

MARKET SURVEY (JUNE 2012) 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 64 buildings with an aggregate rentable area of 2,975,863 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 Moncton.

Vacancy Rates

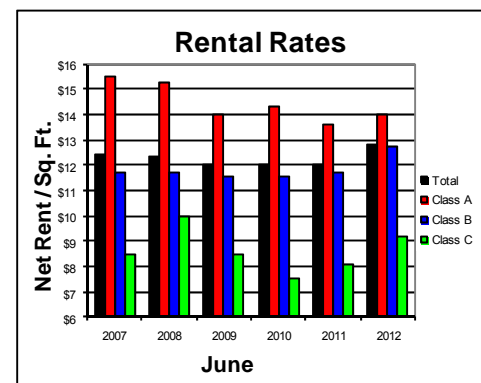
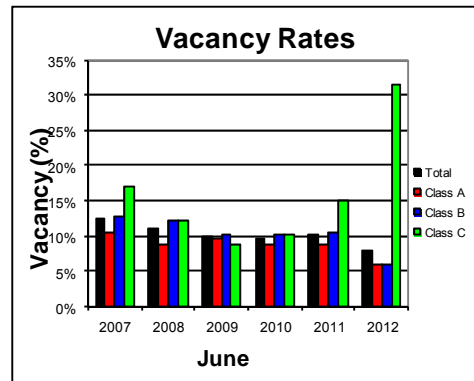
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Our survey measured vacancy rates by class of building. Class A buildings command the highest rents in their community and have distinctive design and lobbies. Class 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 decreased this year, from 10.22% in 2011, to 7.84% in 2012, despite a skyrocketing vacancy rate for Class C space, which is now the highest in Atlantic Canada. The city has the lowest net rental rate in Atlantic Canada for each of Class A and Class C space, though the Class B net rental rate is sufficient to keep the city from having the lowest overall net rental rate. The current vacancy rates in Greater Moncton are: Class A 5.95%; Class B 5.94%; Class C 31.62%; Overall 7.84%. The current average net absolute rental rates per square foot are: Class A \$14.03; Class B \$12.75; Class C \$9.21; Overall \$12.81.

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 7.07% from the current 7.84% as demand picks up in the year ahead. As a result of the decreasing vacancy rate, we project a 1.91% increase in net absolute rent.



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