

New Brunswick

Industrial Q4 2021

	YoY Chg	12-Mo. Forecast
8.5% Vacancy Rate	▼	▼
-18,446 Net Absorption, SF	▼	▲
\$6.34 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q4 2021

	YoY Chg	12-Mo. Forecast
363.8K New Brunswick Employment	▲	▲
7.9% New Brunswick Unemployment Rate	▼	▼
5.9% Canada Unemployment Rate	▼	▼

Source: Statistics Canada

ECONOMIC OVERVIEW

The economic outlook for New Brunswick continues to keep track with previous projections, as the province - like Nova Scotia - is set to completely reverse the decline seen in 2020, with forecasted GDP growth of around 4.0% in 2021 and then slowing to 2.6% in 2022. The slower growth is typically associated with economic expansion, a phase which New Brunswick is believed to be entering. Recovery for the province was largely built on a strong goods sector, as growth in manufacturing sales and exports were on average the second highest in the country from January to October 2021. Continued demand for oil and gas products will bode well for 2022, as travel levels begin to creep back towards pre pandemic levels. Lumber prices have stayed above pre-pandemic levels throughout 2021 and should continue so in 2022 as housing starts in Canada and the United States have been consistently strong. Though an eye should be kept on the industry as recent U.S. tariffs on Canadian softwood could potentially pose a risk, but high demands should hopefully offset any negative impacts. Much like other Maritime provinces, population growth has been a positive trend, particularly from interprovincial migration, which should continue to boost the labour force along with consumer, retail, and restaurant spending. Government finances are also showing record surpluses, as the 2020-21 fiscal year had a \$409 million surplus. Higher revenues will also cause additional surpluses, with the mid-year fiscal update for the province showing the original \$245 million deficit estimate now being projected to be a \$39 million surplus for the current year.

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

SUPPLY AND DEMAND

New Brunswick's overall industrial vacancy saw a slight uptick during the fourth quarter of 2021 when compared to the previous quarter's rate of 8.0%, as vacancy jumped by 50 basis points (bps) to 8.5%. A significant portion of this increase is due to new sublease space in the area as Ply Gem's 14,092-square foot (sf) space was returned to the market at 855 Bayside Drive, along with the 16,000 sf of newly vacant space at 120 Ashburn Lake Road, the former home of Atlantic Signs Ltd. These changes brought vacancy for the Saint John submarket up by a staggering 560 bps when compared to the previous quarter's vacancy, as the current vacancy in the fourth quarter of 2021 sits at 13.7%. The Fredericton submarket also observed an increase to overall vacancy, as vacancy rose to 1.6% in the fourth quarter of 2021, an 80-bps quarter-over-quarter increase, despite having positive absorption of over 9,500 sf. This is due to the low inventory of the area, combined with the introduction of 140 Pepin Road, a new build which brought 13,750 sf of industrial space to the market. Rounding out the New Brunswick Industrial market is the submarket of Moncton, which saw a slight decrease to overall vacancy, as vacancy dropped by 10-bps quarter-over-quarter to 8.6% in the fourth quarter of 2021.

PRICING

The overall average net rent in the New Brunswick industrial market was up in the fourth quarter of 2021, rising by \$0.05 per square foot (psf) quarter-over-quarter to \$6.34 psf. The Moncton submarket saw a slight increase from the previous quarter as rates were up to \$6.07 psf in the fourth quarter of 2021, for a \$0.01 psf increase when compared to the previous quarter. Fredericton saw the second largest increase of all submarkets as rates were up from the previous quarter's \$7.54 psf to \$7.67 psf in the fourth quarter of 2021. The single largest overall net rent increase was experienced by the Saint John submarket, as net rents in the area were up to \$7.35 psf in the fourth quarter for a \$0.20 psf quarter-over-quarter change.

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	470,978	20,750	4.4%	1,750	8,250	0	0	\$6.32	\$3.04	\$9.36
Moncton Industrial Park	2,372,425	192,675	8.1%	-5,834	136,482	0	0	\$5.65	\$3.18	\$8.83
Dieppe Industrial Park	546,229	10,790	2.0%	0	-190	0	0	\$7.15	\$3.43	\$10.58
Caledonia Industrial Park	1,159,466	168,835	14.6%	6,000	114,127	62,475	0	\$6.55	\$3.12	\$9.67
MONCTON TOTALS	4,549,098	393,050	8.6%	1,916	258,669	62,475	0	\$6.07	\$3.19	\$9.26
Greater Fredericton	132,310	0	0.0%	0	9,688	0	0	\$7.93	\$3.91	\$11.84
Fredericton Industrial Park	343,115	7,770	2.3%	9,730	12,621	0	13,750	\$7.57	\$4.99	\$12.56
FREDERICTON TOTALS	475,425	7,770	1.6%	9,730	22,309	0	13,750	\$7.67	\$4.68	\$12.35
SAINT JOHN TOTALS	517,123	70,982	13.7%	-30,092	-9,834	0	0	\$7.53	\$3.79	\$11.14
NEW BRUNSWICK TOTALS	5,541,646	471,802	8.5%	-18,446	271,146	0	13,750	\$6.34	\$3.39	\$9.72

KEY LEASE TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE*
227 Henri Dunant	Moncton	Leis Pet Distributing Inc.	6,000	Lease
125 Whiting Road	Fredericton	Encore Global Events Canada ULC	3,000	Renewal

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
222 Edinburgh Drive	Moncton	Kingsett / PROREIT	94,292	\$10.5 M / \$111.33
125 Urquhart Avenue	Moncton	2382424 Ontario Ltd / 1221105 BC Ltd.	7,690	\$975K / \$126.78

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