

## NEW BRUNSWICK INDUSTRIAL

### Economic Indicators

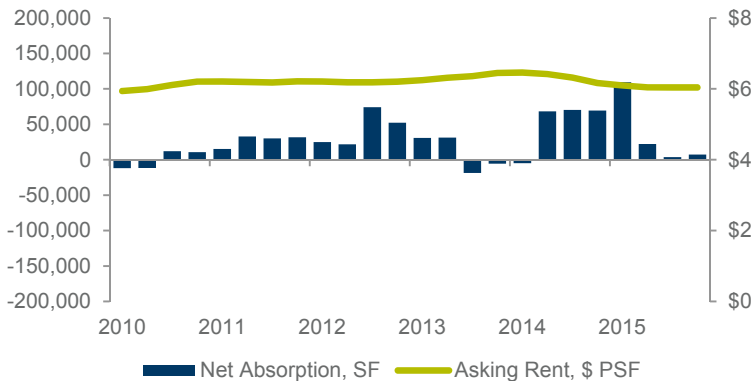
	2014	2015	12-Month Forecast
NB Employment	355k	356k	▲
NB Unemployment	8.9%	7.7%	▼
Canadian Unemployment	6.6%	7.1%	■

### Market Indicators

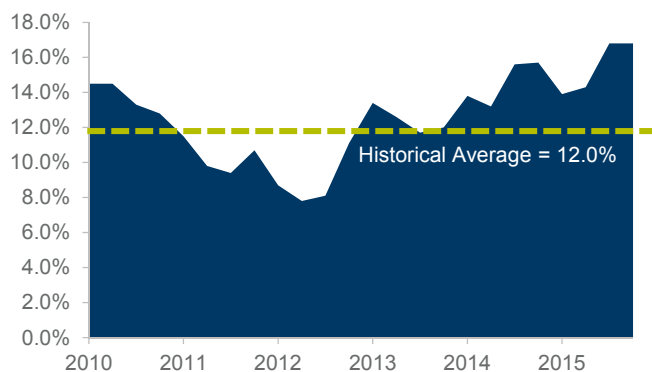
	2014	2015	12-Month Forecast
Overall Vacancy	15.7%	16.8%	▲
Net Absorption (sf)	277,386	29,551	▲
Under Construction (sf)	174,000	0	▼
Overall Average Asking Rent	\$6.04	\$6.03	▼

### Net Absorption/Overall Asking Rent

#### 4Q TRAILING AVERAGE



### Overall Vacancy



## Economy

According to RBC Economics, New Brunswick experienced subdued overall growth in 2015. However, there are signs suggesting that the provincial economy did start to build momentum as the year progressed, which will likely contribute to an acceleration of growth in 2016. Non-energy exports are beginning to increase, and there have been significant gains in manufacturing employment; the result of increased capital spending, a weak Canadian dollar, and finally a boost in U.S. demand. Hiring in export-related industries is expected to stimulate and support an increase in consumer spending, which should help to bolster the domestic economy, despite continually weak demographics. After expanding by 1.0% in 2015, New Brunswick's real GDP growth is expected to improve to 1.2% in 2016.

## Market Overview

Moncton, Fredericton and Saint John posted a combined negative absorption of 1,614 square feet (sf) in Q4 2015, with vacancy remaining unchanged from last quarter at 16.8%. Notable moves in Moncton included Fed-Ex's relocation out of 80 Driscoll Crescent, bringing 12,000 sf to the Moncton market. In addition, there was an undisclosed tenant that moved into the remaining space available at 455-467 Adelard-Savoie Boulevard; bringing this property to full occupancy. Fredericton's vacancy rate dropped 0.1 percentage points to 9.4% this quarter. Notable transactions in the Fredericton market this quarter included Maybee Brewing leasing 6,000 sf at 559 Wilsey Road. The Saint John area remained relatively stable, with a small increase in vacancy this quarter, posting an overall vacancy rate of 13.4%.

## Outlook

Non-energy exports, including metal ores, seafood and forestry products are expected to drive economic growth in New Brunswick this year (RBC Economics). After re-opening to satisfy an increase in international demand for potash in 2014, the Penobsquis potash mine has now been closed, followed by an indefinite cessation at Picadilly mine. In the north however, the newly commissioned Caribou mine will see increased production of a variety of metal ores next year.

It is expected that there will be strong growth in the export of food and forestry products which both continue to post consistent gains with the steady rise in U.S. housing construction. New investments in both seafood and forestry throughout the province are indicating further growth in 2016 and 2017. In terms of capital projects, the RBC Provincial Outlook cited some reprieve for the economy in Saint John in late 2015, with the Saint John refinery undergoing a \$200 million upgrade project that created thousands of temporary jobs.

## MARKETBEAT

## Industrial Snapshot Q4 2015

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	40,090	9.0%	(4,463)	51,163	0	0	\$5.75	\$3.01	\$8.76
Moncton Industrial Park	44	2,228,158	555,306	25.0%	(23,964)	(66,636)	0	0	\$5.52	\$3.02	\$8.53
Dieppe Industrial Park	17	546,429	39,576	7.3%	5,329	38,580	0	0	\$6.95	\$3.37	\$10.32
Caledonia Industrial Park	15	955,232	113,528	11.9%	22,650	(11,528)	0	0	\$6.01	\$2.76	\$8.77
<b>MONCTON TOTALS</b>	<b>84</b>	<b>4,174,797</b>	<b>749,680</b>	<b>18.0%</b>	<b>(448)</b>	<b>11,579</b>	<b>0</b>	<b>0</b>	<b>\$5.83</b>	<b>\$3.03</b>	<b>\$8.85</b>
Greater Fredericton	3	132,310	4,950	3.7%	6,050	2,600	0	0	\$7.50	\$3.85	\$11.35
Fredericton Industrial Park	12	331,615	38,624	11.6%	(5,716)	3,640	0	0	\$7.13	\$5.05	\$12.18
<b>FREDERICTON TOTALS</b>	<b>15</b>	<b>463,925</b>	<b>43,574</b>	<b>9.4%</b>	<b>334</b>	<b>6,240</b>	<b>0</b>	<b>0</b>	<b>\$7.24</b>	<b>\$4.71</b>	<b>\$11.94</b>
<b>SAINT JOHN TOTALS</b>	<b>13</b>	<b>432,031</b>	<b>58,050</b>	<b>13.4%</b>	<b>(1,500)</b>	<b>11,732</b>	<b>0</b>	<b>0</b>	<b>\$6.56</b>	<b>\$4.00</b>	<b>\$10.56</b>
<b>NEW BRUNSWICK TOTALS</b>	<b>112</b>	<b>5,070,753</b>	<b>851,304</b>	<b>16.8%</b>	<b>(1,614)</b>	<b>29,551</b>	<b>0</b>	<b>0</b>	<b>\$6.03</b>	<b>\$3.28</b>	<b>\$9.32</b>

\*Rental rates reflect asking \$psf/year

## Key Lease Transactions Q4 2015

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
222 Edinburgh Dr	5,625	Undisclosed	New Lease	Moncton
210 Millenium Blvd	7,560	Undisclosed	New Lease	Moncton

## Key Sales Transactions Q4 2015

PROPERTY	SF	SELLER/BUYER	PRICE	SUBMARKET
11-15 Brandon St	3000 Bld/15000 Lot	Undisclosed	N/A	Moncton

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