

MARKET SURVEY (DECEMBER 2013) 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 65 buildings with an aggregate rentable area of 3,377,758 ft.². The survey successfully collected information on 96% 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

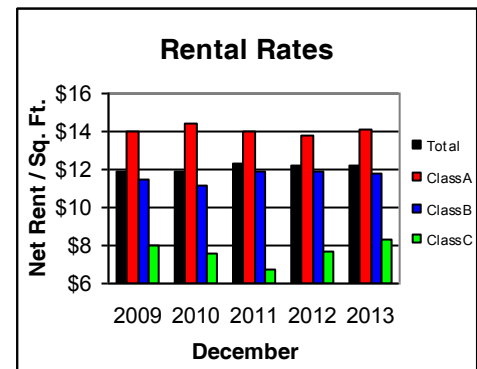
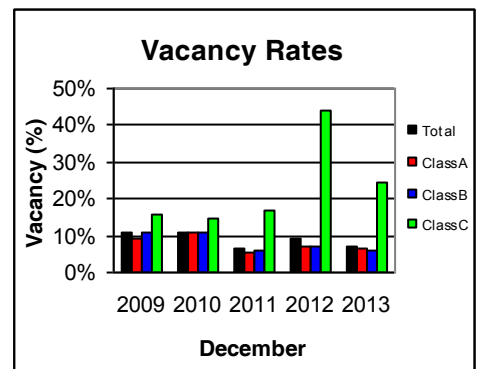
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Our survey measured vacancy rates by class of building. Class A buildings command the highest rents in their community and have distinctive design and lobbies. Class 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 over 2013, falling from 9.19% in 2012 to 6.94%. The overall decrease in vacancy can be largely attributed to a dramatic decrease in Class C vacancy, decreasing from 44.18% to 34.19%. The current vacancy rates in Greater Moncton by class are: Class A 6.42%; Class B 5.89%; Class C 24.19%; Overall 6.94%. The current average net absolute rental rates per square foot are: Class A \$13.96; Class B \$11.82; Class C \$8.27; Overall \$12.21.

Our survey includes all the major centres in Atlantic Canada, with Moncton second only to St. John's for the lowest vacancy rates. 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 to 9.39% over the next year as supply increases, driven by buildings re-entering the market after being renovated. This increase in available space will outpace an expected increase in demand. Both increased vacancy and demand is predicted to be met with a stable net absolute rent/ft.² .



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MARKET SURVEY (DECEMBER 2013) GREATER MONCTON 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 Moncton Area. A team of trained researchers collected rental, operating expense and vacancy data on 61 buildings with an aggregate rentable area of 3,092,084 ft.². The survey successfully collected information on 96% 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 Moncton.

Vacancy Rates

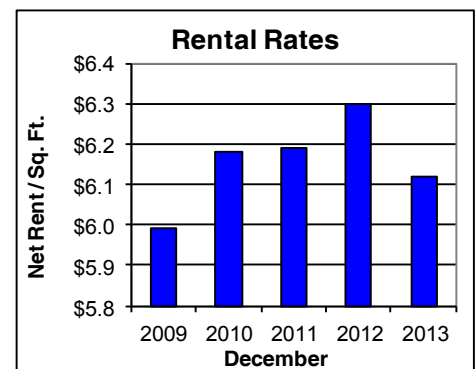
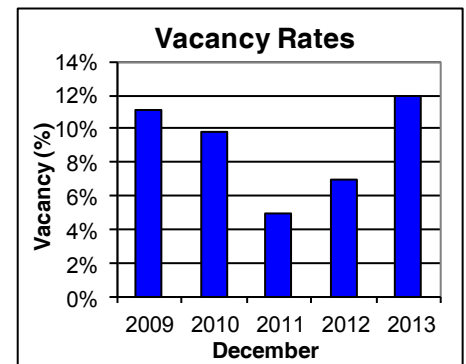
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Moncton's warehouse vacancy increased from 6.95% in 2012 to 11.93% in 2013. The increase in vacancy was evenly shared across each submarket in Moncton, with the exception of the Central area which saw a drop in its vacancy rate.

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 18.49%; 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 net rental rate for Moncton industrial properties held steady in 2013 and is the lowest of all the major centres in Atlantic Canada. 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 market in Moncton will remain fairly stable over the next twelve months, with vacancy rates falling by less than 0.5 percentage points, and accompanied by a similarly small increase in demand and net absolute rent/ft.².



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