

YoY Chg 12-Mo. Forecast

14.2%
Vacancy Rate



-26,984
Net Absorption, SF



\$24.89
Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2021

YoY Chg 12-Mo. Forecast

359.6K
New Brunswick Employment



9.2%
New Brunswick Unemployment Rate



7.5%
Canada Unemployment Rate



Source: Statistics Canada

ECONOMIC OVERVIEW

New Brunswick's economic outlook for 2021 is still on pace to reverse the contraction that was seen during the early stages of the pandemic, as projections have GDP growth around 4.8%. This is backed by the resilience of the province and its ability to keep New Brunswick relatively open compared to the rest of the country. Though the province was not unaffected by the second wave and recorded job losses during the month of February, this should be considered a blip on the map as employment is still at promising levels relative to other provinces. Recent talks of reestablishing the "Atlantic Bubble" will be a welcomed sign of recovery as the province experienced a drop in retail spending throughout 2020. Exports will be an area of interest for New Brunswick as the demand for petroleum products should increase in the coming months as well as a lumber market that has been seeing significant activity in the early stages of 2021. The province's revised \$13 million deficit for fiscal 2020-2021 is the lowest in the country and the current budget has a planned deficit average of 0.6% over the course of the next three years. These figures could lower as the economic assumptions and planning used has left room for surprising increases in revenue. New Brunswick will need to continue with their immigration targets as it is a crucial component of the province's economic success and growth over the next few years.

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

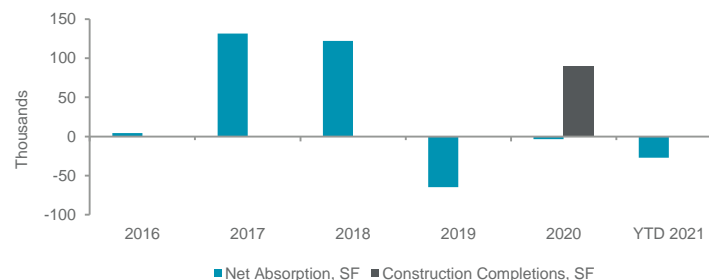
SUPPLY AND DEMAND

The overall vacancy rate in New Brunswick was up to 14.2% in the first quarter of 2021, a 40-basis point (bps) quarter-over-quarter increase. Much of this increase can be attributed to the Fredericton submarket which also experienced a vacancy increase this quarter, as availability rose from 8.5% in the previous quarter to 11.1% in the first quarter of 2021, due in part to Vestcor vacating over 30,000 square feet (sf) in Kings Place at 440 King Street. This also resulted in an upward surge in Fredericton's Class A vacancy, as rates rose by 540 bps quarter-over-quarter to 16.5% in the first quarter of 2021. The Moncton submarket had a relatively quiet quarter in comparison as vacancy was down by 40 bps quarter-over-quarter to 9.2% in the first quarter of 2021, despite having over 13,000 sf of leasable space back on the market from the Blue Cross Centre at 644 Main Street as an undisclosed tenant vacated the entire third floor. Similar to Moncton, the Saint John submarket observed a slight decline in vacancy during the first quarter of 2021, as rates dropped to 23.4% for a 50-bps quarter-over-quarter decrease.

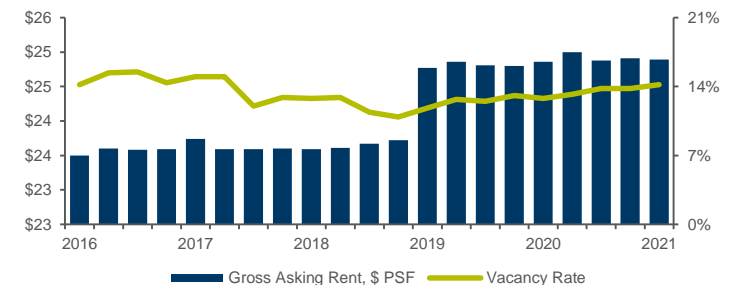
PRICING

New Brunswick's overall average net rents were down by \$0.04 per square foot (psf) from last quarter to \$13.77 psf in the first quarter of 2021. The Moncton submarket experienced the only net rent decrease this quarter as rates dropped by \$0.08 psf quarter-over-quarter, to \$13.36 psf in the first quarter of 2021. Fredericton and Moncton submarkets both saw net rent increases and finished the first quarter of 2021 at \$14.64 psf and \$11.99 psf for a \$0.09 and \$0.03 psf quarter-over-quarter increase, respectively. Class A net rents across all submarkets remained unchanged during the first quarter of 2021, with the overall rent at \$15.37 psf.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



New Brunswick

Office Q1 2021

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Moncton	2,954,336	16,525	254,800	9.2%	13,491	13,491	0	\$25.11	\$30.13
Fredericton	2,056,554	0	227,423	11.1%	-52,143	-52,143	0	\$24.94	\$28.41
Saint John	2,313,502	0	541,071	23.4%	11,668	11,668	0	\$22.48	\$28.85
New Brunswick Totals	7,324,392	16,525	1,023,294	14.2%	-26,984	-26,984	0	\$24.89	\$29.30

*Rental rates reflect direct full service asking

KEY LEASE TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
1 Germain Street	Saint John	Intact Insurance Company	8,073	Renewal

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