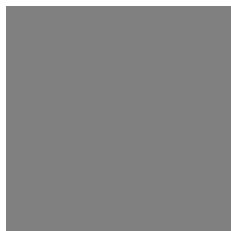
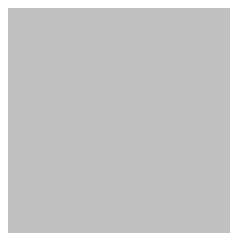
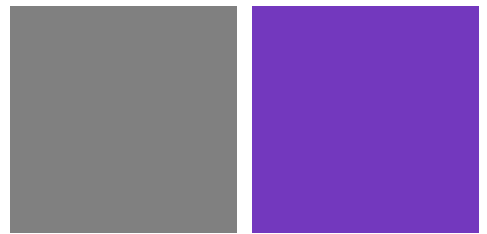


# MARKET SURVEY CHARLOTTETOWN OFFICES & WAREHOUSES



Survey Scope: 29 office & 7 warehouse buildings  
865,083 ft.<sup>2</sup> of rental office space  
241,021 ft.<sup>2</sup> of rental warehouse space  
expert researchers



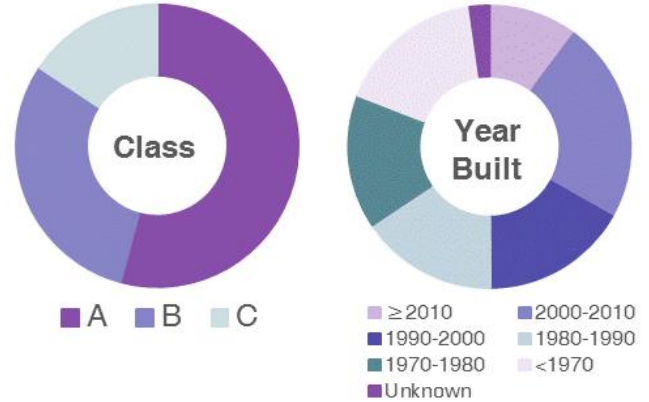
Real Estate Counsellors, Brokers and Valuers  
6182 North St. Halifax, N.S. B3K 1P5  
Tel.: (902) 429-1811  
Internet: [www.turnerdrake.com](http://www.turnerdrake.com)  
E-Mail: [tdp@turnerdrake.com](mailto:tdp@turnerdrake.com)

# DEC. 2017 MARKET SURVEY CHARLOTTETOWN OFFICES

## Year at a Glance

	2016	2017	Change
Office Inventory (ft. <sup>2</sup> )	887,083	865,083	↓ (22,000)
Net Absorption (ft.2)	32,425	8,881	↓ (23,544)
Vacancy Rate	16.21%	13.05%	↓ -3.16 pp
Avg. Net Rent/ft. <sup>2</sup>	\$14.62	\$14.63	↑ 0.07%
Avg. RTCAM/ft. <sup>2</sup>	\$7.32	\$7.49	↑ 2.32%
Avg. Gross Rent/ft. <sup>2</sup>	\$21.97	\$22.12	↑ 0.68%

## Overall Office Inventory



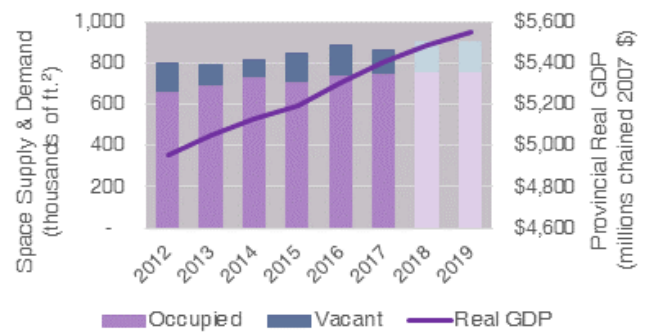
## Supply & Demand Overview

The total amount of rentable office space in Greater Charlottetown decreased 2.48% over last year, due in part to some rental office space changing to owner occupation and some being removed from inventory for renovations. The overall vacancy rate decreased from 16.21% in 2016 to 13.05% in 2017. The key driver of space demand is the growth in the provincial real (deflated) Gross Domestic Product. Our analysis of GDP projections indicates that 2018 will see GDP growth of 1.5%, leading to an uptick in demand for office space of 0.7%. With an anticipated new supply of 33,721 square feet expected to be brought to market, the vacancy rate is expected to increase to 15.75%.

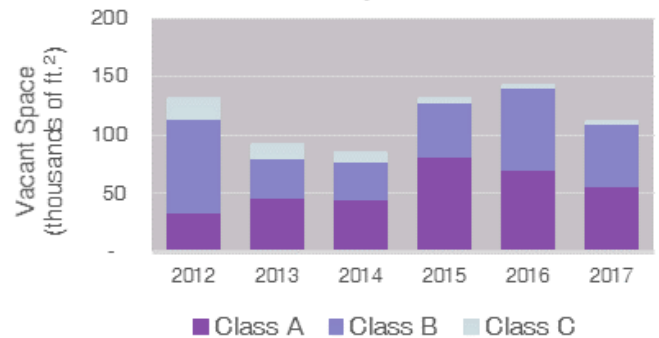
Our survey measured vacancy and rental rates by class of building. Class A buildings command the highest rents in their community and have distinctive design and lobbies. Class B buildings offer “no frills” modern, air conditioned space. Class C buildings make up the remainder of the office rental market. The current vacancy rates by class are: Class A 12.07%; Class B 20.22%; Class C 2.66%; Overall 13.05%.

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. Current average net absolute rental rates per square foot are: Class A \$16.39; Class B \$14.14; Class C \$12.64; Overall \$14.63.

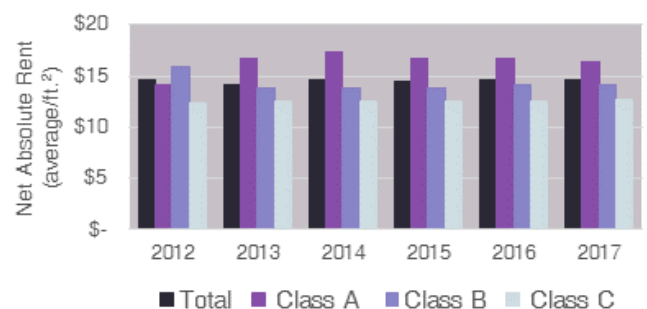
## Supply, Demand & GDP



## Vacant Space



## Net Absolute Rent/ft.<sup>2</sup>

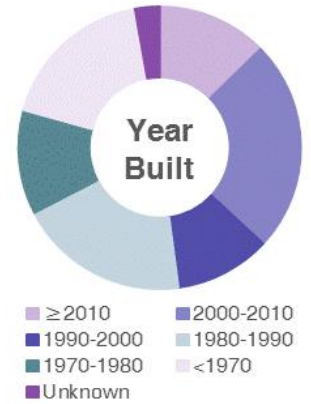
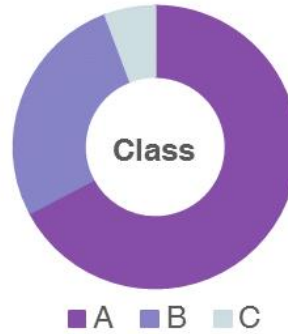


©2018 Turner Drake & Partners Ltd. This material may be used, copied and distributed provided that the appropriate attribution and copyright is accorded to Turner Drake & Partners Ltd. Whilst every effort has been made to ensure the accuracy and completeness of this Market Survey, no liability is assumed by Turner Drake & Partners Ltd. for errors and omissions. This bulletin is distributed without charge on the understanding that the contents do not render legal, accounting, appraisal or other professional services.

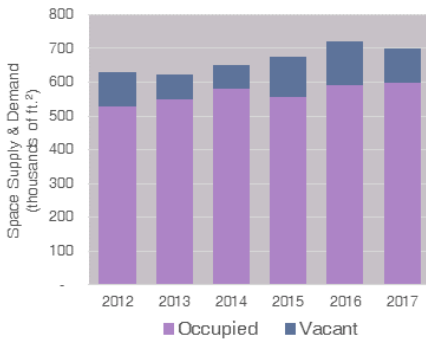
# CHARLOTTETOWN CENTRAL

## Year at a Glance

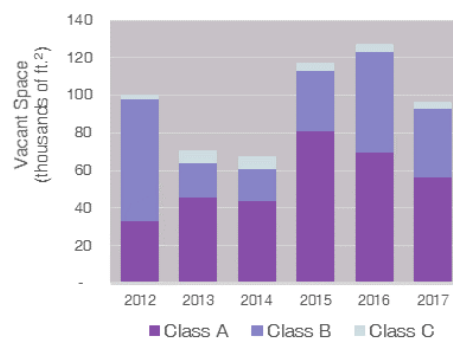
	2016	2017	Change
Office Inventory (ft. <sup>2</sup> )	719,188	697,188	↓ (22,000)
Net Absorption (ft. <sup>2</sup> )	33,725	8,481	↓ (25,244)
Vacancy Rate	17.67%	13.86%	↓ -3.81 pp
Avg. Net Rent/ft. <sup>2</sup>	\$14.99	\$14.90	↓ -0.60%
Avg. RTCAM/ft. <sup>2</sup>	\$7.69	\$7.76	↑ 0.91%
Avg. Gross Rent/ft. <sup>2</sup>	\$22.76	\$22.66	↓ -0.44%



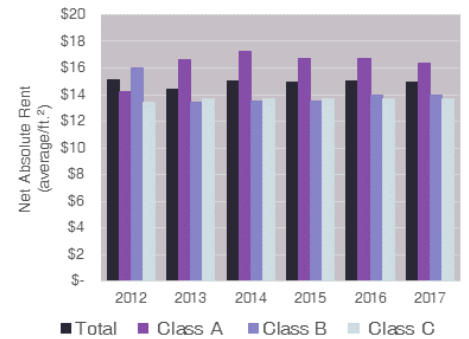
Supply & Demand



Vacant Space



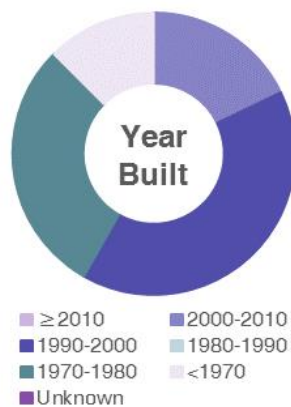
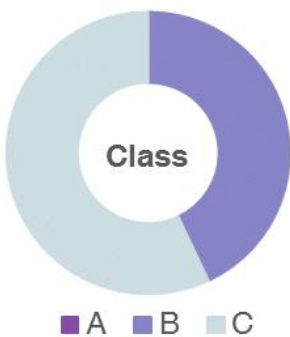
Net Absolute Rent/ft.<sup>2</sup>



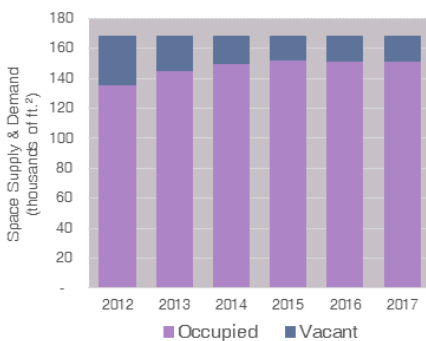
# CHARLOTTETOWN PERIPHERAL

## Year at a Glance

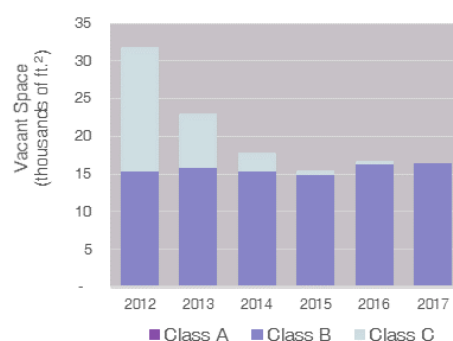
	2016	2017	Change
Office Inventory (ft. <sup>2</sup> )	167,895	167,895	↔ - - -
Net Absorption (ft. <sup>2</sup> )	(1,300)	400	↑ 1,700
Vacancy Rate	9.95%	9.71%	↓ -0.24 pp
Avg. Net Rent/ft. <sup>2</sup>	\$12.91	\$13.14	↑ 1.78%
Avg. RTCAM/ft. <sup>2</sup>	\$5.62	\$6.01	↑ 6.94%
Avg. Gross Rent/ft. <sup>2</sup>	\$18.53	\$19.15	↑ 3.35%



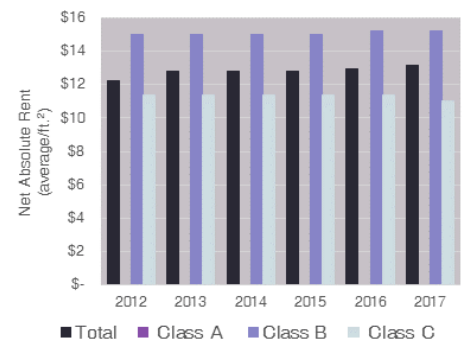
Supply & Demand



Vacant Space



Net Absolute Rent/ft.<sup>2</sup>

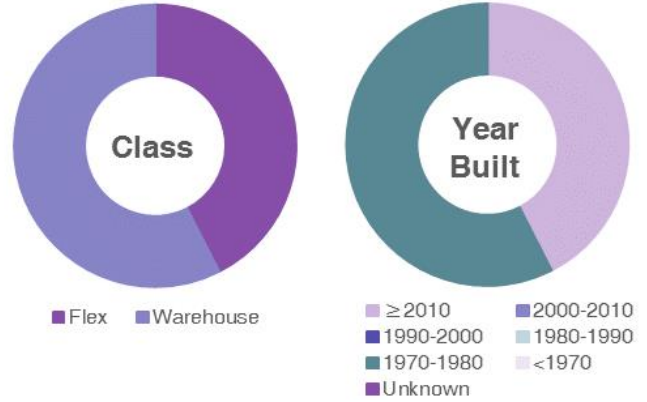


# DEC. 2017 MARKET SURVEY CHARLOTTETOWN WAREHOUSES

## Year at a Glance

Warehouse	2016	2017	Change
Inventory (ft. <sup>2</sup> )	253,221	241,021	↓ (12,200)
Net Absorption (ft. <sup>2</sup> )	5,745	2,359	↓ (3,386)
Vacancy Rate	15.87%	10.63%	↓ -5.24 pp
Avg. Net Rent/ft. <sup>2</sup>	\$9.31	\$8.84	↓ -5.05%
Avg. RTCAM/ft. <sup>2</sup>	\$3.25	\$3.91	↑ 20.31%
Avg. Gross Rent/ft. <sup>2</sup>	\$12.57	\$12.74	↑ 1.35%

## Overall Warehouse Inventory



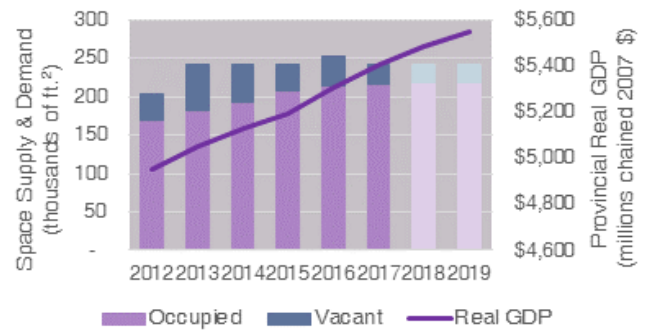
## Supply & Demand Overview

The total amount of rentable warehouse space in Greater Charlottetown remained decreased 4.82% over last year, due in part to some rental warehouse space changing to owner occupation. The overall vacancy rate increased from 15.87% in 2016 to 10.63% in 2017. The key driver of space demand is the growth in the provincial real (deflated) Gross Domestic Product. Our analysis of GDP projections indicates that 2018 will see GDP growth of 1.9%, leading to an uptick in demand for warehouse space of 0.7%. With no anticipated new supply coming to market in 2018, the vacancy rate is expected to drop to 10.03%.

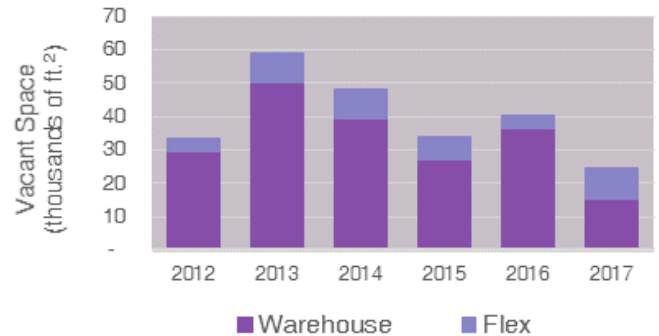
Our survey measured the vacancy rate by geographic node. The current vacancy rate in each of the following locations is: BioCommons Research Park 35.0%; Parkdale Industrial Park 20.0%; West Royalty Industrial Park 5.52%; Overall 10.63%..

Our survey also measured rental rates. Industrial properties in Charlottetown saw the overall net absolute rent per square foot decreased by 5.05% year over year, to \$8.84 in 2017. The average overall net rental rates per square foot in each of the following locations are: BioCommons Research Park N/A; Parkdale Industrial Park \$6.44; West Royalty Industrial Park \$9.44; Overall \$8.84.

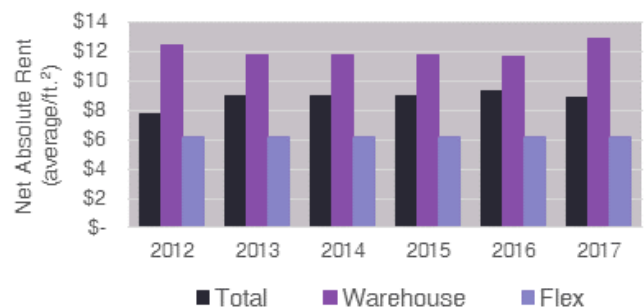
## Supply, Demand & GDP



## Vacant Space



## Net Absolute Rent/ft.<sup>2</sup>

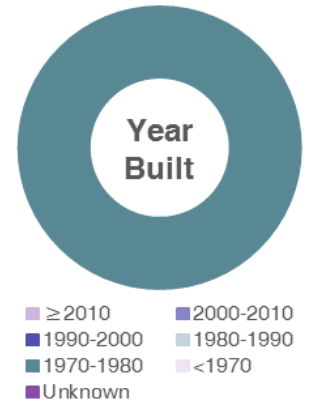
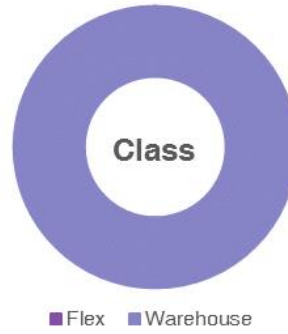


©2018 Turner Drake & Partners Ltd. This material may be used, copied and distributed provided that the appropriate attribution and copyright is accorded to Turner Drake & Partners Ltd. Whilst every effort has been made to ensure the accuracy and completeness of this Market Survey, no liability is assumed by Turner Drake & Partners Ltd. for errors and omissions. This bulletin is distributed without charge on the understanding that the contents do not render legal, accounting, appraisal or other professional services.

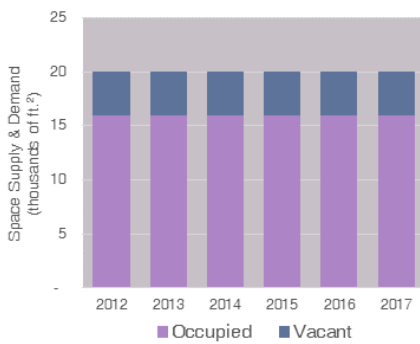
# PARKDALE INDUSTRIAL PARK

## Year at a Glance

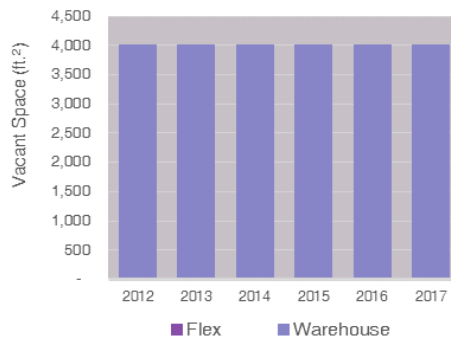
Warehouse	2016	2017	Change
Inventory (ft. <sup>2</sup> )	19,999	19,999	↔ ---
Net Absorption (ft. <sup>2</sup> )	---	---	↔ ---
Vacancy Rate	20.00%	20.00%	↔ 0.00 pp
Avg. Net Rent/ft. <sup>2</sup>	\$6.44	\$6.44	↔ 0.00%
Avg. RTCAM/ft. <sup>2</sup>	\$0.98	\$0.98	↔ 0.00%
Avg. Gross Rent/ft. <sup>2</sup>	\$7.42	\$7.42	↔ 0.00%



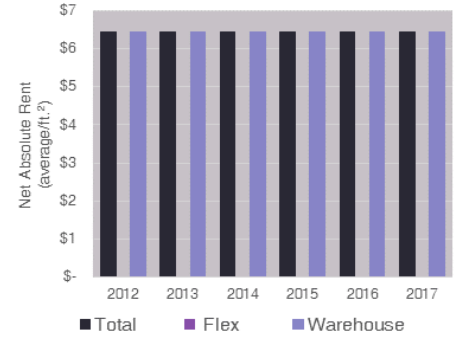
Supply & Demand



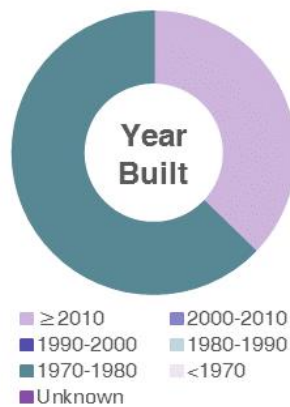
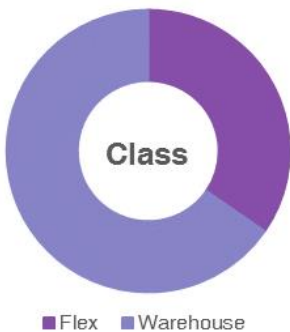
Vacant Space



Net Absolute Rent/ft.<sup>2</sup>



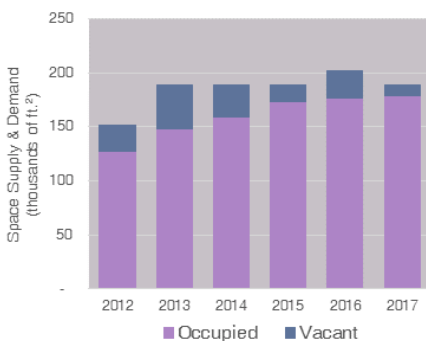
# WEST ROYALTY INDUSTRIAL PARK



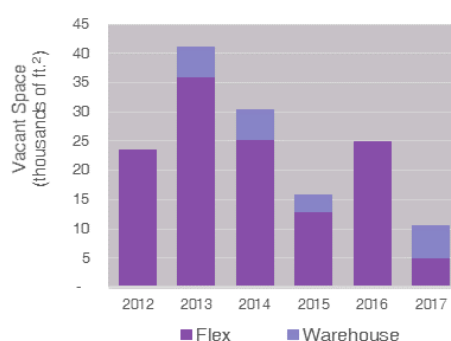
## Year at a Glance

Warehouse	2016	2017	Change
Inventory (ft. <sup>2</sup> )	201,222	189,022	↓ (12,200)
Net Absorption (ft. <sup>2</sup> )	2,945	2,359	↓ (586)
Vacancy Rate	12.42%	5.52%	↓ -6.90 pp
Avg. Net Rent/ft. <sup>2</sup>	\$9.79	\$9.44	↓ -3.58%
Avg. RTCAM/ft. <sup>2</sup>	\$3.63	\$4.64	↑ 27.82%
Avg. Gross Rent/ft. <sup>2</sup>	\$13.43	\$14.08	↑ 4.84%

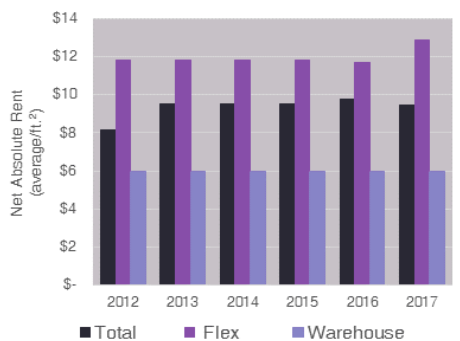
Supply & Demand



Vacant Space



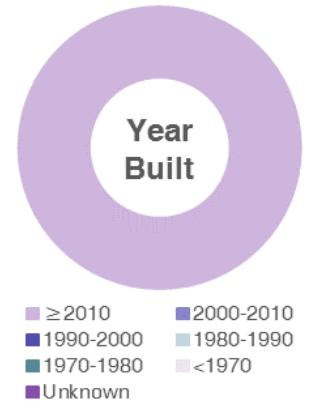
Net Absolute Rent/ft.<sup>2</sup>



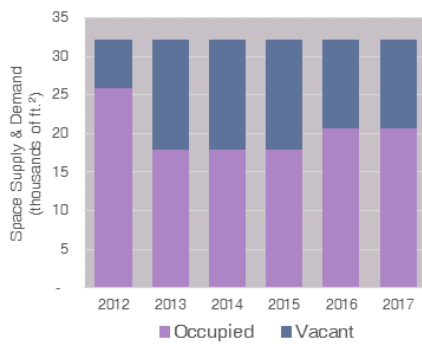
# BIOCOMMONS RESEARCH PARK

## Year at a Glance

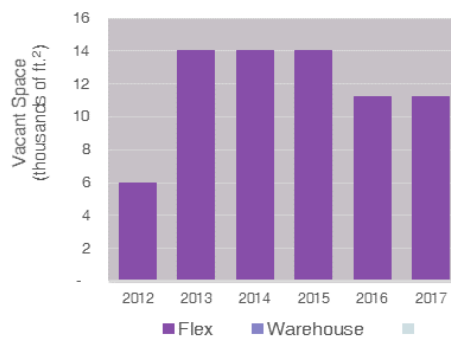
Warehouse	2016	2017	Change
Inventory (ft. <sup>2</sup> )	32,000	32,000	↔ ---
Net Absorption (ft. <sup>2</sup> )	2,800	---	↓ (2,800)
Vacancy Rate	35.00%	35.00%	↔ 0.00
Avg. Net Rent/ft. <sup>2</sup>	n/a	n/a	n/a
Avg. RTCAM/ft. <sup>2</sup>	n/a	n/a	n/a
Avg. Gross Rent/ft. <sup>2</sup>	n/a	n/a	n/a



Supply & Demand



Vacant Space





# DEC. 2017 MARKET SURVEY

## CHARLOTTETOWN OFFICES & WAREHOUSES

### Glossary

**Inventory/Supply:** The total rentable area of office space in the rental market, occupied or vacant.

**Vacancy Rate** - The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased.

**Absorption** - This is the amount of additional space absorbed by the market during that period. It is the incremental market demand.

#### **Building Class:**

**Office Class** - This is the industry definition common to this particular marketplace.

**Class A** - These office buildings command the highest rents, have “presence” by virtue of their distinctive design and lobbies, are air-conditioned and sprinklered. They are regarded as “prestige” buildings in their marketplace and are usually the most modern buildings. They typically include the leading firms of lawyers and accountants, together with regional or head offices for banks, financial institutions and other major companies, as their tenants.

**Class B** - These are “second tier” office buildings in terms of rents. They are usually older than Class A buildings and lack “presence”. They are air conditioned and are usually sprinklered. They are regarded as offering modern, but not “prestige” office accommodation in their marketplace. Typically they were built over 20 years ago. Tenants usually include second tier firms of lawyers and accountants, together with a wide selection of private sector companies, provincial and local government agencies.

**Class C** - These include all office buildings not classed as “A” or “B”.

**Class W** - Distribution warehouse

**Class F** - Flex space. This type of space may be used for retail or office use as an alternative to pure warehousing and is typically located at the entrance to a business park in an area with high traffic exposure.

#### **Income & Expense Data:**

**Net Absolute Rent** - This is often referred to as “AAA” or “Base” rent and does not include Realty or Business Occupancy Taxes, Common Area Maintenance (CAM), or any other services such as Electricity, Cleaning or Heating.

**Current Realty Taxes** - These are the Realty Taxes (not the Business Occupancy Taxes) currently paid by the Landlord and which are recovered from the Tenant usually as part of the Service Rent.

**Current CAM** - This is the additional amount recovered by the Landlord from the Tenant to cover the operating and maintenance costs of the building including the tenant suites. Common Area Maintenance (CAM) typically includes fire insurance, repairs and maintenance, cleaning (common areas plus often the tenant suites), electricity (common areas plus often the tenant suites), heating and air conditioning (common areas plus often the tenant suites), water, garbage removal, snow clearing, elevator maintenance, management, security, etc. It, together with the Realty Taxes, is recovered by the Landlord from the Tenant as “Service Rent”, if the Tenant has a “net absolute” lease.

**Total Realty Taxes + CAM (RTCAM)** - This is the total of the Realty Taxes and CAM, and is often recovered from the tenant as “Service Rent”.

**Total Gross Rent** - This is the total rent recovered from the Tenant by the Landlord and is the total of the Base (Net Absolute Rent) plus the Service Rent (Realty Taxes + CAM).