

NEW BRUNSWICK INDUSTRIAL

Economic Indicators

	Q2 15	Q2 16	12-Month Forecast
NB Employment	351k	349.6k	▼
NB Unemployment	11.6%	10.3%	▼
Canadian Unemployment	6.8%	6.9%	▲

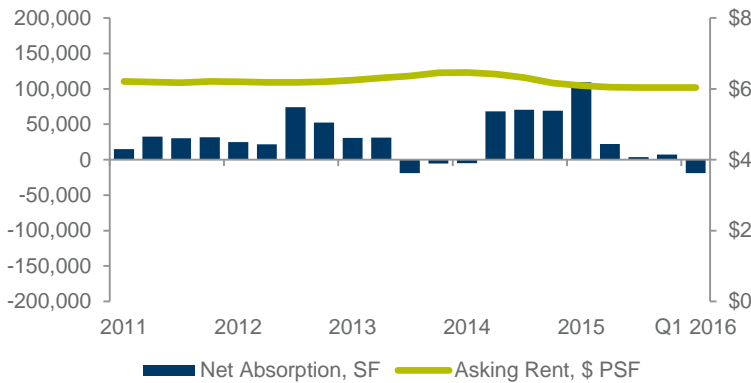
Market Indicators

	Q2 15	Q2 16	12-Month Forecast
Overall Vacancy	14.3%	15.2%	▲
Net Absorption (sf)	64,801	34,869	▼
Under Construction (sf)	0	0	■
Overall Average Asking Rent*	\$6.05	\$6.06	▲

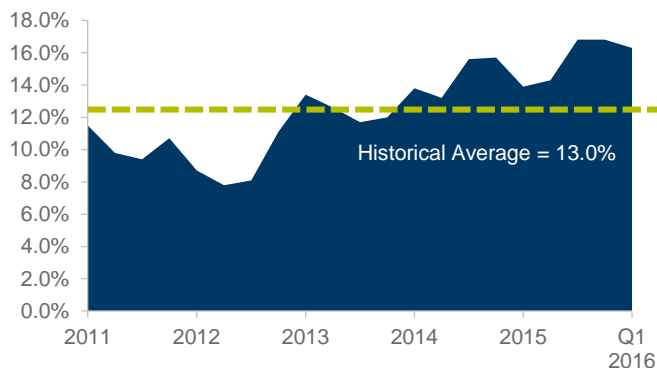
*Rental rates reflect net asking \$psf/year

Net Absorption/Overall Asking Rent

4Q TRAILING AVERAGE



Overall Vacancy



Economy

According to RBC Economics, even looking through the effect of a maintenance-related shutdown of the Saint John refinery last year, exports were stuck in low gear in 2015, and that weakness has not ended so far in 2016. The province's export outlook took a hit when the newly commissioned Picadilly mine was shuttered in the wake of low potash prices; however, there will be some offset from a full year of metal production at the Caribou mine. Outside of mining and despite declining exports overall, there are localized sources of strength in food manufacturing, wood products, and paper products, which bode well for future export growth. Steadily rising US housing starts and investments in domestic capacity are helping to drive exports of wood products, which are up 25% so far this year. The province's tourism industry is also getting a boost from a weaker Canadian dollar that is enticing US shoppers across the border. Visitors arriving by car are up 15% so far this year, which may be contributing to a 9% year-to-date gain in retail sales.

Market Overview

Moncton, Fredericton and Saint John posted a combined positive absorption total of 32,869 square feet (sf) in Q2 2016, with a slight decrease of vacancy from last quarter to 15.2%. A notable move in Moncton is Maple Leaf Tractors & Equipment Inc. occupying 7,200 sf of industrial space which Cushman & Wakefield Atlantic helped facilitate. Fredericton's vacancy rate decreased 1.3 percentage points to 10.5% this quarter. The Saint John area remained relatively stable, with a small decrease in vacancy this quarter to 16.2%.

Outlook

The Province is leaning on tax hikes and some public-sector restraint measures to support spending growth in other areas, leading to a drawn out pace of deficit reduction. Among new tax measures introduced this year is a 2 ppt increase in the Harmonized Sales Tax, to 15%, effective July 1st—that will raise \$300 million, offset by \$100 million in expanded credits for lower income earners. The general corporate income tax rate will rise by 2 ppts, to 14%. The top marginal income tax rate, however, was lowered to 20.3% on incomes above \$150,000. Without this change, the top combined federal-provincial rate would have ballooned to 58.8% this year due to changes at the federal level—instead it will now sit at 53.3%. That is roughly in-line with Quebec and Ontario, and 0.7 ppts lower than Nova Scotia. (BMO Capital Markets)

MARKETBEAT

Industrial Snapshot Q2 2016

New Brunswick



SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	TOTAL VACANT SPACE (SF)	OVERALL VACANCY RATE	CURRENT NET OVERALL ABSORPTION (SF)	YTD NET OVERALL ABSORPTION (SF)	UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS (SF)	DIRECT WEIGHTED AVG. NET RENT*	DIRECT WEIGHTED AVG. ADD RENT	DIRECT WEIGHTED AVG. GROSS RENT
Greater Moncton	8	444,978	17,867	4.0%	1,526	1,526	0	0	\$5.83	\$3.01	\$8.84
Moncton Industrial Park	44	2,228,158	455,602	20.4%	51,718	51,718	0	0	\$5.52	\$3.11	\$8.62
Dieppe Industrial Park	17	546,429	51,506	9.4%	(5,400)	(5,400)	0	0	\$6.96	\$3.40	\$10.36
Caledonia Industrial Park	15	955,232	126,128	13.2%	0	0	0	0	\$5.96	\$2.87	\$8.83
MONCTON TOTALS	84	4,174,797	651,103	15.6%	47,844	47,844	0	0	\$5.82	\$3.10	\$8.92
Greater Fredericton	3	132,310	3,450	2.6%	1,500	1,500	0	0	\$7.50	\$3.88	\$11.38
Fredericton Industrial Park	12	331,615	45,032	13.6%	4,948	4,948	0	0	\$7.07	\$5.03	\$12.10
FREDERICTON TOTALS	15	463,925	48,482	10.5%	6,448	6,448	0	0	\$7.19	\$4.70	\$11.89
SAINT JOHN TOTALS	13	412,031	66,850	16.2%	(9,900)	(9,900)	0	0	\$6.94	\$4.07	\$11.01
NEW BRUNSWICK TOTALS	112	5,050,753	766,435	15.2%	55,392	34,869	0	0	\$6.06	\$3.35	\$9.41

*Rental rates reflect asking \$psf/year

Key Lease Transactions Q2 2016

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
9 Zach Road	7,200	Maple Leaf Tractors & Equipment Inc.	Lease	Moncton
186 Halifax Street	4,800	Rogers New and Used	Lease	Moncton

Key Sales Transactions Q2 2016

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
265 Caledonia Road	2,991	Undisclosed	Undisclosed	Moncton
95 Urquhart Avenue	8,000	Undisclosed	Undisclosed	Moncton
136 English Drive	14,460	Undisclosed	Undisclosed	Moncton

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