

NEW BRUNSWICK INDUSTRIAL

Economic Indicators

	Q1 17	Q1 18	12-Month Forecast
NB Employment	352K	356K	▼
NB Unemployment	8.9%	8.2%	▼
Canadian Unemployment	6.7%	5.8%	▼

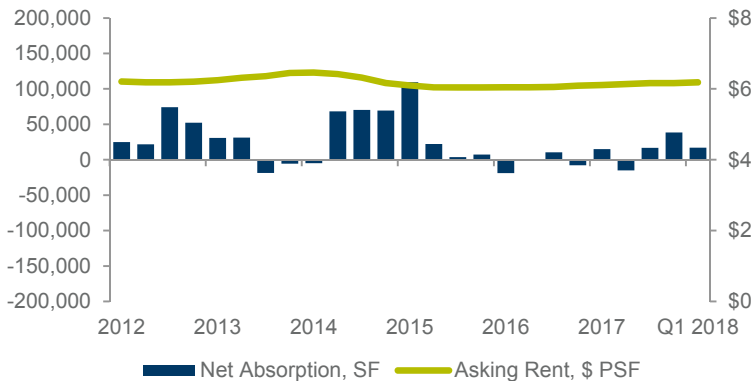
Market Indicators

	Q1 17	Q1 18	12-Month Forecast
Overall Vacancy	16.8%	15.6%	▼
Net Absorption (sf)	70,689	-14,956	▲
Under Construction (sf)	0	0	■
Overall Average Asking Rent*	\$6.14	\$6.22	▲

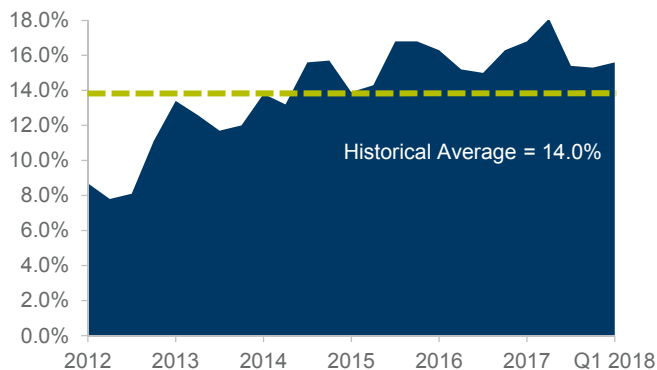
*Rental rates reflect net asking \$psf/year

Net Absorption/Overall Asking Rent

4Q TRAILING AVERAGE



Overall Vacancy



Economy

Better than anticipated economic growth in 2017 allowed the province an opportunity to strengthen its 2018 fiscal policy. There was firmer job growth and lower unemployment than anticipated in 2017. Unfortunately, the economy in New Brunswick is currently surrounded by uncertainty. Current NAFTA negotiations and an unfavourable final decision regarding tariffs with the U.S. for softwood lumber have created potential export challenges, which could run significant risks with the province choosing to run a longer deficit.

Manufacturing and wholesale lost momentum in the first quarter of 2018, although the sectors remain relatively steady. Wood product and fabricated metal manufacturing in particular have seen significant growth over the last year, a trend that is expected to continue. Another sector with a positive outlook is tourism, with a healthy performance in 2017 and no indication of slowing in 2018, in large part due to a robust American dollar.

(Source: TD Economics)

Market Overview

New Brunswick's Industrial market saw an increase in the overall vacancy rate in the first quarter of 2018, climbing 30 basis points to reach 15.6%. The Moncton Industrial Park submarket continues to have the highest vacancy rate in the province, posting a vacancy rate of 21.4% in the first quarter of 2018, a 200 basis point rise from last quarter. All other submarkets within Moncton had decreases in their respective vacancy rates, with the Dieppe Industrial market falling almost 300 basis points from the fourth quarter of 2017 to reach 11.4%. A contributing factor to the Dieppe Industrial market vacancy decrease was Sommers Generator Systems occupying approximately 4,800 square feet (sf) at 551 Ferdinand Boulevard.

In the Fredericton market, there was an increase in the vacancy rate from 11.8% in the fourth quarter of 2017 to 12.2% this quarter. Contributing to this increase was Ackland's Grainger vacating almost 10,000 sf at 190 Alison Boulevard. In Saint John the overall vacancy rate remained unchanged at 12.6%, with no change in occupied space compared to the fourth quarter of 2017.

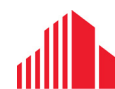
Outlook

TD Economics predict gains in employment, wage growth and retail sales for New Brunswick in 2018. On the other hand, construction will likely be a weak spot for the province as it will be extremely difficult to maintain last year's remarkable results. The latest budget from the New Brunswick government indicated higher spending, aimed at young employment, seniors and business competitiveness. With this higher spending, New Brunswick's net debt should rise extensively to almost 40% of total GDP; making New Brunswick one of the most indebted provinces in Canada, promoting a downgrade by DBRS following the recent budget launch. cushmanwakefield.com

MARKETBEAT

New Brunswick

Industrial Q1 2018


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Atlantic

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	11,147	2.5%	4,500	4,500	0	0	\$6.16	\$3.02	\$9.18
Moncton Industrial Park	44	2,214,588	474,273	21.4%	-46,302	-46,302	0	0	\$5.50	\$3.17	\$8.67
Dieppe Industrial Park	17	546,229	62,201	11.4%	15,550	15,550	0	0	\$6.93	\$3.37	\$10.29
Caledonia Industrial Park	18	1,069,332	145,965	13.7%	13,432	13,432	0	0	\$6.53	\$2.75	\$9.28
MONCTON TOTALS	87	4,275,027	693,586	16.2%	-12,820	-12,820	0	0	\$5.94	\$3.12	\$9.05
Greater Fredericton	3	132,310	12,688	9.6%	-9,688	-9,688	0	0	\$7.93	\$3.91	\$11.84
Fredericton Industrial Park	12	331,615	44,141	13.3%	7,552	7,552	0	0	\$7.39	\$4.97	\$12.35
FREDERICTON TOTALS	15	463,925	56,829	12.2%	-2,136	-2,136	0	0	\$7.54	\$4.66	\$12.21
SAINT JOHN TOTALS	12	453,031	57,010	12.6%	0	0	0	0	\$7.18	\$4.02	\$11.20
NEW BRUNSWICK TOTALS	111	5,191,983	807,425	15.6%	-14,956	-14,956	0	0	\$6.22	\$3.36	\$9.57

*Rental rates reflect asking \$psf/year

Key Lease Transactions Q1 2018

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
145 English Drive	14,400	Fairview Fittings	Lease	Moncton
205 Commerce Street	12,193	Pittsburgh Glass Work ULC	Lease	Moncton
155 Henri-Dunant Street	10,224	Laird Plastics	Lease	Moncton

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