

NEW BRUNSWICK INDUSTRIAL

Economic Indicators

	Q4 15	Q4 16	12-Month Forecast
NB Employment	356K	355K	▲
NB Unemployment	7.7%	9.4%	▼
Canadian Unemployment	7.1%	6.9%	▼

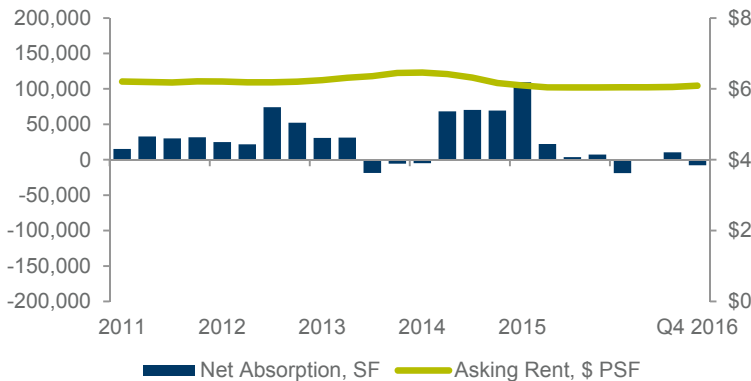
Market Indicators

	Q4 15	Q4 16	12-Month Forecast
Overall Vacancy	16.8%	16.3%	▼
Net Absorption (sf)	29,551	(74,194)	▲
Under Construction (sf)	0	0	▼
Overall Average Asking Rent*	\$6.03	\$6.17	▲

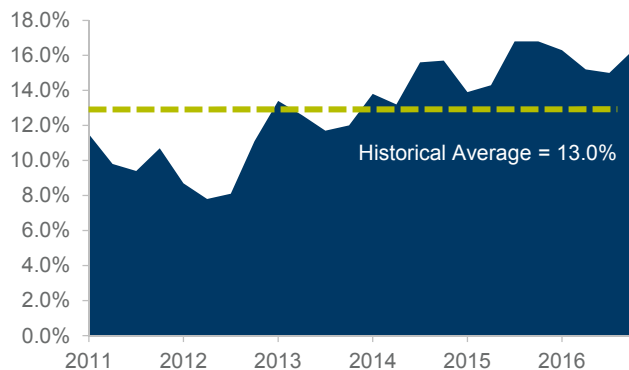
*Rental rates reflect net asking \$psf/year

Net Absorption/Overall Asking Rent

4Q TRAILING AVERAGE



Overall Vacancy



Economy

RBC Economics has reported that after briefly leading the Atlantic Provinces in GDP growth in 2015, indicators now show that New Brunswick's economy stalled in 2016. While economic conditions remained supportive for exports throughout 2016, the year's data disappointed, and the mining sector was set back substantially by the closure of the Picadilly potash mine, which caused a substantial decline in exports of mining products. Relief will not be forthcoming from the manufacturing or construction sectors unfortunately—both of which also show signs of sluggish growth in both output and employment. Overall, nominal merchandise exports declined by 19% in 2016 due principally to decreased exports of refined petroleum products. On a brighter note, there was an “increase in food product exports, led by a 10% gain in seafood products” (RBC Economics).

Market Overview

New Brunswick's Industrial market saw an increase in the overall vacancy rate from Q3 to Q4, climbing from 15.0% to 16.9%. The highest vacancy rate in the province was the Moncton Industrial Park submarket, which posted an overall vacancy rate of 23.3% in Q4, a significant increase from Q3's 19.5%. Two notable changes in the overall Moncton market were located in the Moncton Industrial Park and in the Caledonia Industrial Park. Located in the Moncton Industrial Park, 33 Henri Dunant was vacated by Midland, moving out of just over 38,000 square feet (SF). The other significant change, located in the Caledonia Industrial Park at 75 Urquhart Avenue, was Excellent Detailing vacating 6,000 SF. For the Fredericton market, the overall vacancy rate remained relatively steady at 10.3% in Q4, only a 0.1 percentage point decrease from Q3. As for Saint John, the vacancy rate saw a significant decrease from last quarter, falling to 8.8% from 14.9% in Q3. Saint John posted the highest amount of positive absorption in the province, with close to 24,000 SF.

Outlook

RBC Economics is projecting GDP growth in New Brunswick of 0.5% in 2017 and 0.8% in 2018, and is expecting sustained private-sector hiring to contribute to a rise of 0.4% in provincial employment. As the weak potash prices continue to have an impact on production and exports in New Brunswick, TD Economics is expecting an increase of “24% in housing [to start] next year and non-residential construction to be lifted by the major refurbishment of a deteriorating wharf”.

MARKETBEAT

New Brunswick

Industrial Q4 2016



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	17,100	3.8%	(5,400)	22,990	0	0	\$6.54	\$3.14	\$9.68
Moncton Industrial Park	44	2,228,158	520,040	23.3%	(85,896)	(13,734)	0	0	\$5.54	\$3.14	\$8.68
Dieppe Industrial Park	17	546,429	72,937	13.3%	1,042	(33,181)	0	0	\$7.04	\$3.37	\$10.41
Caledonia Industrial Park	15	955,232	134,606	14.1%	(8,478)	(21,078)	0	0	\$5.94	\$2.76	\$8.70
MONCTON TOTALS	84	4,174,797	744,683	17.8%	(98,732)	(45,003)	0	0	\$5.93	\$3.11	\$9.04
Greater Fredericton	3	132,310	3,450	2.6%	4,500	1,500	0	0	\$7.50	\$3.93	\$11.43
Fredericton Industrial Park	12	331,615	44,216	13.3%	(3,762)	(5,592)	0	0	\$7.22	\$5.15	\$12.37
FREDERICTON TOTALS	15	463,925	47,666	10.3%	738	(4,092)	0	0	\$7.30	\$4.80	\$12.10
SAINT JOHN TOTALS	13	453,031	39,870	8.8%	23,800	18,180	0	0	\$6.98	\$4.00	\$10.99
NEW BRUNSWICK TOTALS	112	5,091,753	832,219	16.3%	(74,194)	(30,915)	0	0	\$6.17	\$3.37	\$9.53

*Rental rates reflect asking \$psf/year

Key Lease Transactions Q4 2016

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
1070 St. George Street	12,997	Sonepar Canada Inc.	Lease	Moncton
378 Coverdale Road	3,000	Avant-Grade Construction Management	Lease	Riverview

Key Sales Transactions Q4 2016

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
320 Edinburgh Drive	136,000 sf/ 10 acres	Organigram Inc.	Undisclosed	Moncton

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