

MARKET SURVEY (JUNE 2016) 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 81 buildings with an aggregate rentable area of 3,719,913 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 office space ever undertaken in Greater St. John's.

Vacancy Rates

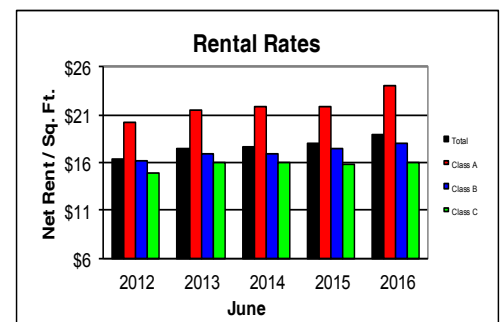
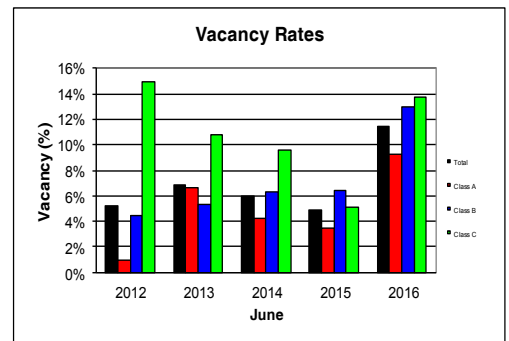
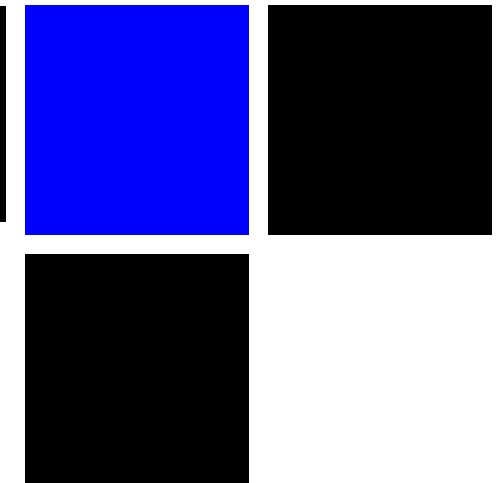
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Our survey measured vacancy rates by class of building. Class A buildings command the highest rents in their community and have distinctive design and lobbies. Class 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 office rental market showed a significantly increase in vacancy in the past twelve months, with the vacancy rate increasing to 11.41% in 2016 from 4.84% in 2015. This increase in vacancy is driven by new space coming to this market just as the economy suffers with falling oil prices. The current average net absolute rental rates per square foot are: Class A \$24.04; Class B \$17.95; Class C \$16.05; Overall \$18.85. Vacancy rates in Greater St. John's stand at: Class A 9.26%; Class B 13.01%; Class C 13.74%; Overall 11.41%.

Our June survey includes five of the major centres in Atlantic Canada. The overall office vacancy rate by location is as follows: Greater Fredericton 11.63%; Greater Saint John 21.13%; Greater Moncton 10.77%; Greater St. John's 11.41%; Halifax Regional Municipality 15.45%.

Forecast (Next 12 months)

We anticipate that the overall vacancy rate will increase to 11.83% in the next year, driven by new supply but limited growth in demand. The overall net absolute rent/ft.² will increase slightly by 0.50%.



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