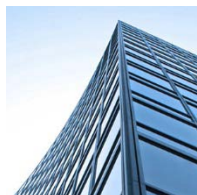


MARKETBEAT OFFICE SNAPSHOT

NEW BRUNSWICK

A Cushman & Wakefield Research Publication

Q1 2014



ECONOMIC OVERVIEW

A downturn in capital spending in both the public and private sectors provided some economic challenges for New Brunswick in 2013. However, the economic forecast for the province is beginning to show signs of increased optimism, with momentum from capital investments expected to continue during the rest of 2014. RBC Economics is forecasting a real GDP increase of 1.0% in 2014. This growth 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. TD Economics stated that in the last quarter of 2013, the private sector marked its first positive annual job growth since the year 2007. This will represent a welcome turnaround from recent years. The adult population in New Brunswick continues to decline due to interprovincial migration. This is a result of the median worker making \$7/hour more in Alberta than in New Brunswick. However, it is anticipated that the proposed East-West Pipeline could be a catalyst in reversing this trend and 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 and skilled workers to return to New Brunswick.

OFFICE OVERVIEW

The overall vacancy rate for the province dropped by 0.1 percentage points from the previous quarter, ending Q1 2014 at 13.5%. In Moncton, Riverview Place gained more than 13,000 square feet (sf) of available space when Minacs Contact Center downsized its offices. In Fredericton, Kings Place lost a temporary tenant, adding an extra 22,000 sf for lease to the market. And Saint John experienced the biggest change in direct vacant space with Loch Lomond Mall Office losing two large tenants - Exxon Mobile and Iron Mountain, leaving Crombie REIT with an extra 32,036 sf of vacant space.

Average gross rental rates were almost unchanged across all markets from last quarter, with a marginal decrease for the overall province. This is rare for the first quarter of a fiscal year, when landlords typically raise their posted rents. This speaks to the softness in the office market currently. The highest rents are in Saint John's class A market where the average gross rent is \$28.47 per square feet (psf). This is followed by Moncton's class A market at \$27.54 psf.

OUTLOOK

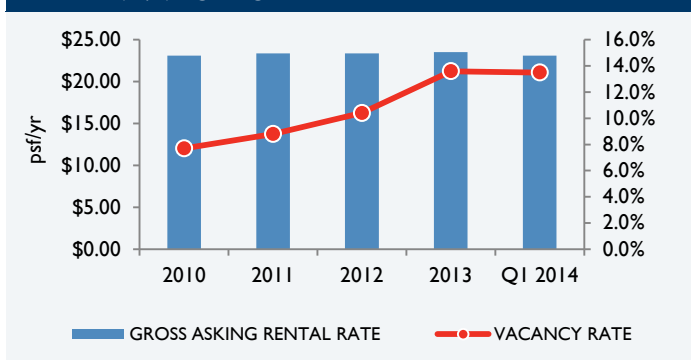
New Brunswick may have had a sluggish 2013, but looking ahead the

skies are likely to brighten. The anemic growth conditions that weighed on economic activity in New Brunswick in recent years are set to ease in 2014. It is predicted that there will be a generous boost in capital investment in the province, following sizable cutbacks in each of the past two years. Because of the anticipated turnaround in the province's labour markets, growth prospects are set to accelerate to 1.4% in 2015. Upcoming projects are expected to increase employment rates, boost retail sales, and provide growth in the housing markets throughout the province.

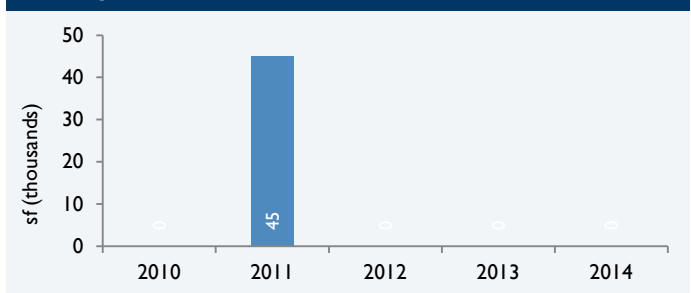
STATS ON THE GO

	Q1 2013	Q1 2014	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	10.2%	13.5%	3.3pp	▼
Direct Net Asking Rents (psf/yr)	\$13.21	\$12.96	1.9 pp	▼
YTD Absorption (sf)	(49)	5,078	5,127	▲

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%	8.2%	0	0	102	102	\$15.42	\$27.54
Class B	1,348,116	9.1%	9.1%	0	0	54,579	54,579	\$11.30	\$21.04
Class C	356,482	19.4%	17.0%	0	0	(5,549)	(5,549)	\$9.89	\$18.76
MONCTON	2,965,283	10.1%	9.7%	0	0	49,132	49,132	\$12.92	\$23.59
Class A	720,994	11.4%	9.1%	0	0	(11,181)	(11,181)	\$14.27	\$25.90
Class B	833,330	8.4%	7.1%	0	0	(6,178)	(6,178)	\$13.35	\$21.97
Class C	377,387	10.8%	10.8%	0	0	1,327	1,327	\$12.75	\$20.75
FREDERICTON	1,931,711	10.0%	8.6%	0	0	(16,032)	(16,032)	\$13.58	\$23.20
Class A	780,461	4.4%	4.4%	0	0	17,007	17,007	\$15.15	\$28.47
Class B	853,521	25.7%	23.8%	0	0	(4,993)	(4,993)	\$12.45	\$21.92
Class C	730,440	32.3%	32.3%	0	0	(40,036)	(40,036)	\$9.73	\$16.44
SAINT JOHN	2,364,422	20.7%	20.1%	0	0	(28,022)	(28,022)	\$12.50	\$22.39
TOTALS	7,261,416	13.5%	12.8%	0	0	5,078	5,078	\$12.96	\$23.09

* RENTAL RATES REFLECT ASKING \$PSF/YEAR

MARKET HIGHLIGHTS

Significant Q1 2014 Lease Transactions	SUBMARKET	TENANT/BUYER	BUILDING CLASS	SQUARE FEET
1255 Main Street	Moncton	Investor's Group		1,696
922 Main Street	Moncton	Confidential		78,599
700 St. George Street	Moncton	Kelly Nutritious Pet Foods		3,000
555 Somersset	Saint John	Saint John Orthopedics Inc.		5,709
44 Chipman Hill	Saint John	Confidential		26,339
Significant Q1 2014 Sale Transactions	SUBMARKET	BUYER	PURCHASE PRICE / \$PSF	SQUARE FEET
N/A				
Significant Q1 2014 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				