

NEW BRUNSWICK INDUSTRIAL

Economic Indicators

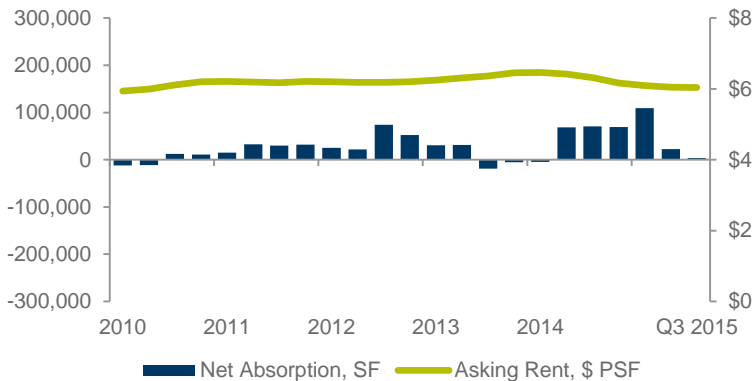
	Q3 14	Q3 15	12-Month Forecast
NB Employment	353k	350k	▼
NB Unemployment	8.7%	10.1%	▲
Canadian Unemployment	6.9%	7.0%	■

Market Indicators

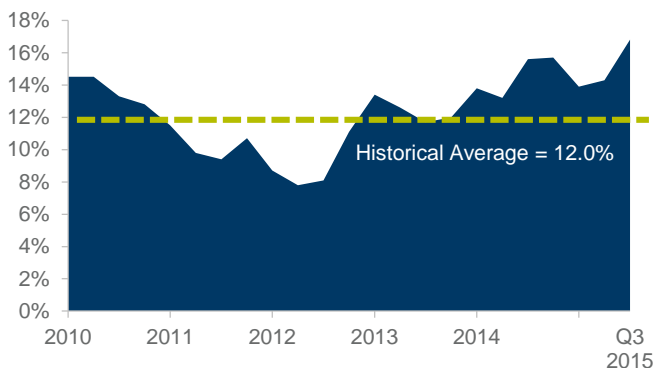
	Q3 14	Q3 15	12-Month Forecast
Overall Vacancy	15.6%	16.8%	▼
Net Absorption	41k	(34)k	▲
Under Construction	200k	114k	■
Overall Average Asking Rent	\$6.05	\$6.03	▲

Net Absorption/Asking Rent

4Q TRAILING AVERAGE



Overall Vacancy



Economy

After three years of the province recording no growth, it is projected that there will be a pick-up in economic activity of approximately 1.8% in New Brunswick over the last quarter of 2015 and into 2016. According to TD Economics this will translate to nominal GDP growth in the 3-4% range. In mining, exports of potash have risen by 11% year-to-date. In the manufacturing sector, employment is up nearly 10% year-over-year, and a weaker Canadian dollar will lead to rising exports which will help sustain manufacturing employment. The transportation and warehousing sectors have also benefited from the improvement in trade (RBC Economics).

Market Overview

Moncton, Fredericton and Saint John posted a combined negative absorption of 33,636 square feet (sf) in Q3 2015, which contributed to the 2.5-percentage point increase in the overall vacancy rate from last quarter, ending Q3 at 16.8%. Notable moves in Moncton included Liteco relocating from 150 Edmonton Avenue to 1180 St. George Boulevard, creating a 10,305-sf vacancy. At 300 Baig Boulevard, Canadian Industrial Distributors Inc. vacated and left 7,200 sf available for lease, and finally at 722 Edinburgh Drive the building now sits empty with 45,494 sf available.

Fredericton's vacancy rate dropped 1.6-percentage points to 9.5% this quarter. Notable transactions this quarter included Rexel Atlantic leasing over 9,000 sf at 125 Whiting Road, as well as other smaller tenant relocations occurring within the city.

The Saint John area also experienced a decline in vacancy this quarter, with a Q3 vacancy rate of 13.1%. The decrease was due, in part, to a significant lease of 8,600 sf at 1161 Westfield Road, leaving the building with no vacancy.

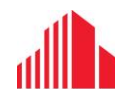
Outlook

Looking forward, a positive outlook in potash mining bodes well for New Brunswick with the newly commissioned Caribou mine diversifying the mining industry with its production of zinc, lead, silver, copper and gold. According to TD Economics, the forestry sector will also be a solid contributor to growth as demand from the U.S is forecast to remain strong in tandem with an improved homebuilding forecast stateside. One uncertainty is the Energy East Pipeline which was sure to provide growth to the Saint John market; however with the election outcome the province may be waiting even longer to proceed.

MARKETBEAT

Industrial Snapshot Q3 2015

New Brunswick


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SUBMARKET	TOTAL BLDGS	INVENTORY	TOTAL VACANT SPACE	OVERALL VACANCY RATE	CURRENT NET OVERALL ABSORPTION	YTD NET OVERALL ABSORPTION	UNDER CNSTR	YTD CNSTR COMPLETIONS	DIRECT WEIGHTED AVG. NET RENT*	DIRECT WEIGHTED AVG. ADD RENT*	DIRECT WEIGHTED AVG. GROSS RENT*
Greater Moncton	8	444,978	35,627	8.0%	0	55,626	0	0	\$5.75	\$3.01	\$8.76
Moncton Industrial Park	44	2,228,158	532,342	23.9%	(69,686)	(42,672)	100,000	0	\$5.52	\$3.02	\$8.53
Dieppe Industrial Park	17	546,429	45,085	8.3%	20,000	33,251	0	0	\$6.95	\$3.37	\$10.32
Caledonia Industrial Park	11	955,232	136,178	14.3%	(50)	(34,178)	14,000	0	\$6.01	\$2.76	\$8.77
MONCTON TOTALS	80	4,174,797	749,323	17.9%	(49,736)	12,027	114,000	0	\$5.83	\$3.03	\$8.85
Greater Fredericton	3	132,310	11,000	8.3%	0	(3,450)	0	0	\$7.50	\$3.85	\$11.35
Fredericton Industrial Park	12	331,615	32,908	9.9%	7,500	9,356	0	0	\$7.13	\$5.05	\$12.18
FREDERICTON TOTALS	15	463,925	43,908	9.5%	7,500	5,906	0	0	\$7.24	\$4.71	\$11.94
SAINT JOHN TOTALS	13	432,031	56,550	13.1%	8,600	13,232	0	0	\$6.56	\$4.00	\$10.56
NEW BRUNSWICK TOTALS	108	5,070,753	849,690	16.8%	(33,636)	31,165	114,000	0	\$6.03	\$3.28	\$9.32

*Rental rates reflect asking \$psf/year

Key Lease Transactions Q3 2015

PROPERTY	SF	TENANT	PROPERTY TYPE	SUBMARKET
1175 Aviation Avenue	20,000	N/A	Industrial	Dieppe
300 Baig Boulevard	7,200	CID	Industrial	Moncton
125 Whiting Road	9,000	Rexel	Industrial	Fredericton

Key Sales Transactions Q3 2015

PROPERTY	SF	SELLER/BUYER	PROPERTY TYPE	PRICE	SUBMARKET
N/A					
N/A					

About Cushman & Wakefield

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MARKETBEAT

Industrial Snapshot Q3 2015

New Brunswick



Q3 2015	Moncton	Fredericton	Saint John	Total
Total Space	4,174,797	463,925	432,031	5,070,753
Direct Vacant Space	727,232	43,908	56,550	827,690
Sublet	22,000	0	0	22,000
Total Vacant	749,232	43,908	56,550	849,690
Direct Vacancy Rate (%)	17.4%	9.5%	13.1%	16.3%
Total Vacancy Rate (%)	17.9%	9.5%	13.1%	16.8%
Occupied Space (including sublet)	3,447,565	420,017	375,481	4,243,063
Occupied Space (excluding sublet)	3,425,565	420,017	375,481	4,221,063
Weighted average Net Rent	\$5.83	\$7.24	\$6.56	\$6.03
Weighted average CAM	\$3.03	\$4.71	\$4.00	\$3.28
Gross Rent	\$8.85	\$11.94	\$10.56	\$9.32
3 Month Absorption (Direct)	-68,936	7,500	8,600	-52,836
YTD Absorption (Direct)	-37,173	5,906	13,232	-18,035
3 month Absorption (Overall)	-49,736	7,500	8,600	-33,636
YTD Absorption (Overall)	12,027	5,906	13,232	31,165
New Supply (Current Quarter)	0	0	0	0
New Supply YTD	0	0	0	0

Q2 2015	Moncton	Fredericton	Saint John	Total
Total Space	4,069,797	463,925	432,031	4,965,753
Direct Vacant Space	553,296	51,408	65,150	669,854
Sublet	41,200	0	0	41,200
Total Vacant	594,496	51,408	65,150	711,054
Direct Vacancy Rate (%)	13.6%	11.1%	15.1%	13.5%
Total Vacancy Rate (%)	14.6%	11.1%	15.1%	14.3%
Occupied Space (including sublet)	3,516,501	412,517	366,881	4,295,899
Occupied Space (excluding sublet)	3,475,301	412,517	366,881	4,254,699
Weighted average Net Rent	\$5.84	\$7.24	\$6.56	\$6.05
Weighted average CAM	\$3.03	\$4.71	\$4.00	\$3.29
Gross Rent	\$8.87	\$11.94	\$10.56	\$9.34
3 Month Absorption (Direct)	-53,701	-1,500	-4,768	-59,969
YTD Absorption (Direct)	31,763	-1,594	4,632	34,801
3 month Absorption (Overall)	-13,701	-1,500	-4,768	-19,969
YTD Absorption (Overall)	61,763	-1,594	4,632	64,801
New Supply (Current Quarter)	0	0	0	0
New Supply YTD	0	0	0	0

Q1 2015	Moncton	Fredericton	Saint John	Total
Total Space	4,069,797	463,925	432,031	4,965,753
Direct Vacant Space	499,595	49,908	60,382	609,885
Sublet	81,200	0	0	81,200

Total Vacant	580,795	49,908	60,382	691,085
Direct Vacancy Rate (%)	12.3%	10.8%	14.0%	12.3%
Total Vacancy Rate (%)	14.3%	10.8%	14.0%	13.9%
Occupied Space (including sublet)	3,570,202	414,017	371,649	4,355,868
Occupied Space (excluding sublet)	3,489,002	414,017	371,649	4,274,668
Weighted average Net Rent	\$5.82	\$7.24	\$6.56	\$6.04
Weighted average CAM	\$3.02	\$4.71	\$4.00	\$3.28
Gross Rent	\$8.84	\$11.94	\$10.56	\$9.32
3 Month Absorption (Direct)	85,464	-94	9,400	94,770
YTD Absorption (Direct)	85,464	-94	9,400	94,770
3 month Absorption (Overall)	75,464	-94	9,400	84,770
YTD Absorption (Overall)	75,464	-94	9,400	84,770
New Supply (Current Quarter)	0	0	0	0
New Supply YTD	0	0	0	0

Q4 2014	Moncton	Fredericton	Saint John	Total
Total Space	4,069,797	463,925	432,031	4,965,753
Direct Vacant Space	599,059	49,814	61,582	710,455
Sublet	0	0	0	0
Total Vacant	599,059	49,814	61,582	710,455
Direct Vacancy Rate (%)	14.7%	10.7%	14.3%	14.3%
Total Vacancy Rate (%)	14.7%	10.7%	14.3%	14.3%
Occupied Space (including sublet)	3,470,738	414,111	370,449	4,255,298
Occupied Space (excluding sublet)	3,470,738	414,111	370,449	4,255,298
Weighted average Net Rent	\$5.79	\$7.24	\$6.81	\$6.04
Weighted average CAM	\$2.99	\$4.63	\$3.98	\$3.25
Gross Rent	\$8.78	\$11.86	\$10.79	\$9.29
3 Month Absorption (Direct)	39,151	14,321	1,100	54,572
YTD Absorption (Direct)	301,096	20,632	26,858	348,586
3 month Absorption (Overall)	-32,049	14,321	1,100	-16,628
YTD Absorption (Overall)	229,896	20,632	26,858	277,386
New Supply (Current Quarter)	0	0	0	0
New Supply YTD	395,800	0	0	395,800

