

MARKET SURVEY (JUNE 2013)

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 152 buildings with an aggregate rentable area of 10,771,294 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 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 weakened somewhat over the past year with the vacancy rate increasing slightly from 8.27% to 8.52%. This increased vacancy pulled the overall net rent/ft.² down from \$13.66/ft.² in 2012 to \$13.56/ft.² in 2013.

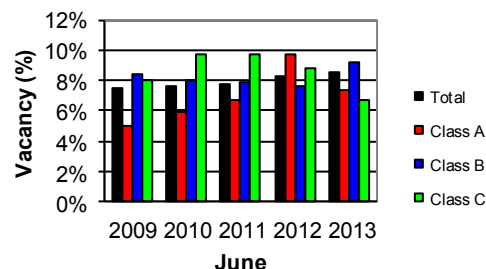
Our survey measured vacancy and net absolute rent/ft.² by submarket. The overall vacancy rates by location are: Bedford 15.59%; Burnside 11.53%; Central Dartmouth 11.92%; Peripheral Dartmouth 7.08%; Central Halifax 7.08%; Downtown Peripheral Halifax 6.13%; Suburban Halifax 9.09%; Sackville 5.86%. The overall net absolute rent/ft.² by location are: Bedford \$13.56; Burnside \$13.26; Central Dartmouth \$11.70; Peripheral Dartmouth \$12.50; Central Halifax \$13.56; Downtown Peripheral Halifax \$13.78; Suburban Halifax \$14.69; Sackville \$12.00.

Our survey includes all the major centres in Atlantic Canada. The overall office vacancy rate by location is as follows: Greater Fredericton 8.72%; Greater Saint John 18.50%; Greater Moncton 7.72%; Greater St. John's 6.93%; Halifax Regional Municipality 8.52%.

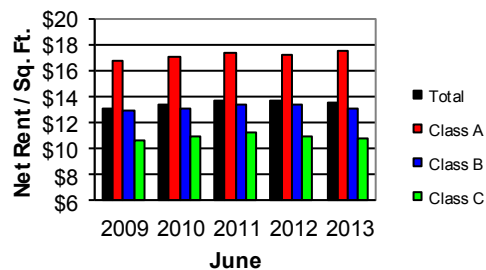
Forecast (Next 12 months)

We anticipate that the overall vacancy rate will decrease to 7.38% in the next year, driven by increases in demand outpacing increased rental supply. We expect this will result in a modest increase in the net absolute rent/ft.²

Vacancy Rates



Rental Rates



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