

## NEW BRUNSWICK INDUSTRIAL

### Economic Indicators

|                       | Q3 18 | Q3 19 | 12-Month Forecast |
|-----------------------|-------|-------|-------------------|
| NB Employment         | 353K  | 369K  | ▼                 |
| NB Unemployment       | 8.3%  | 8.6%  | ▼                 |
| Canadian Unemployment | 6.0%  | 5.7%  | ▲                 |

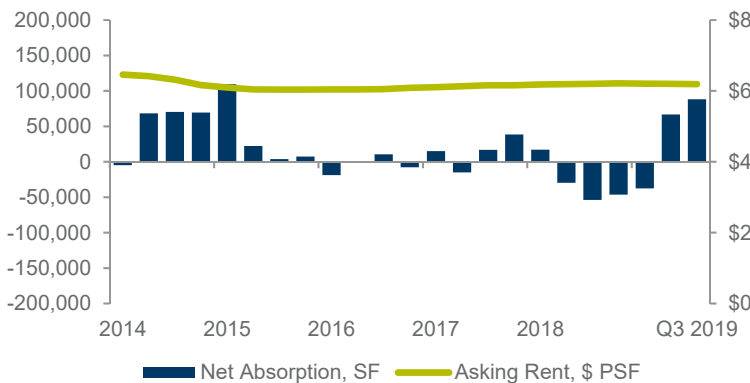
### Market Indicators

|                              | Q3 18  | Q3 19   | 12-Month Forecast |
|------------------------------|--------|---------|-------------------|
| Overall Vacancy              | 19.0%  | 12.4%   | ▼                 |
| Net Absorption (sf)          | 39,478 | 124,998 | ▲                 |
| Under Construction (sf)      | 0      | 0       | ■                 |
| Overall Average Asking Rent* | \$6.21 | \$6.17  | ▲                 |

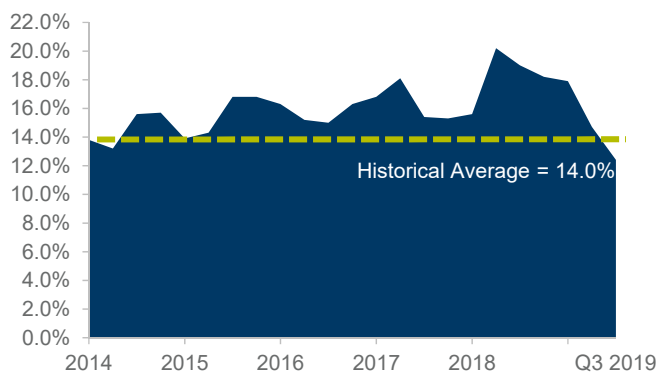
\*Rental rates reflect net asking \$psf/year

### Net Absorption/Overall Asking Rent

#### 4Q TRAILING AVERAGE



### Overall Vacancy



## Economy

Slowing economic momentum in New Brunswick is expected in 2020, with GDP growth anticipated to only reach 0.9%. Manufacturing sales and exports are struggling with the aftermath of the Irving Oil Refinery explosion and slowed U.S demand for forestry products. However, new international trade deals with the European Union and various other countries will bolster agriculture and forestry exports and as a result, help reduce the province's dependence on the North American market. International migration, part of the government's newly revealed population growth strategy, has bolstered labour force gains in the province with job growth increasing by 0.8% year-over-year. Confidence in both consumer spending and housing activity is high, with strong residential home sales. As a result, the average price of a single-family home in the Moncton Area has now surpassed \$200,000 – a record high.

(Source: TD Economics, Laurentian Bank Securities, CREA)

## Market Overview

New Brunswick's industrial vacancy rate fell to 12.4% in the third quarter of 2019 from 14.7% last quarter. The overall vacancy rate in Moncton declined to 12.4% in the third quarter of 2019 and generated strong positive absorption of 127,808 square feet (sf). The Moncton Industrial Park generated 92.5% of this total absorption, of which 107,000 sf was spread amongst three transactions. A total of 19,500 sf was leased to an undisclosed tenant at 419 Edinburgh Drive, while 615 St. George Boulevard and 653 St. George Boulevard gained new tenants totaling 37,500 sf and 50,000 sf respectively. The Greater Moncton submarket vacancy remained unchanged at 5.8%. The Dieppe Industrial Park saw a quarter-over-quarter decline in its vacancy rate, falling from 3.5% to 2.6%. Caledonia Industrial Park's vacancy fell from 25.1% last quarter to 24.6% in the third quarter of 2019. A collection of smaller transactions accounted for the 9,622 sf of positive absorption seen between these two industrial parks this quarter. The Fredericton vacancy rate increased in the third quarter of 2019 to 11.2%, up 60 basis points from 10.6% last quarter. Lastly, vacancy in Saint John remained unchanged at 13.3%.

Industrial net rents in New Brunswick saw a marginal fall from \$6.20 per square foot (psf) last quarter to \$6.17 psf in the third quarter of 2019. Net rents in Fredericton and Saint John remained unchanged from last quarter, while a net rent decrease of \$0.03 psf to \$5.92 psf was observed in the Moncton market. In the Moncton Industrial Park, net rents declined to \$5.49 psf and increased in the Dieppe Industrial Park by \$0.05 to \$7.04 psf in the third quarter of 2019.

## Outlook

Tight fiscal spending to keep the province's debt-reduction plan on track is expected to slow GDP growth to 0.8% by 2021. A silver lining to the economic dampening is the possible commencement of a wind energy project in the Saint John area, which could begin as soon as 2020.

## MARKETBEAT

## New Brunswick

Industrial Q3 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%                 | 0                                   | 7,750                           | 0                | 0                          | \$5.88                         | \$2.86                        | \$8.74                          |
| Moncton Industrial Park     | 46          | 2,291,182        | 237,557                 | 10.4%                | 118,186                             | 241,808                         | 0                | 0                          | \$5.49                         | \$3.17                        | \$8.66                          |
| Dieppe Industrial Park      | 17          | 546,229          | 14,470                  | 2.6%                 | 4,710                               | 7,067                           | 0                | 0                          | \$7.04                         | \$3.41                        | \$10.44                         |
| Caledonia Industrial Park   | 18          | 1,069,232        | 263,131                 | 24.6%                | 4,912                               | 47,131                          | 0                | 0                          | \$6.54                         | \$2.84                        | \$9.38                          |
| <b>MONCTON TOTALS</b>       | <b>90</b>   | <b>4,376,621</b> | <b>542,557</b>          | <b>12.4%</b>         | <b>127,808</b>                      | <b>303,756</b>                  | <b>0</b>         | <b>0</b>                   | <b>\$5.92</b>                  | <b>\$3.11</b>                 | <b>\$9.03</b>                   |
| Greater Fredericton         | 3           | 132,310          | 12,698                  | 9.6%                 | -3,010                              | -3,010                          | 0                | 0                          | \$7.93                         | \$3.91                        | \$11.84                         |
| Fredericton Industrial Park | 12          | 329,365          | 38,998                  | 11.8%                | 200                                 | 13,233                          | 0                | 0                          | \$7.26                         | \$5.01                        | \$12.26                         |
| <b>FREDERICTON TOTALS</b>   | <b>15</b>   | <b>461,675</b>   | <b>51,696</b>           | <b>11.2%</b>         | <b>-2,810</b>                       | <b>10,223</b>                   | <b>0</b>         | <b>0</b>                   | <b>\$7.45</b>                  | <b>\$4.69</b>                 | <b>\$12.14</b>                  |
| <b>SAINT JOHN TOTALS</b>    | <b>12</b>   | <b>453,031</b>   | <b>60,190</b>           | <b>13.3%</b>         | <b>0</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>117</b>  | <b>5,291,327</b> | <b>654,443</b>          | <b>12.4%</b>         | <b>124,998</b>                      | <b>310,799</b>                  | <b>0</b>         | <b>0</b>                   | <b>\$6.17</b>                  | <b>\$3.33</b>                 | <b>\$9.50</b>                   |

\*Rental rates reflect asking \$psf/year

## Key Transactions Q3 2019

| PROPERTY                  | SF    | TENANT                             | TRANSACTION TYPE | SUBMARKET |
|---------------------------|-------|------------------------------------|------------------|-----------|
| 50 MacNaughton Avenue     | 5,760 | Premier Van Lines                  | Lease            | Moncton   |
| 115 Harrisville Boulevard | 5,050 | NB Research & Productivity Council | Lease            | Moncton   |

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

For more information, contact:  
Bill MacAvoy  
Managing Director  
Tel: +1 902 425 1444  
[bmacavoy@cwatlantic.com](mailto:bmacavoy@cwatlantic.com)

## About Cushman &amp; Wakefield

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with 51,000 employees in 400 offices and 70 countries. In 2018, the firm had revenue of \$8.2 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit [www.cushmanwakefield.com](http://www.cushmanwakefield.com) or follow @CushWake on Twitter.

©2019 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.