

New Brunswick

Industrial Q2 2020

	YoY Chg	12-Mo. Forecast
14.6% Vacancy Rate	▼	▼
-58,788 Net Absorption, SF	▼	▲
\$6.24 Asking Rent, PSF	▼	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q2 2020

	YoY Chg	12-Mo. Forecast
328K New Brunswick Employment	▼	▲
12.8% New Brunswick Unemployment Rate	▲	▬
13.7% Canada Unemployment Rate	▲	▼

Source: Statistics Canada

ECONOMIC OVERVIEW

In 2019, New Brunswick's economy was originally projected to grow by 1.0% in 2020; however, current forecasts now have the province seeing a 3.7% decline in growth, though it should be noted that the province is expected to have the third smallest decline in GDP out of all the provinces. New Brunswick may take longer to rebound from the economic hit as the province's economy is influenced by oil and other commodities, coupled with the fact that exports are down as well as manufacturing. A decline in non-residential construction will also be a potential contributing factor to a slower rebound. Government plans will help the province as it is now on track to have a \$300 million budget deficit, a significant change from the \$92 million surplus in early 2020. The COVID-19 pandemic struck Canada in March 2020, late in the quarter but with enough time to have a significant impact on first quarter market fundamentals. In the second quarter of 2020, the Canadian economy felt its effects more fully, as government-mandated shutdowns along with shelter-in-place ordinances pushed the country deeper into recession. The situation remains very fluid.

Access the most recent information specific to COVID [here](#)

(Sources: RBC Economics, Statistics Canada, TD Economics,)

SUPPLY AND DEMAND

New Brunswick's industrial market saw a total of 58,788 square feet (sf) of negative absorption this quarter, resulting in a 110-basis point (bps) quarter-over-quarter increase to 14.6% in the second quarter of 2020. Much of this negative absorption was seen in the Moncton submarket as 49,000 sf of space was vacated by an undisclosed tenant at 345 English Drive. As a result Moncton experienced a 110-bps increase in vacancy from last quarter to reach 16.6% this quarter. The Saint John submarket also had a rise in vacancy from last quarter, reaching 6.5% in the second quarter of 2020, a 380 bps climb from last quarter, due largely to the over 14,000 sf of space that returned to the market at 799 Bayside Drive. However bucking the trend was the Fredericton submarket that had an 80-basis point decrease in vacancy during the second quarter of 2020, declining to 4.2% quarter-over-quarter, due in part to 6,400 sf of space that was leased at 230 Hodgson Road.

PRICING

The Industrial overall net asking rent underwent a slight increase in the second quarter of 2020, climbing from \$6.22 per square foot (psf) to \$6.24 psf this quarter, a \$0.02 psf quarter-over-quarter change. The Moncton submarket rental rate remained unchanged this quarter, while the Fredericton submarket rental rent jumped to \$7.52 psf this quarter compared to \$7.45 psf last quarter. Finally the Saint John market overall rental rate increased to \$7.10 psf in the second quarter of 2020 compared to \$7.02 in the previous quarter.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & NET ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT	OVERALL WEIGHTED AVG ADD. RENT	OVERALL WEIGHTED AVG GROSS RENT
Greater Moncton	469,978	23,000	4.9%	0	4,126	0	0	\$6.21	\$2.92	\$9.13
Moncton Industrial Park	2,291,182	413,012	18.0%	-29,309	-56,246	0	0	\$5.56	\$3.14	\$8.70
Dieppe Industrial Park	546,229	17,883	3.3%	-8,443	-5,213	0	0	\$7.00	\$3.48	\$10.48
Caledonia Industrial Park	1,069,232	270,518	25.3%	-7,475	-13,423	0	0	\$6.54	\$2.86	\$9.40
MONCTON TOTALS	4,376,621	724,413	16.6%	-45,227	-70,756	0	0	\$5.99	\$3.12	\$9.11
Greater Fredericton	132,310	9,688	7.3%	0	0	0	0	\$7.93	\$3.91	\$11.84
Fredericton Industrial Park	329,365	9,841	3.0%	3,509	3,509	0	0	\$7.36	\$5.01	\$12.36
FREDERICTON TOTALS	461,675	19,529	4.2%	3,509	3,509	0	0	\$7.52	\$4.69	\$12.21
SAINT JOHN TOTALS	453,031	29,499	6.5%	-17,070	-24,159	0	0	\$7.10	\$3.71	\$10.81
NEW BRUNSWICK TOTALS	5,291,327	773,441	14.6%	-58,788	-91,406	0	0	\$6.24	\$3.33	\$9.56

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