

MARKET SURVEY (DECEMBER 2015) 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 77 buildings with an aggregate rentable area of 3,655,065 ft.². The survey successfully collected information on 94% 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

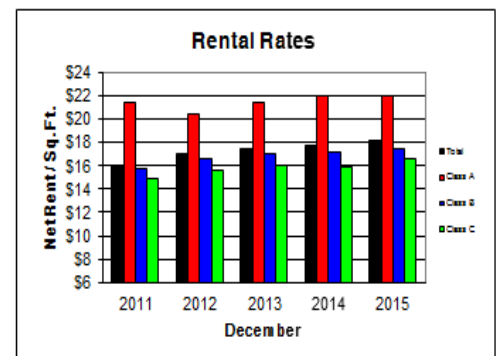
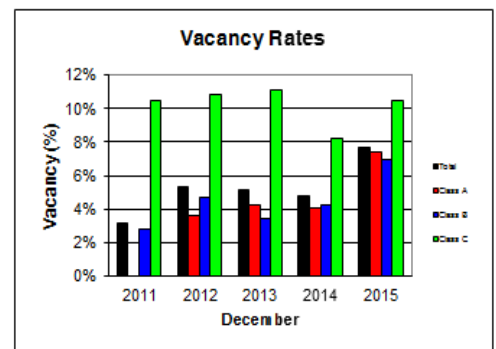
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Our survey measured vacancy rates by class of building. Class A buildings command the highest rents in their community and have distinctive design and lobbies. Class 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 second lowest overall vacancy rate in Atlantic Canada at 7.70%. Still low, this vacancy has translated into 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 \$22.05; Class B \$17.49; Class C \$16.60; Overall \$18.11. Vacancy rates in Greater St. John's stand at: Class A 7.44%; Class B 6.93%; Class C 10.52%; Overall 7.70%.

Our survey includes all the major centres in Atlantic Canada. The overall office vacancy rate by location is as follows: Greater Fredericton 9.69%; Greater Saint John 20.94%; Greater Moncton 7.10%; Greater St. John's 7.70%; Halifax Regional Municipality 15.83%; Greater Charlottetown 15.69%.

Forecast (Next 12 months)

Vacancy is expected to increase to 8.03% due to new space becoming available in the next year. We predict that the overall net absolute rent/ft.² will remain stable in the short term.



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