

MARKETBEAT OFFICE SNAPSHOT



NEW BRUNSWICK

A Cushman & Wakefield Research Publication

Q2 2013



ECONOMIC OVERVIEW

New Brunswick's economic performance remains flat after preliminary estimates indicated a decline in economic activity in 2012. The inactivity in goods-producing industries, along with a stagnant job

market, forced many households to reduce expenditures. However, New Brunswick's labor market is now stabilizing according to RBC, and with an improvement in the employment rate this should boost overall household income and help restore consumer confidence. However, overall consumer spending could possibly weaken with the increase in personal income tax rates to be implemented July 1st, 2013.

OFFICE OVERVIEW

The overall performance of New Brunswick's office markets in the second quarter of 2013 was flat. Saint John experienced negative absorption of 51,350 square feet (sf) this quarter, which drove its vacancy rate up to 17.7% from 15.5% reported in the first quarter of 2013. There have been no significant changes in asking rents this quarter; however there has been a small increase in gross rental costs mainly due to year-end adjustments to operating expenses which in turn reflects increases in tax rates and maintenance costs. Demand remains tepid in all three cities, with supply additions continuing, which will lead to re-purposing of older stock. There does remain a flight to quality, and early indications are that the leasing of Terminal Centre in Moncton during its retro fit is going well.

OUTLOOK

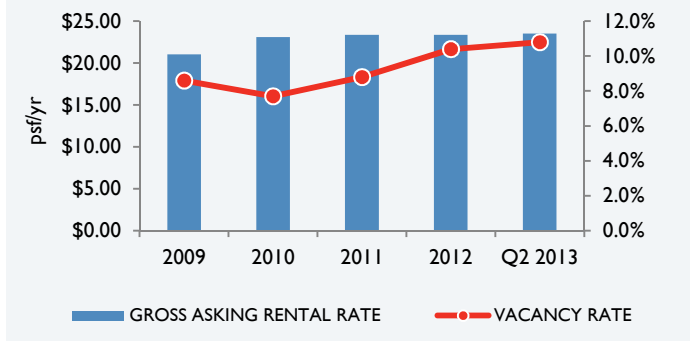
The City of Moncton has recently announced the purchase of Highfield Square on Main Street. This prime location will be the preferred site of a \$105 million dollar, 9,000 seat multi-purpose complex. Construction is tentatively planned to begin in 2015. This will no doubt increase the hospitality, retail, and restaurant industry in CBD Moncton. Re-development of the surrounding lands and buildings of this complex will certainly

change the face of the downtown. The opening of this complex will likely be in 2017.

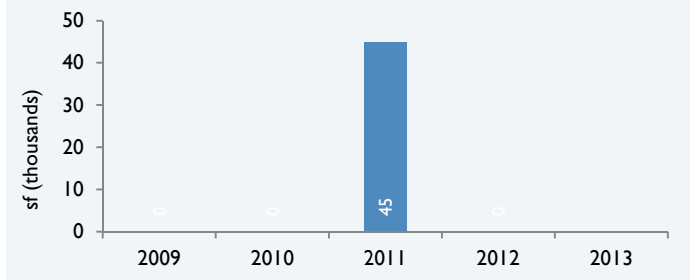
STATS ON THE GO

	Q2 2012	Q2 2013	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	6.6%	10.8%	4.2%	▼
Direct Net Asking Rents (psf/yr)	\$13.41	\$13.27	1.0%	◄►
YTD Absorption (sf)	56,591	(42,156)	98,747	▼

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%			9,348	17,401	\$15.94	\$28.08
Class B	1,200,726	9.4%	9.4%			(4,476)	(24,032)	\$11.28	\$21.27
Class C	356,482	15.3%	15.3%			(1,685)	(23,851)	\$9.62	\$17.43
MONCTON	2,695,893	8.0%	8.0%			3,187	(30,482)	\$13.53	\$24.36
Class A	720,994	8.5%	8.5%			(143)	31,713	\$14.70	\$27.30
Class B	833,330	4.0%	4.0%			5,689	2,780	\$14.28	\$22.84
Class C	390,887	7.3%	7.3%			510	(8,329)	\$12.84	\$20.58
FREDERICTON	1,945,211	6.3%	6.3%			6,056	26,164	\$14.15	\$23.98
Class A	780,461	5.8%	5.8%			(22,200)	(20,653)	\$15.16	\$28.59
Class B	853,521	21.4%	21.4%			(22,849)	22,265	\$12.09	\$21.53
Class C	730,440	26.0%	26.0%			(6,301)	(39,450)	\$9.56	\$16.80
SAINT JOHN	2,364,422	17.7%	17.7%			(51,350)	(37,838)	\$12.34	\$22.44
TOTALS*	7,005,526	10.8%	10.8%			(42,107)	(42,156)	\$13.27	\$23.52

* RENTAL RATES REFLECT ASKING \$PSF/YEAR

MARKET HIGHLIGHTS

Significant Q2 2013 Lease Transactions	SUBMARKET	TENANT/BUYER	BUILDING CLASS	SQUARE FEET
1133 Regent St.	Fredericton	Investors Group	A	9,196
1909 Mountain Rd.	Moncton	KTH Restaurant Consulting Serv.	B	3,360
69 King St.	Saint John	Estabrooks Engineering Inc.	B	3,000
1644 Mountain Rd.	Moncton	Statefarm Insurance	B	1,725
1644 Mountain Rd.	Moncton	Yoga Studio	B	1,536
Significant Q2 2013 Sale Transactions	SUBMARKET	BUYER	PURCHASE PRICE / \$PSF	SQUARE FEET
260 Coverdale Rd.	Riverview	629594 NB Ltd.	\$1,130,000	12 Units
Significant Q2 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	-	-	-	-