

MARKETBEAT OFFICE SNAPSHOT

NEW BRUNSWICK

A Cushman & Wakefield Research Publication

Q3 2013



ECONOMIC OVERVIEW

The province's projected real GDP growth of 0.8% in 2013 is still on target as the potential game-changing projects in the province have had a limited near-term effect on economic activity. RBC

Economics are forecasting the rate of GDP growth to double to nearly 1.5% in 2014; stemming from further strengthening in the U.S. outlook.

According to TD Economics, employment numbers in New Brunswick are expected to drop in 2013; the fourth consecutive year of declines. As mentioned in the previous quarter, out-migration remains a great concern. Interprovincial migration has resulted in a net decline of approximately 3,600 people; representing 0.5% of New Brunswick's population.

OFFICE OVERVIEW

The overall vacancy rate for the province has increased by 0.9 percentage points from the second quarter to reach 11.7%. Vacancy in Moncton has remained flat with Fredericton seeing a slight increase of 1.2 percentage points. Saint John's negative absorption of 39,484 square feet (sf) pushed the overall vacancy rate to increase by 1.7 percentage points over last quarter. Direct asking net rents and average gross rents for the province remain unchanged from the second quarter.

Until a new capital project, such as the EnergyEast Pipeline, moves ahead, the markets in Saint John and Fredericton will remain challenged as regional companies have found alternate methods to serve these markets. In addition, outsourcing, which has been the backbone of occupancy for 15 years, has diminished in size.

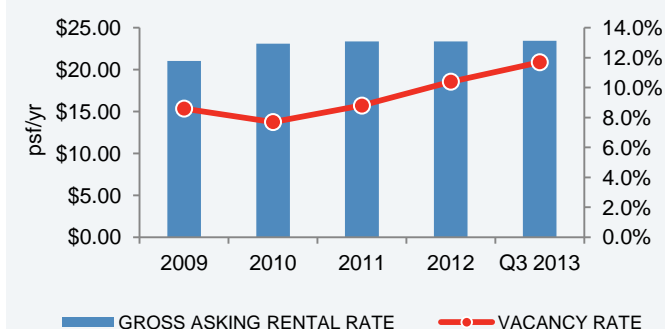
OUTLOOK

According to TD Economics the long term prospects for the province are brighter. The prospect of converting Canaport LNG - Canada's only liquefied natural gas receiving terminal - into an export facility could be highly beneficial for the province. In addition, the completion of the PotashCorp expansion should result in increased production in 2014-2015.

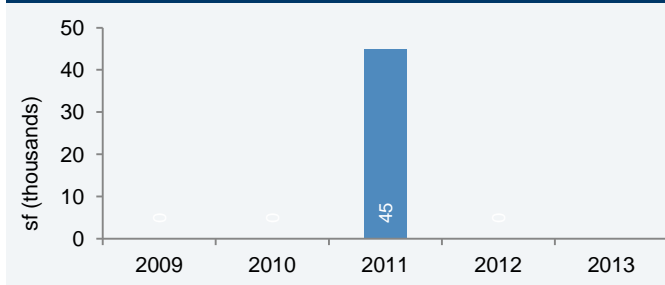
STATS ON THE GO

	Q3 2012	Q3 2013	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	7.1%	11.7%	4.6%	▼
Direct Net Asking Rents (psf/yr)	\$13.33	\$13.26	-0.5%	◄
YTD Absorption (sf)	23,293	(103,472)	(126,765)	▼

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	4.2%	4.2%			200	17,601	\$15.94	\$28.08
Class B	1,200,726	9.4%	9.4%			720	(23,312)	\$11.28	\$21.27
Class C	356,482	15.5%	15.5%			(800)	(24,651)	\$9.27	\$17.07
MONCTON	2,695,893	8.0%	8.0%			120	(30,362)	\$13.47	\$24.30
Class A	720,994	9.1%	9.1%			(3,958)	27,755	\$14.68	\$26.24
Class B	833,330	5.5%	5.5%			(12,516)	(9,736)	\$14.26	\$22.82
Class C	377,387	9.0%	9.0%			(5,478)	(13,807)	\$12.54	\$20.28
FREDERICTON	1,931,711	7.5%	7.5%			(21,952)	4,212	\$14.11	\$23.68
Class A	780,461	6.8%	6.8%			(7,272)	(27,925)	\$15.16	\$28.59
Class B	853,521	25.2%	25.2%			(32,125)	(9,860)	\$12.19	\$21.76
Class C	730,440	26.0%	26.0%			(87)	(39,537)	\$9.56	\$16.80
SAINT JOHN	2,364,422	19.4%	19.4%			(39,484)	(77,322)	\$12.38	\$22.53
TOTALS	6,992,026	11.7%	11.7%			(61,316)	(103,472)	\$13.26	\$23.46

* RENTAL RATES REFLECT ASKING \$PSF/YEAR

MARKET HIGHLIGHTS

Significant Q3 2013 Lease Transactions	SUBMARKET	TENANT/BUYER	BUILDING CLASS	SQUARE FEET
2 King St.	Saint John	Connors CL GP Ltd.	B	5,311
154 Queen St.	Moncton	CAFi	B	5,130
495 Rothesay Ave.	Saint John	BathFitter	B	4,761
560 Main St.	Saint John	Nightshift Answering Service	B	4,597
Significant Q3 2013 Sale Transactions	SUBMARKET	BUYER	PURCHASE PRICE / \$PSF	SQUARE FEET
461 Rothesay Ave.	Saint John	Sovereign Asset Management	\$360,000.00	½ acre
Significant Q3 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	-	-	-	-