

New Brunswick

Industrial Q3 2020

13.2%

Vacancy Rate

YoY Chg



12-Mo. Forecast



7,711

Net Absorption, SF



\$6.24

Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q3 2020

350K

New Brunswick Employment

YoY Chg



12-Mo. Forecast



10.4%

New Brunswick Unemployment Rate



9.0%

Canada Unemployment Rate



Source: Statistics Canada

ECONOMIC OVERVIEW

New Brunswick's economy is predicted to see a 4.5% contraction in 2020, which is a slight increase from what was originally forecasted earlier this year. However the province has fared much better economically due to government restrictions and mandates, and because of this it is forecasted that the economy will bounce back in 2021 with GDP growth of about 4.5%. The increase in contraction compared to last quarters prediction can partly be attributed to weak demand and prices in the export sector as oil and seafood exports have seen a 27% and 13% year-over-year decline respectively. However with the province opening sooner than most of the other Canadian provinces, job losses were lower in comparison and close to three-quarters of those who lost their jobs in the province have now found employment. Recovery may be slow due to struggling exports, but a continued strengthening of New Brunswick's retail sector, housing market and housing starts will help keep the province on the road to recovery. Upon the arrival of COVID-19 in Canada., the economy entered a recession in March 2020. Mounting evidence indicates that the recovery began in May or June with Q3 2020 data likely reflecting that. But, until there is a public health resolution to the pandemic, the recovery is likely to remain uncertain and gradual. Only then can households and businesses become more confident. Access the most recent research on CRE and the state of economy [here](#)

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

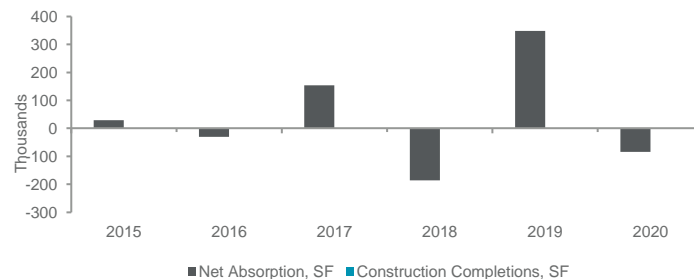
SUPPLY AND DEMAND

The overall vacancy rate for the New Brunswick industrial market was down by 140 basis points (bps) this quarter, as the rate dropped from 14.6% to 13.2% quarter-over-quarter. The Moncton submarket was the only area to see any significant vacancy change this quarter, as rates dropped by 170 bps quarter-over-quarter to reach 14.9% in the third quarter of 2020. This was largely driven by the 12,000-square foot (sf) lease at 80 Driscoll Crescent by JessEm Tool Corporation as well as 24,500 sf of space taken off the market at 653 St. George Boulevard by an undisclosed tenant in the Moncton Industrial Park. This helped to contribute to the over 7,000 sf of absorption seen in the Moncton submarket this quarter. Leasing activity was quiet in the Fredericton and Saint John submarkets this quarter, with no vacancy changes observed in Fredericton, while Saint John had 7,000 sf of sublease space transfer back to the landlord at 344 Grandview Avenue.

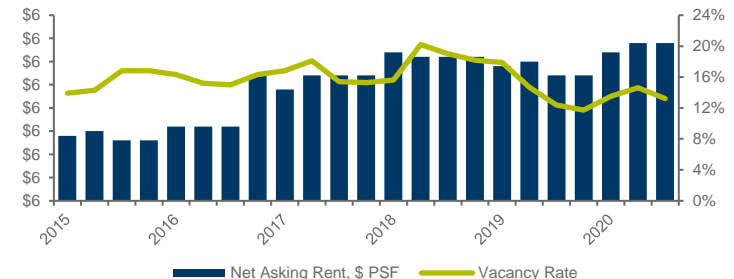
PRICING

The overall industrial net rent for New Brunswick was stable this quarter, remaining at \$6.24 per square foot (psf) in the third quarter of 2020. Despite no overall rent changes the Fredericton submarket experienced a slight increase in rental rates this quarter as average net rents rose from \$7.52 psf to \$7.54 psf. Rental rates in Moncton and Saint John submarkets remained unchanged in the third quarter of 2020.

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	23,00	4.9%	0	4,126	0	0	\$2.21	\$2.92	\$9.13
Moncton Industrial Park	2,291,182	404,407	17.7%	8,605	-47,641	0	0	\$5.56	\$3.15	\$8.71
Dieppe Industrial Park	546,229	15,537	2.8%	2,346	-2,867	0	0	\$7.02	\$3.48	\$10.50
Caledonia Industrial Park	1,069,232	208,102	19.5%	-3,240	-16,663	0	0	\$6.53	\$2.88	\$9.40
MONCTON TOTALS	4376,621	651,102	14.9%	7,711		0	0	\$5.99	\$3.13	\$9.12
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%	0	3,509	0	0	\$7.38	\$5.01	\$12.39
FREDERICTON TOTALS	461,675	19,529	4.2%	0	3,509	0	0	\$7.54	\$4.69	\$12.23
SAINT JOHN TOTALS	453,031	29,499	6.5%	0	-24,159	0	0	\$7.10	\$3.71	\$10.81
NEW BRUNSWICK TOTALS	5,291,327	700,130	13.2%	7,711	-83,695	0	0	\$6.24	\$3.33	\$9.57

KEY LEASE TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
80 Driscoll Crescent	Moncton	JessEm Tool Corporation	12,009	Lease

*Renewals not included in leasing statistics

BILL MACAVOY

Managing Director

+1 902 425 1872 / bmacavoy@cwatlantic.com

DYLAN CURRIE

Research Coordinator

+1 902 334 2169 / dcurrie@cwatlantic.com

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