

# MARKETBEAT OFFICE SNAPSHOT

## NEW BRUNSWICK

A Cushman & Wakefield Research Publication



Q1 2015



### ECONOMIC OVERVIEW

The provincial government's 2015-2016 capital budget totals \$597.1 million, adding an additional \$85 million to New Brunswick's GDP in 2015-2016. RBC Economics is forecasting GDP growth at 2.0% for 2015, with the Finance

Minister, Roger Melanson, indicating that this increased investment will help kick-start the New Brunswick economy by investing in much-needed maintenance work and priority projects to stimulate job creation and improve the province's fiscal situation.

### OFFICE OVERVIEW

New Brunswick's office market posted an overall vacancy rate of 13.6% for Q1 2015, a 0.4-percentage point decrease from the previous quarter's 14.0%.

The Moncton Area posted an overall vacancy rate of 11.6%, a 0.5-percentage point decrease over last quarter's 12.1%. One noteworthy move contributing to this decrease was Maritime Beauty moving to 1049 Mountain Road. Cushman & Wakefield Atlantic also facilitated the sale of 770 St. George Blvd which brought The Fibre Centre, a new data interconnection facility to Moncton. "Over time, expanded capability is expected to help the City accommodate new growth, and to have a host of new competitive services at its disposal as tenants begin to occupy a digital presence within Fibre Centre." This will bring new opportunities to businesses already located in the Moncton, as well as attract new ones to the area. Kevin Silliker says, "There are companies that look for this type of facility as a starting point in determining where to go next. We have effectively become a very viable option for an emerging market of firms that have more sophisticated connectivity needs."

The Fredericton area posted the lowest vacancy rate in New Brunswick, at 11.1%, with the highest net asking rental rates in the province averaging \$13.35 per square foot (psf). Fredericton only had one substantial movement in occupancy when Hospice Boutique leased out 5,011 (sf) at 900 Hanwell Place; highlighting the continued stability of the office market there. The Saint John area continues to post the highest vacancy rate in the province, ending the first quarter with an overall rate of 18.3%. The high vacancy rate is due in large part to the 31.2% vacancy rate in class C space, despite 45,000 sf of

absorption this quarter with Nordia moved into 100 Prince Edward Street.

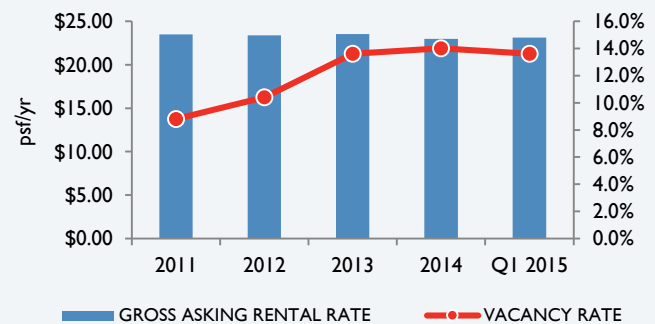
### OUTLOOK

It is estimated that New Brunswick's economy has grown for the first time in three years, although it remained quite frail in 2014. "While the latest data has yet to signal a convincing upturn in activity, our view is that economic fundamentals are becoming increasingly positive for the province and will allow the economy to gather steam this year (RBC Financial Outlook)". The province awaits the commencement of several capital projects including Bell Aliant's proposed \$25-million data center in Saint John, the Fredericton Knowledge Park Expansion, the extension of Dieppe Boulevard to enable retail, office and commercial developments as well as the Energy East Pipeline, Saint John Pulp Mill, and the Oxford Frozen Food Facility.

### STATS ON THE GO

	Q1 2014	Q1 2015	Y-0-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	13.5%	13.6%	0.1 pp	▼
Direct Net Asking Rents (psf/yr)	\$12.96	\$12.69	-2.1%	▲
YTD Absorption (sf)	5,078	12,725	7,647 sf	▲

### RENTAL VS. VACANCY RATES



## 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	1,261,210	11.2%	10.0%	0	0	(2,398)	(2,398)	\$15.86	\$28.60
Class B	1,652,213	7.9%	7.9%	0	0	22,497	22,497	\$11.09	\$21.15
Class C	356,482	29.7%	27.3%	0	0	(23,136)	(23,136)	\$10.27	\$19.95
<b>MONCTON</b>	<b>3,269,905</b>	<b>11.6%</b>	<b>10.8%</b>	<b>0</b>	<b>0</b>	<b>(3,037)</b>	<b>(3,037)</b>	<b>\$13.00</b>	<b>\$24.14</b>
Class A	765,994	15.8%	13.7%	0	0	967	967	\$14.02	\$25.65
Class B	833,330	7.2%	6.0%	0	0	428	428	\$13.10	\$21.78
Class C	377,387	11.1%	10.3%	0	0	3,770	3,770	\$12.56	\$20.61
<b>FREDERICTON</b>	<b>1,976,711</b>	<b>11.1%</b>	<b>9.8%</b>	<b>0</b>	<b>0</b>	<b>5,165</b>	<b>5,165</b>	<b>\$13.35</b>	<b>\$23.06</b>
Class A	780,461	8.1%	7.8%	0	0	(11,148)	(11,148)	\$14.72	\$28.80
Class B	893,521	16.8%	16.8%	0	0	16,501	16,501	\$10.95	\$20.32
Class C	730,416	31.2%	31.2%	0	0	5,244	5,244	\$9.60	\$16.32
<b>SAINT JOHN</b>	<b>2,404,398</b>	<b>18.3%</b>	<b>18.2%</b>	<b>0</b>	<b>0</b>	<b>10,597</b>	<b>10,597</b>	<b>\$11.76</b>	<b>\$21.86</b>
<b>TOTALS</b>	<b>7,651,014</b>	<b>13.6%</b>	<b>12.9%</b>	<b>0</b>	<b>0</b>	<b>12,725</b>	<b>12,725</b>	<b>\$12.69</b>	<b>\$23.11</b>

\* RENTAL RATES REFLECT ASKING \$PSF/YEAR

## MARKET HIGHLIGHTS

SIGNIFICANT Q1 2015 LEASE TRANSACTIONS	SUBMARKET	TENANT/BUYER	BUILDING CLASS	SQUARE FEET
N/A				
SIGNIFICANT Q1 2015 SALE TRANSACTIONS	SUBMARKET	BUYER	PURCHASE PRICE / \$PSF	SQUARE FEET
11-15 Brandon Street	Moncton	Moncton Community Residences	\$365,000	3,000
290 Main Street	Shediac	ECB Investments	\$1,500,000	12,561
SIGNIFICANT Q1 2015 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				