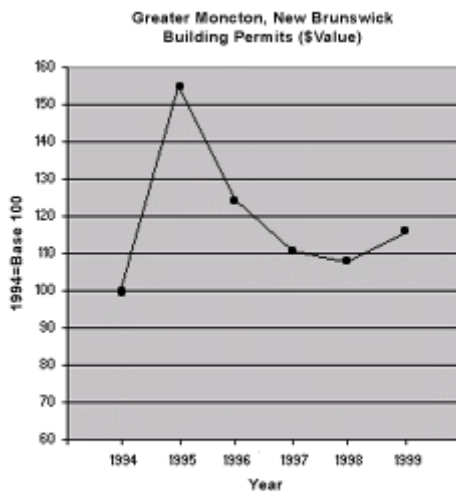


MARKETS (Newsletters Summer/Fall 2000, Spring 2000)

Market Intelligence

Thanks to improved communications; the highway twinning through New Brunswick and Nova Scotia, the fixed link to P.E.I., and low cost air travel courtesy of CanJet and Canada 3000; our professional staff provide clients with the same seamless service throughout the Atlantic Provinces and Ontario. Our Valuation Division have provided this thumbnail sketch on four real estate markets in our service area.

Moncton, N.B.



Source: Greater Moncton Planning District
Commission, June 2000.

In the early 1990s Greater Moncton (Moncton, Dieppe, Riverview) faced the same problems as many communities in Atlantic Canada: the decline of its major employer (the C.N.R.), the restructuring of its remaining base industry (distribution and light manufacturing), a population propagating slowly (4% per 5 years) and greying rather more rapidly (8% per 5 years \geq 55 age group). The community rose to the challenge: the private and public sectors worked together in a focused way to produce some impressive results. The call centre industry was targeted as a potential growth sector and the community levered its bilingual character by mounting telemarketing courses at the New Brunswick Community College, and an M.B.A. (in French) at the Université de Moncton. Since the early 1990s forty call centres, employing over 5,000 people have been established in the area.

During the past decade the downtown area has seen new development in the form of a new City Hall (60,000 ft.²; completed in 1996), a refurbished Hotel Beausejour (311 rooms), and a new hotel, Chateau Moncton (106 rooms; completed in 1999).

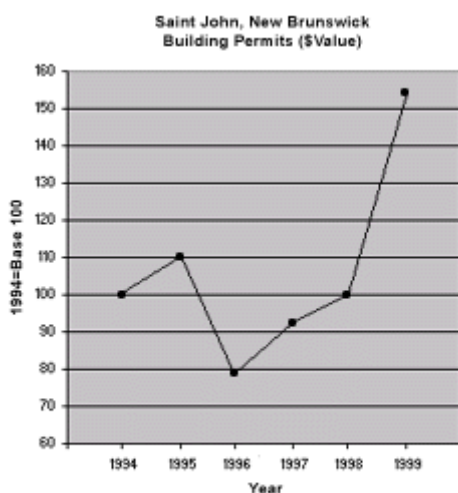
However the rate of growth slowed in the late 1990s and although the vacancy rate in Class A office space is very low (2.5%), there is plenty of vacant Class B (15%) and Class C (21%) space available.

Retail growth is evidenced by the establishment in 1994 of the Wheeler Park Power Centre, which introduced over 1 million square feet of "big box" space to the local market.

Industrial space is primarily located in three industrial parks: Moncton, Caledonia and Dieppe. Moncton Industrial Park comprises 600 acres of serviced land and although largely a mature park, has approximately 40 acres still available for development. It is home to Armour Transport Inc., Norampac

(formerly Domtar Packaging), Pepsi Cola Canada, Royal Bank, Allsco Building Products, Co-op Atlantic, Colgate-Palmolive, Hub Meat Packers, UAP, et al. There is limited recent development and vacancy hovers at 8% to 10%. Caledonia Industrial Estates on the other hand is a developing park. Just under 600 acres of the 1,660 acre total have been developed. EPC, Atlantic Wholesalers, Atlantic Tractors and Shoppers Drug Mart have built there recently. Dieppe Industrial Park has the advantage of being near Moncton Airport (where fares cost less, thanks to competition from WestJet). It has also been the focus of recent development. J.D. Irving, Michelin, Spielo and others, are located in the Park.

Saint John, N.B.



Source: City of Saint John Building and Technical Services, June 2000.

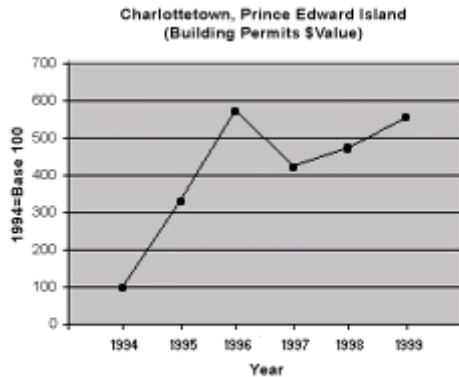
Saint John is the largest city in New Brunswick and the second largest in Atlantic Canada. It depends for its prosperity on its industrial economic base. Major employers include Saint John Shipbuilding, the New Brunswick Telephone Company, J.D. Irving Limited, Moosehead Breweries Ltd., Irving Oil Limited and Baxter Foods. However there has recently been an influx of white-collar jobs (data and tele-communications) and the economy is becoming more diversified.

The "uptown" (local parlance for "downtown") office market vacancy has fallen over the past two years and is now just below 8%. The most recent development is the Mercantile Centre (106,000 ft.²; constructed in 1990). Class A vacancy is a minuscule 1.5% to 2.0%; and Class B vacancy is just below 8%. Xerox and Sendend have recently located major call centres in the area.

Much of the new commercial development has occurred along Rothesay Avenue in the City's east end. McAllister Drive, also in Saint John East, is currently the focus of retail development and has enjoyed a proliferation of new projects including "big box" retail.

Efforts are being made to diversify the City's heavy industrial base represented by the Irving Oil Refinery, Canada's largest and most modern facility; Saint John Shipbuilding; Irving Pulp and Paper; Moosehead Breweries; Lantic Sugar; Crosby Molasses; etc. The City has encouraged the development of Somerset Technology Park at Millidgeville, in the north end. This privately developed Park attracted a Xerox call centre (50,000 ft.²) as its first occupant in January and is expected to be the focus of R & D and office development. (Phase I comprises 62 acres. Phase II is expected to consist of about 200 acres). The City has taken a leadership role in the establishment of Commerce Park in east Saint John. This small Park (50 acres) is held by five landowners and is being developed in partnership with the municipality for semi-industrial users who also require a retail presence. It is not expected to compete with the "big box" retail in the McAllister/Westmorland Avenue corridor.

Charlottetown, P.E.I.



Source: Charlottetown Department of Planning and Development, June 2000.

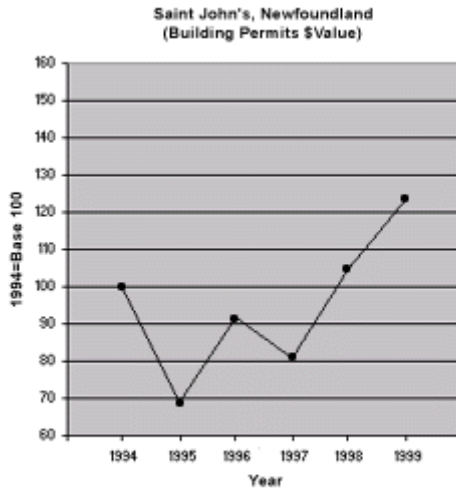
Most of the new development activity in downtown Charlottetown throughout the 1990's has occurred on the waterfront. Redevelopment of the Texaco bulk oil storage facility released land for the new cruise ship terminal and other public projects and the area has been transformed into a major tourist-related district of the city. Improvements are still ongoing with the former CN Car Shop building now in the final stages of being renovated into a new Discovery Centre, the first phase of the "Founders Hall" project. The Charlottetown Area Development Corporation (CADC) has been instrumental in funding and managing these harbourfront projects.

One of the few commercial projects currently underway in the downtown core is the renovation of the former Woolworth's building on Queen Street which will house the Great Northern Knitters operation. However there are several major projects underway in the downtown core which, if they proceed, will have a significant impact on the immediate surrounding area. The City of Charlottetown has recently completed a large land assembly at the southeast corner of University Avenue and Fitzroy Street. It is intended to be redeveloped with a parking garage and other new commercial buildings and will be a significant project that should encourage other new developments in the immediate area. There is also speculation that a new Federal government office building will be constructed on a site to be assembled facing University Avenue between Euston and Fitzroy Streets. The potential land base for that project is around 60,000 ft.², comprising the entire eastern end of this block. The two corner "window" parcels to that site are vacant and the rest of the site comprises old wood frame buildings in various states of repair. If that project does go ahead it will allow the demolition of the old (1955) Dominion Building on Queen Street (GFA 150,000 ft.²) and the relocation of those Federal Government departments. The Dominion Building land is rumoured to be a redevelopment site for a large Suite hotel.

Outside the downtown core, the last two years have seen a large increase in the inventory of new retail/commercial buildings in the University Avenue corridor, particularly in the West Royalty area. "Big box" retailers including Winners, Sport Chek and Staples Business Depot have emerged, and major new Zellers and Wal-Mart department stores have been built. In total, there are approvals for 360,000 ft.² of new retail space in West Royalty. New and renovated retail/commercial projects have also occurred closer to the downtown core along University Avenue including a new Atlantic Superstore at the corner of Belvedere Avenue, a new Harveys/Swiss Chalet combination store, a new Dairy Queen and a new Source For Sports freestanding store at the corner of Eden Street. The former Oak Tree Plaza at this location has also been renovated to provide modern retail space. New industrial development is also active with several new business/industrial park locations now being planned or developed in communities around Charlottetown (including Cornwall, Stratford and the airport). Residential construction is reportedly very active throughout the Charlottetown area.

In general the Charlottetown area is experiencing growth with a good deal of new development activity, but this is occurring mainly outside the downtown core. Most initiatives in the downtown tend to be government funded projects aimed at promoting and sustaining a viable downtown business core.

St. John's, Newfoundland



Source: City of St. John's Business Information Centre, June 2000.

The economy of St. John's has improved significantly since the early and mid 1990's, fuelled mainly by offshore oil and gas activity but also from growth in the information technology industry. The last two years have been particularly active, as illustrated by the Building Permits \$ Value Graph.

All real estate sectors are improving and new development is active. In the retail sector, the new "power centre" on Stavanger Drive (off Torbay Road) began development in 1995 with the construction of several "big box" stores including Price Club/Costco, Zellers, Kent Building Supplies, Future Shop and Staples Business Depot. There are unconfirmed reports of WalMart and a theatre complex being added on adjoining land, and also reports of land having been optioned elsewhere in the City for new "big box" retail projects.

In the industrial sector, new development is particularly active in the Donovan's Industrial Park in nearby Mount Pearl, as well as the St. John's harbourfront where offshore activity continues to expand requirements for supply bases and related facilities.

The office sector has been the least active in terms of new construction, but there have been declining vacancies over the past 2 to 3 years and increasing rents in the existing office inventory. New construction will be inevitable if the trend continues. The last major office project in the downtown core was Phase 2 of Cabot Place (135,000 ft.²), completed in 1992. We are not aware of any major new office projects in suburban areas within the past 10 years, other than mixed industrial/office buildings built primarily for owner-occupation. The only significant new project in the downtown is the \$36 million Civic Centre and Convention Centre complex which is currently under construction. There have been very recent (public) reports of a possible new 300,000 ft.² office/convention centre project on the east side of the downtown. There is public opposition to the zoning change required and it is too soon to say when (or if) it will proceed.

In general, the local economy is improving and real estate markets are active.