

MARKET SURVEY (JUNE 2016) 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 69 buildings with an aggregate rentable area of 3,500,287 ft.². The survey successfully collected information on 96% 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

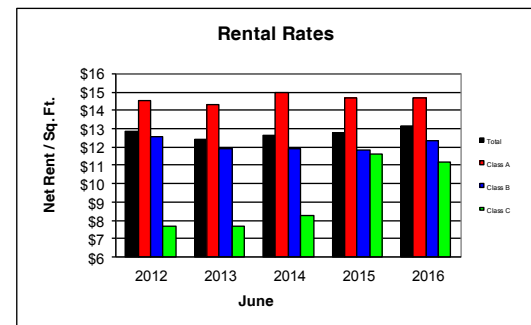
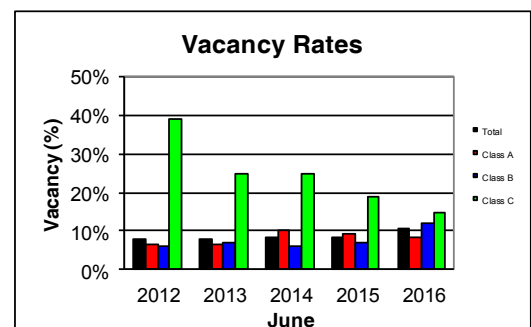
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Our survey measured vacancy rates by class of building. Class A buildings command the highest rents in their community and have distinctive design and lobbies. Class 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 increased in 2016, from 8.44% in 2015 to 10.77%. The overall increase in vacancy can be attributed to new additions of rentable office space from the market accompanied by falling demand. The current vacancy rates in Greater Moncton by class are: Class A 8.56%; Class B 11.85%; Class C 14.80%; Overall 10.77%. The current average net absolute rental rates per square foot are: Class A \$14.68; Class B \$12.32; Class C \$11.19; Overall \$13.11.

Our June survey includes five of the major centres in Atlantic Canada. Moncton has the lowest vacancy rates, followed closely by St. John's. 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 12.51% over the next year as new space is brought on stream. There will be a 0.5% increase in net absolute rent/ft.²



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