



Atlantic Canada

COMMERCIAL REAL ESTATE MARKET REPORT

JULY 2007

ATLANTIC ECONOMIC OVERVIEW

The Atlantic economy is predicted to vary considerably among the provinces for the remainder of 2007, with an overall continuation of the slowdown experienced in the second half of 2006. Newfoundland and Labrador is poised to overtake Alberta as the fastest growing economy this year, due to strong mineral production, which looks to propel their real GDP growth rate to 5.7%, a rate higher than the national average. The Canadian GDP is expected to slow to a growth rate of roughly 2.5 % and potentially bolster a stronger growth of approximately 3% in 2008.

New Brunswick looks to experience a growth of 2.5% as it is benefiting from healthy construction activity in that province. Conversely, Nova Scotia and PEI's growth is forecast to be around the 2 % mark this year.

The Greater Halifax area's labour force will grow in 2007 as a result of the diversified economic activity supported in the HRM such as the upcoming completion of Research in Motion's new seven story, 160,000 square foot Support Centre in February 2008. RIM's Support Centre is the first major development in the HRM in several years.

Two business developments along the Halifax waterfront, that should have a positive impact on the local economy, include Cerescorp Company's recent purchase of two of the world's most technologically advanced super post panamax cranes to be located in the Fairview Cove Container Terminal facility in the Port of Halifax – the cranes have the capacity to work with the world's largest containerships; and the recent announcement of the development of a \$9.75 million building to be located next to Pier 21. The Halifax Farmers Market is scheduled to move from the Brewery Market into the ecologically friendly building by the summer of 2008.

SALES AND INVESTMENTS

HRM continues to attract investment interest from the international market place. The Greater Halifax area has experienced an increase in non-residential construction in 2007.

Investor interest in HRM reflects improved market fundamentals with reduced vacancies and increased demand and rental rates across all property categories. Cap rates have leveled across most categories, due to marginally

higher interest rates.

The sale of the Halifax Herald Lands site marked one of the more significant investment transactions in the first half of 2007. The future development potential of these two city blocks will impact office, retail and residential availability in the downtown core.



INVESTMENT OPPORTUNITY

Our purchaser requires investment properties in Atlantic Canada. Properties may be single tenant, or multi-tenant in the industrial, commercial, office or retail sectors in the \$1-5 million range, based on income in place with minimum five year leases. If you wish to access the equity in your real estate at a great price please call us:

Tim Margolian (902) 425-9554

Dan Sangster (902) 429-9339

Office Market Report

July 2007

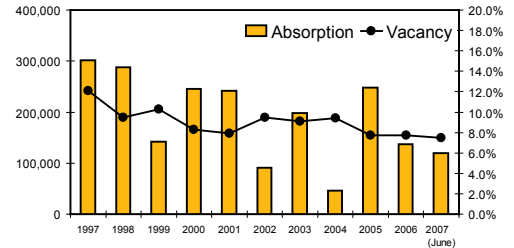
HRM OFFICE MARKET

Office Market vacancy rate combined for all sectors leveled at approximately 7.5 % as at June 30, 2007. Peripheral Halifax and Bedford saw slight increases in their respective vacancy rates, while Dartmouth and the Central Business District had net decreases in office vacancy. Total absorption across all sectors for the first half of 2007 was approximately 120,109 sq. ft.

ABSORPTION

Absorption	JUNE 2007	DEC 2006
CBD	21,548	64,799
Peripheral	84,962	41,544
Dartmouth	18,480	21,281
Bedford	(4,881)	9,613
OVERALL	120,109	137,237
Net Effective Rates		
CBD	\$11.00 - \$18.50	\$10.00 - \$18.50
Peripheral	\$9.00 - \$16.50	\$8.00 - \$16.50
Dartmouth	\$8.00 - \$16.00	\$8.00 - \$16.00
Bedford	\$9.50 - \$16.50	\$9.50 - \$16.50

OFFICE - 10 YEAR HISTORY



HRM OFFICE SUB-MARKET: CENTRAL BUSINESS DISTRICT

The decline in the vacancy rate in the downtown core continued over the last six months, from 7 % to 6 %. There was a positive absorption of 21,500 sq. ft. The vacancy rate for the Central Business District (CBD) will decline even further later this summer, as new tenants are slated to move in to Summit Place, 1601 Lower Water Street, occupying nearly 44,000 sq. ft. in that building. Class A and B vacancies were 8.2 % and 5.1 % respectively in the CBD.

The Morris Tea Building is currently undergoing renovations and plans to have approximately 28,500 sq. ft. in office space on the market in the

last quarter of 2007. However, with no major office construction anticipated for the CBD this year, the combined Class A and B vacancy is expected to remain at or below 6% during the remainder of 2007.

The outcome of the “Twisted Sisters” appeal shall have a significant impact on the CBD. The height approval for the buildings, and the impact the change might have in the cityscape’s view from Citadel Hill, could set a new precedent for future business developments in the CBD.

Tim Margolian is pleased to introduce new Office Leasing Agent, Maurice Plomske, as the latest addition to the J.J. Barnicke Atlantic Ltd. team. Maurice is serving the Central Business District and the Spring Garden Road area. Contact Maurice for your leasing needs:

(902) 482-9331
maurice.plomske@jjb.com

HRM OFFICE SUB-MARKET - SUBURBAN

During the first half of 2007, absorption in the suburban office market (peripheral Halifax, Dartmouth and Bedford) was approximately 98,500 sq. ft. Vacancy modestly increased from 8.5% to 9.2%.

The slight increase in vacancy may partially be attributed to an increase in office space due to relocations or business closings in the Bedford area

and a change of use from retail to office premises at The Village, 7071 Bayers Road.

The pre-leasing and potential construction start of the 48,000 sq. ft. office building (The Ravines – Building II) located at 36 Solutions Drive, Clayton Park West, could contribute to further increases to the suburban office vacancy rate in the coming year.

Suburban net rental rates are forecast to remain stable during the balance of 2007.

Industrial Market Report

July 2007

HRM - INDUSTRIAL MARKET

Vacancy rates were expected to increase in 2007 due to construction of several new buildings. That projection has come to pass in the first six months of 2007, causing a 2% increase in the industrial vacancy, from 5.7% to 7.7%.

As predicted, a significant contributing factor to this vacancy increase is the completion of two

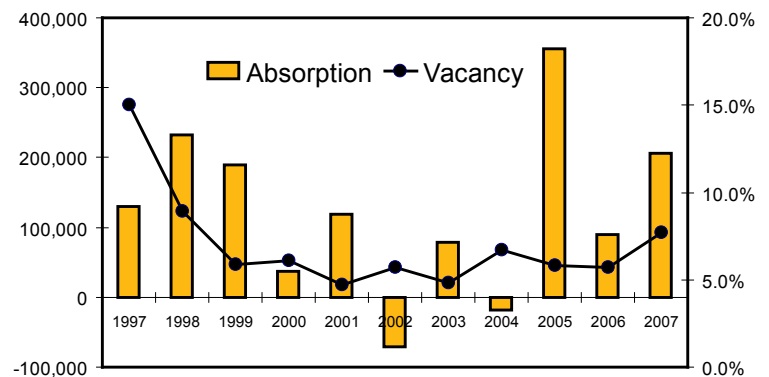
new buildings located at 320 and 340 Wright Avenue, adding 170,000 sq. ft. to the Dartmouth market. As well, the former Volvo assembly plant has approximately 26,900 sq. ft. of warehouse space currently available in the Bayers Lake Business Park. The industrial market experienced a net absorption of 206,000 sq. ft. during the first half of 2007.

Net Rental rates for new construction are in the +/- \$7.50 per square foot range and will remain stable for 2007.

ABSORPTION

Absorption	JUNE 2007	DEC 2006
Burnside	118,809	98,901
Bayers Lake	128,142	(2,593)
Atlantic Acres	(40,618)	(6,117)
OVERALL	206,333	90,191
Net Effective Rates		
Burnside	\$5.50 - \$9.00	\$5.50 - \$9.00
Bayers Lake	\$7.00 - \$10.00	\$7.00 - \$10.00
Atlantic Acres	\$5.00 - \$7.00	\$5.00 - \$7.00

INDUSTRIAL - 10 YEAR HISTORY



Retail Highlights July 2007

RETAIL MARKET HIGHLIGHTS

The expansion of Atlantic Canada's city centres has fuelled demand for more sophisticated goods and services. This is especially evident in HRM where increased wage gains, tight retail vacancy levels and increased retail sales continues to attract national retailer interest.

The opening of the major new retail centre at Dartmouth Crossing has increased retail space in the greater HRM with many large businesses such as Home Depot and Wal-Mart having opened their doors this spring and several other large chain stores such as Costco are scheduled to open this autumn.

Wal-Mart recently opened in the Bedford Commons. The development of Bedford Commons will continue throughout the summer, and in November, approximately 40,000 sq. ft. of new retail space and 38,000 sq. ft. of office space will be available for occupancy.

PROPERTIES FOR SALE

\$499,000



**104 Marine Drive, Sydport
Sydney, NS**

- 33,000 sq. ft. building
- 11,000 sq. ft. office/22,000 sq. ft. warehouse
- 3.45 acre lot size
- 1 drive-in and 2 dockloading doors
- steelframe/wood construction

Contact: Dan Sangster

\$380,000



**827 Prince Street
Truro, NS**

- 6,100 sq. ft.
- 2 storey building
- 8' - 11' ceiling heights
located in the CBD

Contact: Dan Sangster

\$595,000



**99 Terminal Road
Sydney, NS**

- 150,504 sq. ft. lot with 400 ft. frontage
- 11,071 sq. ft. building
- located in heart of business and retail district
- minutes from major highways

Contact: Dan Sangster

\$650,000



**Land for Sale
Barrington Passage, NS**

- +/- 5 acres; +/- 305 feet road frontage
- Ideal for large Box Retail or Residential Development/ CG Commercial General Zone
- Strategic location in Community
- 100% Fee Simple Interest

Contact: Greig Horton

PROPERTIES FOR LEASE

Retail or Office



**111 Ilsley Avenue
Dartmouth, NS**

- 778 sq. ft.
- Landmark Burnside location
- Separate entrance
- Exterior signage

Contact: Jim MacKinlay

Office



**6380 Lady Hammond Road
Halifax, NS**

- 2,300 sq. ft. main floor office
 - Excellent location on peninsular Halifax
 - Quick access to highways, MacKay Bridge and downtown
- \$12.00/ sq. ft. NET

**Contact: Dan Sangster
or Jim MacKinlay**



**7020 Mumford Road
Halifax, NS**

- 1,703 sq. ft.
 - 5 offices
 - Well appointed Reception Area
 - Excellent Westend location
- \$13.00/ sq. ft. NET

Contact: Jim MacKinlay

Warehouse



Grand Falls, NL

- 21,660 sq. ft. warehouse; 3,880 sq. ft. office
- Existing racking available for lease

\$4.50/ sq. ft. refrigerated
\$4.00/ sq. ft. unrefrigerated

**Contact: Greig Horton
or Ed Nash (709) 754-1050**

CLIENT ADVISORY SERVICES TEAM

Whether you are selling or leasing, the JJ Barnicke Atlantic Client Advisory Service Team has the expert knowledge and experience to market a broad range of commercial properties. Our knowledge of market trends and our research analyses provide our clients with the edge they need to make sound investment decisions.

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