

NEW BRUNSWICK INDUSTRIAL

Economic Indicators

	Q2 17	Q2 18	12-Month Forecast
NB Employment	384K	368.2K	▼
NB Unemployment	8.4%	6.5%	▼
Canadian Unemployment	6.6%	5.8%	■

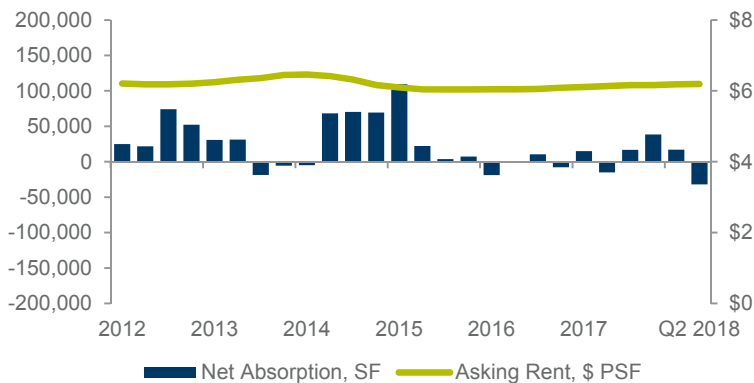
Market Indicators

	Q2 17	Q2 18	12-Month Forecast
Overall Vacancy	18.1%	20.2%	▼
Net Absorption (sf)	-64,956	-261,150	▲
Under Construction (sf)	0	0	■
Overall Average Asking Rent*	\$6.17	\$6.21	▲

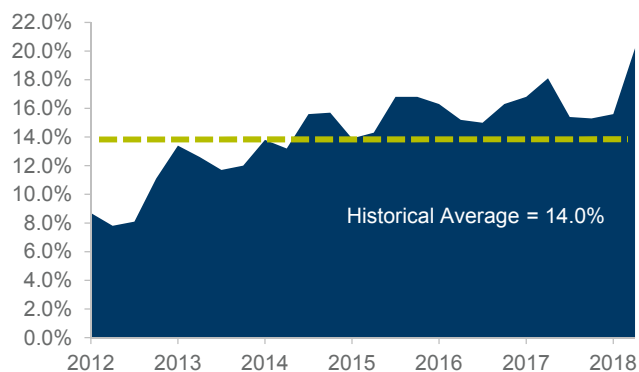
*Rental rates reflect net asking \$psf/year

Net Absorption/Overall Asking Rent

4Q TRAILING AVERAGE



Overall Vacancy



Economy

Following higher than anticipated economic growth in 2017, New Brunswick's economic outlook remains positive for 2018. For a second year in a row, employment levels have been rising and unemployment continues to decline, a trend that has not been seen in the province for at least a decade. The forecasted decline in the employment base in some sectors is balanced by an increase in agriculture production, and investments in fisheries and public sector infrastructure.

Despite U.S. imposed tariffs on softwood lumber in 2017, wood product exports remain modestly strong in 2018. While pressure still exists on the sector, the combination of strong U.S. demand, high wood prices, and a low Canadian dollar, are favourable for New Brunswick's producers at the moment.

Although immigration remains strong in 2018, the working age population continues to decrease, with 20% of New Brunswick's population over the age of 65. The limited workforce population is a contributing factor for the expected slow GDP growth of only 0.6% in 2018.

(Source: RBC Economics, NB 2018-2019 Economic Outlook)

Market Overview

New Brunswick's Industrial market saw a sharp increase in its overall vacancy rate in the second quarter of 2018, climbing 460 basis points to reach 20.2%. The overall Moncton market saw significant weakening in the second quarter of 2018 as vacancy climbed in the majority of its submarkets. The Moncton Industrial Park posted a vacancy rate of 24.0% in the second quarter of 2018, a 260 basis point increase from last quarter. A contributing factor to the increase in vacancy was the closure of Atlantic Farm Services Inc. at 33 Henri Dunant, which added 80,000 square feet (sf) of space onto the market. The Greater Moncton and Caledonia submarkets each saw an increase in overall vacancy rates, rising to 8.0% and 31.3% respectively. The Dieppe submarket was the strongest in Moncton, with a decrease in its vacancy rates from 11.4% to reach 7.5%.

In the Fredericton market, there was a 30 basis point decrease in vacancy rate to reach 11.9% in the second quarter of 2018. Contributing to this decrease were leasing transactions at 225 Alison Boulevard for 3,000 sf and 245 Hilton Road for 2,400 sf. In Saint John the overall vacancy rate decreased by 140 basis points to reach 11.2%

Outlook

RBC Economics predicts slow GDP growth, consistent employment, wage gains, and slowed retail sales for New Brunswick through the remainder of 2018. Although uncertainty remains concerning the future of NAFTA, trade with Europe is expected to become stronger and New Brunswick's primary sectors should see a boost in overseas exports.

MARKETBEAT

New Brunswick

Industrial Q2 2018



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	9	469,978	37,565	8.0%	-26,418	-26,918	0	0	\$6.16	\$2.86	\$9.02
Moncton Industrial Park	45	2,291,182	550,495	24.0%	-72,622	-122,524	0	0	\$5.49	\$3.31	\$8.80
Dieppe Industrial Park	17	546,229	40,906	7.5%	21,295	36,845	0	0	\$6.99	\$3.41	\$10.39
Caledonia Industrial Park	18	1,069,232	334,140	31.3%	-188,175	-174,743	0	0	\$6.55	\$2.33	\$8.88
MONCTON TOTALS	89	4,376,621	963,106	22.0%	-269,520	-282,340	0	0	\$5.95	\$3.12	\$9.07
Greater Fredericton	3	132,310	9,688	7.3%	3,000	-6,688	0	0	\$7.93	\$3.91	\$11.84
Fredericton Industrial Park	12	329,365	45,111	13.7%	-970	6,582	0	0	\$7.23	\$4.99	\$12.22
FREDERICTON TOTALS	15	461,675	54,799	11.9%	2,030	-106	0	0	\$7.43	\$4.68	\$12.11
SAINT JOHN TOTALS	12	453,031	50,670	11.2%	6,340	6,340	0	0	\$7.18	\$4.02	\$11.20
NEW BRUNSWICK TOTALS	116	5,291,327	1,068,575	20.2%	-261,150	-276,106	0	0	\$6.21	\$3.36	\$9.57

*Rental rates reflect asking \$psf/year

Key Transactions Q2 2018

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
683 Malenfant Blvd	10,800 sf (1.7 acres)	701317 NB Inc.	Sale	Dieppe
27 Whitebone Way	14,000 sf (4 acres)	Pardy's Waste Management & Industrial Services	Sale	Saint John

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