

MARKET SURVEY (DECEMBER 2013) GREATER ST. JOHN'S 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 St. John's Area. A team of trained researchers collected rental, operating expense and vacancy data on 71 buildings with an aggregate rentable area of 3,000,830 ft.². The survey successfully collected information on 98% 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 St. John's.

Vacancy Rates

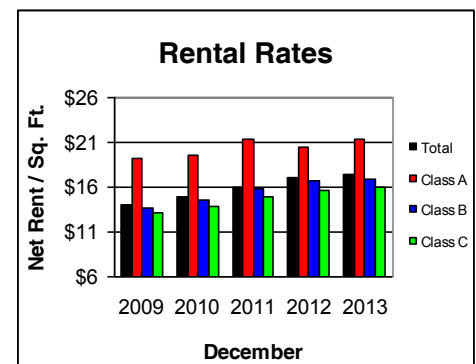
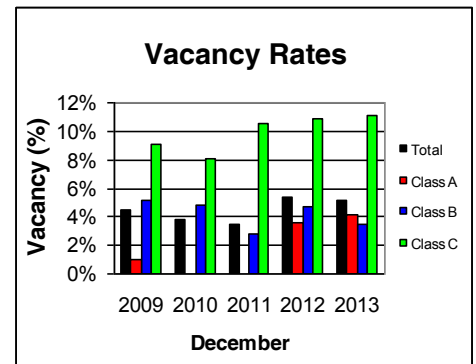
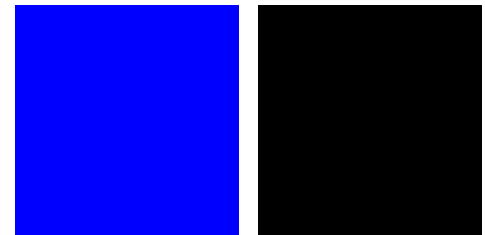
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Our survey measured vacancy rates by class of building. Class A buildings command the highest rents in their community and have distinctive design and lobbies. Class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

St. John's has the lowest overall vacancy rate in Atlantic Canada at 5.16%. This low vacancy has translated into strong year-over-year growth in net rents resulting in the highest net absolute rents in Atlantic Canada. The current average net absolute rental rates per square foot are: Class A \$21.42; Class B \$16.97; Class C \$16.00; Overall \$17.49. Vacancy rates in Greater St. John's stand at: Class A 4.49%; Class B 3.46%; Class C 11.12%; Overall 5.16%.

Our survey includes all the 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)

A very large increase in vacancy (from 5.16% to 10.48%) is expected due to new space becoming available in the next year. This temporary increase in vacancy is expected to fall as high demand catches up with supply. Net absolute rent/ft.² will continue to rise despite the increase in vacancy, reflecting the strong rental market and the quality of the new space.



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MARKET SURVEY (DECEMBER 2013) GREATER ST. JOHN'S 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 St. John's Area. A team of trained researchers collected rental, operating expense and vacancy data on 104 buildings with an aggregate rentable area of 2,513,901 ft.². The survey successfully collected information on 98% 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 St. John's.

Vacancy Rates

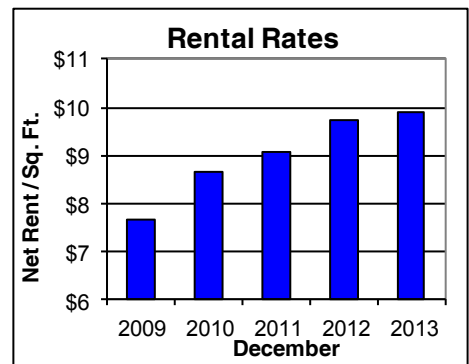
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Overall warehouse vacancy rate in St. John's increased slightly from last year's 4.36% to 5.00% but remains the lowest in Atlantic Canada. Rental rate measurement reveals that the overall net absolute rental rate per square foot increased by 5.10% in 2013, and currently stands at \$9.89; the highest in Atlantic Canada.

Our survey includes all the major centres in Atlantic Canada. The vacancy rate for St. John's is the lowest in Atlantic Canada. The overall vacancy rate by location is as follows: Greater Fredericton 13.85%; Greater Saint John 18.49%; Greater Moncton 18.49%; Greater St. John's 5.00%; Halifax Regional Municipality 9.79%; Greater Charlottetown 24.51%.

St. John's industrial properties have the highest overall net rental rate 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 vacancy rate will increase to 5.17% from the current 5.00% due to new warehouse space becoming available in the Greater St. John's Area. This initial increase in vacancy is expected to decline as demand for space catches up with supply. A 4.30% increase in net absolute rent/ft.² is also anticipated, reflecting strong growth in demand for warehouse space.



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