

MARKET SURVEY (DECEMBER 2015) 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 303,020 ft.². 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 increased in 2015 to 14.16% from 12.25% a year ago, with increased vacancy in each of the Fredericton industrial parks and the central area.

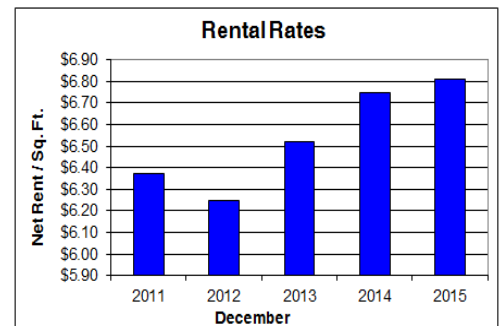
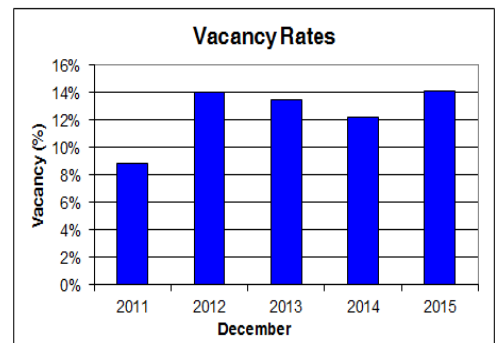
The average net absolute rent per square foot also crept upwards from \$6.75/ft.² in 2014 to \$6.81/ft.² in 2015.

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 14.16%; Greater Saint John 9.09%; Greater Moncton 18.56%; Greater St. John's 9.22%; Halifax Regional Municipality 13.78%; Greater Charlottetown 14.00%.

Our survey also measured rental rates. The overall average net rental rate/ft.² by location is as follows: Greater Fredericton \$6.81; Greater Saint John \$6.94; Greater Moncton \$6.08; Greater St. John's \$10.61; Halifax Regional Municipality \$7.64; Greater Charlottetown \$8.99.

Forecast (Next 12 months)

We anticipate that the overall vacancy rate will decrease slightly to 13.52% from the current 14.16% 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/ft.² in the region of 0.25%.



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