

## NEW BRUNSWICK INDUSTRIAL

### Economic Indicators

	Q3 16	Q3 17	12-Month Forecast
NB Employment	352k	352k	▲
NB Unemployment	9.4%	7.8%	▼
Canadian Unemployment	7.0%	6.2%	▼

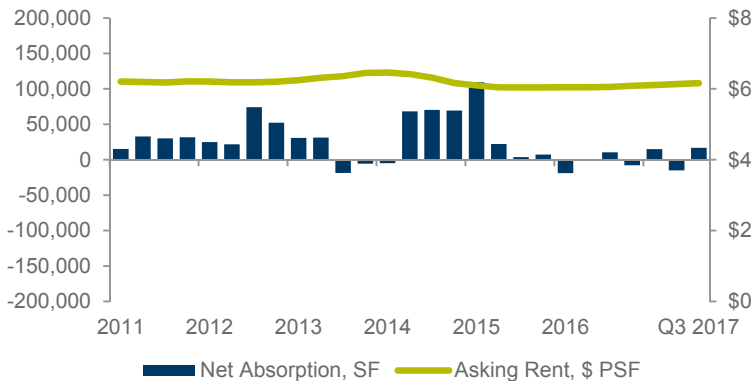
### Market Indicators

	Q3 16	Q3 17	12-Month Forecast
Overall Vacancy	15.0%	15.4%	▼
Net Absorption (sf)	8,410	135,767	▲
Under Construction (sf)	0	0	▼
Overall Average Asking Rent*	\$6.06	\$6.17	▲

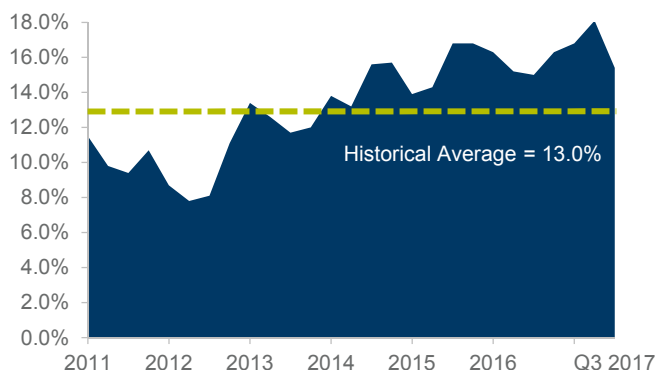
\*Rental rates reflect net asking \$psf/year

### Net Absorption/Overall Asking Rent

#### 4Q TRAILING AVERAGE



### Overall Vacancy



## Economy

RBC Economics has reported that the New Brunswick economy is experiencing an uptick in growth in 2017, with growth expected to be 1.6%; which follows an unexpected 1.3% growth rate in 2016. Accelerated job growth and a sharp unemployment rate decline have helped support the New Brunswick economy and drive this growth. Unfortunately, this growth trend is expected to start to falter moving into 2018. With labour markets tightening, continued pressure on increasing minimum wages and the end of construction projects, the New Brunswick economy will face challenges. But for now, New Brunswick should expect above average growth due to high government spending and strong natural resources, which are helping to boost the job sector.

## Market Overview

Moncton, Fredericton and Saint John posted a combined positive absorption total of 135,767 square feet (sf) in Q3 2017, which lead to a decrease in vacancy from 18.1% in Q2 2017 to 15.4% this quarter. Moncton had the largest decline in vacancy of the three cities, with vacancy falling to 15.9% in Q3 2017 from 19.3% last quarter. Notable contributions to the decline in Moncton's vacancy was an undisclosed single tenant occupying 11,409 sf at 222 Edinburgh Drive, and Big Eric's Restaurant Equipment moving into roughly 8,000 sf at 691 St. George Boulevard. Fredericton was the only city to see a vacancy increase, rising to 13.7% from 12.4% in Q2 2017. Saint John posted the lowest vacancy rate among the cities in New Brunswick with a Q3 2017 vacancy rate of 12.6%, which was unchanged from last quarter.

## Outlook

The natural resources sector will continue to face challenges in the future, but RBC still has a bright outlook for New Brunswick moving into 2018. That being said, major challenges may arise moving into 2019. RBC Economics states that there is an existing trade dispute with the United States over softwood lumber. Historically, New Brunswick was exempt from the majority of tariffs regarding the Softwood Lumber Agreement. However, now as the agreement has expired, the province is in the same standing as the rest of Canada with regard to imposed tariffs, with no indication as of yet if the prior position can be re-established.

## MARKETBEAT

## New Brunswick

Industrial Q3 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	20,897	4.7%	-9,797	-3,797	0	0	\$6.16	\$3.00	\$9.16
Moncton Industrial Park	44	2,234,588	420,259	18.8%	11,950	99,781	0	0	\$5.53	\$3.17	\$8.70
Dieppe Industrial Park	17	546,229	83,551	15.3%	-18,145	-10,614	0	0	\$7.03	\$3.36	\$10.39
Caledonia Industrial Park	18	1,069,332	159,447	14.9%	157,600	89,159	0	0	\$5.99	\$2.77	\$8.76
<b>MONCTON TOTALS</b>	<b>87</b>	<b>4,295,027</b>	<b>684,154</b>	<b>15.9%</b>	<b>141,608</b>	<b>174,529</b>	<b>0</b>	<b>0</b>	<b>\$5.89</b>	<b>\$3.12</b>	<b>\$9.00</b>
Greater Fredericton	3	132,310	6,450	4.9%	1,800	-4,800	0	0	\$8.18	\$3.93	\$12.11
Fredericton Industrial Park	12	331,615	57,105	17.2%	-7,641	-12,889	0	0	\$7.22	\$5.15	\$12.37
<b>FREDERICTON TOTALS</b>	<b>15</b>	<b>463,925</b>	<b>63,555</b>	<b>13.7%</b>	<b>-5,851</b>	<b>-17,689</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>12</b>	<b>453,031</b>	<b>57,010</b>	<b>12.6%</b>	<b>0</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>111</b>	<b>5,211,983</b>	<b>804,719</b>	<b>15.4%</b>	<b>135,767</b>	<b>139,700</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 Q3 2017

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
194 Killam Street	4,560	Wild Cheer Athletics	Lease	Moncton

## Key Sales Transactions Q3 2017

PROPERTY	SF	SELLER/BUYER	TRANSACTION TYPE	SUBMARKET
275 Baig Boulevard	6,120 sf bldg. / 1.03 acres	Atlantic Roofers	Sale	Moncton

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