

MARKET SURVEY (DECEMBER 2016) GREATER SAINT JOHN 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 Saint John Area. A team of trained researchers collected rental, operating expense and vacancy data on 42 buildings with an aggregate rentable area of 2,532,451 ft.². The survey successfully collected information on 87% of the rentable stock polled. The following results flow from what we believe is the most comprehensive survey of office space ever undertaken in Greater Saint John.

Vacancy Rates

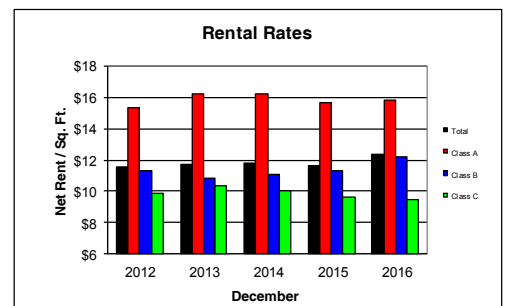
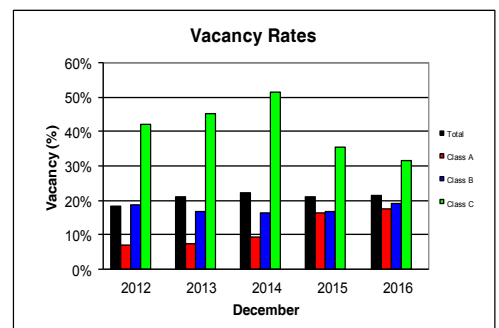
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Our survey measured vacancy rates by class of building. Class A buildings command the highest rents in their community and have distinctive design and lobbies. Class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

The office vacancy rate in Saint John increased by 0.56 percentage points in 2016, driven by increased vacancies in Class A and B office space. Saint John continues to have the highest overall vacancy rate and lowest overall net rental rate in Atlantic Canada. The current vacancy rates in Greater Saint John are: Class A 17.46%; Class B 19.09%; Class C 31.39%; Overall 21.48%. The current average net absolute rental rates per square foot are: Class A \$15.83; Class B \$12.20; Class C \$9.50; Overall \$12.36.

Our survey includes all the major centres in Atlantic Canada. 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 fall to 21.16% from the current 21.48% as demand picks up slightly. There will be an accompanying minor increase in net absolute rent/ft.².



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MARKET SURVEY (DECEMBER 2016) GREATER SAINT JOHN 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 Saint John Area. A team of trained researchers collected rental, operating expense and vacancy data on 14 buildings with an aggregate rentable area of 500,536 ft.². The survey successfully collected information on 86% 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 Saint John.

Vacancy Rates

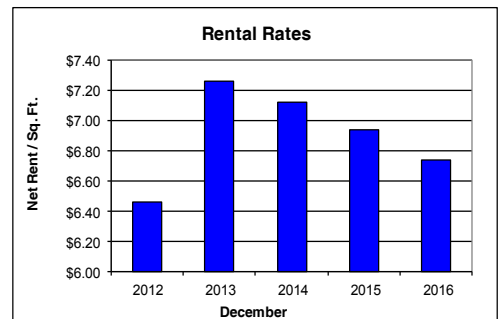
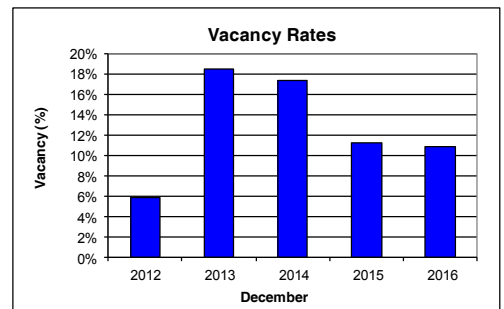
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. The overall warehouse vacancy rate for Saint John decreased slightly, by 0.38 percentage points in 2016, to sit at 10.83%, the lowest rate in Atlantic Canada.

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. Saint John has the second highest overall net rental rate in New Brunswick, though compared to the other major centres in Atlantic Canada its rents are at the lower end of the spectrum. The overall average net rental rate/ft.² by location is 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 vacancy rate will continue to decrease to 10.46% in the next year, due to increasing demand. The net absolute rent/ft.² is expected to increase slightly as a result.



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