

MARKET SURVEY (DECEMBER 2015) GREATER MONCTON 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 Moncton Area. A team of trained researchers collected rental, operating expense and vacancy data on 65 buildings with an aggregate rentable area of 3,403,278 ft.². The survey successfully collected information on 85% 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 Moncton.

Vacancy Rates

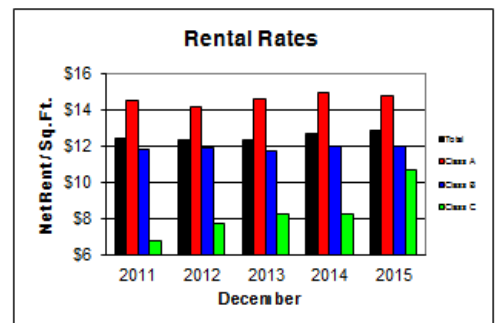
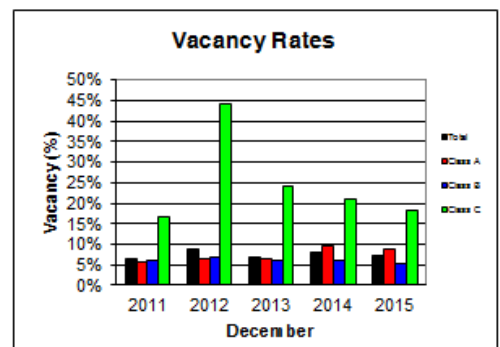
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Our survey measured vacancy rates by class of building. Class A buildings command the highest rents in their community and have distinctive design and lobbies. Class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

Moncton's office vacancy rate decreased, dropping from 7.91% in 2014 to 7.10% in 2015. This overall decrease in vacancy can be largely attributed to the removal of rentable office space from the market. The current vacancy rates in Greater Moncton by class are: Class A 8.74%; Class B 5.21%; Class C 18.31%; Overall 7.10%. The current average net absolute rental rates per square foot are: Class A \$14.74; Class B \$12.00; Class C \$10.69; Overall \$12.84.

Our survey includes all the major centres in Atlantic Canada, with Moncton has the lowest vacancy rates, followed closely by St. John's. 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 9.10% over the next year as new space is brought on stream. The net absolute rent/ft.² will increase slightly.



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