

New Brunswick

Industrial Q3 2022

	YoY Chg	12-Mo. Forecast
5.7% Vacancy Rate	▲	▼
28,306 Net Absorption, SF	▲	▲
\$6.51 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q3 2022

	YoY 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,)

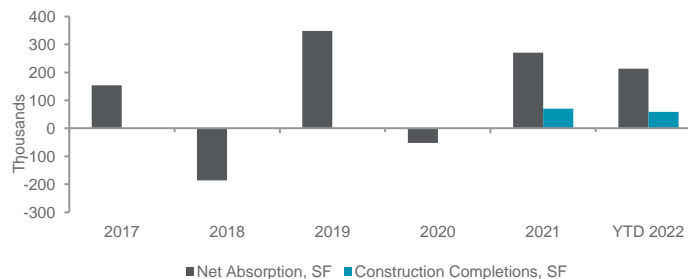
SUPPLY AND DEMAND

New Brunswick's overall industrial vacancy rate rose by 60 basis points (bps) in the third quarter of 2022, climbing from 5.1% to 5.7%. However, this increase has not diminished the annualized vacancy shift for the year, as the rate is still down from the recorded 8.0% in the third quarter of 2021. The primary driver for the increase in vacancy this quarter was the Moncton submarket, which had a 60-bps increase in vacancy from the previous quarter to reach 5.0%. This vacancy will likely trend downwards in the fourth quarter as the short-term warehousing space at 33 Henri Dunant Street begins its lease in December 2022, taking 50,000 square feet of space off the market. Additionally, the new industrial construction at 1275 Aviation Avenue in the Dieppe submarket of Moncton has been completed and has been fully pre-leased by CBRE Moncton. Fredericton saw a decrease of 30 bps in vacancy from last quarter's vacancy rate of 1.5% due to multiple minor vacancy changes in the submarket. Lastly, the Saint John submarket did not see any significant changes in vacancy during the third quarter of 2022 as vacancy remained at 12.3%, showcasing the stability seen in Saint John.

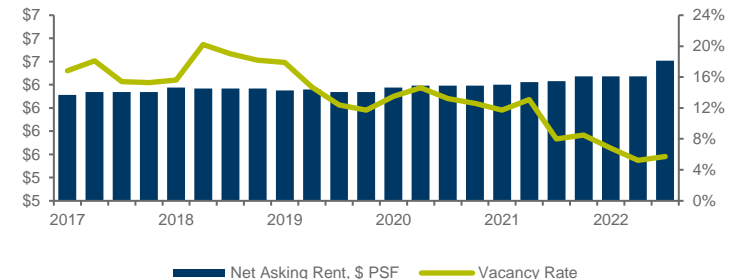
PRICING

The overall average net rent within New Brunswick's industrial market increased by \$0.17 per square foot (psf) to reach an overall average of \$6.51 psf in the third quarter of 2022. The overall average increased in each submarket; however, Saint John saw the largest change moving from \$7.26 psf in the second quarter to \$8.60 psf currently. In Moncton, there was a quarter-over-quarter increase in net rents of \$0.07 psf moving from \$6.08 psf to \$6.15 psf in the third quarter of 2022. Additionally, the Fredericton submarket witnessed a \$0.04 increase in its net rental rate moving from \$7.70 psf to \$7.74 psf in the third quarter of 2022. New Brunswick's industrial market will likely continue to see increases in its net rental rate as vacancy tightens moving forward into 2023.

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	26,742	5.7%	-1,500	--5,992	0	0	\$6.32	\$3.23	\$9.54
Moncton Industrial Park	2,330,923	120,945	5.2%	-35,273	65,970	0	0	\$5.64	\$3.17	\$8.81
Dieppe Industrial Park	605,626	22,495	3.7%	61,397	47,692	0	59,397	\$7.44	\$3.43	\$10.88
Caledonia Industrial Park	1,197,871	79,080	6.6%	2,032	95,515	62,475	0	\$6.62	\$3.04	\$9.66
MONCTON TOTALS	4,605,398	249,262	5.4%	26,656	203,185	62,475	59,397	\$6.15	\$3.19	\$9.34
Greater Fredericton	132,310	0	0.0%	0	0	0	0	\$7.93	\$3.91	\$11.84
Fredericton Industrial Park	343,575	5,691	1.7%	1,650	2,079	0	0	\$7.66	\$4.99	\$12.65
FREDRICTON TOTALS	475,885	5,691	1.2%	1,650	2,079	0	0	\$7.74	\$4.68	\$12.42
SAINT JOHN TOTALS	512,123	62,832	12.3%	0	8,150	0	0	\$8.60	\$3.69	\$12.29
NEW BRUNSWICK TOTALS	5,593,406	317,785	5.7%	28,306	213,414	62,475	59,397	\$6.51	\$3.38	\$9.88

KEY LEASE TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE*
125 Whiting Road	Fredericton	Enore Clobal Events (Canada) ULC	3,000	Renewal
120 Ashburn Lake Road	Saint John	Rogers Communications Inc.	2,500	Renewal

*Renewals not Included in Leasing Activity

KEY SALES TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE
1-7 Foundry St	Moncton	J.N. Lafford Realty Inc.	14,000	\$850,000

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