

# MARKETBEAT INDUSTRIAL SNAPSHOT

## NEW BRUNSWICK

A Cushman & Wakefield Alliance Research Publication

Q1 2014



### ECONOMIC OVERVIEW

Currently RBC Economics is forecasting real GDP growth at 1.0% for 2014. This increase will largely be the result of the strengthening 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. New Brunswick's job market is expected to show an improvement in employment this quarter as the result of a recovery in the province's labour market. This will represent a welcome turnaround for the province.

### INDUSTRIAL MARKET OVERVIEW

The overall vacancy rate for the province increased slightly, ending the first quarter of 2014 at 13.8%, a 0.4-percentage point increase over last quarter. The province's highest vacancy rate is in Saint John at 21%, although it has decreased by 1.2 percentage points year-over-year. Fredericton experienced a 0.5-percentage point decrease in vacancy since the previous quarter, with Q1 2014 vacancy at 14.7%. Moncton's vacancy increased from last quarter, ending the first quarter at 12.7%. Improvements in the market are expected soon due to many upcoming projects including construction in the Caledonia Industrial Park of a 326,000-square foot (sf), \$26-million Kent Building Supply Distribution Center. City projects for 2014 also include the construction of a Cabela store and a 100,000-sf distribution center for RTD-TriCanx Tire. Both net asking rents and additional rents remained virtually unchanged year-over-year in New Brunswick, and currently average \$6.32 per square foot (psf) and \$3.22 psf, respectively. Overall absorption for Q1 2014 totaled negative 75,532 sf. This is in line with the same time last year, when absorption totaled negative 77,955 sf. For Q1 2014, the vast majority of this negative absorption occurred in Moncton where absorption totaled negative 75,522 sf. Fredericton and Saint John offset each other, with absorption in Fredericton in positive territory, at 2,350 sf, and absorption in Saint John at negative 2,360 sf.

### OUTLOOK

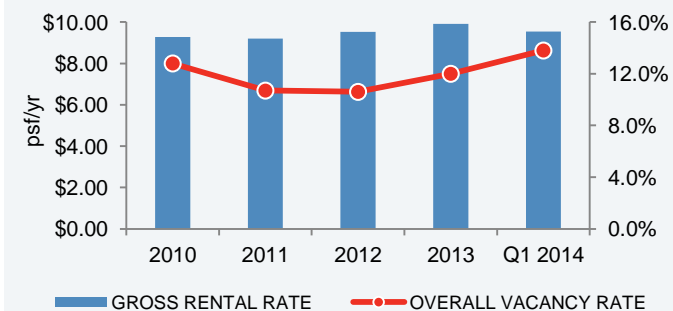
The economic growth outlook for 2014 appears to be looking healthier compared to 2013's performance. Manufacturing disappointed in 2013, but the stage is set for a better 2014, with predictions that shipments for durable goods will rise 8.7% in 2014. TD Economics also says that overall resource output will be kept in check by the proposed Trans-Canada Energy East Pipeline project, as well as the work at the Canada LNG Receiving Terminal. Both capital

projects will have a significant impact on employment, along with increasing growth in both the housing market and in retail sales. Nova Scotia's Irving Shipbuilding contract could have some economic impact on the province. According to the Atlantic Provinces Economic Council, while current-year spending is down, New Brunswick currently has 75 capital projects related to commercial real estate proposed and underway, worth a total of \$18.9 billion this year, a six per cent increase over 2013. In addition to new industrial, mixed-use, and office developments, Target, Marshalls and a newly renovated Walmart have recently opened their doors in Moncton.

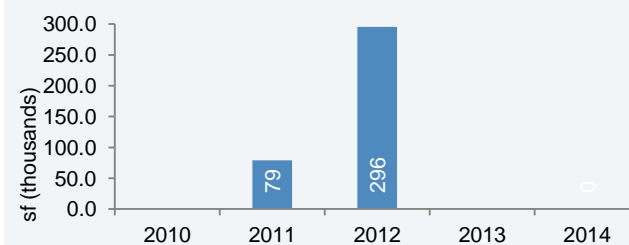
### STATS ON THE GO

	Q1 2013	Q1 2014	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	13.4%	13.8%	0.4pp	▼
Direct Net Asking Rents (psf/yr)	\$6.28	\$6.32	0.6%	▲
YTD Absorption (sf)	(77,955)	(75,532)	2,423 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	448,923	12.2%	200,000	0	4,600	4,600	\$5.49	\$2.92	\$8.41
Moncton Industrial Park	2,090,694	13.0%	0	0	(79,122)	(79,122)	\$6.08	\$2.99	\$9.07
Dieppe Industrial Park	456,491	4.7%	0	0	(1,000)	(1,000)	\$7.12	\$3.39	\$10.52
Caledonia Industrial Park	471,244	19.8%	326,000	0	0	0	\$5.99	\$2.66	\$8.65
Moncton	3,467,352	12.7%	526,000	0	(75,522)	(75,522)	\$6.13	\$2.99	\$9.12
Greater Fredericton	132,310	10.0%	0	0	(1,800)	(1,800)	\$7.50	\$3.42	\$10.92
Fredericton Industrial Park	331,615	16.5%	0	0	4,150	4,150	\$7.47	\$5.04	\$12.51
Fredericton	463,925	14.7%	0	0	2,350	2,350	\$7.48	\$4.58	\$12.06
Saint John	432,031	21.0%	0	0	(2,360)	(2,360)	\$6.65	\$3.55	\$10.21
<b>TOTALS</b>	<b>4,363,308</b>	<b>13.8%</b>	<b>526,000</b>	<b>0</b>	<b>(75,532)</b>	<b>(75,532)</b>	<b>\$6.32</b>	<b>\$3.22</b>	<b>\$9.54</b>

\* RENTAL RATES REFLECT ASKING \$PSF/YEAR

## MARKET HIGHLIGHTS

Significant Q1 2014 Lease Transactions	SUBMARKET	TENANT	BUILDING TYPE	SQUARE FEET
35 English Drive	Moncton	OrganiGram Inc.	Industrial	11,400
Significant Q1 2014 Sale Transactions	SUBMARKET	BUYER	PURCHASE PRICE / \$PSF	SQUARE FEET
N/A				
Significant Q1 2014 Construction Completions	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET
N/A				
Significant Projects Under Construction	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET
Cabela's Incorporated	Moncton	Cabela's	2015	50,000
RTD- TriCanx Tire	Moncton	RTD-TriCanx Tire	Q3 2014	150,000
Kent Building Supply Distribution Center	Moncton	Kent Building Supplies	Q2 2014	326,000