

MARKETBEAT OFFICE SNAPSHOT

NEW BRUNSWICK

A Cushman & Wakefield Research Publication



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ATLANTIC

Q1 2013



ECONOMIC OVERVIEW

According to the recent release of Statistics Canada's P&PI Survey, there is no indication of improvement in the private investment sector for New Brunswick in 2013; however, TD Bank Economics state that they expect Canada's

overall economy to gradually shift into high gear. There is no question that New Brunswick's economy has struggled in 2012 as Real GDP growth is projected to come in at 1.2%. In addition, New Brunswick witnessed minimal employment growth in 2012 as the annual employment rate for the year was 10.2% - 0.6 percentage points higher than 2011. This proves to be the highest unemployment rate recorded in New Brunswick since mid-2003. The P&PI Survey also shows that nearly three-quarters of the 6.4% decline in non-residential capital spending resulted from capital outlay reductions in the utilities industry.

OFFICE OVERVIEW

The overall vacancy rate for the province increased to 10.2%, which is 3.5 percentage points higher than the same quarter in 2012. The overall vacancy rate for Moncton and Fredericton has increased slightly, while vacancy within Saint John decreased this quarter. The average gross rental rates for New Brunswick remain unchanged at \$23.39 from the previous quarter. As a general comment, the three office markets in the province are dealing with the aftermath of low interest rates driving both speculative development and owner occupied construction, in addition to stimulus led public buildings. Barring a material change in absorption, expect older product to consider relocating to different asset classes.

OUTLOOK

TD Economics note "a modest rebound is in the cards for New Brunswick, but economic growth will continue to trail the national statistic". That being said, 2014 is expected to bring more production of Potash with the completion of PotashCorp's mine expansion in Sussex, New Brunswick.

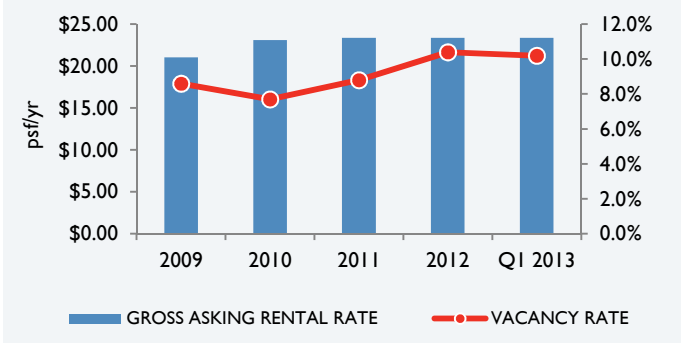
JD Irving Limited recently announced that they will be hiring 2,700 workers within the province. These skilled workers will be employed on the shipbuilding project. This will undoubtedly contribute to the

most significant annual gain in employment in four years for New Brunswick. New Brunswick could also see the potential of an east-west pipeline expansion that would bring Western Canada's crude oil to New Brunswick, creating long-term prospects for the province.

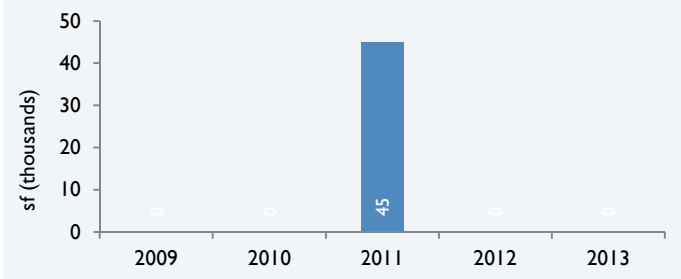
STATS ON THE GO

	Q1 12	Q1 13	Y-0-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	6.7%	10.2%	3.5pp	▲
Direct Net Asking Rents (psf/yr)	\$13.70	\$13.21	-3.6%	◄►
YTD Absorption (sf)	19,272	(49)	19,223	▼

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	1,138,685	5.0%	4.6%	0	0	8,053	8,053	\$15.94	\$28.04
Class B	1,200,726	9.1%	9.1%	0	0	(19,556)	(19,556)	\$11.21	\$21.14
Class C	356,482	14.8%	14.8%	0	0	(22,166)	(22,166)	\$9.55	\$17.35
MONCTON	2,695,893	8.1%	7.9%	0	0	(33,669)	(33,669)	\$13.49	\$24.29
Class A	720,994	8.5%	8.5%	0	0	31,856	31,856	\$15.11	\$27.09
Class B	833,330	4.6%	4.6%	0	0	(2,909)	(2,909)	\$14.28	\$22.82
Class C	390,887	7.4%	7.4%	0	0	(8,839)	(8,839)	\$12.94	\$20.67
FREDERICTON	1,945,211	6.6%	6.6%	0	0	20,108	20,108	\$14.32	\$23.91
Class A	780,461	3.0%	3.0%	0	0	1,547	1,547	\$14.38	\$27.81
Class B	853,521	18.7%	16.4%	0	0	45,114	45,114	\$12.15	\$21.57
Class C	730,440	25.2%	25.2%	0	0	(33,149)	(33,149)	\$9.54	\$16.83
SAINT JOHN	2,364,422	15.5%	14.7%	0	0	13,512	13,512	\$12.10	\$22.20
TOTALS*	7,005,526	10.2%	9.9%	0	0	(49)	(49)	\$13.21	\$23.39

* RENTAL RATES REFLECT ASKING \$PSF/YEAR

MARKET HIGHLIGHTS

Significant Q1 2013 Lease Transactions	SUBMARKET	TENANT/BUYER	BUILDING CLASS	SQUARE FEET
391 Coverdale Rd.	Riverview	D.S. & Co Weddings & Special Events	A	4,872
391 Coverdale Rd.	Riverview	LaSPA	A	4,000
107 Germain St.	Saint John	Enovex Technologies	C	3,600
88 Prince William	Saint John	SOS Chef Inc.	C	2,500
115 Prince William St.	Saint John	Repsol	A	1,800
Significant Q1 2013 Sale Transactions	SUBMARKET	BUYER	PURCHASE PRICE / \$PSF	SQUARE FEET
24 Harold Dorothy Court	Fredericton	Mund Real Estate Group	\$2,175,000 / \$201	10,804
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	-	-	-	-