

MARKETBEAT INDUSTRIAL SNAPSHOT

NEW BRUNSWICK

A Cushman & Wakefield Alliance Research Publication

Q4 2014



ECONOMIC OVERVIEW

Despite being significantly higher than 2013, New Brunswick's growth remains relatively weak, with RBC Economics forecasting real GDP growth of 1.0% for 2014. With capital projects advancing and stronger U.S. demand for Canadian exports, it is expected that growth in New Brunswick will accelerate in 2015 to 1.6%. The manufacturing sector is continuing in its recovery, according to BMO Capital Markets, which is reporting an increase in manufacturing shipments due to improved demand and favourable pricing on food, energy and forest products throughout the province. While energy exports have recovered, mining exports struggled in 2014, a recovery is expected in 2015 as major projects continue to advance. Stronger exports and an increase in capital spending is expected to have a positive impact on the province's labour market, especially as it pertains to manufacturing and construction jobs. New Brunswick continues to battle out-migration with higher wages and better opportunities being offered in Alberta. However, the recent downward pressure on oil prices, coupled with the increase in exports and capital spending may have a mitigating effect in the foreseeable future.

INDUSTRIAL OVERVIEW

Moncton posted an overall vacancy rate of 16.5% for Q4 2014. Notable moves in Moncton included two major tenants leaving 7,700 square feet (sf) of space at 691 St. George Boulevard and 140 MacNaughton gained 37,858 sf in occupancy with Molson Canada moving in.

Fredericton's vacancy rate dropped this quarter from 13.8% to 10.7%. This change was entirely attributable to activity in Fredericton Industrial Park, with 125 Whiting Road leasing 8,320 sf to Freeman Audio Visuals and Kerr Controls Ltd. The Saint John area experienced positive absorption, and a small drop in vacancy rate from 14.5% last quarter to 14.3% in Q4.

OUTLOOK

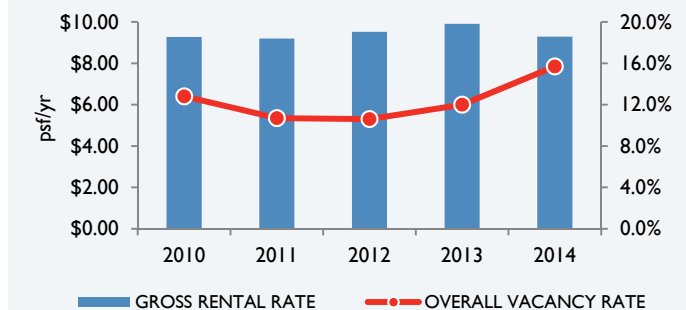
Despite a lack of government-funded construction projects in 2014, New Brunswick enjoyed a busy year with commercial construction spending in the province estimated at approximately \$58 million. In Moncton, the Kent Distribution Center and RTD-TriCanx Tire were completed, as well as a number of smaller industrial buildings in the

Dieppe and Caledonia Industrial Park. The new Maritime-Ontario trucking distribution center is now under construction, to be completed by the fall of 2015, on Berry Mills Road near the entrance to the landfill site just outside the Moncton city limits. In Saint John, The Saint John Fertilizer Plant and Saint John Pulp Mill will begin construction this year as well.

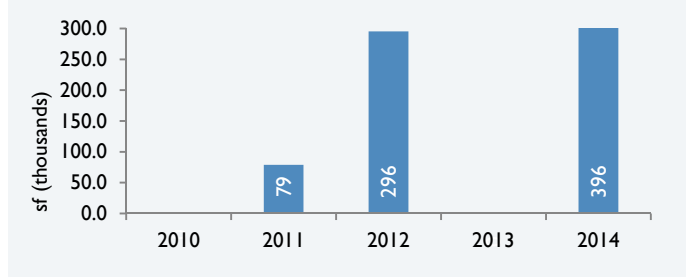
STATS ON THE GO

	Q4 2013	Q4 2014	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	12.0%	15.7%	3.7 pp	▲
Direct Net Asking Rents (psf/yr)	\$6.66	\$6.04	-9.3%	▼
YTD Absorption (sf)	(22,080)	277,386	299,466 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	20.5%	0	0	(36,326)	(31,726)	\$5.57	\$2.97	\$8.54
Moncton Industrial Park	2,123,158	18.8%	0	10,800	(35,961)	(141,600)	\$5.48	\$2.96	\$8.44
Dieppe Industrial Park	546,429	14.3%	0	0	10,418	10,990	\$6.95	\$3.37	\$10.32
Caledonia Industrial Park	955,232	10.7%	14,000	385,000	30,090	392,232	\$6.01	\$2.76	\$8.77
MONCTON	4,069,797	16.5%	14,000	395,800	(32,049)	229,896	\$5.79	\$2.99	\$8.78
Greater Fredericton	132,310	5.7%	0	0	0	3,900	\$7.50	\$3.69	\$11.19
Fredericton Industrial Park	331,615	12.7%	0	0	14,321	16,732	\$7.13	\$5.00	\$12.13
FREDERICTON	463,925	10.7%	0	0	14,321	20,632	\$7.24	\$4.63	\$11.86
SAINT JOHN	432,031	14.3%	0	0	1,100	26,858	\$6.81	\$3.98	\$10.79
TOTALS	4,965,753	15.7%	14,000	395,800	(16,628)	277,386	\$6.04	\$3.25	\$9.29

* RENTAL RATES REFLECT ASKING \$PSF/YEAR

MARKET HIGHLIGHTS

SIGNIFICANT Q4 2014 LEASE TRANSACTIONS				
	SUBMARKET	TENANT	BUILDING TYPE	SQUARE FEET
559 Wilsey Road, Unit 5	Fredericton	Sydney training Center Inc.	Industrial	5,000
SIGNIFICANT Q4 2014 SALE TRANSACTIONS				
	SUBMARKET	BUYER	PURCHASE PRICE / \$PSF	SQUARE FEET
601 St. George Boulevard	Moncton	Comztar Inc.	Industrial	28,000
40 Henri Dunant	Moncton	ECB Investments Limited	Industrial	14,460
SIGNIFICANT Q4 2014 CONSTRUCTION COMPLETIONS				
	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET
230 Frenette Avenue (Owner occupied and not added to survey)	Moncton	RTD-TriCanx Tire	Q4 2014	150,000
SIGNIFICANT PROJECTS UNDER CONSTRUCTION				
	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET
Frenette Avenue	Moncton	TBD	Q2 2015	14,000
Berrys Mills Project (Owner occupied and will not be on survey)	Moncton	Maritime-Ontario	Q3 2015	+/-80,000