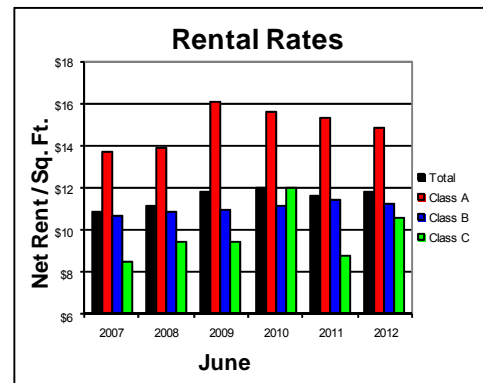
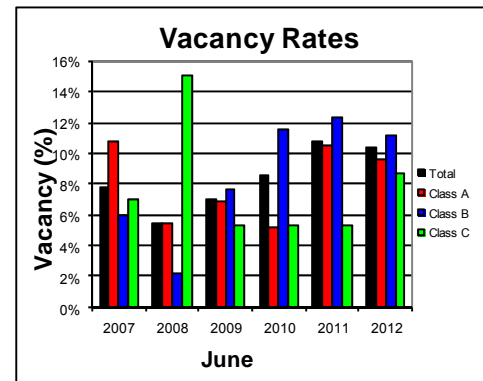
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Our survey measured vacancy rates by class of building. Class A buildings command the highest rents in their community and have distinctive design and lobbies. Class 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 decreased slightly in 2012 to 10.33% down from 10.71% in 2011. 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 9.66%; Class B 11.21%; Class C 8.72%; Overall 10.33%. The current average net absolute rental rates per square foot are: Class A \$14.86; Class B \$11.28; Class C \$10.62; Overall \$11.82.

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 rise to 11.63% from the current 10.33% as supply increases and demand remains relatively stagnant. As a result, we forecast a slight decrease in net rental rates.



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