

MARKET SURVEY (DECEMBER 2016) CHARLOTTETOWN 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 Charlottetown area. A team of trained researchers collected rental, operating expense and vacancy data on 30 buildings with an aggregate rentable area of 887,083 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 office space ever undertaken in Greater Charlottetown.

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 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.

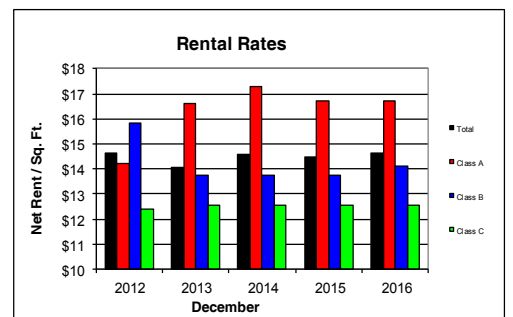
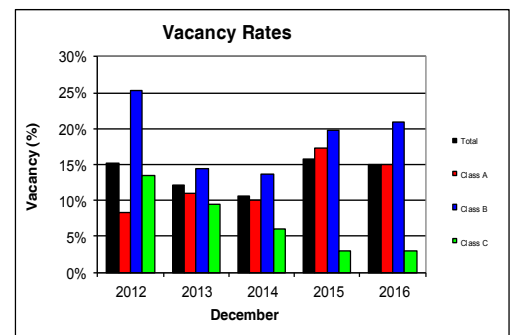
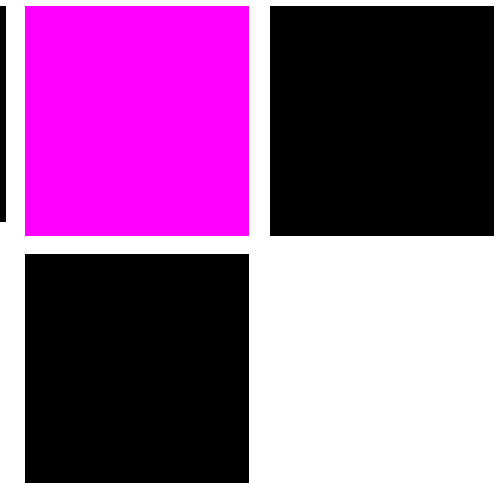
Charlottetown’s office rental market enjoyed an overall decrease in the vacancy rate over the past twelve months, from 15.84% in 2015 to 14.99% in 2016. This was driven largely by Class A office space, which fell from 17.34% vacancy in 2015 to 14.95% in 2016. The current vacancy rates in Greater Charlottetown are: Class A 14.95%; Class B 20.84%; Class C 2.95%; Overall 14.99%.

Charlottetown continues to command a premium rent among its counterpoints in Atlantic Canada with the second highest overall net rental rate. The current average net absolute rental rates per square foot are: Class A \$16.72; Class B \$14.13; Class C \$12.53; Overall \$14.62.

We also surveyed the other 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 increase to 16.50% in the next year, driven by the addition of new space to the market and limited growth in demand. We anticipate the net absolute rent/ft.² will remain stable over the next year as increased vacancy balances with the slight increase in demand.



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MARKET SURVEY (DECEMBER 2016) CHARLOTTETOWN 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 Charlottetown area. A team of trained researchers collected rental, operating expense and vacancy data on 8 buildings with an aggregate rentable area of 253,221 ft.². The survey successfully collected information on 100% 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 Charlottetown.

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 vacancy rate in Greater Charlottetown increased 2.15 percentage points from the 2015 level. The current overall vacancy rate is 15.87%, up from 13.72% in the December 2015 survey.

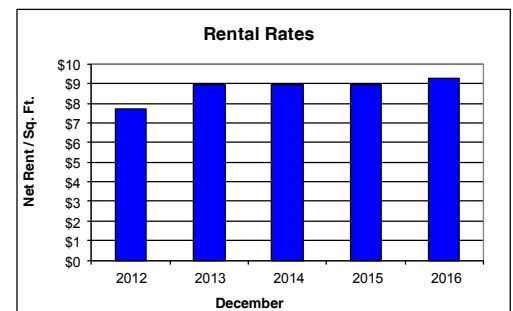
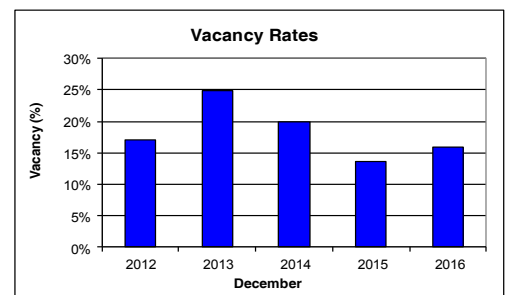
The increased vacancy rate in Greater Charlottetown can be attributed to a decrease in demand in West Royalty Industrial Park, which experienced a vacancy rate increase from 8.32% in 2015 to 12.42% in 2016.

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 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 to 14.92% from the current 15.87% over the next year, driven by a slight increase in demand. The net absolute rent/ft.² is expected to remain stable.



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