

MARKET SURVEY (DECEMBER 2014) CHARLOTTETOWN OFFICES

Scope

This survey included every office building with a total rentable area of 5,000 ft² or greater, available for rent in the Greater Charlottetown area. A team of trained researchers collected rental, operating expense and vacancy data on 27 buildings with an aggregate rentable area of 816,826 ft². 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 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.

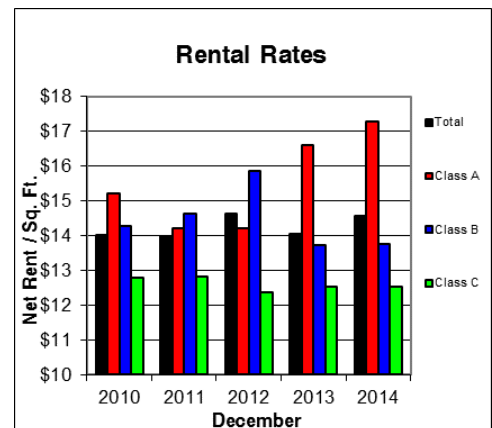
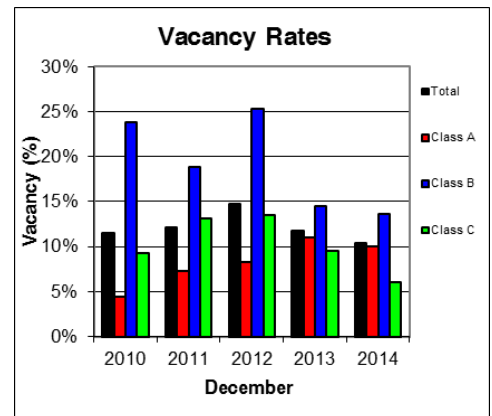
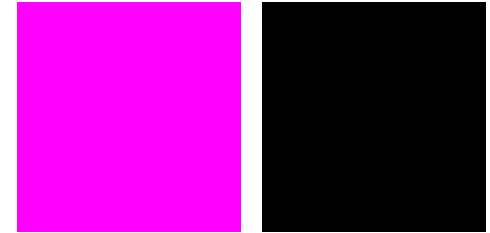
Charlottetown’s office rental market showed a slight reduction in vacancies over the past twelve months, with the vacancy rate decreasing to 10.42% in 2014 from 11.82% in 2013. This decrease in vacancy is in part due to a net reduction in the amount of office space available on the market. The current vacancy rates in Greater Charlottetown are: Class A 9.99%; Class B 13.67%; Class C 6.06%; Overall 10.42%.

Charlottetown continues to command a premium rent in Atlantic Canada with the second highest overall net rental rate. The current average net absolute rental rates per square foot are: Class A \$17.28; Class B \$13.75; Class C \$12.53; Overall \$14.58.

We also surveyed the other major centres in Atlantic Canada. The overall office vacancy rate by location is as follows: Greater Fredericton 10.03%; Greater Saint John 22.40%; Greater Moncton 7.89%; Greater St. John’s 4.81%; Halifax Regional Municipality 12.28%; Greater Charlottetown 10.41%.

Forecast (Next 12 months)

We anticipate that the overall vacancy rate will increase to 16.69% in the next year, driven by renovated space re-entering the market coupled with limited growth in demand. We anticipate the net absolute rent/ft² will remain stable over the next year as increased supply of space balances with the slight increase in demand.



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MARKET SURVEY (DECEMBER 2014) CHARLOTTETOWN WAREHOUSES

Scope

This survey included every warehouse building with a total rentable area of 5,000 ft² 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 241,021 ft². 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 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 overall vacancy rate in Greater Charlottetown decreased 4.46 percentage points over the past year, from 24.51% in 2013 to 20.05% in 2014. Charlottetown has the highest overall vacancy rate for industrial space in Atlantic Canada.

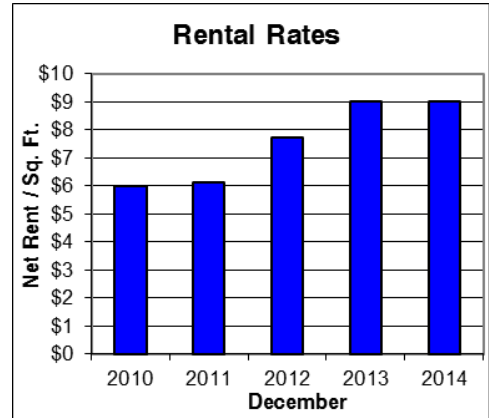
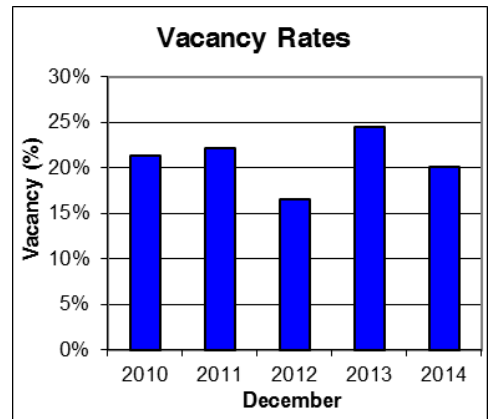
The high vacancy rate in Greater Charlottetown can be attributed to a large addition of new space into a small rental pool with the expansion of the BioCommons Research Park, located adjacent to the West Royalty Industrial Park.

Our survey includes all the major centres in Atlantic Canada. The overall vacancy rate by location is as follows: Greater Fredericton 12.45%; Greater Saint John 17.32%; Greater Moncton 14.87%; Greater St. John's 5.18%; Halifax Regional Municipality 11.23%; Greater Charlottetown 20.05%.

We also surveyed rental rates. The overall average net rental rate/ft² by location is as follows: Greater Fredericton \$6.75; Greater Saint John \$7.12; Greater Moncton \$6.06; Greater St. John's \$10.15; Halifax Regional Municipality \$7.55; Greater Charlottetown \$8.99.

Forecast (Next 12 months)

We anticipate that the overall vacancy rate will decrease to 19.55% from the current 20.05% over the next year, driven by a slight increase in demand. The net absolute rent/ft² is expected to remain stable.



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