

MARKETBEAT INDUSTRIAL SNAPSHOT

NEW BRUNSWICK

A Cushman & Wakefield Alliance Research Publication

Q3 2014



ECONOMIC OVERVIEW

New Brunswick's real GDP growth for 2014 is expected to be 1.0%, a slight downward revision from the 1.3% growth quoted earlier this year. Earlier indications of renewed vitality in the NB economy eased in the third quarter

because of the need for sustainable budgets at all levels of government and flat consumer expenditures. As economic growth across Canada remained flat in July, and stronger U.S. economic growth has not yet translated into increased demand for NB exports, the momentum of the New Brunswick economy is expected to remain weak in the short term before improving in 2015.

The labour market did experience growth, reversing a four-year decline of 2.3% over the period 2009-2013, according to the 2014-2015 New Brunswick Economic outlook.

NB CONTINUES WITH POSITIVE ABSORPTION

The industrial real estate market in New Brunswick saw positive absorption this quarter, bringing the year-to-date sum to almost 300,000 square feet (sf).

Among the New Brunswick markets, Moncton continues to have the highest vacancy rates, which averaged 15.9% at the end of the third quarter. Net rental rates are the lowest of the three markets, currently averaging \$5.81 per square foot (psf). Atlantic Commercial Properties lost a major tenant at 653 St. George Boulevard with Kent Building Supplies vacating 125,000 square feet (sf). A significant amount of vacant space was also created at 457-467 Adelard-Savoie Boulevard as Soprema vacated 21,780 sf and moved to their new owner-occupied facility. There were a few smaller moves in Moncton as well, including two spaces sized 7,500 sf and 3,750 sf being leased at 400 & 450 Edinburgh Drive, and 359 Baig Boulevard losing an undisclosed 5,200-sf tenant.

Fredericton bounced back considerably from the last quarter's negative absorption with a recovery of 10,866 sf of positive absorption this quarter, due to an abundance of smaller industrial leases going into effect. The overall vacancy rate dropped by 2.4 percentage points since last quarter, but remains 3.7 percentage points higher than one year ago. Fredericton's strength stems from the success in Knowledge Park, which continues to post the highest net rents in the province at \$7.24 psf.

The vacancy rate in Saint John decreased from 16.9% to 14.5% this quarter, with an undisclosed tenant taking 15,000 sf at 79 McIlveen Drive.

OUTLOOK

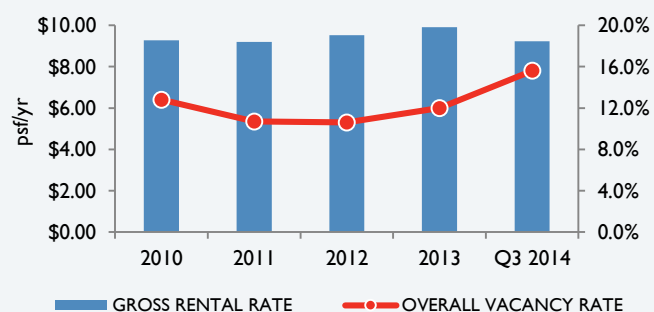
Scotiabank Provincial Trends expects that real provincial GDP growth will reach 1.6% in 2015 "thanks to the continued support for the Energy East Pipeline, JD Irving Ltd. Saint John Pulp Mill and the Oxford Food Facility". Further employment developments will provide reasonable expansion in residential investment and overall consumer spending.

Rising potash production is brightening the mining sector's prospects, electricity production is expected to remain sufficient to maintain provincial exports, and farming remains a mainstay for the New Brunswick economy. Overall, international trade should be further strengthened by a weaker Canadian dollar.

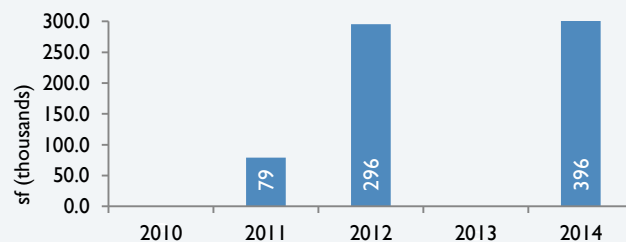
STATS ON THE GO

	Q3 2013	Q3 2014	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	11.7%	15.6%	3.9 pp	▼
Direct Net Asking Rents (psf/yr)	\$6.44	\$6.05	-6.1%	▲
YTD Absorption (sf)	(9,298)	294,014	303,312 sf	▲

RENTAL VS. VACANCY RATES



NEW SUPPLY



NEW BRUNSWICK

SUBMARKET	INVENTORY	OVERALL VACANCY RATE	UNDER CONSTRUCTION	YTD CONSTRUCTION COMPLETIONS	CURRENT QUARTER ABSORPTION	YTD OVERALL ABSORPTION	WTD. AVG. NET ASKING RENTAL RATE*	WTD. AVG. ADDITIONAL RENTAL RATE*	WTD. AVG. GROSS RENTAL RATE*
Greater Moncton	444,978	12.3%	150,000	0	(1,374)	4,600	\$5.51	\$2.93	\$8.43
Moncton Industrial Park	2,163,158	17.3%	0	10,800	(401)	(105,639)	\$5.49	\$2.95	\$8.44
Dieppe Industrial Park	546,429	16.2%	0	0	6,090	842	\$6.98	\$3.37	\$10.35
Caledonia Industrial Park	926,232	14.3%	0	385,000	15,000	362,142	\$6.15	\$2.29	\$8.44
MONCTON	4,080,797	15.9%	150,000	395,800	19,315	261,945	\$5.81	\$2.91	\$8.72
Greater Fredericton	132,310	5.7%	0	0	10,200	3,900	\$7.50	\$3.63	\$11.13
Fredericton Industrial Park	331,615	17.1%	0	0	666	2,411	\$7.13	\$4.98	\$12.11
FREDERICTON	463,925	13.8%	0	0	10,866	6,311	\$7.24	\$4.60	\$11.83
SAINT JOHN	432,031	14.5%	0	0	10,468	25,758	\$6.82	\$3.96	\$10.79
TOTALS	4,976,753	15.6%	150,000	395,800	40,649	294,014	\$6.05	\$3.18	\$9.23

* RENTAL RATES REFLECT ASKING \$PSF/YEAR

MARKET HIGHLIGHTS

SIGNIFICANT Q3 2014 LEASE TRANSACTIONS

	SUBMARKET	TENANT	BUILDING TYPE	SQUARE FEET
653 St. George Boulevard	Moncton	Kent Building Supplies moved out	Industrial	125,000
457-467 Adelard-Savoie Boulevard	Moncton	Soprema moved out	Industrial	21,780
79 McIveen Drive	Saint John	Undisclosed	Industrial	15,000
191 Henri Dunant	Moncton	Maritime Exhaust Ltd.	Industrial	10,000
400 Edinburgh Drive	Moncton	Undisclosed	Industrial	7,500
359 Baig Boulevard	Moncton	Undisclosed tenant moved out	Industrial	5,200
450 Edinburgh Drive	Moncton	Undisclosed	Industrial	3,750

SIGNIFICANT Q3 2014 SALE TRANSACTIONS

	SUBMARKET	BUYER	PURCHASE PRICE / \$PSF	SQUARE FEET
1101 Bayside Drive	Saint John	Atalantic Tiltload Ltd.	Confidential	4 acres / 5,000
275 MacNaughton Avenue	Moncton	Confidential	Confidential	40,000

SIGNIFICANT Q3 2014 CONSTRUCTION COMPLETIONS

	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET
9 Zack Road	Moncton	N/A	Q3 2014	10,800

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET
RTD- TriCanx Tire	Moncton	RTD-TriCanx Tire	Q4 2014	150,000