

MARKET SURVEY (DECEMBER 2016) GREATER FREDERICTON OFFICES

Scope

This survey included every office building with a total rentable area of at least 5,000 ft.², available for rent in the Greater Fredericton Area. A team of trained researchers collected rental, operating expense and vacancy data on 56 buildings with an aggregate rentable area of 2,286,321 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 Fredericton.

Vacancy and Rental Rates

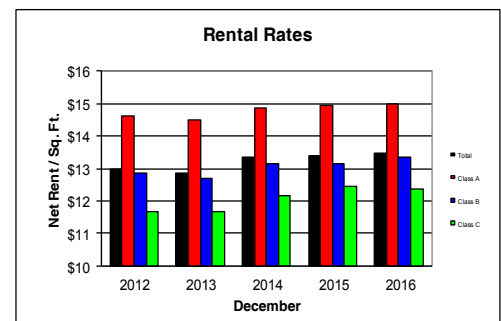
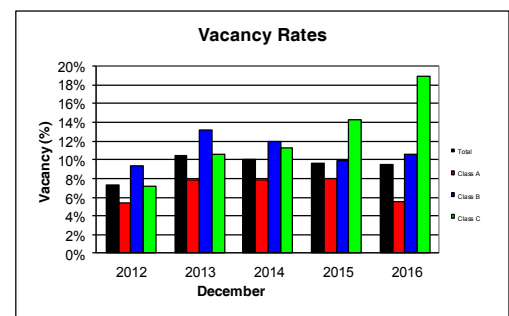
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Our survey measured vacancy and rental rates by class of building. Class A buildings command the highest rents in their community and have distinctive design and lobbies.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

Fredericton's vacancy rate decreased slightly to 9.54% in 2016 from 9.68% in 2015. The current vacancy rates in Greater Fredericton are: Class A 5.49%; Class B 10.61%, Class C 18.87%; Overall 9.54%. The current average net absolute rental rates per square foot are: Class A \$15.00; Class B \$13.33; Class C \$12.38; Overall \$13.46.

Our survey includes all the major centres in Atlantic Canada. Fredericton sits in the middle of the pack both in New Brunswick and across the Maritimes. 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 9.18% in the next year due to increased demand for Class A space. The net absolute rent/ft.² will increase slightly in response.



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MARKET SURVEY (DECEMBER 2016) GREATER FREDERICTON 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 Fredericton Area. A team of trained researchers collected rental, operating expense and vacancy data on 10 buildings with an aggregate rentable area of 303,020 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 warehouse space ever undertaken in Greater Fredericton.

Vacancy and Rental 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 vacancy rate increased to 15.82% in 2016 from 14.16% in 2015, with increased vacancy centred on the Fredericton Industrial Park.

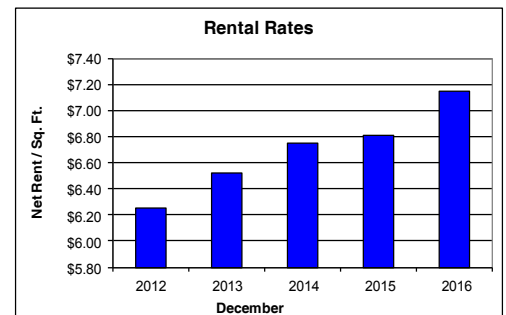
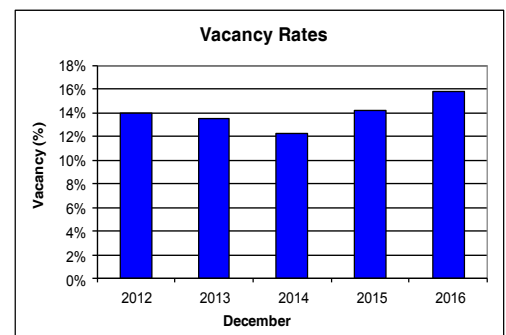
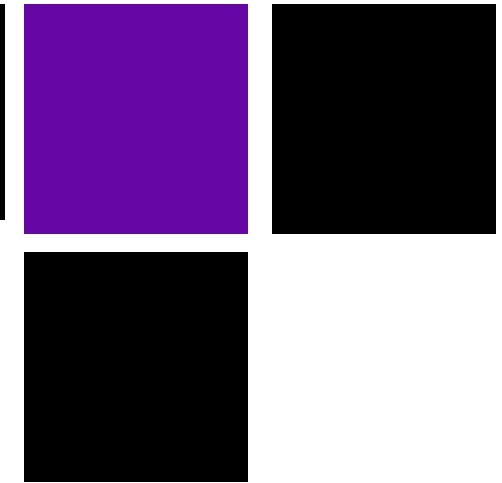
The average net absolute rent per square foot also crept upwards from \$6.81/ft.² in 2015 to \$7.15/ft.² in 2016.

Our survey includes all the major centres in Atlantic Canada. Fredericton has the third highest overall vacancy rate 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 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 decrease slightly to 15.48% from the current 15.82% over the next year. We also predict a slightly increase in overall net absolute rent/ft.² in the city.



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