

MARKET SURVEY (DECEMBER 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 70 buildings with an aggregate rentable area of 3,493,186 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

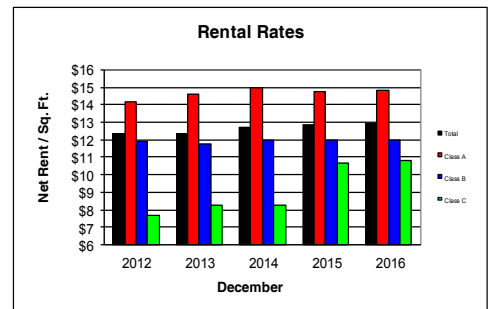
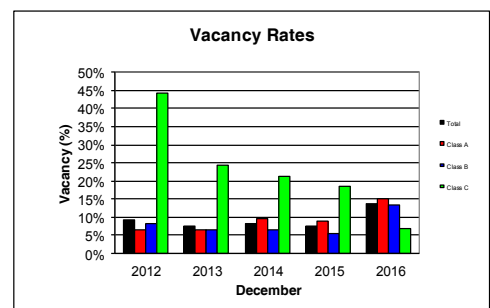
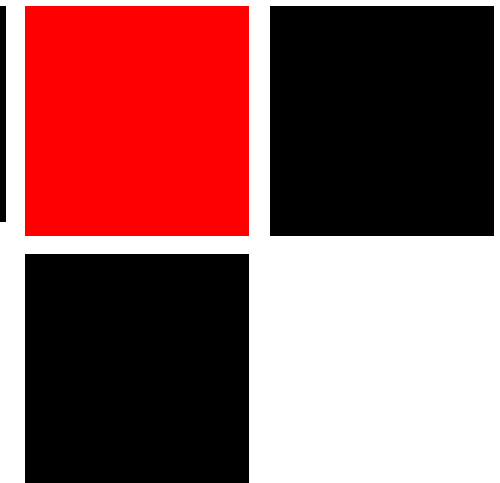
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Our survey measured vacancy rates by class of building. Class A buildings command the highest rents in their community and have distinctive design and lobbies. Class 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 increased by 6.42 percentage points in 2016 versus December 2015. The overall increase in vacancy can be largely attributed to a 10.41% reduction in demand for Class B space. The current vacancy rates in Greater Moncton by class are: Class A 14.98%; Class B 13.46%; Class C 6.78%; Overall 13.70%. The current average net absolute rental rates per square foot are: Class A \$14.82; Class B \$11.96; Class C \$10.81; Overall \$12.93.

Our survey includes all the major centres in Atlantic Canada, with Fredericton has the lowest vacancy rates, followed by St. John's. The overall office vacancy rate by location is as follows: Greater Fredericton 9.54%; Greater Saint John 21.48%; Greater Moncton 13.70%; Greater St. John's 12.72%; Halifax Regional Municipality 15.27%; Greater Charlottetown 14.99% .

Forecast (Next 12 months)

We anticipate that the overall vacancy rate will decrease slightly to 13.35% from 13.70% over the next year. The net absolute rent/ft.² will increase slightly in response.



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MARKET SURVEY (DECEMBER 2016) GREATER MONCTON WAREHOUSES

Scope

This survey included every warehouse 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 63 buildings with an aggregate rentable area of 3,194,365 ft.². The survey successfully collected information on 89% of the rental stock polled. The following results flow from what we believe is the most comprehensive survey of warehouse space ever undertaken in Greater Moncton.

Vacancy Rates

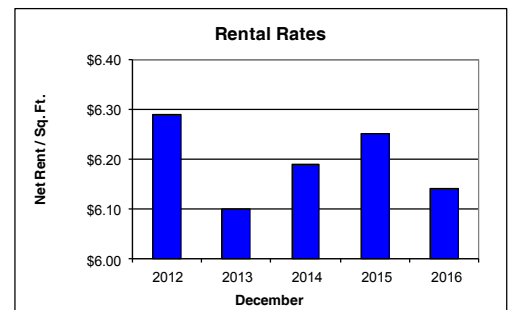
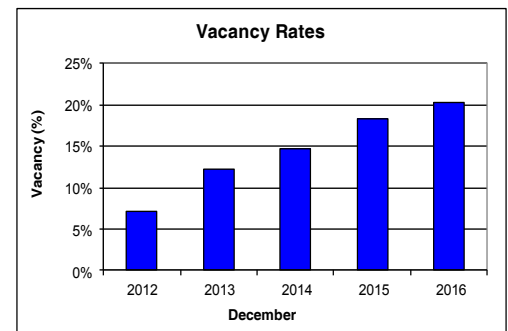
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Moncton's warehouse vacancy increased from 18.37% in 2015 to 20.29% in 2016. In percentage terms, Moncton Industrial Park experienced the largest increase in vacancy, jumping from 20.32% in 2015 to 24.78% in 2016.

Our survey includes all the major centres in Atlantic Canada. The overall vacancy rate by location is as follows: Greater Fredericton 15.82%; Greater Saint John 10.83%; Greater Moncton 20.29%; Greater St. John's 12.54%; Halifax Regional Municipality 13.85%; Greater Charlottetown 15.87%.

Our survey also measured rental rates. The net rental rate in Moncton Industrial Park decreased by 4.19%, and remains the lowest of all the major centres in Atlantic Canada, averaging \$5.49 per square foot. The overall average net rental rates/ft.² by location are as follows: Greater Fredericton \$7.15; Greater Saint John \$6.74; Greater Moncton \$6.14; Greater St. John's \$10.83; Halifax Regional Municipality \$7.80; Greater Charlottetown \$9.31.

Forecast (Next 12 months)

We anticipate that the overall market in Moncton will recover somewhat over the next twelve months, with the vacancy rate falling to 20.02%. We anticipate a minor increase in the net absolute rent per square foot.



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