

MARKET SURVEY (DECEMBER 2013) GREATER FREDERICTON OFFICES

Scope

This survey included every office building with a total rentable area of at least 5,000 ft.², available for rent in the Greater Fredericton Area. A team of trained researchers collected rental, operating expense and vacancy data on 52 buildings with an aggregate rentable area of 2,190,908 ft.². The survey successfully collected information on 94% 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 Fredericton.

Vacancy and Rental Rates

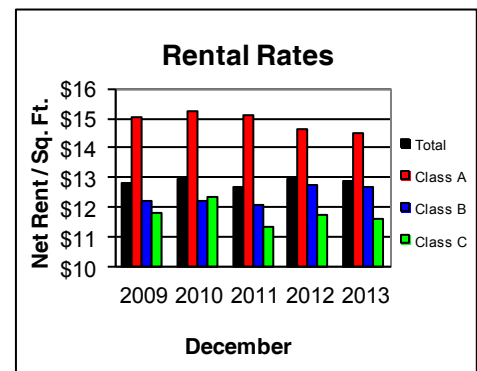
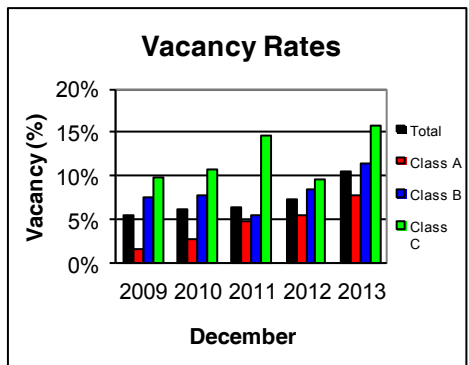
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Our survey measured vacancy and rental rates by class of building. Class A buildings command the highest rents in their community and have distinctive design and lobbies. 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.

Fredericton's vacancy rate increased across all building classes with an overall increase in vacancy of 3.13 percentage points to sit at 10.49% for 2013. The current vacancy rates in Greater Fredericton are: Class A 7.83%; Class B 11.45%, Class C 15.70%; Overall 10.49%. Overall net absolute rents also decreased across all building classes. The current average net absolute rental rates per square foot are: Class A \$14.49; Class B \$12.70; Class C \$11.63; Overall \$12.86.

Our survey includes all the major centres in Atlantic Canada. Fredericton sits in the middle of the pack both in New Brunswick and across the Maritimes. 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 decrease slightly to 10.23% in the next year, driven by a slight increase in demand. We predict that there will be an accompanying modest increase in net absolute rent/ft.².



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MARKET SURVEY (DECEMBER 2013) GREATER FREDERICTON 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 Fredericton Area. A team of trained researchers collected rental, operating expense and vacancy data on 10 buildings with an aggregate rentable area of 309,581 ft.². The survey successfully collected information on 94% 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 Fredericton.

Vacancy and Rental 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 overall vacancy rate decreased in 2013 to 13.85% from 14.39%.

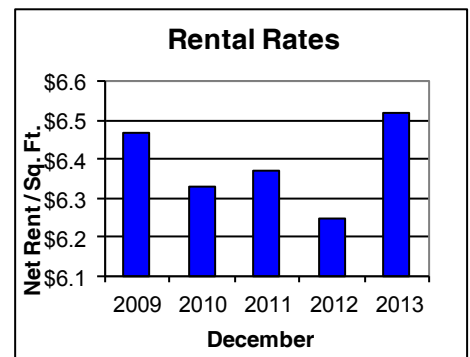
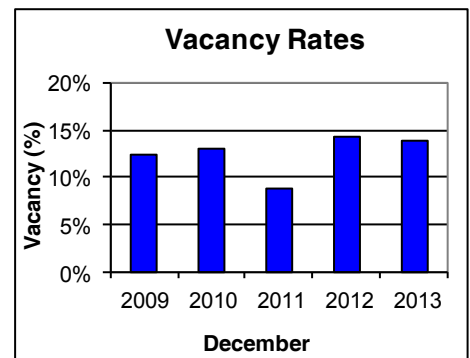
The decreased vacancy rate, which can be attributed to increased demand for warehouse space, has resulted in a slight increase in average net absolute rent per square foot, from \$6.25 in 2012 to \$6.52 in 2013.

Our survey includes all the major centres in Atlantic Canada. Fredericton has the second highest overall vacancy rate 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 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 increase substantially to 21.30% from the current 13.85% over the next year due to increased supply and a slight decrease in demand. We also predict an increase in overall net absolute rent/ft.² despite the increased vacancy, largely due to a high quality of new space becoming available.



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