MARKET SURVEY CHARLOTTETOWN OFFICES & WAREHOUSES

DECEMBER 2019



Survey Scope: 31 office & 9 warehouse buildings 1,039,811 ft.² of rental office space 319,462 ft.² of rental warehouse space expert researchers





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DEC. 2019 MARKET SURVEY CHARLOTTETOWN OFFICES

Year at a Glance			
	2018	2019	Change
Office Inventory (ft. ²)	1,025,211	1,039,811	14,600
Net Absorption (ft. ²)	230,683	18,323	1 - 212,360
Vacancy Rate	7.57%	7.11%	■ - 0.49 pp
Avg. Net Rent/ft. ²	\$14.98	\$15.27	1.94%
Avg. RTCAM/ft. ²	\$7.48	\$7.26	-2.94%
Avg. Gross Rent/ft. ²	\$22.49	\$22.83	1.51%

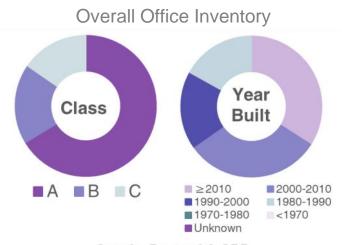
Supply & Demand Overview

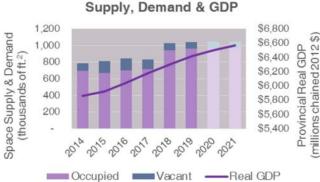
The total amount of rentable office space in our Greater Charlottetown survey increased 1.42% over last year. The overall vacancy rate decreased from 7.57% in 2018 to 7.11% in 2019. The key driver of space demand is the growth in the provincial real (deflated) Gross Domestic Product. Our analysis of GDP projections indicates that 2020 will see GDP growth of 1.3%, leading to an uptick in demand for office space of 0.7%, with an expected vacancy rate decrease to 6.50%.

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 6.62%; Class B 3.84%; Class C 13.08%; Overall 7.11%.

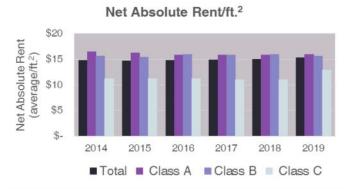
The vacancy rate and net rental rate are inversely correlated: empirical data indicates that generally a falling vacancy rate portends a rising net rental rate, while a rising vacancy rate indicates that net rental rate increases will moderate or even fall. Current average net absolute rental rates per square foot are: Class A \$15.96; Class B \$15.66; Class C \$12.86; Overall \$15.27.

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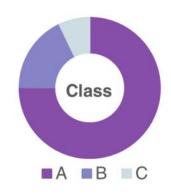


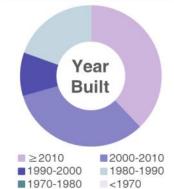




CHARLOTTETOWN CENTRAL

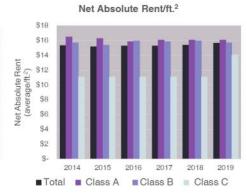
Year at a Glance			
	2018	2019	Change
Office Inventory (ft. ²)	887,507	902,107	14,600
Net Absorption (ft. ²)	223,208	18,323	1 - 204,885
Vacancy Rate	7.49%	6.96%	■ - 0.53 pp
Avg. Net Rent/ft. ²	\$15.36	\$15.64	1.82%
Avg. RTCAM/ft. ²	\$7.79	\$7.59	- 2.57%
Avg. Gross Rent/ft. ²	\$23.15	\$23.39	1.04%





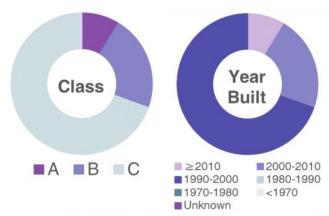






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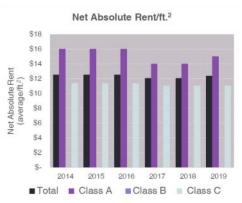
CHARLOTTETOWN PERIPHERAL



Year at a Glance			
	2018	2019	Change
Office Inventory (ft. ²)	137,704	137,704	
Net Absorption (ft. ²)	7,475	0	- 7,475
Vacancy Rate	8.08%	8.08%	
Avg. Net Rent/ft. ²	\$12.03	\$12.37	1 2.83%
Avg. RTCAM/ft. ²	\$5.70	\$5.60	1.75%
Avg. Gross Rent/ft. ²	\$18.73	\$19.46	1 3.90%







DEC. 2019 MARKET SURVEY CHARLOTTETOWN WAREHOUSES

Year at a Glance			
Warehouse	2018	2019	Change
Inventory (ft. ²)	284,741	319,462	1 33,721
Net Absorption (ft. ²)	59,817	23,099	- 36,718
Vacancy Rate	3.25%	6.23%	1 2.98 pp
Avg. Net Rent/ft. ²	\$8.84	\$9.45	1 6.90%
Avg. RTCAM/ft. ²	\$3.91	\$4.10	4.86%
Avg. Gross Rent/ft. ²	\$14.36	\$14.87	1 3.55%



The total amount of rentable warehouse space in Greater Charlottetown increased 11.80% over last year. The overall vacancy rate increased from 3.25% in 2018 to 6.23% 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 1.3%, leading to an uptick in demand for warehouse space of 2.9%. With no anticipated new supply coming to market in 2020, the vacancy rate is expected to drop to 3.48%.

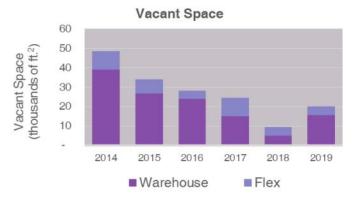
Our survey measured the vacancy rate by geographic node. The current vacancy rate in each of the following locations is: BioCommons Research Park 0.00%; Parkdale Industrial Park 6.18%; West Royalty Industrial Park 7.14%; Overall 6.23%.

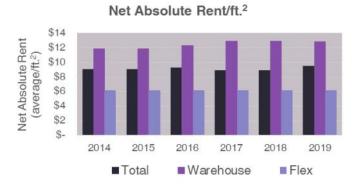
Our survey also measured rental rates. Industrial properties in Charlottetown saw the overall net absolute rent per square foot increase, year over year, rising to \$9.45/ft.² in 2019. The average overall net rental rates per square foot in each of the following locations are: BioCommons Research Park N/A; Parkdale Industrial Park \$6.44; West Royalty Industrial Park \$10.05; Overall \$9.45.

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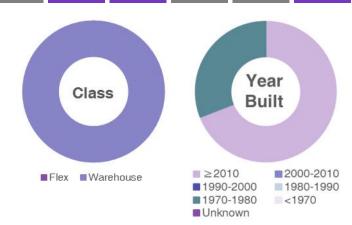




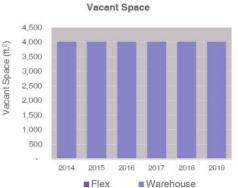


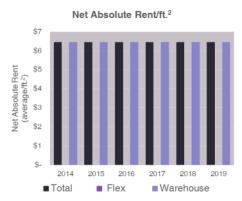
PARKDALE INDUSTRIAL PARK

Year at a Glance			
Warehouse	2018	2019	Change
Inventory (ft. ²)	64,719	64,719	
Net Absorption (ft. ²)	44,720	0	4 - 44,720
Vacancy Rate	6.18%	6.18%	
Avg. Net Rent/ft. ²	\$6.44	\$6.44	
Avg. RTCAM/ft. ²	\$0.98	\$0.98	
Avg. Gross Rent/ft. ²	\$15.14	\$15.14	

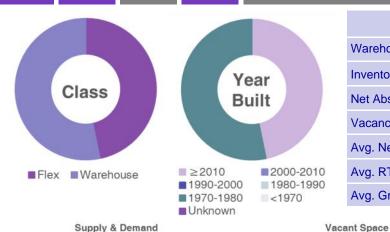






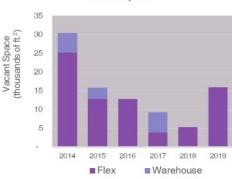


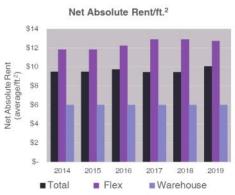
WEST ROYALTY INDUSTRIAL PARK



Year at a Glance			
Warehouse	2018	2019	Change
Inventory (ft. ²)	189,022	222,743	1 33,721
Net Absorption (ft. ²)	3,897	23,099	19,202
Vacancy Rate	2.79%	7.14%	1 4.35 pp
Avg. Net Rent/ft. ²	\$9.44	\$10.05	1 6.46%
Avg. RTCAM/ft. ²	\$4.64	\$4.72	1.72%
Avg. Gross Rent/ft. ²	\$14.05	\$14.77	1 5.12%



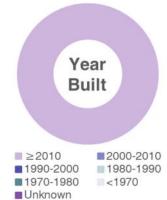




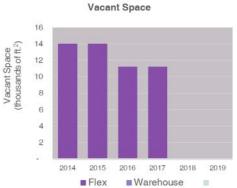
BIOCOMMONS RESEARCH PARK

Year at a Glance			
Warehouse	2018	2019	Change
Inventory (ft. ²)	32,000	32,000	
Net Absorption (ft. ²)	11,200	0	■ - 11,200
Vacancy Rate	0.00%	0.00%	
Avg. Net Rent/ft. ²	n/a	n/a	n/a
Avg. RTCAM/ft. ²	n/a	n/a	n/a
Avg. Gross Rent/ft. ²	n/a	n/a	n/a









DEC. 2019 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).

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