

## NEW BRUNSWICK INDUSTRIAL

### Economic Indicators

	Q2 16	Q2 17	12-Month Forecast
NB Employment	348k	384k	▲
NB Unemployment	9.9%	8.4%	▼
Canadian Unemployment	6.9%	6.6%	▼

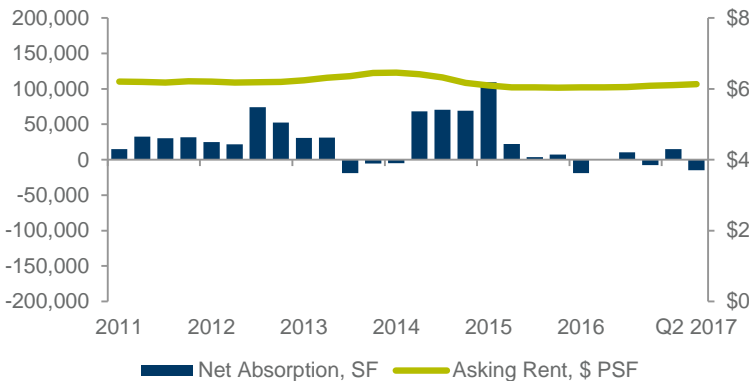
### Market Indicators

	Q2 15	Q2 17	12-Month Forecast
Overall Vacancy	15.2%	18.1%	▲
Net Absorption (sf)	55,392	-64,956	▼
Under Construction (sf)	0	0	■
Overall Average Asking Rent*	\$6.06	\$6.17	▲

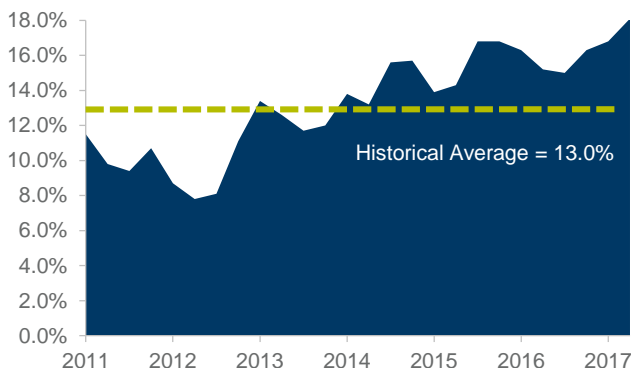
\*Rental rates reflect net asking \$ psf/year

### Net Absorption/Overall Asking Rent

#### 4Q TRAILING AVERAGE



### Overall Vacancy



## Economy

According to RBC Economics, there has been encouraging data that has prompted an improvement in the forecast for the New Brunswick economy in 2017. New Brunswick had a better than expected 2016 with 1.3% growth and are projecting 1.1% growth for 2017. This run of data was primarily influenced by momentum in the construction industry and the strong minimum wage increase. Looking further ahead, RBC projects the New Brunswick economy to slip by 0.8% in 2018. The reason for the decline is related to the challenges regarding weak demographics, but for now are expecting another year of above average growth in the province due to higher government capital spending and strong natural resources which will boost the job sector.

## Market Overview

Moncton, Fredericton and Saint John combined for negative absorption totaling 64,956 square feet (sf) in second quarter 2017, with an overall increase in vacancy to 18.1% from last quarter's 16.8% vacancy rate. Notable changes in the Moncton submarket this quarter were Sobeys' introducing a sublease for 182,000 square feet (sf) at 114 Price Street and a 20,000-square-foot warehouse storage unit centre becoming vacant at 699 St. George Boulevard. Although the overall province saw an increase in industrial vacancy quarter-over-quarter due to softening in Moncton, Fredericton's vacancy rate decreased from 12.8% in first quarter 2017 to 12.4% this quarter, and the Saint John vacancy rate also experienced a decline this quarter falling to 12.6% from 13.8% in first quarter 2017.

## Outlook

RBC Economics is expecting 2017 to be a year of growth in New Brunswick. Although the natural resources sector will be facing challenges in the future, RBC is still seeing a bright forecast for New Brunswick. A positive outlook for mining and fishery should help counter the 13% job loss rate seen thus far in 2017, as these two industries are poised to be growth leaders in New Brunswick this year. High prices for fish products should support jobs and incomes in the fishing industry. However, with over 92% of New Brunswick's exports being destined for the United States, the highest share of any province, a measure of uncertainty exists due to rising protectionist sentiments. Adding to the level of uncertainty are migration trends. Immigration totals have recently been boosted from Syrian refugees and outmigration has slowed. These uncertainties come with a temporary increase in wages and the recent rapid decline in the working age population. These factors will reduce the rate of potential economic growth and shrink the tax base exacerbating fiscal challenges.

MARKETBEAT

# New Brunswick

Industrial Q2 2017



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	11,100	2.5%	6,000	6,000	0	0	\$6.16	\$3.00	\$9.16
Moncton Industrial Park	44	2,228,158	432,209	19.4%	93,259	87,831	0	0	\$5.53	\$3.17	\$8.71
Dieppe Industrial Park	17	546,229	65,406	12.0%	8,900	7,531	0	0	\$7.03	\$3.36	\$10.39
Caledonia Industrial Park	15	1,069,232	317,047	29.7%	-180,575	-68,441	0	0	\$5.99	\$2.77	\$8.76
<b>MONCTON TOTALS</b>	<b>84</b>	<b>4,288,597</b>	<b>825,762</b>	<b>19.3%</b>	<b>-72,416</b>	<b>32,921</b>	<b>0</b>	<b>0</b>	<b>\$5.89</b>	<b>\$3.12</b>	<b>\$9.01</b>
Greater Fredericton	3	132,310	8,250	6.2%	1,800	-4,800	0	0	\$8.18	\$3.93	\$12.11
Fredericton Industrial Park	12	331,615	49,464	14.9%	0	-5,248	0	0	\$7.22	\$5.15	\$12.37
<b>FREDERICTON TOTALS</b>	<b>15</b>	<b>463,925</b>	<b>57,714</b>	<b>12.4%</b>	<b>1,800</b>	<b>-10,048</b>	<b>0</b>	<b>0</b>	<b>\$7.50</b>	<b>\$4.80</b>	<b>\$12.30</b>
<b>SAINT JOHN TOTALS</b>	<b>13</b>	<b>453,031</b>	<b>57,010</b>	<b>12.6%</b>	<b>5,660</b>	<b>-17,140</b>	<b>0</b>	<b>0</b>	<b>\$7.17</b>	<b>\$4.02</b>	<b>\$11.19</b>
<b>NEW BRUNSWICK TOTALS</b>	<b>112</b>	<b>5,205,553</b>	<b>940,486</b>	<b>18.1%</b>	<b>-64,956</b>	<b>5,733</b>	<b>0</b>	<b>0</b>	<b>\$6.17</b>	<b>\$3.37</b>	<b>\$9.54</b>

\*Rental rates reflect asking \$ psf/year

## Key Lease Transactions Q2 2017

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
N/A				

## Key Sales Transactions Q2 2017

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
47 Industrial St.	18,300	IC Property Services Inc.	Undisclosed	Moncton
250 King St. 460 Two Nations Crossing	N/A	Slate Office	Undisclosed	Fredericton

Cushman & Wakefield  
 32 Alma Street  
 Moncton, NB E1C 4Y1  
[www.cushmanwakefield.com](http://www.cushmanwakefield.com)

For more information, contact:  
 Cory MacIntosh,  
 Research & Sales Coordinator  
 Tel: +1 902 334 2169  
[cmacintosh@cwatlantic.com](mailto:cmacintosh@cwatlantic.com)

### About Cushman & Wakefield

Cushman & Wakefield is a leading global real estate services firm that helps clients transform the way people work, shop, and live. The firm's 43,000 employees in more than 60 countries provide deep local and global insights that create significant value for occupiers and investors around the world. Cushman & Wakefield is among the largest commercial real estate services firms with revenue of \$5 billion across core services of agency leasing, asset services, capital markets, facility services (C&W Services), global occupier services, investment & asset management (DTZ Investors), project & development services, tenant representation, and valuation & advisory. To learn more, visit [www.cushmanwakefield.com](http://www.cushmanwakefield.com) or follow @CushWake on Twitter.

Copyright © 2017 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources considered to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.