

MARKET SURVEY (DECEMBER 2013) CHARLOTTETOWN 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 Charlottetown area. A team of trained researchers collected rental, operating expense and vacancy data on 25 buildings with an aggregate rentable area of 789,145 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 Charlottetown.

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.

Charlottetown's office rental market showed a slight reduction in vacancies over the past twelve months with the vacancy rate decreasing to 11.81% in 2013 from 14.77% in 2012. This decrease in vacancy is in part due to a net reduction in the amount of office space available on the market. The current vacancy rates in Greater Charlottetown are: Class A 11.05%; Class B 14.44%; Class C 9.52%; Overall 11.81%.

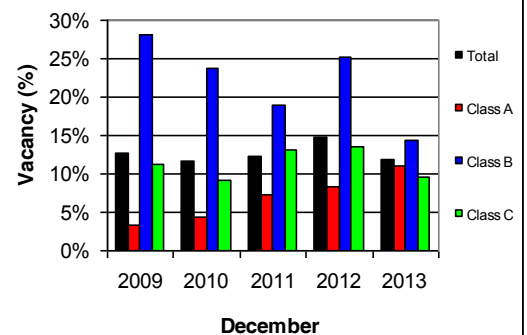
Charlottetown continues to command a premium rent among its counterparts in Atlantic Canada with the second highest overall net rental rate. The current average net absolute rental rates per square foot are: Class A \$15.44; Class B \$13.74; Class C \$12.53; Overall \$13.80.

We also surveyed the other major centres in Atlantic Canada. The overall office vacancy rate by location is as follows: Greater Fredericton 10.49%; Greater Saint John 20.68%; Greater Moncton 6.94%; Greater St. John's 5.16%; Halifax Regional Municipality 9.55%; Greater Charlottetown 11.81%.

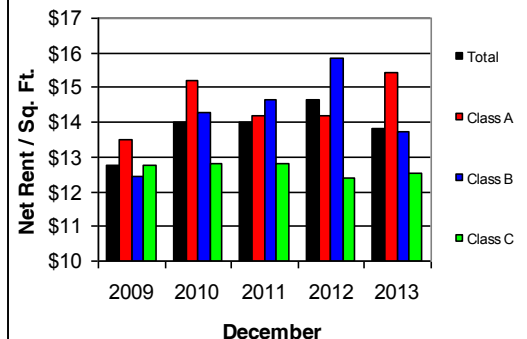
Forecast (Next 12 months)

We anticipate that the overall vacancy rate will increase moderately to 13.86% in the next year, driven by the addition of new space to the market and small growth in demand. We anticipate the net absolute rent/ft.² will remain stable over the next year as increased supply of space balances with the slight increase in demand.

Vacancy Rates



Rental Rates



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MARKET SURVEY (DECEMBER 2013) CHARLOTTETOWN 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 Charlottetown area. A team of trained researchers collected rental, operating expense and vacancy data on 7 buildings with an aggregate rentable area of 241,014 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 warehouse space ever undertaken in Greater Charlottetown.

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 vacancy rate in Greater Charlottetown increased 8.01 percentage points from the 2012 level. The current overall vacancy rate is 24.51%, up from 16.50% last year, resulting in Charlottetown having the highest overall vacancy rate for industrial space in Atlantic Canada.

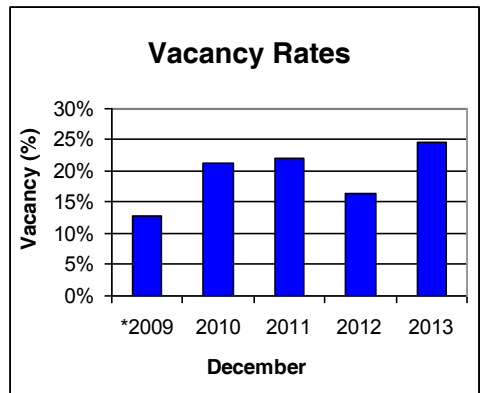
The high vacancy rate in Greater Charlottetown can be attributed to a large addition of as yet unoccupied space into a small rental pool: the expansion of the BioCommons Research Park, located adjacent to the West Royalty Industrial Park, provides state-of-the-art infrastructure which will allow the Province of PEI to compete for the top firms in the fast growing biotechnology sector.

Our survey includes all the major centres in Atlantic Canada. The overall vacancy rate by location is as follows: Greater Fredericton 13.85%; Greater Saint John 18.59%; Greater Moncton 11.93%; Greater St. John's 5.00%; Halifax Regional Municipality 9.79%; Greater Charlottetown 24.51%.

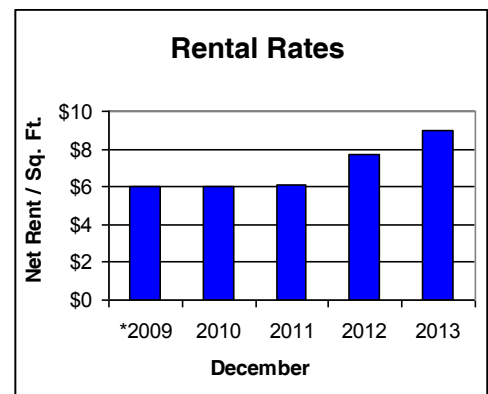
Our survey also measured rental rates. The overall average net rental rate/ft.² by location is as follows: Greater Fredericton \$6.52; Greater Saint John \$7.26; Greater Moncton \$6.12; Greater St. John's \$9.89; Halifax Regional Municipality \$7.54; Greater Charlottetown \$8.99.

Forecast (Next 12 months)

We anticipate that the overall vacancy rate will decrease to 23.84% from the current 24.51% over the next year, driven by a slight increase in demand. The net absolute rent/ft.² is expected to remain stable.



*June



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