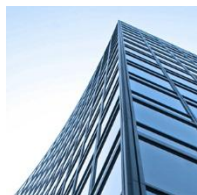


MARKETBEAT OFFICE SNAPSHOT

NEW BRUNSWICK

A Cushman & Wakefield Research Publication

Q4 2013



ECONOMIC OVERVIEW

New Brunswick faced economic challenges in 2013. RBC Economics had originally forecasted real GDP growth of 0.8%, however with the weakness in energy, potash and metal exports the revised forecasted rate was reduced to 0.3%. Currently RBC Economics is forecasting a real GDP increase of 1.0% in 2014. This increase will largely be the result of the strengthening mining sector with new start-up operations in Bathurst as well as stronger production with the expansion of the Sussex Potash mine in 2014-2015.

New Brunswick's job market has not seen improvement from last quarter, as employment numbers continued to decline in the fourth quarter and the unemployment rate continued to increase. The adult population in New Brunswick continues to decline due to interprovincial migration which remains a concern. However, with that said the proposed East-West Pipeline could be a catalyst in reversing this trend and therefore result in reducing the unemployment rate. In addition, the New Brunswick government is offering several grants and options to encourage New Brunswickers to remain in their home province as well as encourage skilled workers to return to New Brunswick.

OFFICE OVERVIEW

The overall vacancy rate for the province increased 1.9 percentage points from the previous quarter to reach 13.6% for Q4. This is a substantial 3.2 percentage point climb from Q4 2012. This significant increase can be mostly attributed to the Moncton submarket; specifically the class B segment which had an increase of 8.4 percentage points from the same quarter last year. Moncton ended the year with an overall vacancy rate of 11.8%; while Q4 vacancy in Saint John was 19.6% and Q4 vacancy in Fredericton was 9.1%.

Average gross rental rates were almost unchanged across all markets from last quarter, with a minimal decrease for the overall province. The highest rents are in Saint John's class A market where the average is \$28.59 per square feet (psf). This is followed by Moncton's class A market at \$28.21psf. Saint John has the lowest overall gross asking rent in New Brunswick at \$22.38 psf.

OUTLOOK

In terms of economic growth 2014, it is expected to outperform 2013. According to APEC (The Atlantic Provinces Economic Council) capital spending will be supported with the \$579 million Sisson Brook Tungsten-Molybdenum project, the proposed Trans Canada Energy East Pipeline project, as well as the work at the Canada LNG

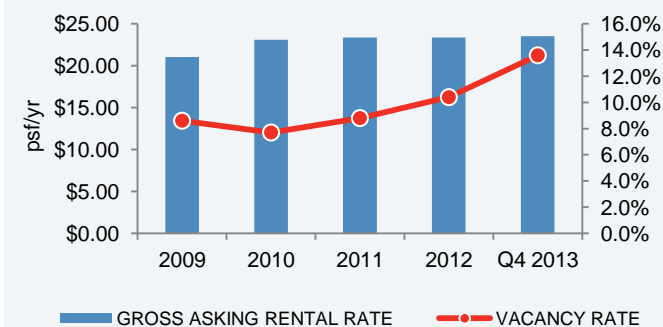
receiving terminal. These projects will increase employment rates, boost retail sales, and provide growth in the housing markets throughout the province.

This quarter 1234 and 1222 Main Street in Moncton were re-entered into the survey. 1234 Main Street underwent extensive renovations and is now an energy efficient building that has earned a BOMA BEST Certification. This 122,000-sf class A building located in downtown Moncton is adjacent to the planned Moncton Events Centre which will make this building an attractive location for class A tenants in the Greater Moncton Area.

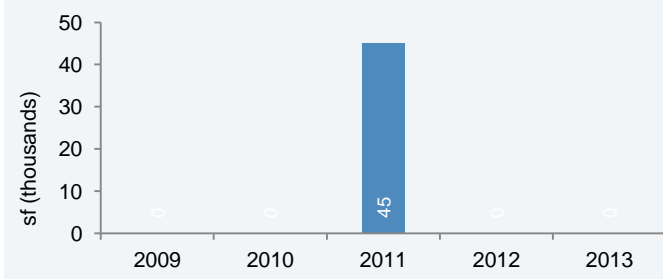
STATS ON THE GO

	Q4 2012	Q4 2013	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	10.4%	13.6%	3.2%	▼
Direct Net Asking Rents (psf/yr)	\$13.24	\$13.22	-0.1%	◄►
YTD Absorption (sf)	(201,223)	(135,075)	66,148	▼

RENTAL VS. VACANCY RATES



NEW SUPPLY



NEW BRUNSWICK

SUBMARKET	INVENTORY	OVERALL VACANCY RATE	DIRECT VACANCY RATE	UNDER CONSTRUCTION	YTD CONSTRUCTION COMPLETIONS	CURRENT QUARTER OVERALL ABSORPTION	YTD OVERALL ABSORPTION	WTD. AVG NET ASKING RENTAL RATE*	WTD. AVG. GROSS RENTAL RATE*
Class A	1,260,685	8.5%	8.5%			0	17,601	\$15.97	\$28.21
Class B	1,348,116	13.2%	13.1%			12,857	(10,455)	\$11.27	\$20.83
Class C	356,482	17.9%	15.5%			(8,568)	(33,219)	\$9.84	\$17.65
MONCTON	2,965,283	11.8%	11.5%			4,289	(26,073)	\$13.65	\$24.49
Class A	720,994	9.8%	7.6%			(5,255)	22,500	\$14.68	\$26.69
Class B	833,330	7.6%	6.4%			(17,977)	(27,713)	\$13.72	\$22.33
Class C	377,387	11.1%	11.1%			(8,153)	(21,960)	\$12.79	\$20.80
FREDERICTON	1,931,711	9.1%	7.7%			(31,385)	(27,173)	\$13.93	\$23.76
Class A	780,461	6.6%	6.6%			1,201	(26,724)	\$15.16	\$28.59
Class B	853,521	25.1%	25.1%			284	(9,576)	\$12.31	\$21.88
Class C	730,440	26.9%	26.9%			(5,992)	(45,529)	\$8.90	\$16.18
SAINT JOHN	2,364,422	19.6%	19.6%			(4,507)	(81,829)	\$12.21	\$22.38
TOTALS	7,261,416	13.6%	13.1%			(31,603)	(135,075)	\$13.22	\$23.52

* RENTAL RATES REFLECT ASKING \$PSF/YEAR

MARKET HIGHLIGHTS

Significant Q4 2013 Lease Transactions	SUBMARKET	TENANT/BUYER	BUILDING CLASS	SQUARE FEET
55 Union Street	Saint John	Investors Group	A	10,363
55 Union Street	Saint John	London Life	A	8,471
85 Hubbard Road	Fredericton	Mycodev Group Inc.	B	7,285
Significant Q4 2013 Sale Transactions	SUBMARKET	BUYER	PURCHASE PRICE / \$PSF	SQUARE FEET
551 King Street	Fredericton	Starlight Investments Ltd.	\$17,000,000 / \$201	84,743
522 Main Street	Shediac	ANB Holdings	\$4,100,000 / \$137	30,000
Corner of Main & Vaughan Harvey Blvd	Moncton	Westmount Development	\$1,650,000	11 acres
Significant Q4 2013 Construction Completions	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET
N/A	-	-	-	-
Significant Projects Under Construction	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET
N/A	-	-	-	-