

MARKETBEAT INDUSTRIAL SNAPSHOT

NEW BRUNSWICK

A Cushman & Wakefield Alliance Research Publication

Q4 2013



ECONOMIC OVERVIEW

New Brunswick faced economic challenges in 2013. RBC Economics had originally forecasted real GDP growth of 0.8%; however, with continuing weakness in energy, potash and metal exports, the forecasted rate was reduced to 0.3%. Currently, RBC Economics is forecasting a real GDP increase of 1.0% in 2014. This will be mainly due to the stronger performance from the mining sector with new start-up operations in Bathurst as well as stronger production with the expansion of the Sussex Potash mine in 2014-2015.

INDUSTRIAL MARKET OVERVIEW

The overall vacancy rate for the province increased slightly from last quarter by 0.3 percentage points with Q4 vacancy now at 12.0%. The province's highest vacancy rate is in Saint John at 20.4%, although it has decreased by 2.0 percentage point's year-over-year. Fredericton finished 2013 with a significant increase in vacancy of 4.3 percentage points from Q4 of last year, with Q4 2013 vacancy at 15.2%. Moncton's vacancy was unchanged from last quarter, remaining at 10.6%.

There wasn't a significant increase year-over-year for average net asking rent in New Brunswick as Q4 2012 was \$6.30 per square foot (psf) and Q4 2013 was \$6.66 psf. Additional rents remained virtually unchanged over the course of the year as gross rental rates increased by only 0.40 cents year-over-year.

Overall absorption for 2013 totaled negative 22,080 square feet (sf), a marked change from 2012 where absorption totaled 209,248 sf. Moncton finished the year with a negative absorption total of 10,081 sf, while Fredericton posted a negative absorption total of 19,796 sf. Saint John however was in the positive with 8,537 sf of absorption for 2013.

OUTLOOK

The 2014 economic growth outlook appears to be looking better compared to 2013's performance. The proposed Trans Canada Energy East Pipeline project, as well as the work at the Canada LNG Receiving Terminal, will have a significant impact on employment, along with increasing growth in both the housing market and in retail sales.

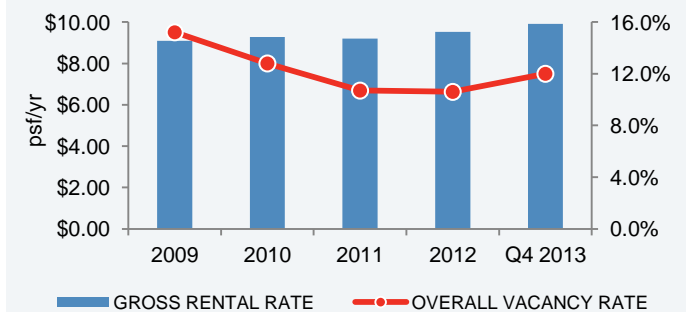
Moncton continues to grow as it recorded its second highest year ever in terms of value for building permits issued. This year commercial and industrial building permits totaled \$68 million. The

Caledonia Industrial Park with its ideal location alongside the Trans Canada Highway will be the new home of a 400,000-sf \$26 million Kent Building Supply Distribution Center. This facility will serve its 42 stores across Atlantic Canada and will be the single largest facility in the park. In addition, a 100,000-sf building is in the early stages of construction and is being built for TriCan Tire Distributors who will be servicing independent tire dealers within the province.

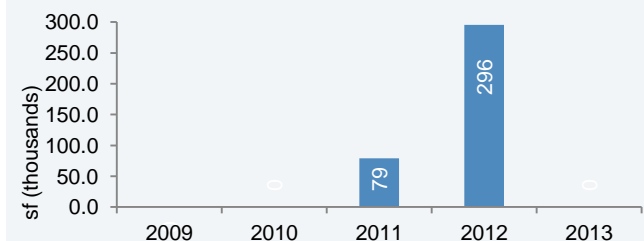
STATS ON THE GO

	Q4 2012	Q4 2013	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	11.1%	12.0%	0.9pp	▲
Direct Net Asking Rents (psf/yr)	\$6.30	\$6.66	5.7%	▲
YTD Absorption (sf)	209,248	(22,080)	(231,328)	▼

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	448,923	13.3%			(3,000)	10,450	\$5.63	\$2.89	\$8.52
Moncton Industrial Park	2,090,694	9.2%			22,950	26,309	\$6.46	\$2.95	\$9.41
Dieppe Industrial Park	456,391	4.5%			(17,146)	26,250	\$7.36	\$3.18	\$10.54
Caledonia Industrial Park	471,194	19.8%			0	(74,100)	\$6.57	\$3.06	\$9.63
Moncton	3,467,202	10.6%			2,804	(10,821)	\$6.53	\$2.99	\$9.52
Greater Fredericton	132,310	8.7%			(11,450)	(11,450)	\$7.50	\$3.46	\$10.96
Fredericton Industrial Park	331,615	17.8%			(11,923)	(8,346)	\$7.29	\$4.94	\$12.24
Fredericton	463,925	15.2%			(23,373)	(19,796)	\$7.35	\$4.52	\$11.87
Saint John	433,031	20.4%			7,787	8,537	\$6.67	\$3.50	\$10.17
TOTALS	4,364,158	12.0%			(12,782)	(22,080)	\$6.66	\$3.25	\$9.91

* RENTAL RATES REFLECT ASKING \$PSF/YEAR

MARKET HIGHLIGHTS

Significant Q4 2013 Lease Transactions	SUBMARKET	TENANT	BUILDING TYPE	SQUARE FEET
120 English Drive	Moncton	Avenue Equities	N/A (land)	28,000
559 Wilsey Road	Fredericton	UPS Canada Limited	B	8,870
85 Expansion Avenue	Saint John	Akzo Nobel Coating Ltd.	B	6,000
104 Rooney Crescent	Moncton	United Rentals of Canada	B	5,600
Significant Q4 2013 Sale Transactions	SUBMARKET	BUYER	PURCHASE PRICE / \$PSF	SQUARE FEET
Back lot Galbraith Pl	Saint John	Homestead Holdings Inc.	\$130,000	2 acres
1954 Manawagonish Rd.	Saint John	City of Saint John	\$399,900 / \$67	6,000
Significant Q4 2013 Construction Completions	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET
N/A				
Significant Projects Under Construction	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET
N/A				