

MARKET SURVEY (DECEMBER 2015) CHARLOTTETOWN 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 Charlottetown area. A team of trained researchers collected rental, operating expense and vacancy data on 28 buildings with an aggregate rentable area of 843,083 ft.². The survey successfully collected information on 100% 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.

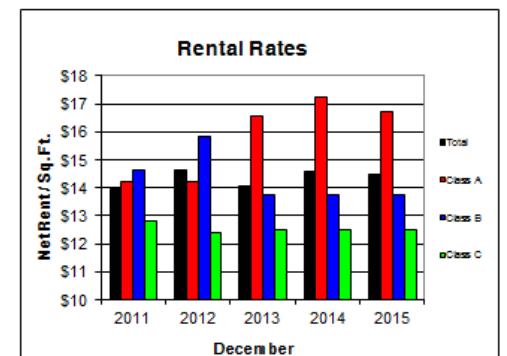
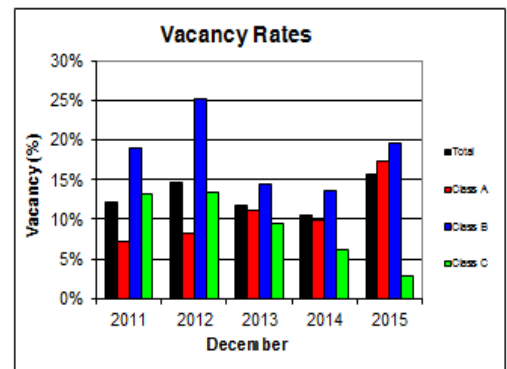
Charlottetown's office rental market showed an increase in vacancies over the past twelve months with the vacancy rate increasing from 10.41% in 2014 to 15.69% in 2015. This increase in vacancy is in part due to a major change in Class A office space, from 9.99% in 2014 to 17.34% in 2015. The current vacancy rates in Greater Charlottetown are: Class A 17.34%; Class B 19.66%; Class C 2.95%; Overall 15.69%.

Charlottetown continues to command a premium rent among its counterpoints in Atlantic Canada with the second highest overall net rental rate. The current average net absolute rental rates per square foot are: Class A \$16.72; Class B \$13.75; Class C \$12.53; Overall \$14.49.

We also surveyed the other 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)

We anticipate that the overall vacancy rate will increase to 19.21% in the next year, driven by the addition of new space to the market and limited growth in demand. We anticipate the net absolute rent/ft.² will remain stable over the next year as increased vacancy balances with the slight increase in demand.



Real Estate Counsellors, Brokers and Valuers
6182 North St., Halifax, N.S. B3K 1P5
Tel: 1-902-429-1811

NB Office Tel: 1-506-634-1811
PE Office Tel: 1-902-368-1811
NL Office Tel: 1-709-722-1811
ON Office Tel: 1-416-504-1811

Toll Free Tel: 1-800-567-3033
Fax: 1-902-429-1891
Internet: www.turnerdrake.com
E-Mail: tdp@turnerdrake.com