

MARKETBEAT INDUSTRIAL SNAPSHOT



NEW BRUNSWICK

A Cushman & Wakefield Alliance Research Publication

Q1 2013



ECONOMIC OVERVIEW

According to TD Economics, New Brunswick's economy has been struggling to move ahead, and this year will be no exception. The province's lack of employment opportunities is forcing people in New Brunswick to search for employment elsewhere. This, coupled with the fact that New Brunswick has the second highest number of persons aged 65 and over in Canada, resulted in zero population growth in 2012 - with no expected improvement for 2013. This is the dawn of a new chapter for the province, with a 50 year run of major capital in power plants, mining, and highways now complete. However, on a more positive note, some improvements can be expected with new prospects for the province's export sector. The TransCanada Pipeline extension is one aspect of the new generation economic base.

INDUSTRIAL MARKET OVERVIEW

The first quarter in 2013 showed a 2.3 percentage point increase in vacancy from the previous quarter. The Moncton market, specifically the Caledonia Industrial Park, was the driving force behind the overall vacancy increase with negative 88,209 square feet (sf) of absorption. This was primarily the result of larger tenants vacating their current locations and moving into newer more modern builds. Development in Moncton has been robust, fueled by low cost land and favorable lending conditions. It is anticipated that in 2013 older product will be challenged by the new builds.

There was little movement in the Saint John market as vacancy rates remained unchanged at 22.2%. Fredericton did see a decrease in its vacancy rate by 2 percentage points compared to last quarter. Overall rental rates remained unchanged from last quarter at \$6.28 per square foot (psf),

Looking forward, there are no material absorption drivers, other than spinoff from the Halifax Shipbuilding. Renovation and reclassification decisions of incumbent landlords will also influence leasing performance overall.

OUTLOOK

The expansion project of the PotashCorp mine in Sussex will have an impact this year as their production is expected to increase from 800,000 tons to 1.8 million tons annually by 2015.

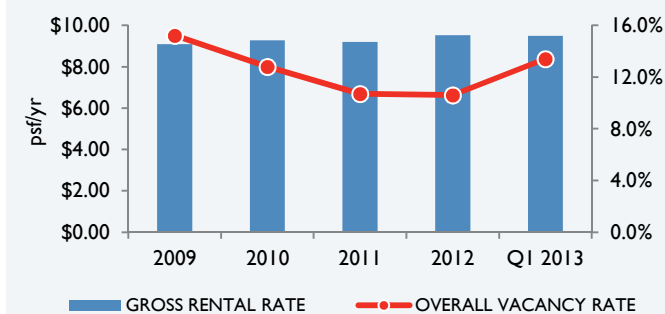
The manufacturing sector did not produce great numbers in 2012. However, with the recent turnaround in the U.S. economy manufacturing in New Brunswick should see gradual growth in early 2014.

The Spruce Lake Barge Facility Project will also enable significant new business opportunities for fabricators in Atlantic Canada. According to Saint John Industrial Parks website, Dr. Neil Ridler, Professor Emeritus of Economics at the University of New Brunswick noted that this project will create 175 jobs, with anticipated \$8.8 million in GDP exports annually and will provide \$800,000 in municipal/provincial taxes annually. Construction on this project is expected to begin this spring.

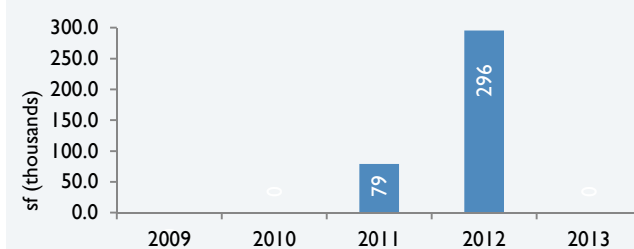
STATS ON THE GO

	Q1 2012	Q1 2013	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	8.7%	13.4%	4.5pp	▲
Direct Net Asking Rents (psf/yr)	\$6.10	\$6.28	2.9%	▲
YTD Absorption (sf)	7,729	(77,955)	(70,226)	▼

RENTAL VS. VACANCY RATES



NEW SUPPLY



NEW BRUNSWICK

SUBMARKET	INVENTORY	OVERALL VACANCY RATE	UNDER CONSTRUCTION	YTD CONSTRUCTION COMPLETIONS	CURRENT QUARTER ABSORPTION	YTD OVERALL ABSORPTION	WTD. AVG. NET ASKING RENTAL RATE*	WTD. AVG. ADDITIONAL RENTAL RATE*	WTD. AVG. GROSS RENTAL RATE*
Greater Moncton	419,725	14.7%	0	0	8,224	8,224	\$5.34	\$3.18	\$8.52
Moncton Industrial Park	2,090,694	10.5%	0	0	(1,099)	(1,099)	\$5.92	\$2.87	\$8.78
Dieppe Industrial Park	456,391	6.0%	0	0	19,559	19,559	\$6.76	\$3.03	\$9.79
Caledonia Industrial Park	471,194	28.4%	0	0	(114,893)	(114,893)	\$5.86	\$3.69	\$9.55
Moncton	3,438,004	12.9%	0	0	(88,209)	(88,209)	\$6.00	\$2.97	\$8.97
Greater Fredericton	132,310	0%	0	0	0	0	\$7.58	\$3.14	\$10.72
Fredericton Industrial Park	331,615	12.5%	0	0	9,254	9,254	\$7.43	\$4.80	\$12.23
Fredericton	463,925	8.9%	0	0	9,254	9,254	\$7.47	\$4.31	\$11.78
Saint John	433,031	22.2%	0	0	1,000	1,000	\$6.66	\$3.46	\$10.12
TOTALS	4,334,960	13.4%	0	0	(77,955)	(77,955)	\$6.28	\$3.21	\$9.49

* RENTAL RATES REFLECT ASKING \$PSF/YEAR

MARKET HIGHLIGHTS

Significant Q1 2013 Lease Transactions	SUBMARKET	TENANT	BUILDING TYPE	SQUARE FEET
23 Biggs St. Riverview	Riverview	Crossfit	C	3,100
Significant Q1 2013 Sale Transactions	SUBMARKET	BUYER	PURCHASE PRICE / \$PSF	SQUARE FEET
700 St. George St.	Moncton	633287 NB Inc.	\$827,000 / \$29	28,500
Significant Q1 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				