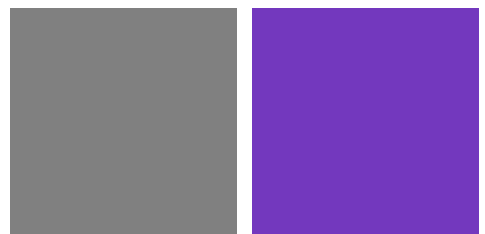
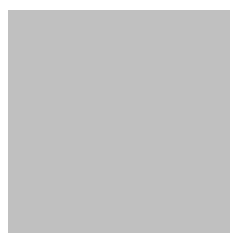


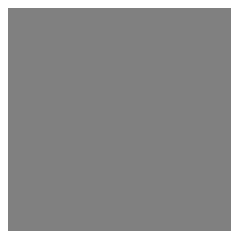
MARKET SURVEY NEW BRUNSWICK OFFICES JUNE 2019



Survey Scope: 163 office buildings
7,804,950 ft.² of rental office space
expert researchers
3 cities



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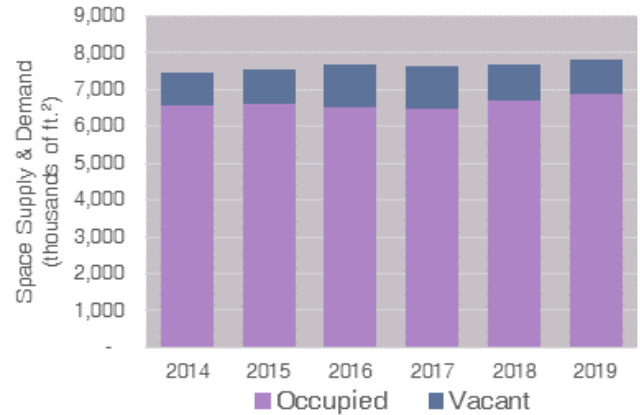


JUNE 2019 MARKET SURVEY NEW BRUNSWICK OFFICES

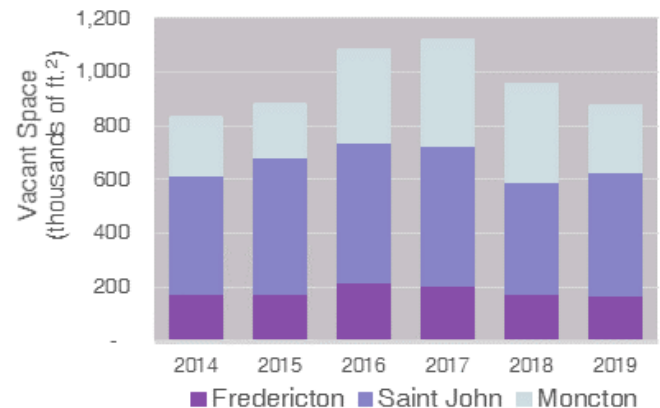
Year at a Glance

	2018	2019	Change
Office Inventory (ft. ²)	7,678,183	7,804,950	↑ 126,767
Net Absorption (ft. ²)	205,991	200,483	↓ (5,508)
Vacancy Rate	12.43%	11.28%	↓ -1.15 pp
Avg. Net Rent/ft. ²	\$13.18	\$13.23	↑ 0.38%
Avg. RTCAM/ft. ²	\$9.86	\$9.55	↓ -3.14%
Avg. Gross Rent/ft. ²	\$23.09	\$22.93	↓ -0.69%

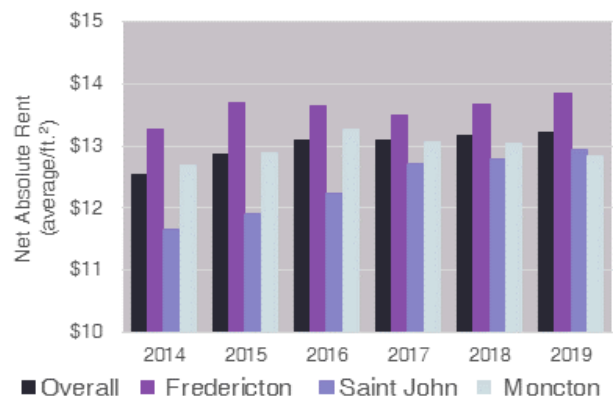
Supply & Demand



Vacant Space



Net Absolute Rent/ft.²



Survey Overview

These surveys included every office building with a total rentable area of 5,000 ft.² or greater, available for rent in the three major cities in New Brunswick: Greater Fredericton, Greater Saint John, and Greater Moncton. A team of trained researchers collected rental, operating expense and vacancy data on 163 buildings with an aggregate rentable area of 7,804,950 ft.², broken down by city as follows:

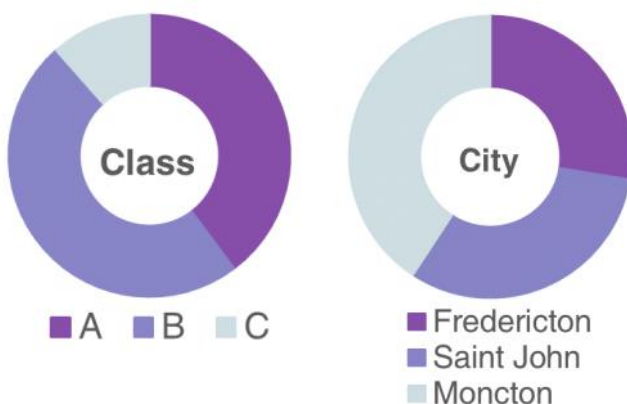
Greater Fredericton: 51 buildings 2,126,368 ft.² GLA

Greater Saint John: 42 buildings 2,498,661 ft.² GLA

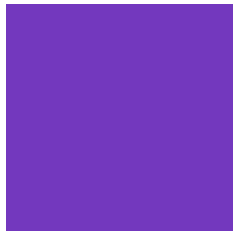
Greater Moncton: 70 buildings 3,179,921 ft.² GLA

The survey successfully collected information on 86% of the rental stock polled. The results flow from what we believe is the most comprehensive survey of office space ever undertaken in New Brunswick.

Overall Office Inventory



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MARKET SURVEY FREDERICTON NB OFFICES JUNE 2019

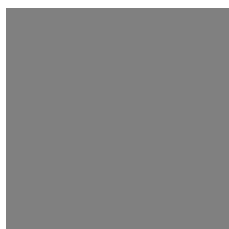
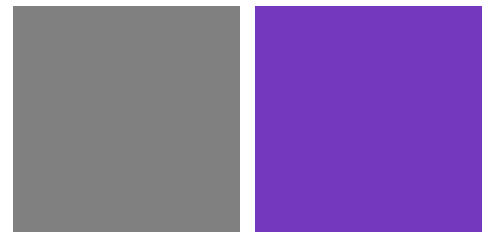


Survey Scope:

51 office buildings

2,126,368 ft² of rental office space

expert researchers



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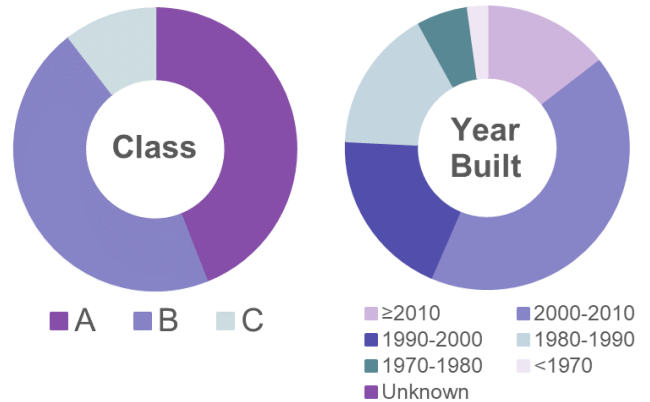
E-Mail: tdp@turnerdrake.com

JUNE 2019 MARKET SURVEY OFFICE SPACE

Year at a Glance

	2018	2019	Change
Office Inventory (ft. ²)	2,131,068	2,126,368	↓ (4,700)
Net Absorption (ft. ²)	80,544	684	↓ (79,860)
Vacancy Rate	8.28%	8.04%	↓ -0.24 pp
Avg. Net Rent/ft. ²	\$ 13.68	\$ 13.84	↑ 1.17%
Avg. RTCAM/ft. ²	\$ 9.70	\$ 10.10	↑ 4.12%
Avg. Gross Rent/ft. ²	\$ 23.39	\$ 23.94	↑ 2.35%

Overall Office Inventory



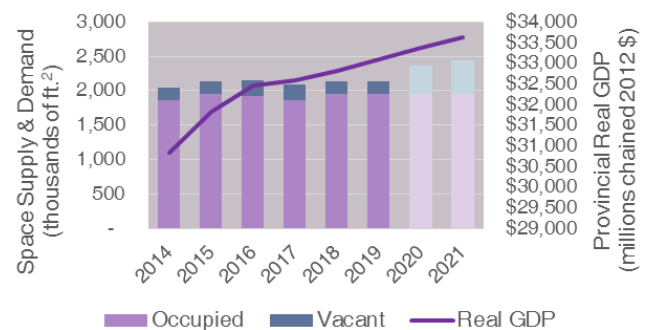
Supply & Demand Overview

The overall vacancy rate in Greater Fredericton decreased from 8.28% in 2018 to 8.04% in 2019, due in part to the removal of some supply from the rental market, as well as a small increase in demand. The key driver of space demand is the growth in the provincial real (deflated) Gross Domestic Product. Our analysis of GDP projections indicates that 2020 will see GDP growth of 0.8%, leading to an uptick in demand for office space of 0.52%. This will not be sufficient to keep pace with additional supply expected to enter the market and the vacancy rate is expected to rise to 16.41% in the year ahead.

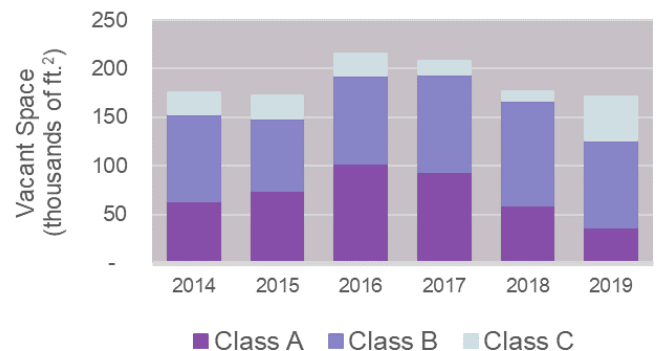
Our survey measured vacancy and rental rates by class of building. Class A buildings command the highest rents in their community and have distinctive design and lobbies. Class B buildings offer “no frills” modern, air conditioned space. Class C buildings make up the remainder of the office rental market. The current vacancy rates by class are: Class A 3.92%; Class B 9.17%; Class C 20.51%; and Overall 8.04%.

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 \$15.31; Class B \$13.34; Class C \$13.27; and Overall \$13.84.

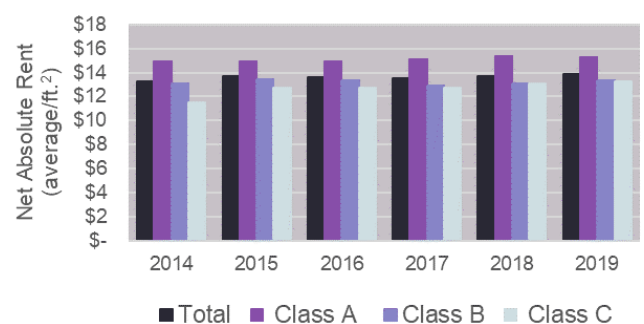
Supply, Demand & GDP



Vacant Space



Net Absolute Rent/ft.²

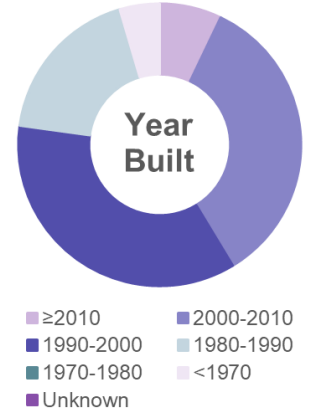
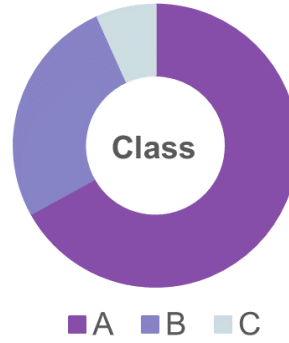


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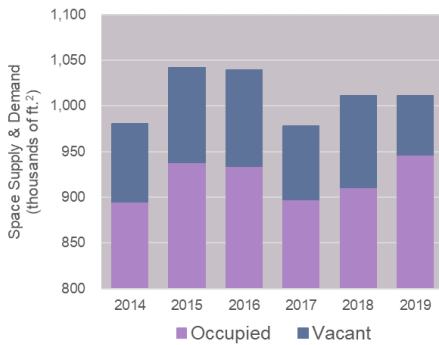
FREDERICTON CENTRAL

Year at a Glance

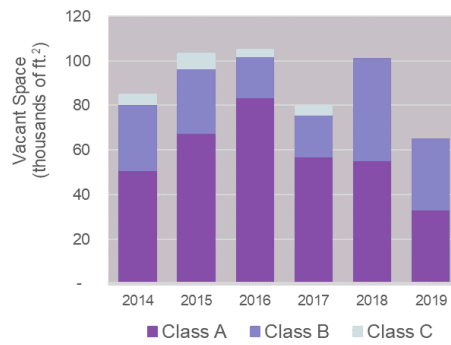
	2018	2019	Change
Office Inventory (ft. ²)	1,011,279	1,011,279	↔ ---
Net Absorption (ft. ²)	12,598	35,877	↑ 23,279
Vacancy Rate	9.97%	6.43%	↓ -3.54 pp
Avg. Net Rent/ft. ²	\$ 15.22	\$ 15.20	↑ -0.13%
Avg. RTCAM/ft. ²	\$ 9.74	\$ 9.94	↑ 2.05%
Avg. Gross Rent/ft. ²	\$ 24.95	\$ 25.13	↑ 0.72%



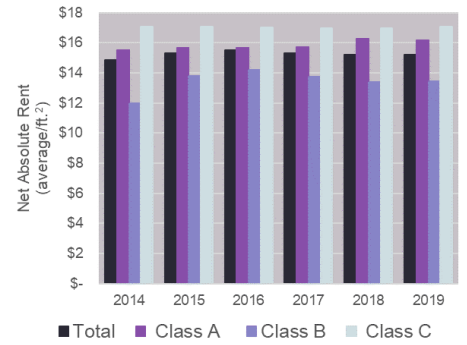
Supply & Demand



Vacant Space



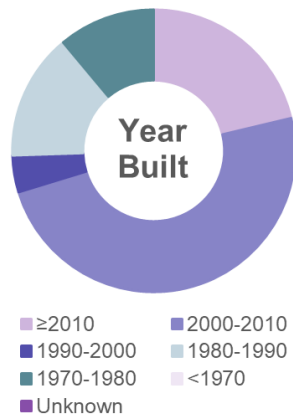
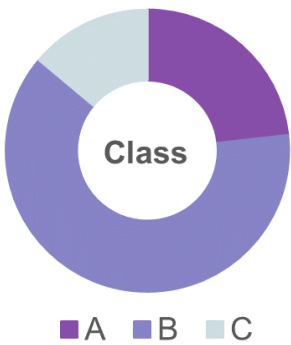
Net Absolute Rent/ft.²



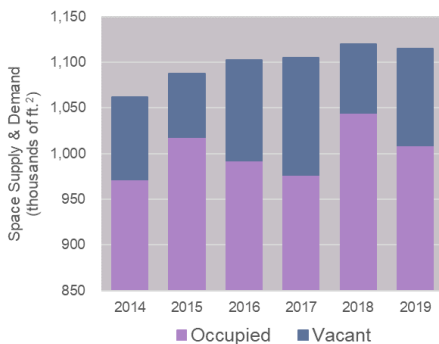
FREDERICTON PERIPHERAL

Year at a Glance

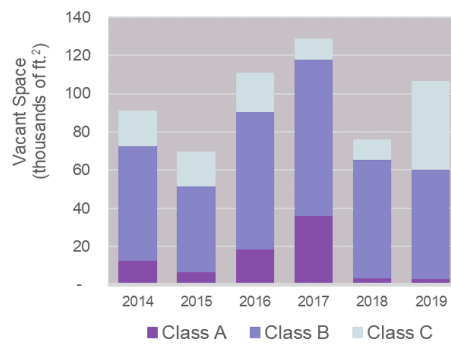
	2018	2019	Change
Office Inventory (ft. ²)	1,119,789	1,115,089	↓ (4,700)
Net Absorption (ft. ²)	67,946	(35,193)	↓ (103,139)
Vacancy Rate	6.75%	9.51%	↑ 2.76 pp
Avg. Net Rent/ft. ²	\$ 12.92	\$ 13.14	↑ 1.70%
Avg. RTCAM/ft. ²	\$ 9.69	\$ 10.19	↑ 5.16%
Avg. Gross Rent/ft. ²	\$ 22.60	\$ 23.33	↑ 3.23%



Supply & Demand

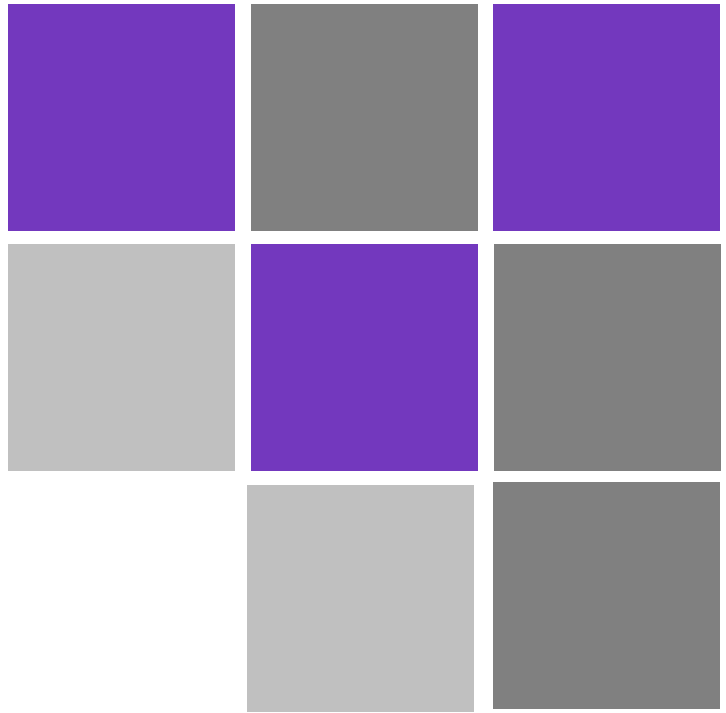


Vacant Space



Net Absolute Rent/ft.²

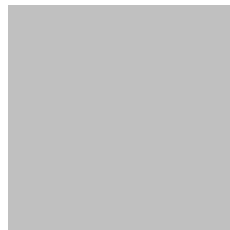
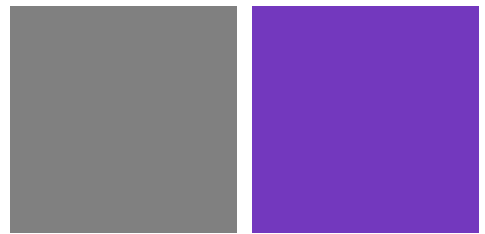




MARKET SURVEY SAINT JOHN NB OFFICES JUNE 2019



Survey Scope:
42 office buildings
2,498,661 ft² of rental office space
expert researchers



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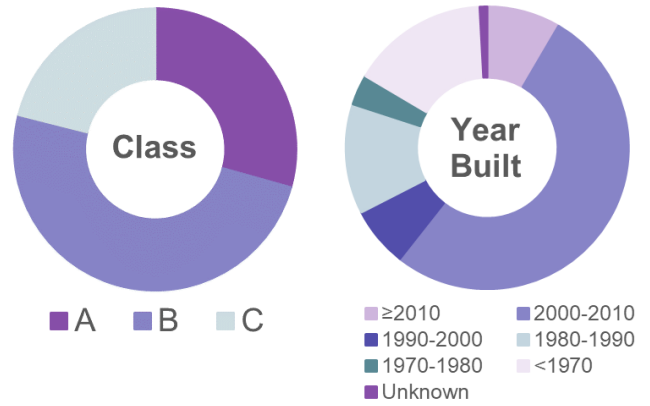
E-Mail: tdp@turnerdrake.com

JUNE 2019 MARKET SURVEY SAINT JOHN OFFICES

Year at a Glance

	2018	2019	Change
Office Inventory (ft. ²)	2,504,789	2,498,661	↓ (6,128)
Net Absorption (ft. ²)	107,826	(46,640)	↓ (154,466)
Vacancy Rate	16.60%	18.26%	↑ 1.66 pp
Avg. Net Rent/ft. ²	\$ 12.78	\$ 12.94	↑ 1.25%
Avg. RTCAM/ft. ²	\$ 9.92	\$ 9.35	↓ -5.75%
Avg. Gross Rent/ft. ²	\$ 22.31	\$ 22.06	↓ -1.12%

Overall Office Inventory

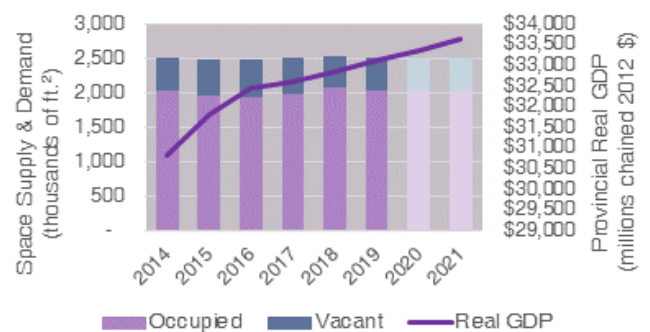


Supply & Demand Overview

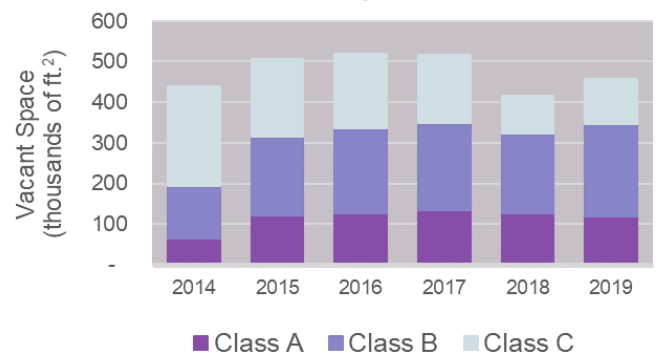
The overall vacancy rate in Saint John increased from 16.60% in 2018 to 18.26% in 2019, as demand dipped 2.2%. The entrance to the market of a large, owner-occupied office building, is almost certainly a contributing factor. The key driver of space demand is the growth in the provincial real (deflated) Gross Domestic Product. Over the last five years, the Saint John region has enjoyed economic improvement, but the rental office market has continued to languish, in part reflective of the non-office-based nature of the city's economy. Our analysis of GDP projections indicates that 2020 will see growth of 0.80%, but the impact on rental office space demand is anticipated to be negligible. The vacancy rate is expected to remain stable at 18.26%.

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 16.27%; Class B 18.27%; Class C 21.03%; and Overall 18.26%. 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 \$15.83; Class B \$12.75; Class C \$9.75; and Overall \$12.94.

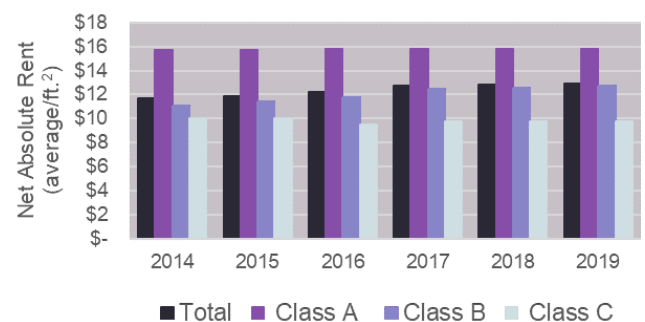
Supply, Demand & GDP



Vacant Space



Net Absolute Rent/ft.²

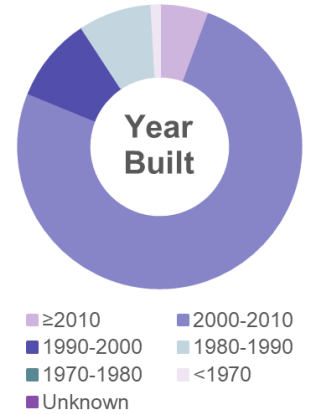
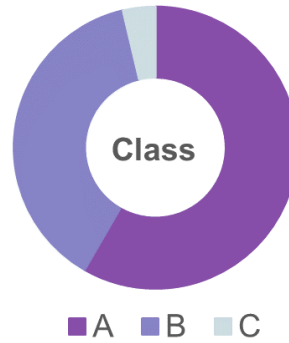


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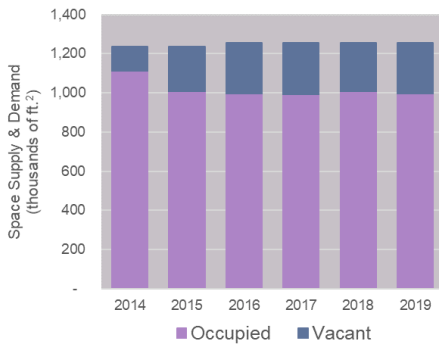
SAINT JOHN CENTRAL

Year at a Glance

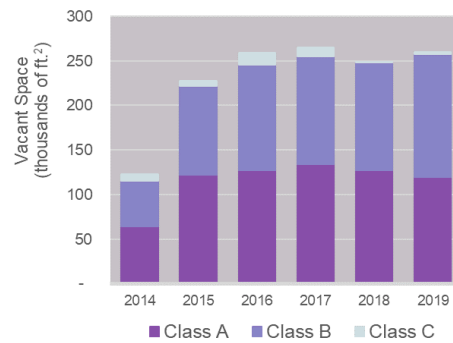
	2018	2019	Change
Office Inventory (ft. ²)	1,256,438	1,256,438	↔ ---
Net Absorption (ft. ²)	16,022	(11,025)	↓ (27,047)
Vacancy Rate	19.83%	20.70%	↑ 0.87 pp
Avg. Net Rent/ft. ²	\$ 12.32	\$ 12.47	↑ 1.22%
Avg. RTCAM/ft. ²	\$ 11.38	\$ 10.30	↓ -9.49%
Avg. Gross Rent/ft. ²	\$ 23.03	\$ 23.39	↓ 1.56%



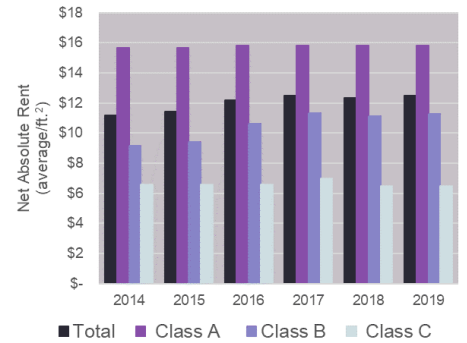
Supply & Demand



Vacant Space



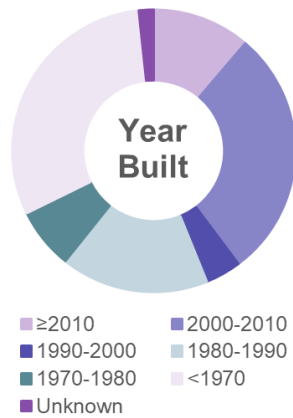
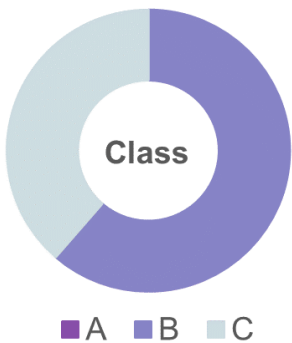
Net Absolute Rent/ft.²



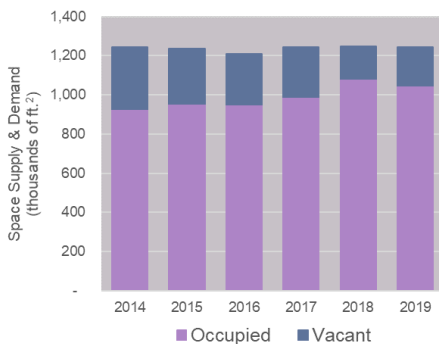
SAINT JOHN PERIPHERAL

Year at a Glance

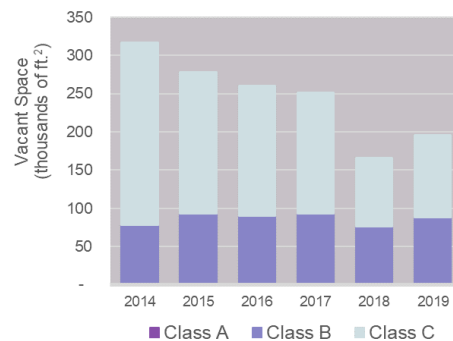
	2018	2019	Change
Office Inventory (ft. ²)	1,248,351	1,242,223	↓ (6,128)
Net Absorption (ft. ²)	91,804	(35,615)	↓ (127,419)
Vacancy Rate	13.36%	15.80%	↑ 2.44 pp
Avg. Net Rent/ft. ²	\$ 13.19	\$ 13.31	↑ 0.91%
Avg. RTCAM/ft. ²	\$ 8.76	\$ 8.55	↓ -2.40%
Avg. Gross Rent/ft. ²	\$ 21.63	\$ 20.99	↓ -2.96%



Supply & Demand

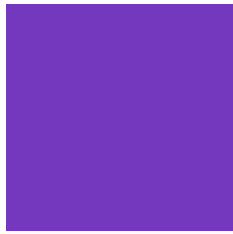
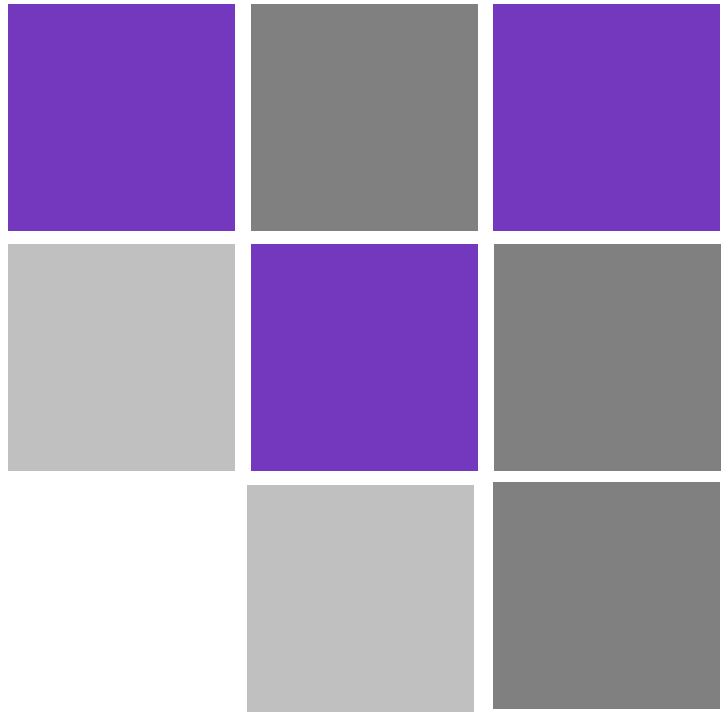


Vacant Space



Net Absolute Rent/ft.²

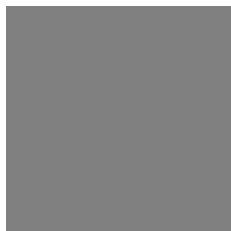
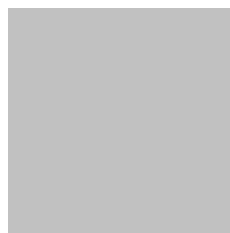




MARKET SURVEY MONCTON NB OFFICES JUNE 2019



Survey Scope:
70 office buildings
3,179,921 ft² of rental office space
expert researchers



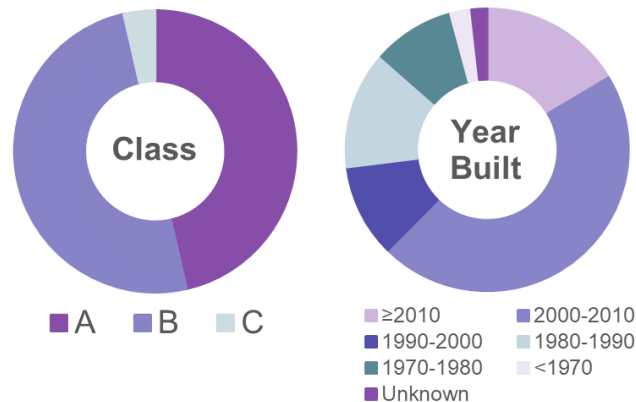
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JUNE 2019 MARKET SURVEY MONCTON OFFICE SPACE

Year at a Glance

	2018	2019	Change
Office Inventory (ft. ²)	3,042,326	3,179,921	↑ 137,595
Net Absorption (ft. ²)	17,621	246,439	↑ 228,818
Vacancy Rate	11.89%	7.96%	↓ -3.93 pp
Avg. Net Rent/ft. ²	\$ 13.05	\$ 12.84	↓ -1.61%
Avg. RTCAM/ft. ²	\$ 9.98	\$ 9.22	↓ -7.62%
Avg. Gross Rent/ft. ²	\$ 23.44	\$ 22.64	↓ -3.41%

Overall Office Inventory



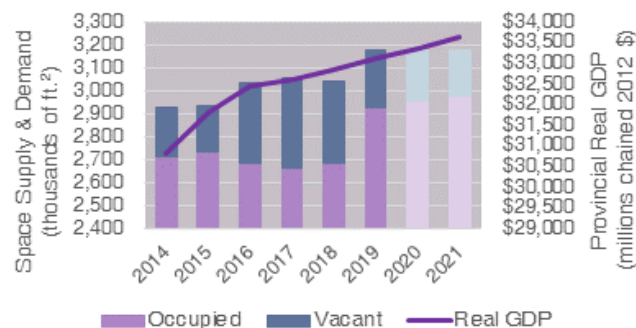
Supply & Demand Overview

The total amount of rentable office space in Greater Moncton increased 4.5% over last year, due in part to newly renovated space being added back into the market. The overall vacancy rate decreased from 11.89% in 2018 to 7.69% in 2019. The key driver of space demand is the growth in the provincial real (deflated) Gross Domestic Product. Our analysis of GDP projections indicates that 2020 will see GDP growth of 0.8%, leading to an uptick in demand for office space of 0.87%. With no additional supply expected to be brought to market, the vacancy rate is expected to continue declining to 7.15%.

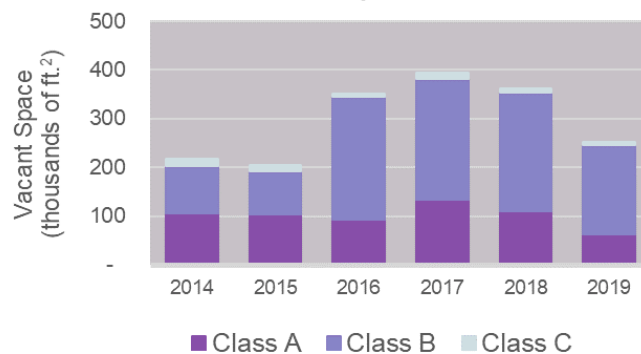
Our survey measured vacancy and rental rates by class of building. Class A buildings command the highest rents in their community and have distinctive design and lobbies. Class B buildings offer “no frills” modern, air conditioned space. Class C buildings make up the remainder of the office rental market. The current vacancy rates by class are: Class A 4.23%; Class B 11.48%; Class C 7.07%; and Overall 7.96%.

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 \$13.99; Class B \$12.17; Class C \$11.92; and Overall \$12.84.

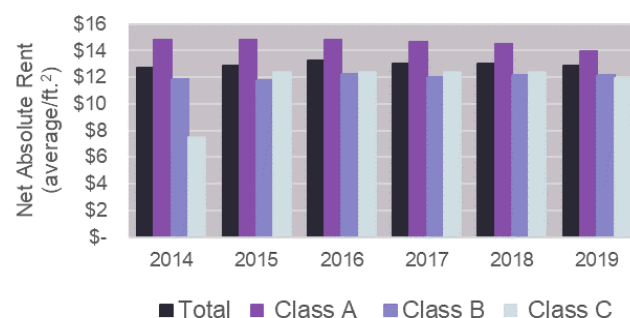
Supply, Demand & GDP



Vacant Space



Net Absolute Rent/ft.²

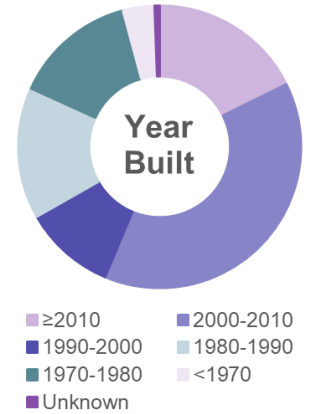
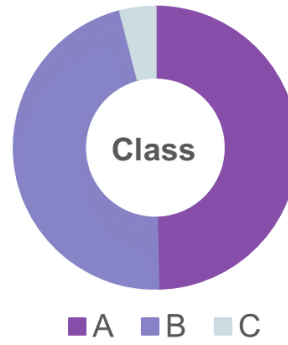


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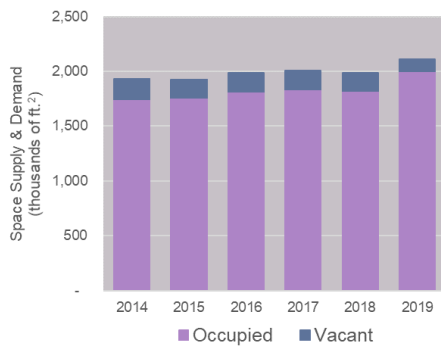
MONCTON CENTRAL

Year at a Glance

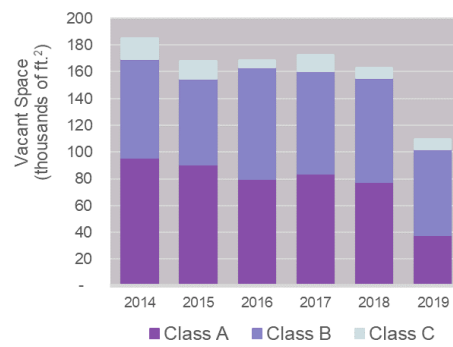
	2018	2019	Change
Office Inventory (ft. ²)	1,982,766	2,111,370	↑ 128,604
Net Absorption (ft. ²)	(13,723)	181,979	↑ 195,702
Vacancy Rate	8.22%	5.20%	↓ -3.02 pp
Avg. Net Rent/ft. ²	\$ 13.15	\$ 12.83	↓ -2.43%
Avg. RTCAM/ft. ²	\$ 10.26	\$ 8.91	↓ -13.16%
Avg. Gross Rent/ft. ²	\$ 24.15	\$ 23.05	↓ -4.55%



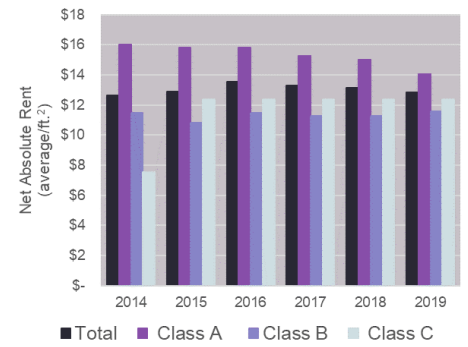
Supply & Demand



Vacant Space



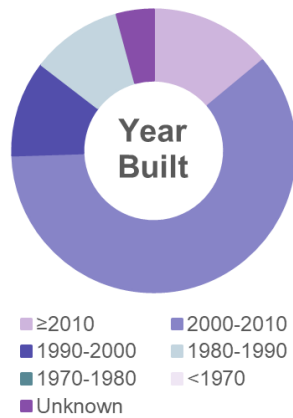
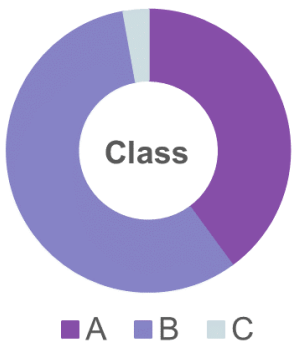
Net Absolute Rent/ft.²



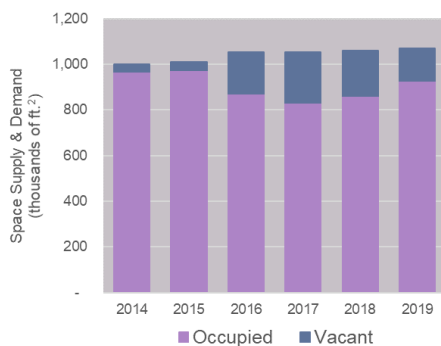
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Year at a Glance

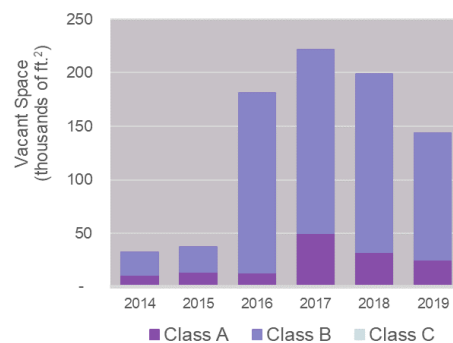
	2018	2019	Change
Office Inventory (ft. ²)	1,059,560	1,068,551	↑ 8,991
Net Absorption (ft. ²)	31,344	64,460	↑ 33,116
Vacancy Rate	18.76%	13.41%	↓ -5.35 pp
Avg. Net Rent/ft. ²	\$ 12.98	\$ 12.86	↓ -0.92%
Avg. RTCAM/ft. ²	\$ 9.74	\$ 9.56	↓ -1.85%
Avg. Gross Rent/ft. ²	\$ 22.82	\$ 22.27	↓ -2.41%



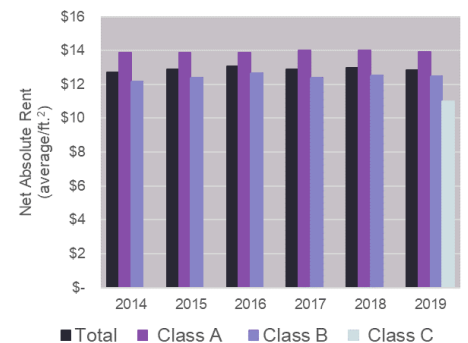
Supply & Demand



Vacant Space



Net Absolute Rent/ft.²



JUNE 2019 MARKET SURVEY NEW BRUNSWICK OFFICES

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).

ONE TEAM: SEVEN AREAS OF EXPERTISE

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