

YoY
Chg 12-Mo.
Forecast

18.0%

Vacancy Rate



-41,946K

Net Absorption, SF



\$25.06

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS
Q3 2022YoY
Chg 12-Mo.
Forecast

373.1K

New Brunswick
Employment

6.7%

New Brunswick
Unemployment Rate

5.2%

Canada
Unemployment Rate

Source: Statistics Canada

ECONOMIC OVERVIEW

New Brunswick's economy has forecasted a slightly lower quarter-over-quarter growth projection compared to the second quarter of 2022. Yet, the province has still maintained a positive stride for GDP growth at 1.4%, despite expected downturns in consumption moving into 2023. This is being driven by record-breaking net interprovincial migration numbers, although heightened inflation as well as their above average exposure to the lumber and oil markets still have a solid presence. Net interprovincial migration numbers have surpassed the historical high seen in the 1970's as Canadians migrate to the Maritime provinces. However, New Brunswick's exposure to global factors such as the oil & gas and lumber sectors is certainly present in the economy. This is important to note as prices in the lumber trade have dropped significantly since March 2022 due to a slowdown in demand, leading to less growth in the U.S. export market for New Brunswick. Furthermore, the outcome from ORLEN Upstream Canada Ltd's plan to decommission oil and gas wells in Moncton will play a large role in limiting crude oil sent to the Irving refinery, limiting the provinces' ability to benefit from heightened oil & gas prices. In terms of inflation however, the provincial government is aiming to provide some relief for low-income persons with their 20-million-dollar package being dispersed from their projected \$135 million dollar surplus. Employment growth for New Brunswick is expected to end the year on a positive note with a forecasted 1.7% increase in 2022; primarily driven by the projected job growth in professional, scientific, and technical services industries which have been strong in comparison to the service sectors.

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

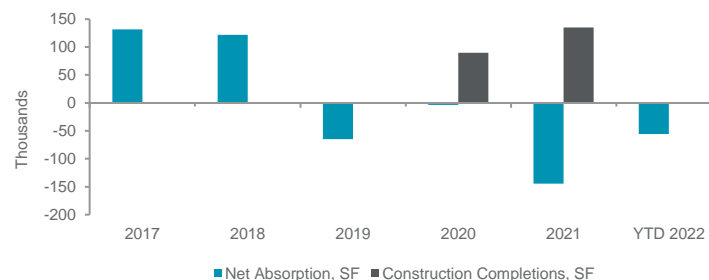
SUPPLY AND DEMAND

The New Brunswick office market saw an overall vacancy increase of 80 basis points (bps) during the third quarter of 2022, now currently sitting at 18.0%. This change was primarily due to shifts in the Fredericton and Saint John submarkets where vacancy moved upwards by 130 bps and 120 bps from last quarter to 14.6% and 28.0% respectively. The changes in both Fredericton and Saint John were driven by movement in Class B office stock. Moncton however, encountered just minor changes with vacancy moving from 12.3% in the second quarter to 12.4% in the third quarter of 2022.

PRICING

Overall average net rents in New Brunswick shifted in the third quarter of 2022 to \$13.51 psf; primarily due to minor shifts in the Fredericton and Saint John submarkets as the average net rental rate in both markets increased by \$0.01 from the last quarter. After a significant increase in the second quarter of 2022, the average net rent in the Moncton submarket remained at \$13.54 psf this quarter. These upward shifts regarding net rental rates were primarily attributed to movement in the Class B and C office stock. Rental rates in lower grade inventory will likely continue to move upward as lower GDP growth is expected in 2023, making less expensive office alternatives more sought-after.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



New Brunswick

Office Q3 2022


**CUSHMAN &
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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 | 2,956,218 | 16,252 | 351,772 | 12.4% | -4,824 | -19,658 | 0 | \$25.69 | \$30.55 |
| Fredericton | 2,194,424 | 0 | 321,118 | 14.6% | -28,396 | -27,761 | 0 | \$26.44 | \$29.90 |
| Saint John | 2,385,051 | 32,081 | 638,778 | 28.0% | -8,726 | -8,329 | 0 | \$22.29 | \$28.81 |
| New Brunswick Totals | 7,535,693 | 48,333 | 1,309,668 | 17.4% | -41,946 | -55,748 | 0 | \$25.06 | \$29.89 |

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q3 2022

| PROPERTY | SUBMARKET | TENANT | SF | TYPE* |
|--------------------|-------------|-------------------------|--------|-------|
| 39 King St. | Saint John | Cooke Squaculture Inc. | 11,322 | Lease |
| 500 Mapleton Rd | Moncton | Canadian Blood Services | 3,853 | Lease |
| 900 Hanwell Road | Fredericton | ALS Canada Ltd. | 2,374 | Lease |
| 175 Beaverbrook St | Moncton | Bell Canada | 2,600 | Lease |

*Renewals not included in leasing statistics

KEY SALE TRANSACTIONS Q3 2022

| PROPERTY | SUBMARKET | TENANT | SF | Sale Price |
|----------|-----------|--------|----|------------|
|----------|-----------|--------|----|------------|

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