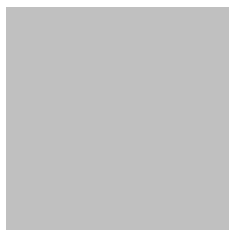


MARKET SURVEY NEW BRUNSWICK OFFICES DECEMBER 2020

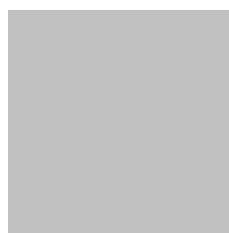


Survey Scope:

170 buildings in 3 cities

8,256,481 ft.² of rental office space

expert researchers



Real Estate Counsellors, Brokers and Valuers

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DEC. 2020 MARKET SURVEY NEW BRUNSWICK OFFICES

Year at a Glance

	Fredericton	Saint John	Moncton
Office Inventory (ft. ²)	2,222,275	2,530,529	3,503,677
Net Absorption (ft. ²)	24,131	(78,711)	25,364
Vacancy Rate	9.74%	18.16%	12.84%
Avg. Net Rent/ft. ²	\$13.88	\$13.06	\$13.08
Avg. RTCAM/ft. ²	\$10.10	\$ 9.08	\$ 9.45
Avg. Gross Rent/ft. ²	\$24.29	\$21.82	\$23.43

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 168 buildings with an aggregate rentable area of 8,256,481 ft.², broken down by city as follows:

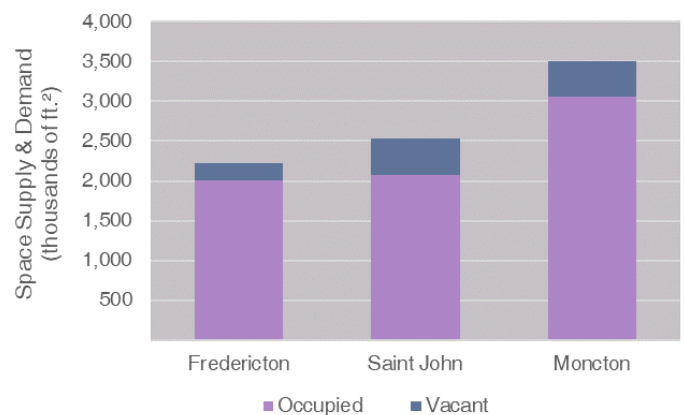
Greater Fredericton: 52 buildings 2,222,275 ft.² GLA

Greater Saint John: 43 buildings 2,530,529 ft.² GLA

Greater Moncton: 75 buildings 3,503,677 ft.² GLA

The survey successfully collected information on 93% 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.

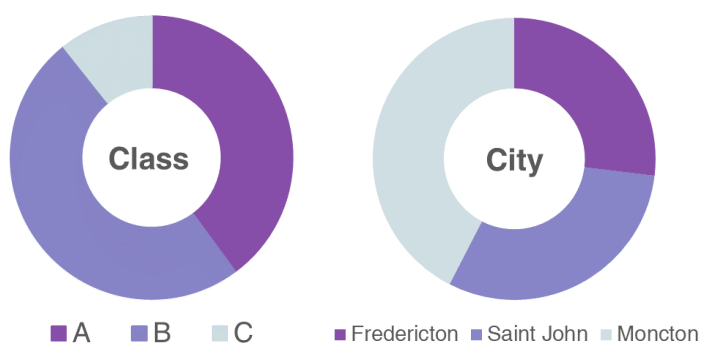
Supply & Demand



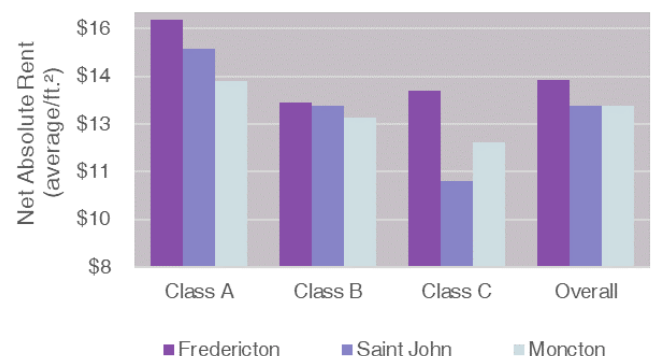
Vacant Space by Class

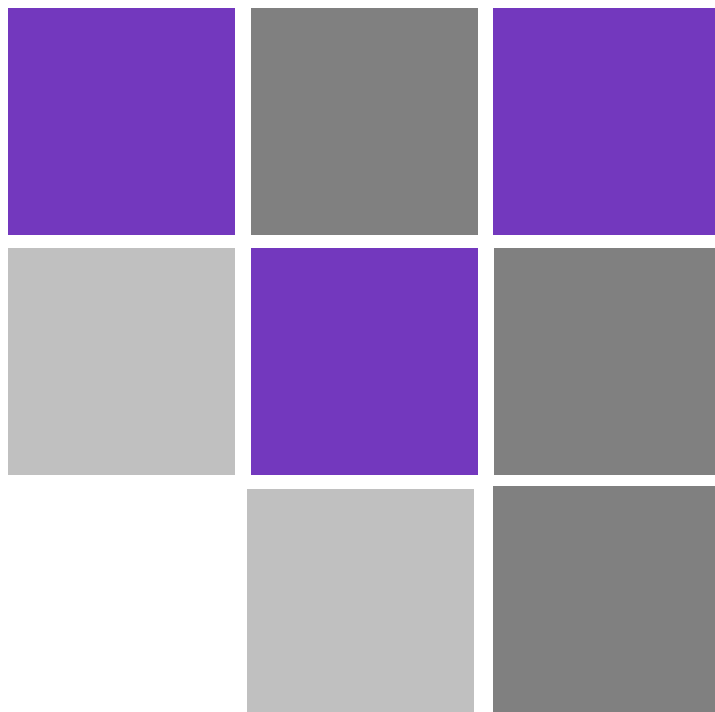
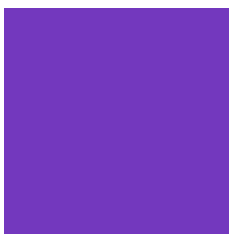


Overall Office Inventory



Net Absolute Rent/ft.² by Class





MARKET SURVEY FREDERICTON OFFICES DECEMBER 2020

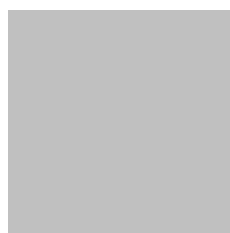


Survey Scope:

52 buildings

2,222,275 ft.² of rental office space

expert researchers



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DEC. 2020 MARKET SURVEY FREDERICTON OFFICES

Year at a Glance

	2019	2020	Change
Office Inventory (ft. ²)	2,120,526	2,222,275	↑ 101,749
Net Absorption (ft. ²)	5,314	24,131	↑ 18,817
Vacancy Rate	6.55%	9.74%	↑ 3.19 pp
Avg. Net Rent/ft. ²	\$13.84	\$13.88	↑ 0.29%
Avg. RTCAM/ft. ²	\$10.45	\$10.10	↓ -3.35%
Avg. Gross Rent/ft. ²	\$24.29	\$24.29	—

Supply & Demand Overview

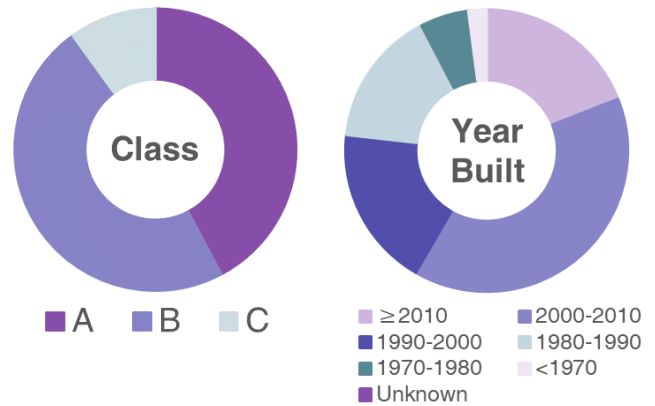
The total amount of rentable office space in Greater Fredericton increased 4.80% over last year as new supply was brought to market. The overall vacancy rate increased from 6.55% in 2019 to 9.74% in 2020, even as demand also increased. The key driver of space demand is the growth in the provincial real (deflated) Gross Domestic Product. Our analysis of GDP projections indicates that 2021 will see GDP growth of 4.0%, leading to an uptick in demand for office space of 4.4%. With additional supply expected to be brought to market, the vacancy rate is expected to climb to 13.89%.

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 13.86%; Class B 6.54%; Class C 7.63%; Overall 9.74%.

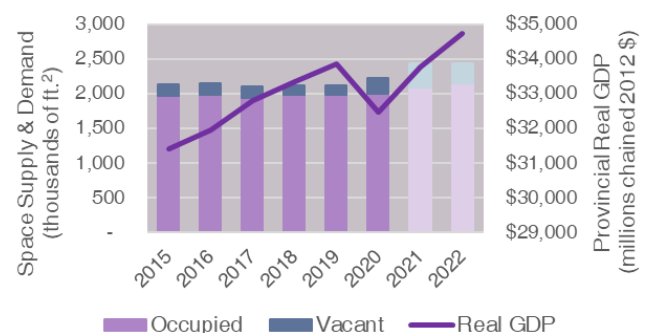
The vacancy rate and net rental rate are inversely correlated: empirical data indicates that generally a falling vacancy rate portends a rising net rental rate, while a rising vacancy rate indicates that net rental rate increases will moderate or even fall. Current average net absolute rental rates per square foot are: Class A \$15.79; Class B \$13.17; Class C \$13.55; Overall \$13.88.

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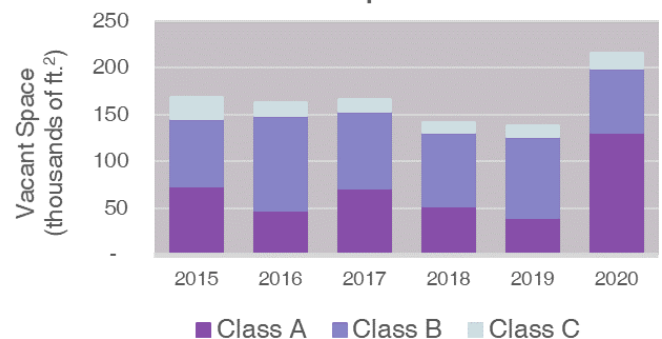
Overall Office Inventory



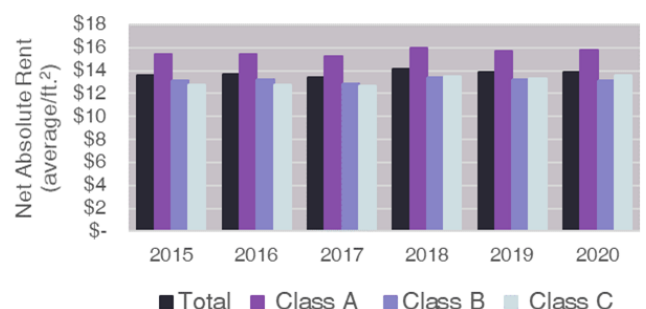
Supply, Demand & GDP



Vacant Space



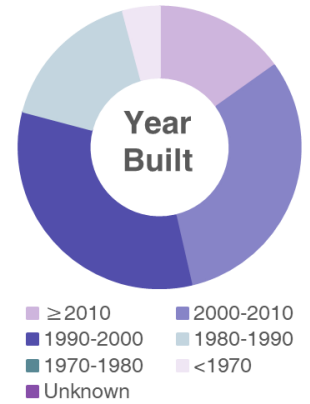
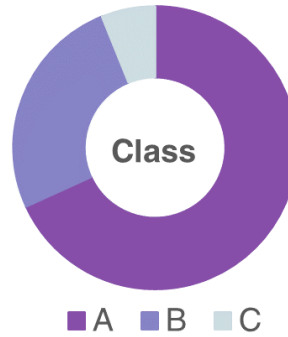
Net Absolute Rent/ft.²



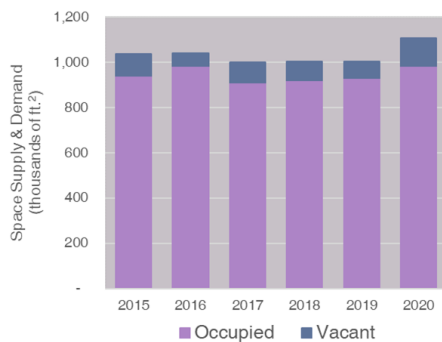
CENTRAL FREDERICTON

Year at a Glance

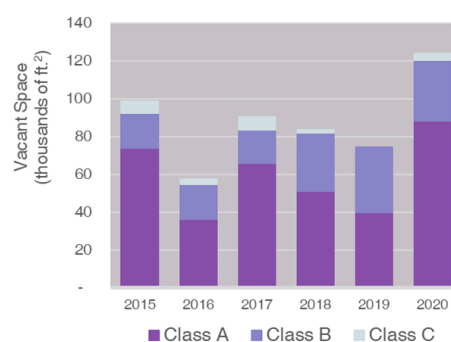
	2019	2020	Change
Office Inventory (ft. ²)	1,005,437	1,107,792	↑ 102,355
Net Absorption (ft. ²)	9,443	52,399	↑ 42,956
Vacancy Rate	7.37%	11.20%	↑ 3.83 pp
Avg. Net Rent/ft. ²	\$15.26	\$15.26	—
Avg. RTCAM/ft. ²	\$10.36	\$ 9.46	↓ -8.69%
Avg. Gross Rent/ft. ²	\$25.63	\$25.49	↓ -0.55%



Supply & Demand



Vacant Space



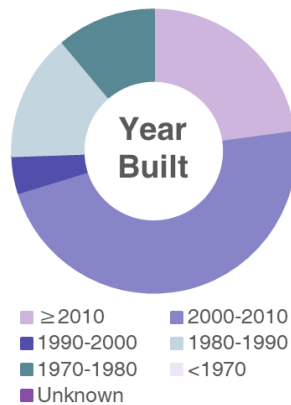
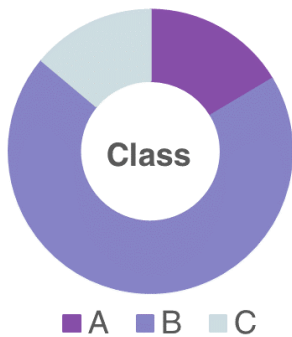
Net Absolute Rent/ft.²



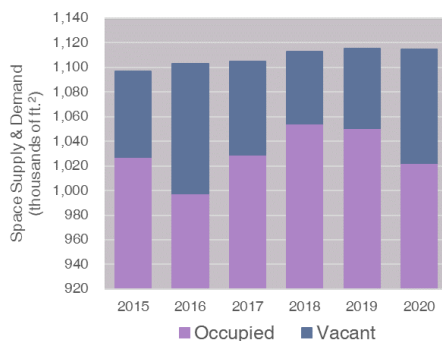
FREDERICTON PERIPHERAL

Year at a Glance

	2019	2020	Change
Office Inventory (ft. ²)	1,115,089	1,114,483	↓ (606)
Net Absorption (ft. ²)	(4,129)	(28,268)	↓ (24,139)
Vacancy Rate	5.81%	8.29%	↑ 2.48 pp
Avg. Net Rent/ft. ²	\$13.15	\$13.21	↑ 0.46%
Avg. RTCAM/ft. ²	\$10.49	\$10.46	↓ -0.29%
Avg. Gross Rent/ft. ²	\$23.64	\$23.67	↑ 0.13%



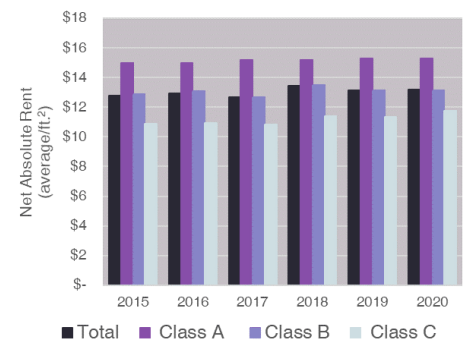
Supply & Demand




Vacant Space



Net Absolute Rent/ft.²





MARKET SURVEY SAINT JOHN NB OFFICES DECEMBER 2020



Survey Scope:

43 buildings

2,530,529 ft.² of rental office space

expert researchers



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DEC. 2020 MARKET SURVEY SAINT JOHN NB OFFICES

Year at a Glance

	2019	2020	Change
Office Inventory (ft. ²)	2,502,804	2,530,529	↑ 27,725
Net Absorption (ft. ²)	124,774	(78,711)	↓ (203,485)
Vacancy Rate	14.11%	18.16%	↑ 4.05 pp
Avg. Net Rent/ft. ²	\$12.81	\$13.06	↑ 1.95%
Avg. RTCAM/ft. ²	\$ 9.49	\$ 9.08	↓ -4.32%
Avg. Gross Rent/ft. ²	\$21.64	\$21.82	↑ 0.83%

Supply & Demand Overview

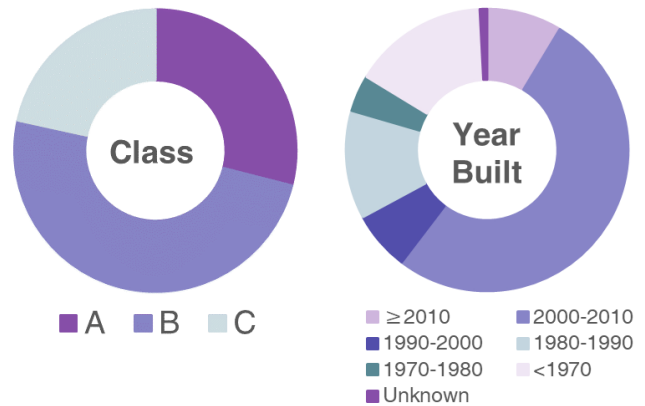
The total amount of rentable office space in Saint John increased 1.11% over last year, mainly due to reallocation of existing space already in the market place. The overall vacancy rate increased from 14.11% in 2019 to 18.16% in 2020. The key driver of space demand is the growth in the provincial real (deflated) Gross Domestic Product. Our analysis of GDP projections indicates that 2021 will see GDP growth of 4.0%, but that the estimated 4.1% contraction of GDP in 2020 will lead to a further decline in demand for office space over the next year, in the amount of -2.5%. The vacancy rate is expected to increase to 20.17%. No major additions to supply are anticipated in the year to come.

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 16.48%; Class B 18.40%; Class C 19.89%; Overall 18.16%.

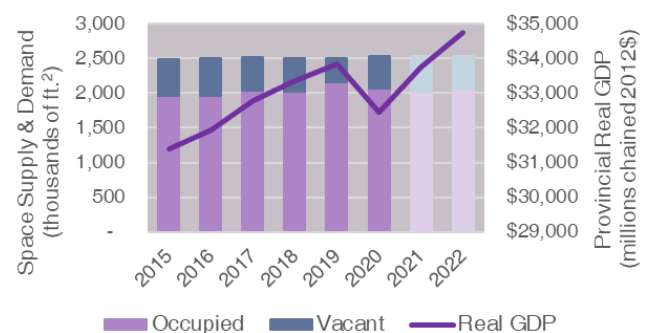
The vacancy rate and net rental rate are inversely correlated: empirical data indicates that generally a falling vacancy rate portends a rising net rental rate, while a rising vacancy rate indicates that net rental rate increases will moderate or even fall. Current average net absolute rental rates per square foot are: Class A \$14.86; Class B \$13.09; Class C \$10.70; Overall \$13.06.

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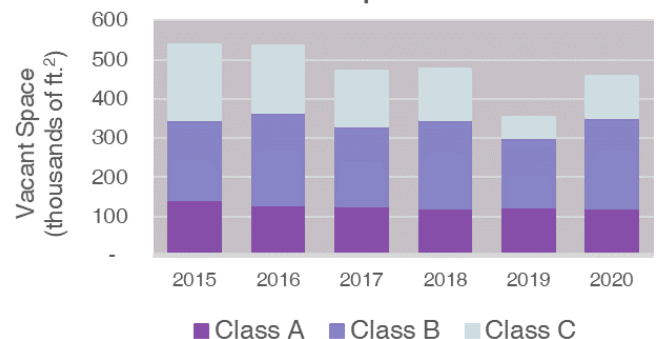
Overall Office Inventory



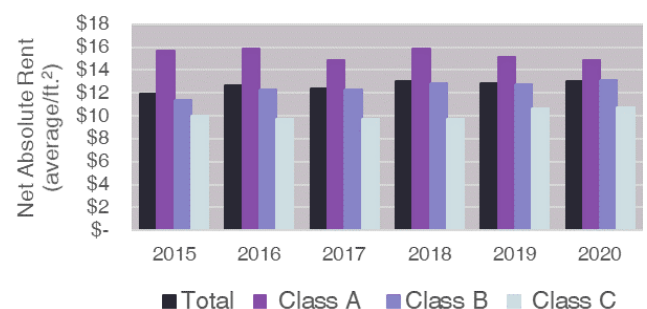
Supply, Demand & GDP



Vacant Space



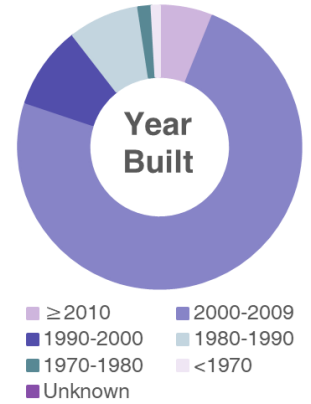
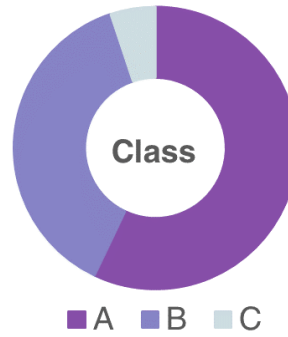
Net Absolute Rent/ft.²



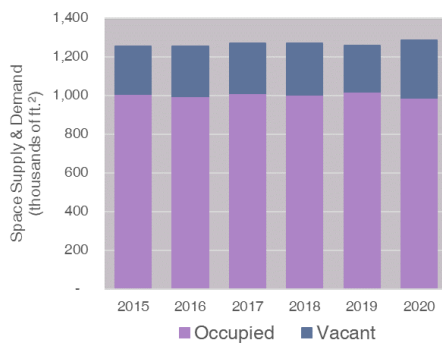
UPTOWN SAINT JOHN NB

Year at a Glance

	2019	2020	Change
Office Inventory (ft. ²)	1,256,438	1,284,172	↑ 27,734
Net Absorption (ft. ²)	15,273	(29,740)	↓ (45,013)
Vacancy Rate	18.91%	22.97%	↑ 4.07 pp
Avg. Net Rent/ft. ²	\$12.34	\$12.36	↑ 0.16%
Avg. RTCAM/ft. ²	\$10.98	\$10.66	↓ -2.91%
Avg. Gross Rent/ft. ²	\$22.81	\$22.70	↓ -0.48%



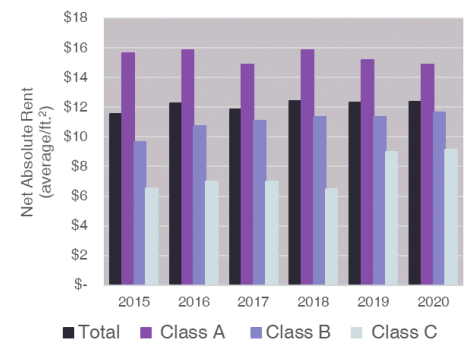
Supply & Demand



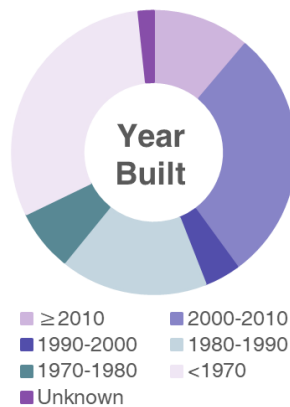
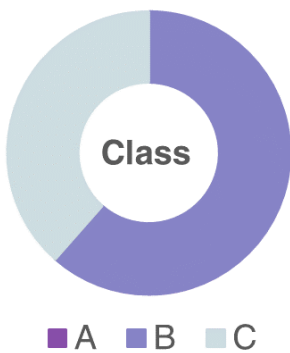
Vacant Space



Net Absolute Rent/ft.²



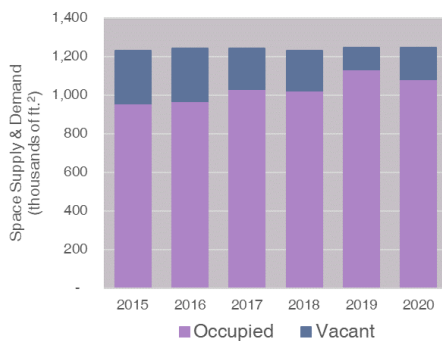
PERIPHERAL SAINT JOHN NB



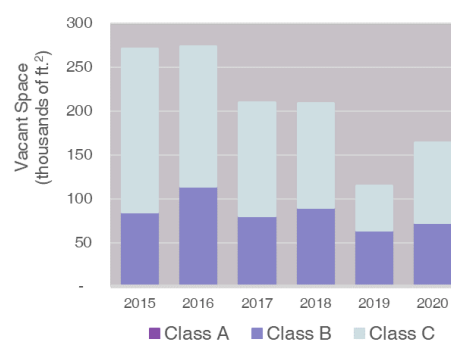
Year at a Glance

	2019	2020	Change
Office Inventory (ft. ²)	1,246,366	1,246,357	↓ (9)
Net Absorption (ft. ²)	109,501	(48,971)	↓ (158,472)
Vacancy Rate	9.28%	13.21%	↑ 3.93 pp
Avg. Net Rent/ft. ²	\$13.19	\$13.68	↑ 3.71%
Avg. RTCAM/ft. ²	\$ 8.36	\$ 7.80	↓ -6.70%
Avg. Gross Rent/ft. ²	\$20.68	\$21.01	↑ 1.60%

Supply & Demand

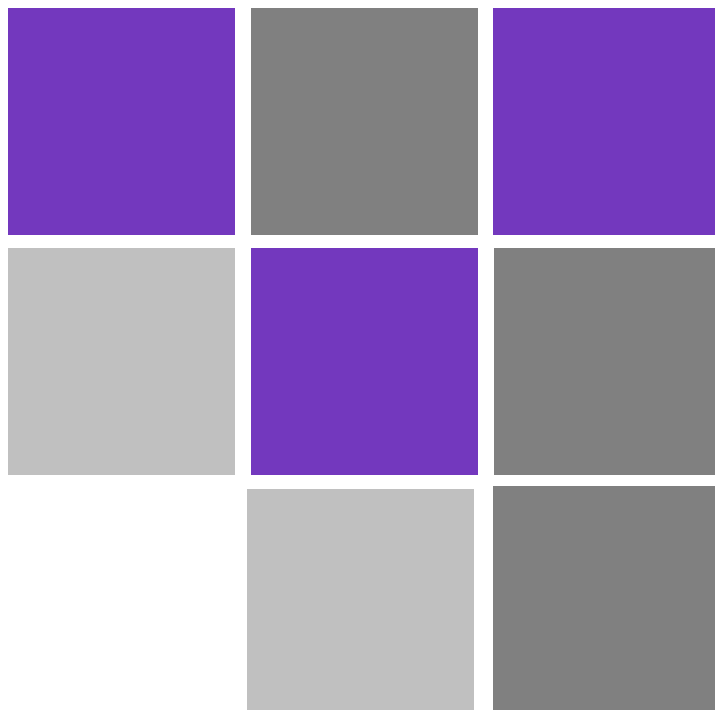
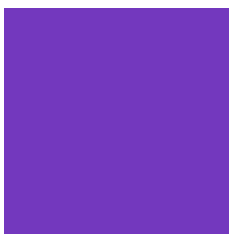


Vacant Space



Net Absolute Rent/ft.²

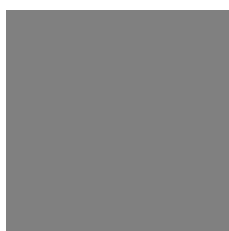
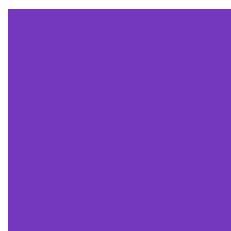




MARKET SURVEY MONCTON OFFICES DECEMBER 2020



Survey Scope:
75 buildings
3,503,677 ft.² of rental office space
expert researchers



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DEC. 2020 MARKET SURVEY MONCTON OFFICES

Year at a Glance

	2019	2020	Change
Office Inventory (ft. ²)	3,290,524	3,503,677	↑ 213,153
Net Absorption (ft. ²)	76,375	25,364	↓ (51,011)
Vacancy Rate	7.96%	12.84%	↑ 4.88 pp
Avg. Net Rent/ft. ²	\$12.84	\$13.08	↑ 1.87%
Avg. RTCAM/ft. ²	\$10.02	\$ 9.45	↓ -5.69%
Avg. Gross Rent/ft. ²	\$22.95	\$23.43	↑ 2.09%

Supply & Demand Overview

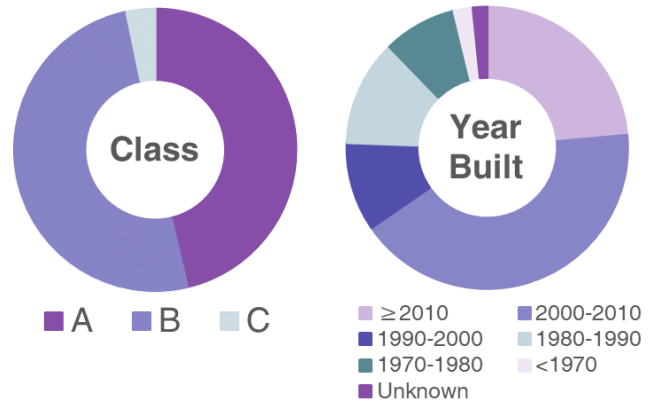
The total amount of rentable office space in Greater Moncton increased 6.48% over last year, as new space was brought to market and some renovated space returned. The overall vacancy rate increased from 7.96% in 2019 to 12.84% in 2020. The key driver of space demand is the growth in the provincial real (deflated) Gross Domestic Product. Our analysis of GDP projections indicates that 2018 will see GDP growth of 4.0%, but that the estimated 4.1% contraction of GDP in 2020 will lead to a further decline in demand for office space over the next year, in the amount of -2.5%. The vacancy rate is expected to increase to 14.97%. No major additions to supply are anticipated in the year to come.

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 3.20%; Class B 21.89%; Class C 9.85%; Overall 12.84%.

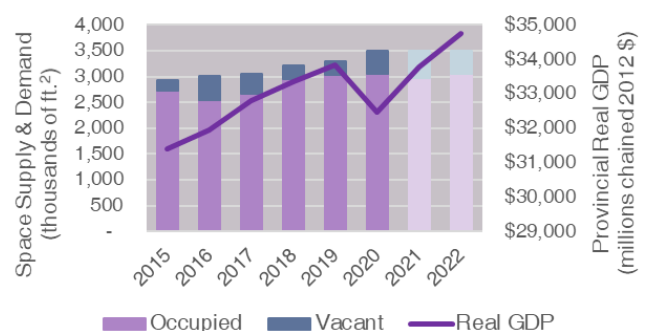
The vacancy rate and net rental rate are inversely correlated: empirical data indicates that generally a falling vacancy rate portends a rising net rental rate, while a rising vacancy rate indicates that net rental rate increases will moderate or even fall. Current average net absolute rental rates per square foot are: Class A \$13.86; Class B \$12.71; Class C \$11.92; Overall \$13.08.

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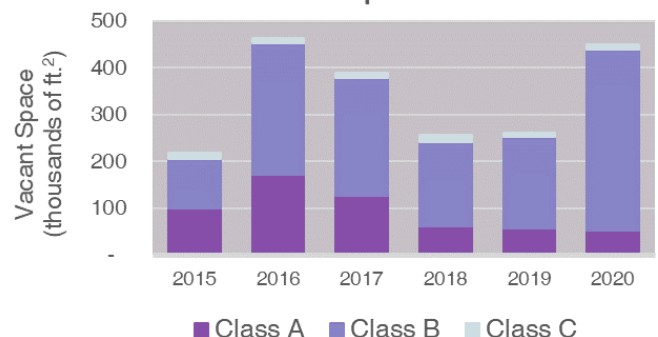
Overall Office Inventory



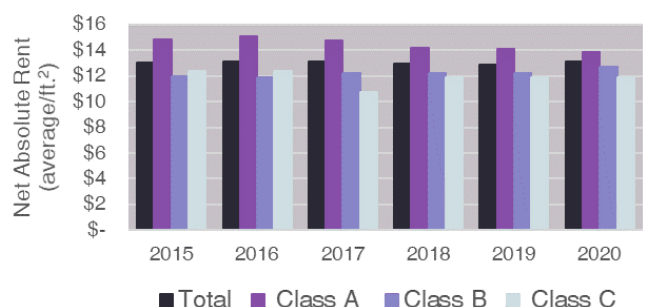
Supply, Demand & GDP



Vacant Space



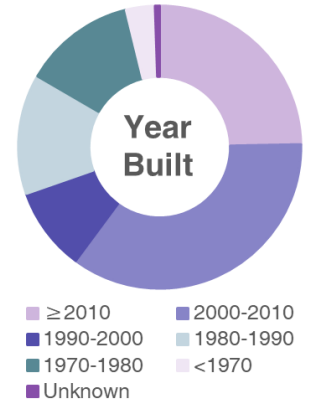
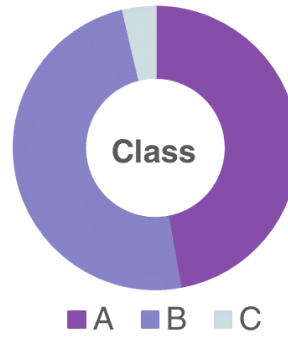
Net Absolute Rent/ft.²



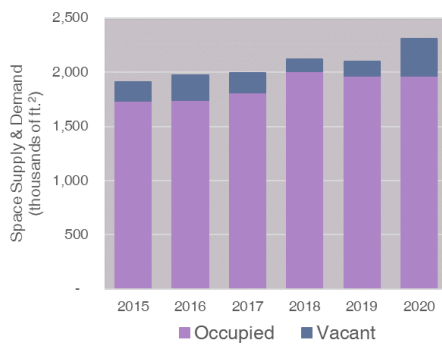
CENTRAL MONCTON

Year at a Glance

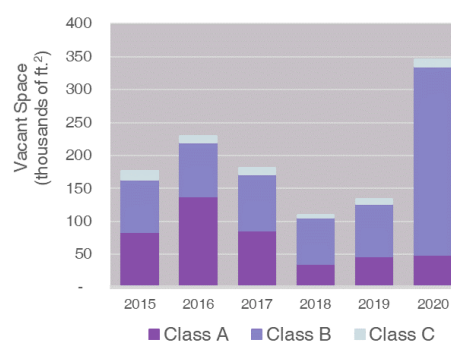
	2019	2020	Change
Office Inventory (ft. ²)	2,099,370	2,312,854	↑ 213,484
Net Absorption (ft. ²)	(46,637)	1,764	↑ 48,401
Vacancy Rate	6.04%	14.96%	↑ 8.56 pp
Avg. Net Rent/ft. ²	\$12.89	\$13.06	↑ 1.32%
Avg. RTCAM/ft. ²	\$10.28	\$ 8.97	↓ -12.74%
Avg. Gross Rent/ft. ²	\$23.37	\$23.83	↑ 1.97%



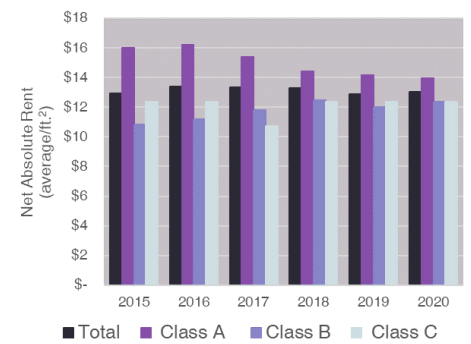
Supply & Demand



Vacant Space



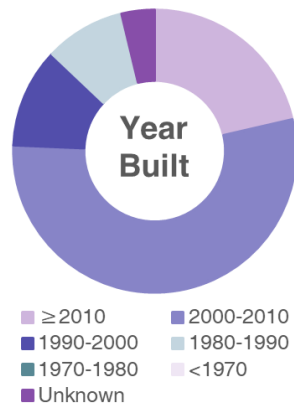
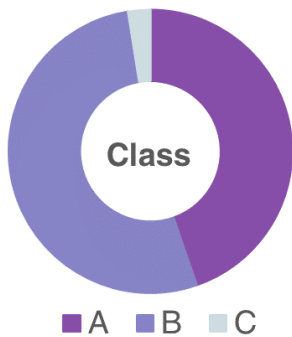
Net Absolute Rent/ft.²



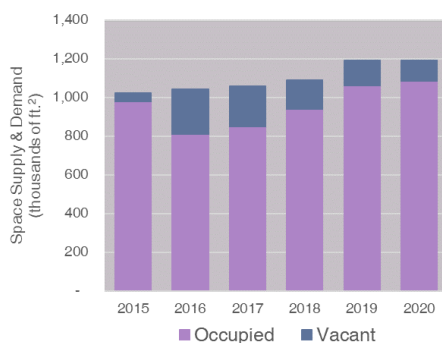
MONCTON PERIPHERAL

Year at a Glance

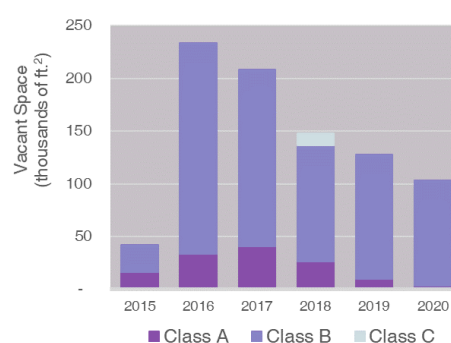
	2019	2020	Change
Office Inventory (ft. ²)	1,191,154	1,190,823	(331)
Net Absorption (ft. ²)	123,012	23,600	↓ (99,412)
Vacancy Rate	10.71%	8.70%	↓ -2.01 pp
Avg. Net Rent/ft. ²	\$12.79	\$13.10	↑ 2.42%
Avg. RTCAM/ft. ²	\$ 9.79	\$10.03	↑ 2.45%
Avg. Gross Rent/ft. ²	\$22.59	\$23.06	↑ 2.08%



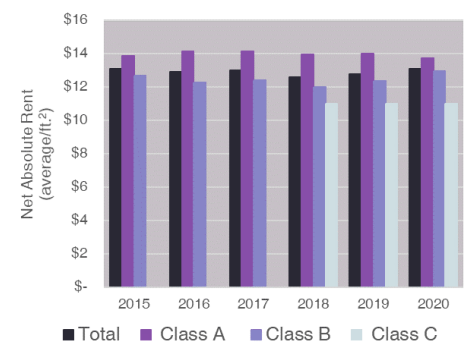
Supply & Demand



Vacant Space



Net Absolute Rent/ft.²



DEC. 2020 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”.

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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