

## NEW BRUNSWICK INDUSTRIAL

### Economic Indicators

	Q4 16	Q4 17	12-Month Forecast
NB Employment	356k	356k	▼
NB Unemployment	7.7%	7.8%	▼
Canadian Unemployment	7.1%	5.7%	■

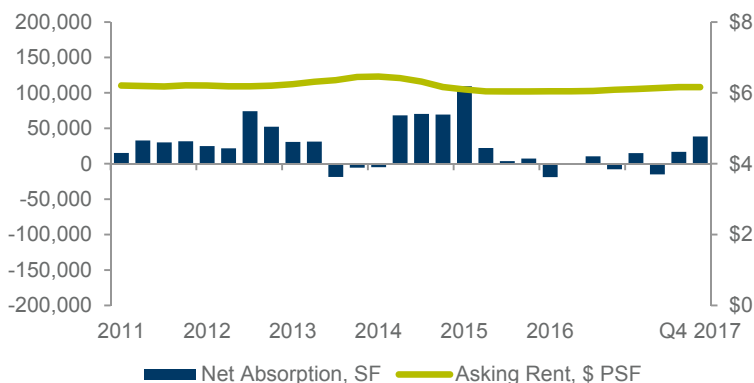
### Market Indicators

	Q4 16	Q4 17	12-Month Forecast
Overall Vacancy	16.8%	15.3%	▼
Net Absorption (sf)	29,551	12,250	▲
Under Construction (sf)	0	0	▼
Overall Average Asking Rent*	\$6.17	\$6.16	▲

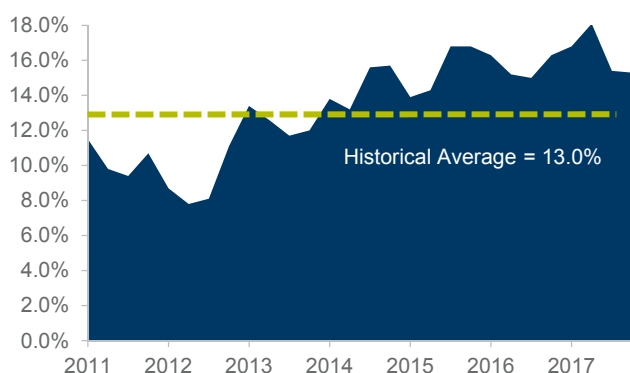
\*Rental rates reflect net asking \$psf/year

### Net Absorption/Overall Asking Rent

#### 4Q TRAILING AVERAGE



### Overall Vacancy



## Economy

The New Brunswick economy surpassed expectations in 2017, with real GDP growing a robust 1.7%. The main contributors to this growth were increases in both residential investment and infrastructure, employment growth, and projected record-setting retail sales. Increased government investment showed positive results in the residential sector, with housing starts seeing a 14% increase since 2016.

Unfortunately this growth is expected to run out of steam, as economic growth is forecasted to slip to 0.7% in 2018, and then contract again to 0.4% in 2019. The reasons behind the projected growth contractions are unfavourable demographics and a decrease in the working-age population. However, a decrease in the working age population should favour employment and unemployment rates, which would be great news for workers.

(Source: RBC Economics)

## Market Overview

New Brunswick's Industrial market saw little movement in the fourth quarter, falling just 10 basis points to 15.3%. The highest vacancy rate in the province was in Moncton's submarket, which posted an overall vacancy rate of 15.9%. Of note, Moncton's vacancy rate has declined significantly from 23.3% just one year ago. In the Moncton Industrial Park, significant space was vacated at 653 St. George Boulevard and roughly 12,000 square feet (sf) was leased to an undisclosed tenant at 149-159 Henri Dunant. Other movement took place in the Dieppe Industrial Park at 688 Babin Street, where Peak Fitness leased roughly 8,000 sf. The Fredericton market overall vacancy rate declined almost 200 basis points in the fourth quarter, ending the year at 11.8%. Contributors to this decrease arose from undisclosed tenants occupying roughly 3,000 sf at 140 Alison Boulevard and roughly 6,000 sf at 385 Wilsey Road. As for Saint John, the vacancy rate remained unchanged from the third quarter at 12.6%.

## Outlook

TD Economics has stated that provincial economic growth will decelerate, reaching 1% by 2019 as construction activity slows and tourism stabilizes. Exports may be impacted from uncertainty in trade policy and high U.S. trade exposure, but New Brunswick still anticipates the demand for its softwood lumber to remain strong. The U.S. housing sector will provide steady demand for forestry products due to the need for rebuilding in many American cities hit hard by natural disasters in 2017.

## MARKETBEAT

## New Brunswick

Industrial Q4 2017



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	8	444,978	15,647	3.5%	5,250	1,453	0	0	\$6.16	\$3.02	\$9.18
Moncton Industrial Park	44	2,214,588	427,971	19.3%	-7,712	92,069	0	0	\$5.50	\$3.17	\$8.67
Dieppe Industrial Park	17	546,229	77,751	14.2%	5,800	-4,814	0	0	\$6.04	\$3.36	\$10.39
Caledonia Industrial Park	18	1,069,332	159,397	14.9%	50	89,209	0	0	\$6.04	\$2.77	\$8.81
<b>MONCTON TOTALS</b>	<b>87</b>	<b>4,275,027</b>	<b>680,766</b>	<b>15.9%</b>	<b>3,388</b>	<b>177,917</b>	<b>0</b>	<b>0</b>	<b>\$5.88</b>	<b>\$3.12</b>	<b>\$9.00</b>
Greater Fredericton	3	132,310	3,000	2.3%	3,450	450	0	0	\$8.18	\$3.93	\$12.11
Fredericton Industrial Park	12	331,615	51,693	15.6%	5,412	-7,477	0	0	\$7.22	\$5.15	\$12.37
<b>FREDERICTON TOTALS</b>	<b>15</b>	<b>463,925</b>	<b>54,693</b>	<b>11.8%</b>	<b>8,862</b>	<b>-7,027</b>	<b>0</b>	<b>0</b>	<b>\$7.50</b>	<b>\$4.80</b>	<b>\$12.30</b>
<b>SAINT JOHN TOTALS</b>	<b>12</b>	<b>453,031</b>	<b>57,010</b>	<b>12.6%</b>	<b>0</b>	<b>-17,140</b>	<b>0</b>	<b>0</b>	<b>\$7.17</b>	<b>\$4.02</b>	<b>\$11.19</b>
<b>NEW BRUNSWICK TOTALS</b>	<b>111</b>	<b>5,191,983</b>	<b>792,469</b>	<b>15.3%</b>	<b>12,250</b>	<b>153,750</b>	<b>0</b>	<b>0</b>	<b>\$6.17</b>	<b>\$3.37</b>	<b>\$9.54</b>

\*Rental rates reflect asking \$psf/year

## Key Lease Transactions Q4 2017

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
205 Commerce Street	44,640	Cardinal Health Canada Ltd.	Renewal	Moncton

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