

MARKET SURVEY (DECEMBER 2014) GREATER FREDERICTON OFFICES

Scope

This survey included every office building with a total rentable area of at least 5,000 ft², available for rent in the Greater Fredericton Area. A team of trained researchers collected rental, operating expense and vacancy data on 53 buildings with an aggregate rentable area of 2,265,670 ft². The survey successfully collected information on 95% 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

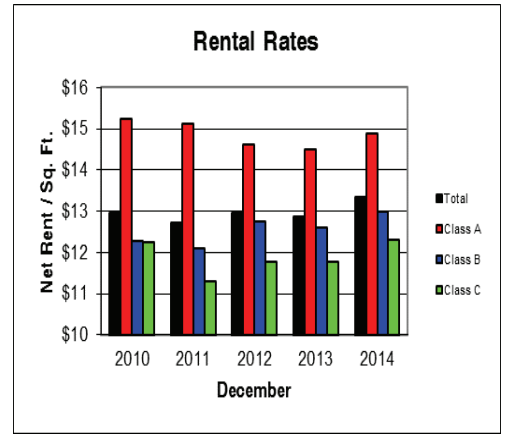
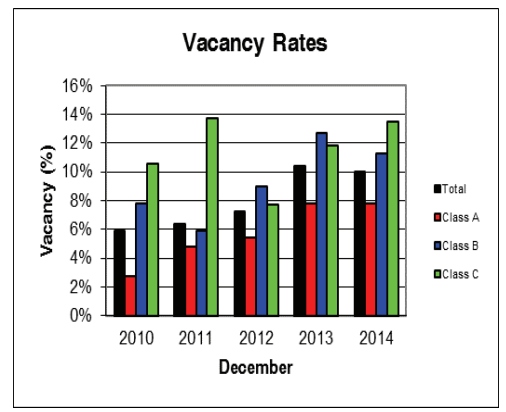
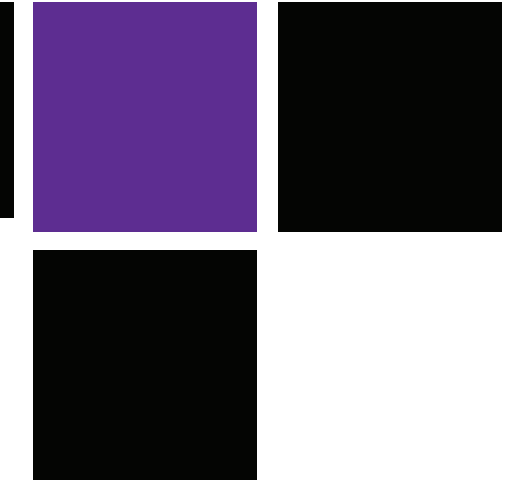
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Our survey measured vacancy and rental rates by class of building. Class A buildings command the highest rents in their community and have distinctive design and lobbies. 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 decreased slightly to 10.03% in 2014 from 10.44% in 2013. The current vacancy rates in Greater Fredericton are: Class A 7.84%; Class B 11.28%; Class C 13.46%; Overall 10.03%. Overall net absolute rents increased across all building classes. The current average net absolute rental rates per square foot are: Class A \$14.88; Class B \$13.00; Class C \$12.31; Overall \$13.33.

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 10.03%; 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 decrease slightly to 9.56% 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/ft².



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MARKET SURVEY (DECEMBER 2014) GREATER FREDERICTON 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 Fredericton Area. A team of trained researchers collected rental, operating expense, and vacancy data on 10 buildings with an aggregate rentable area of 312,572 ft². The survey successfully collected information on 95% 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 2014 to 12.45% from 13.76% a year ago.

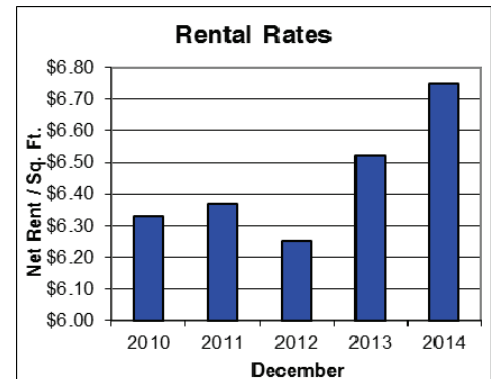
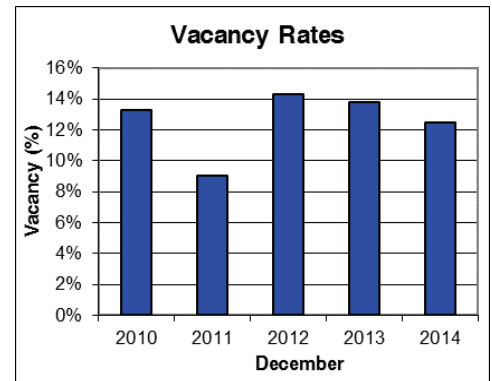
The decreased vacancy rate has resulted in a slight increase in the average net absolute rent per square foot, from \$6.52 in 2013 to \$6.75 in 2014.

Our survey includes all the major centres in Atlantic Canada. Fredericton has the third lowest overall vacancy rate 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%.

Our survey also measured 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 slightly to 11.87% from the current 12.45% over the next year with a moderate increase in supply being balanced by a slight increase in demand. We also predict an increase in overall net absolute rent/ft² in the region of 1.00%.



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