

## NEW BRUNSWICK INDUSTRIAL

### Economic Indicators

	Q1 18	Q1 19	12-Month Forecast
NB Employment	356K	357K	▼
NB Unemployment	8.2%	8.2%	▼
Canadian Unemployment	5.8%	5.8%	■

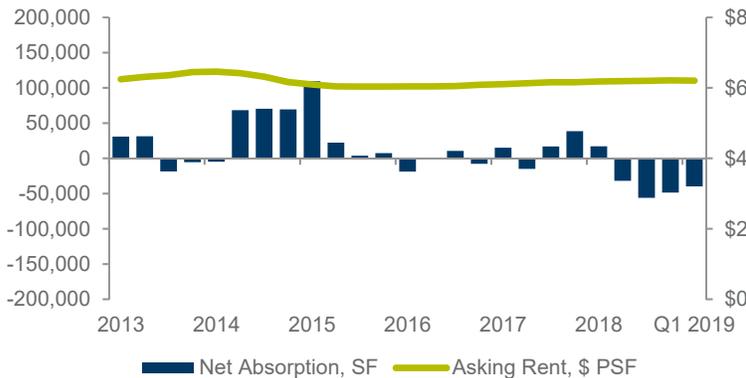
### Market Indicators

	Q1 18	Q1 19	12-Month Forecast
Overall Vacancy	15.6%	17.9%	▼
Net Absorption (sf)	-14,956	20,077	▲
Under Construction (sf)	0	0	■
Overall Average Asking Rent*	\$6.22	\$6.19	▲

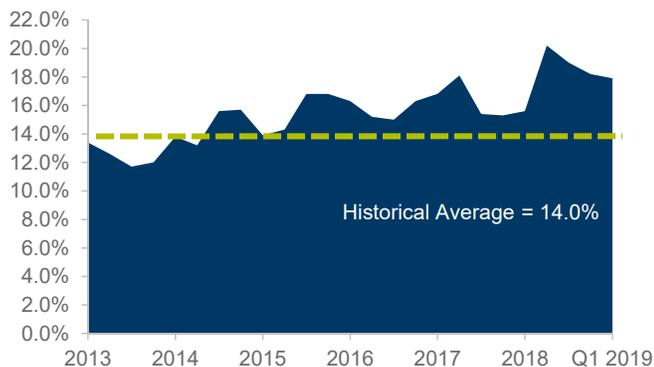
\*Rental rates reflect net asking \$psf/year

### Net Absorption/Overall Asking Rent

#### 4Q TRAILING AVERAGE



### Overall Vacancy



## Economy

Changing demographics, a tightened budget, and uncertainty surrounding trade will continue to challenge New Brunswick's revenue growth potential and its economy, with a modest 0.7% GDP growth forecasted for 2019.

Employment in the first quarter of 2019 grew by 1.3%, although part-time positions comprised 82.6% of this growth. Demand for new housing weakened with 25.9% fewer housing starts recorded this quarter compared to one year ago. Despite this decline, the construction industry is holding steady with growth in home renovation work; comprising of 37% of the entire industry. (Source: Statistics Canada, RBC Economics, BuildForce Canada)

## Market Overview

The overall vacancy rate in New Brunswick has trended downwards since the second quarter of 2018, declining from 20.2% to now sit at 17.9%. Moncton has followed a similar trajectory over the same time period, with vacancy declining from 22.0% to 18.7%. Moncton Industrial Park and the Caledonia Industrial Park both saw a decline in vacancy rates quarter-over-quarter from 20.9% to 20.6% and 11.9% to 10.6% respectively. The Dieppe Industrial Park vacancy rate saw a slight increase in vacancy in the first quarter of 2019 from 3.9% to 4.1%.

Vacancy in Fredericton on the other hand has trended upwards over the last half of 2018 and into the first quarter of 2019, with a full 100 basis point rise in vacancy quarter-over-quarter to reach 14.4%. Saint John has followed suit with current vacancy sitting at 13.3%, 50 basis points higher than the first quarter of 2018. Despite this rise in vacancy there have been transactions occurring in the Saint John market; one of the more notable transactions this quarter was Land and Sea Instrumentation Ltd. moving into 10,000 sf at 85 Whitebone Way.

Industrial net rents in New Brunswick have decreased from \$6.21 per square foot (psf) last quarter to \$6.19 psf in the first quarter. Net rents in the overall Moncton Area remained steady although changes were seen in two of the Moncton submarkets. During this quarter, a net rent increase of \$0.02 to \$5.56 psf was observed in the Moncton Industrial Park and a decrease of \$0.01 to \$6.54 psf was observed in the Caledonia Industrial Park. The Greater Moncton Area and Dieppe net rents remain unchanged. The average net rent in Fredericton was \$7.41 psf this quarter, down \$0.02 from last quarter. In Saint John, net rents increased to \$7.08 psf this quarter, \$0.04 higher than one quarter ago.

## Outlook

Long-term tightened government spending will result in slowed GDP growth in 2019, increasing the pressure on the private sector to be the driving force behind any economic growth. Ongoing issues arising from the province's aging demographic linger and are expected to impact both labour force growth and overall economic growth potential over the next few years.

MARKETBEAT

# New Brunswick

Industrial Q1 2019



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	27,399	5.8%	7,750	7,750	0	0	\$5.88	\$2.86	\$8.74
Moncton Industrial Park	46	2,291,182	472,613	20.6%	6,752	6,752	0	0	\$5.56	\$3.18	\$8.74
Dieppe Industrial Park	17	546,229	22,250	4.1%	-713	-713	0	0	\$6.99	\$3.41	\$10.39
Caledonia Industrial Park	18	1,069,232	296,287	27.7%	13,975	13,975	0	0	\$6.54	\$2.33	\$8.86
<b>MONCTON TOTALS</b>	<b>89</b>	<b>4,376,621</b>	<b>818,549</b>	<b>18.7%</b>	<b>27,764</b>	<b>27,764</b>	<b>0</b>	<b>0</b>	<b>\$5.95</b>	<b>\$3.05</b>	<b>\$9.00</b>
Greater Fredericton	3	132,310	12,688	9.6%	-3,000	-3,000	0	0	\$7.93	\$3.91	\$11.84
Fredericton Industrial Park	12	329,365	53,738	16.3%	-1,507	-1,507	0	0	\$7.20	\$4.99	\$12.19
<b>FREDERICTON TOTALS</b>	<b>15</b>	<b>461,675</b>	<b>66,426</b>	<b>14.4%</b>	<b>-4,507</b>	<b>-4,507</b>	<b>0</b>	<b>0</b>	<b>\$7.41</b>	<b>\$4.68</b>	<b>\$12.09</b>
<b>SAINT JOHN TOTALS</b>	<b>12</b>	<b>453,031</b>	<b>60,190</b>	<b>13.3%</b>	<b>-3,180</b>	<b>-3,180</b>	<b>0</b>	<b>0</b>	<b>\$7.08</b>	<b>\$3.81</b>	<b>\$10.89</b>
<b>NEW BRUNSWICK TOTALS</b>	<b>116</b>	<b>5,291,327</b>	<b>945,165</b>	<b>17.9%</b>	<b>20,077</b>	<b>20,077</b>	<b>0</b>	<b>0</b>	<b>\$6.19</b>	<b>\$3.27</b>	<b>\$9.46</b>

\*Rental rates reflect asking \$psf/year

## Key Transactions Q1 2019

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
85 Whitebone Way	10,000	Land and Sea Instrumentation Ltd.	Lease	Saint John

Cushman & Wakefield  
32 Alma Street  
Moncton, NB E1C 4Y1  
[www.cushmanwakefield.com](http://www.cushmanwakefield.com)

For more information, contact:  
Angela Murphy  
Research & Sales Coordinator  
Tel: +1 902 334 2169  
[amurphy@cwatlantic.com](mailto:amurphy@cwatlantic.com)

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