

MARKET SURVEY (DECEMBER 2014) GREATER SAINT JOHN 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 Saint John Area. A team of trained researchers collected rental, operating expense and vacancy data on 42 buildings with an aggregate rentable area of 2,524,024 ft². The survey successfully collected information on 91% of the rentable stock polled. The following results flow from what we believe is the most comprehensive survey of office space ever undertaken in Greater Saint John.

Vacancy Rates

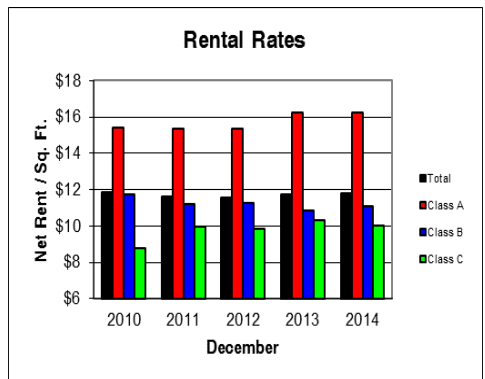
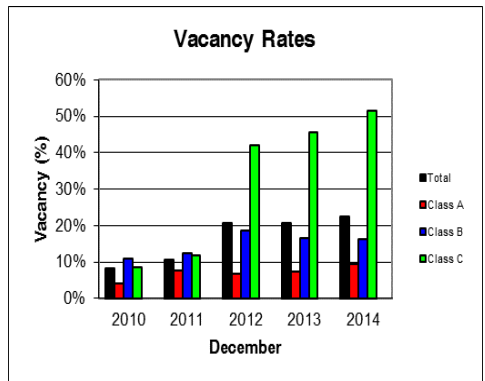
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Our survey measured vacancy rates by class of building. Class A buildings command the highest rents in their community and have distinctive design and lobbies. Class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

The office vacancy rate in Saint John increased by 1.81 percentage points in 2014, driven by increased vacancy rates in Class A and C office space. Saint John continues to have the highest overall vacancy rate and lowest overall net rental rate in Atlantic Canada. The current vacancy rates in Greater Saint John are: Class A 9.40%; Class B 16.31%; Class C 51.36%; Overall 22.40%. The current average net absolute rental rates per square foot are: Class A \$16.26; Class B \$11.11; Class C \$10.03; Overall \$11.82.

Our survey includes all the 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 slightly, accompanied by a slight decrease in demand, resulting in a similarly minor decrease in overall net absolute rent/ft².



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MARKET SURVEY (DECEMBER 2014) GREATER SAINT JOHN 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 Saint John Area. A team of trained researchers collected rental, operating expense, and vacancy data on 14 buildings with an aggregate rentable area of 501,536 ft². The survey successfully collected information on 91% 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 Saint John.

Vacancy Rates

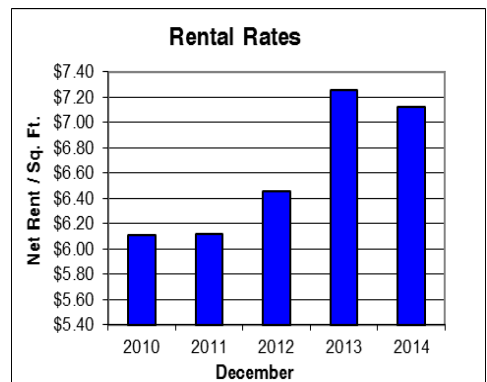
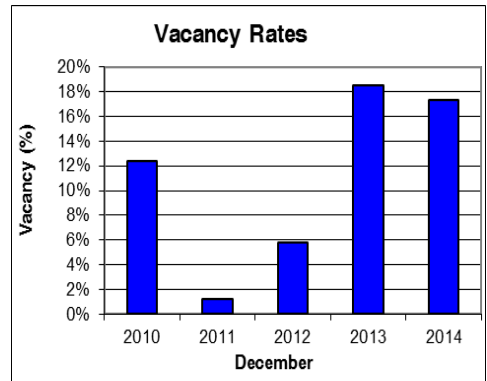
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. The Saint John overall warehouse vacancy rate decreased by 1.17 percentage points in 2014 to sit at 17.32%, still the second highest rate in Atlantic Canada.

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%.

Our survey also measured rental rates. Saint John has the highest overall net rental rate for warehouse space in New Brunswick, though compared to the other major centres in Atlantic Canada its rents are at the middle of the spectrum. 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 increase very slightly in the year ahead, due to stagnant demand. The net absolute rent/ft² is expected to decrease as a result of a continuing weak demand for rental warehouse space in the city.



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