

Industrial Snapshot Q1 2016

New Brunswick



NEW BRUNSWICK INDUSTRIAL

Economic Indicators

	Q1 15	Q1 16	12-Month Forecast
NB Employment	351k	346k	▼
NB Unemployment	11.6%	9.3%	▼
Canadian Unemployment	6.8%	7.3%	▲

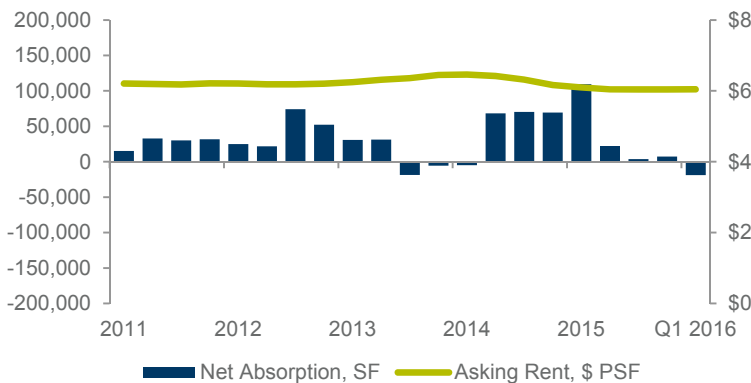
Market Indicators

	Q1 15	Q1 16	12-Month Forecast
Overall Vacancy	13.9%	16.3%	▲
Net Absorption (sf)	84,770	(20,523)	▲
Under Construction (sf)	0	0	■
Overall Average Asking Rent*	\$6.04	\$6.06	▲

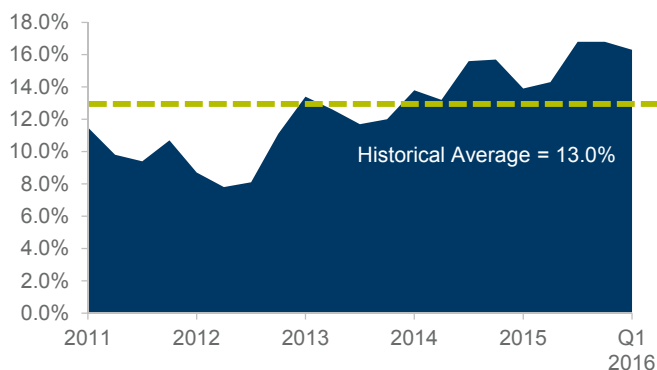
*Rental rates reflect net asking \$psf/year

Net Absorption/Overall Asking Rent

4Q TRAILING AVERAGE



Overall Vacancy



Economy

According to RBC Economics, New Brunswick is expected to be among the slower-growing provincial economies in 2016 with a growth rate of 0.4%. This forecast represents both a continuation of the lacklustre economic performance of the province since 2010, and a downgrade from the expected growth of 1.0% in 2015. The near-term outlook reflects the announced closure of a prominent potash mine and a tough provincial budget, which comes amid demographic challenges and declining investment spending. It is expected that exports will be a key growth driver during the forecast period and will contribute to a modest acceleration of growth of 0.6% in 2017.

Market Overview

Moncton, Fredericton and Saint John posted a combined negative absorption total of 20,523 square feet (sf) in Q1 2016, with a slight decrease of vacancy from last quarter to 16.3%. Notable moves in Moncton includes Lumen Electric relocating to 1070 St. George Boulevard, occupying 12,997 sf of the Industrial space. In addition, 106-282 Dieppe Boulevard lost a tenant that occupied the entire building; resulting in 9,000 sf coming back to the market. Fredericton's vacancy rate increased 2.4 percentage points to 11.8% this quarter. The Saint John area remained relatively stable, with a small increase in vacancy this quarter to 16.5%.

Outlook

In early 2015, the province launched a Strategic Program Review to identify the measures needed to close an estimated \$600 million structural deficit. The results were a host of recommendations, many of which found their way into the recently released budget. Some examples were a 2 percentage point increase in the provincial portion of the Harmonized Sales Tax (HST), elimination of a number of managerial positions in the public sector, and consolidation of government operations and programs. The upshot is that revenue growth is expected to outpace expenditure growth and return the province to surplus during a five-year horizon. While many of the included measures will likely subtract from economic growth in the short term by sapping consumer and government spending, the government maintained its commitment to transportation and other public-infrastructure spending as an 'important stimulus' in the midst of a fragile economy. (RBC Economics)

MARKETBEAT

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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	19,393	4.4%	20,697	20,697	0	0	\$5.83	\$3.01	\$8.84
Moncton Industrial Park	44	2,228,158	507,320	22.8%	(1,014)	(1,014)	0	0	\$5.52	\$3.11	\$8.62
Dieppe Industrial Park	17	546,429	46,120	8.4%	(6,350)	(6,350)	0	0	\$6.96	\$3.40	\$10.36
Caledonia Industrial Park	15	955,232	126,128	13.2%	(12,600)	(12,600)	0	0	\$5.96	\$2.87	\$8.83
MONCTON TOTALS	84	4,174,797	698,947	16.7%	733	733	0	0	\$5.82	\$3.10	\$8.92
Greater Fredericton	3	132,310	4,950	3.7%	0	0	0	0	\$7.50	\$3.88	\$11.38
Fredericton Industrial Park	12	331,615	49,980	15.1%	(11,356)	(11,356)	0	0	\$7.07	\$5.03	\$12.10
FREDERICTON TOTALS	15	463,925	54,930	11.8%	(11,356)	(11,356)	0	0	\$7.19	\$4.70	\$11.89
SAINT JOHN TOTALS	13	412,031	67,950	16.5%	(9,900)	(9,900)	0	0	\$6.96	\$4.07	\$11.02
NEW BRUNSWICK TOTALS	112	5,050,753	821,827	16.3%	(20,523)	(20,523)	0	0	\$6.06	\$3.35	\$9.41

*Rental rates reflect asking \$psf/year

Key Lease Transactions Q1 2016

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
1180 St. George Boulevard	20,000	OK Tire	Lease	Moncton
643 Babin Street	3,200	Vista Care	Lease	Dieppe

Key Sales Transactions Q1 2016

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
327 King William Road	8,800	Undisclosed	Undisclosed	Fredericton

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MARKETBEAT

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Q1 2016	Moncton	Fredericton	Saint John	Total
Total Space	4,174,797	463,925	412,031	5,050,753
Direct Vacant Space	657,747	54,930	67,950	780,627
Sublet	41,200	0	0	41,200
Total Vacant	698,947	54,930	67,950	821,827
Direct Vacancy Rate (%)	15.8%	11.8%	16.5%	15.5%
Total Vacancy Rate (%)	16.7%	11.8%	16.5%	16.3%
Occupied Space (including sublet)	3,517,050	408,995	344,081	4,270,126
Occupied Space (excluding sublet)	3,475,850	408,995	344,081	4,228,926
Weighted average Net Rent	\$5.82	\$7.19	\$6.96	\$6.06
Weighted average CAM	\$3.10	\$4.70	\$4.07	\$3.35
Gross Rent	\$8.92	\$11.89	\$11.02	\$9.41
3 Month Absorption (Direct)	37,736	-11,356	-9,900	16,480
YTD Absorption (Direct)	37,736	-11,356	-9,900	16,480
3 month Absorption (Overall)	733	-11,356	-9,900	-20,523
YTD Absorption (Overall)	733	-11,356	-9,900	-20,523
New Supply (Current Quarter)	0	0	0	0
New Supply YTD	0	0	0	0

Q4 2015	Moncton	Fredericton	Saint John	Total
Total Space	4,174,797	463,925	432,031	5,070,753
Direct Vacant Space	695,483	43,574	58,050	797,107
Sublet	54,197	0	0	54,197
Total Vacant	749,680	43,574	58,050	851,304
Direct Vacancy Rate (%)	16.7%	9.4%	13.4%	15.7%
Total Vacancy Rate (%)	18.0%	9.4%	13.4%	16.8%
Occupied Space (including sublet)	3,479,314	420,351	373,981	4,273,646
Occupied Space (excluding sublet)	3,425,117	420,351	373,981	4,219,449
Weighted average Net Rent	\$5.83	\$7.24	\$6.56	\$6.03
Weighted average CAM	\$3.03	\$4.71	\$4.00	\$3.28
Gross Rent	\$8.85	\$11.94	\$10.56	\$9.32
3 Month Absorption (Direct)	31,749	334	-1,500	30,583
YTD Absorption (Direct)	-5,424	6,240	11,732	12,548
3 month Absorption (Overall)	-448	334	-1,500	-1,614
YTD Absorption (Overall)	11,579	6,240	11,732	29,551
New Supply (Current Quarter)	0	0	0	0
New Supply YTD	0	0	0	0

Q3 2015	Moncton	Fredericton	Saint John	Total
Total Space	4,174,797	463,925	432,031	5,070,753
Direct Vacant Space	727,232	43,908	56,550	827,690
Sublet	22,000	0	0	22,000

Total Vacant	749,232	43,908	56,550	849,690
Direct Vacancy Rate (%)	17.4%	9.5%	13.1%	16.3%
Total Vacancy Rate (%)	17.9%	9.5%	13.1%	16.8%
Occupied Space (including sublet)	3,447,565	420,017	375,481	4,243,063
Occupied Space (excluding sublet)	3,425,565	420,017	375,481	4,221,063
Weighted average Net Rent	\$5.83	\$7.24	\$6.56	\$6.03
Weighted average CAM	\$3.03	\$4.71	\$4.00	\$3.28
Gross Rent	\$8.85	\$11.94	\$10.56	\$9.32
3 Month Absorption (Direct)	-68,936	7,500	8,600	-52,836
YTD Absorption (Direct)	-37,173	5,906	13,232	-18,035
3 month Absorption (Overall)	-49,736	7,500	8,600	-33,636
YTD Absorption (Overall)	12,027	5,906	13,232	31,165
New Supply (Current Quarter)	0	0	0	0
New Supply YTD	0	0	0	0

Q2 2015	Moncton	Fredericton	Saint John	Total
Total Space	4,069,797	463,925	432,031	4,965,753
Direct Vacant Space	553,296	51,408	65,150	669,854
Sublet	41,200	0	0	41,200
Total Vacant	594,496	51,408	65,150	711,054
Direct Vacancy Rate (%)	13.6%	11.1%	15.1%	13.5%
Total Vacancy Rate (%)	14.6%	11.1%	15.1%	14.3%
Occupied Space (including sublet)	3,516,501	412,517	366,881	4,295,899
Occupied Space (excluding sublet)	3,475,301	412,517	366,881	4,254,699
Weighted average Net Rent	\$5.84	\$7.24	\$6.56	\$6.05
Weighted average CAM	\$3.03	\$4.71	\$4.00	\$3.29
Gross Rent	\$8.87	\$11.94	\$10.56	\$9.34
3 Month Absorption (Direct)	-53,701	-1,500	-4,768	-59,969
YTD Absorption (Direct)	31,763	-1,594	4,632	34,801
3 month Absorption (Overall)	-13,701	-1,500	-4,768	-19,969
YTD Absorption (Overall)	61,763	-1,594	4,632	64,801
New Supply (Current Quarter)	0	0	0	0
New Supply YTD	0	0	0	0

