

YoY
Chg 12-Mo.
Forecast**20.6%**

Overall Vacancy Rate

**-233,313**

Net Absorption, SF

**\$25.79**

Gross Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS
Q4 2023YoY
Chg 12-Mo.
Forecast**390.9K**New Brunswick
Employment**6.6%**New Brunswick
Unemployment Rate**5.8%**Canada
Unemployment Rate

Source: Statistics Canada

ECONOMIC OVERVIEW

New Brunswick's economy has experienced a significant slowdown in growth compared to the post-pandemic recovery period. It has one of the largest declines in growth among all provinces, with a decrease from 5.3% in 2021 to 1.1% in 2022. While the household sector remains strong due to in-migration and low debt burdens, provincial exports are being hindered by a softening global economy. As a result, the forecast for 2023 has been downgraded to 1.1% from 1.4%, and further deceleration to 0.9% is expected in 2024. This makes New Brunswick the only Maritime province to experience a further slowdown in the coming year. Despite these changes, there have been no significant alterations to New Brunswick's economic outlook. The province's real GDP growth is estimated to be in the middle range at 1.1% in 2023, slightly outperforming the national average. The population growth has positively impacted spending and labour markets, but the economy is still affected by the headwinds of global and domestic growth slowdowns. However, New Brunswick's households have relatively low debt, providing some protection against higher borrowing costs. The job market is expected to continue growing, especially with an increasing number of permanent residents. On the other hand, the province's exports have declined by over 10% this year, mainly due to lower energy prices and the impact of Irving Oil Ltd.'s strategic review on oil shipments. The majority of New Brunswick's international exports go to the United States, where the economy is also expected to slow down in 2024. However, the weakening Canadian dollar may provide some support to international exports. Manufacturing sales in New Brunswick have lagged behind other provinces, with a decline of around 8% in the third quarter and a fourth consecutive quarterly decline expected. (Sources: RBC Economics, Statistics Canada, TD Economics,)

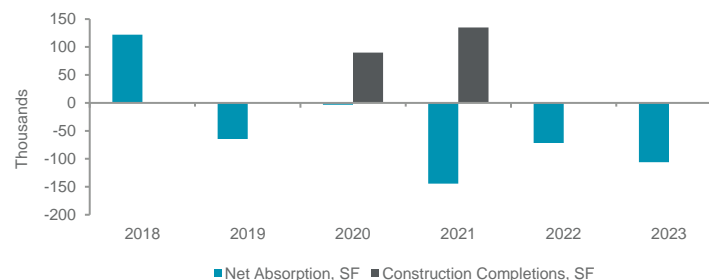
SUPPLY AND DEMAND

The overall vacancy rate in New Brunswick increased in the fourth quarter of 2023 reaching 20.6%, a 350-basis point (bps) increase from last quarter. Vacancy increased in all three submarkets quarter-over-quarter (QoQ) bringing Moncton to 15.4%, Fredericton to 18.4% and Saint John to 29.2%. Furthermore, the overall absorption shifted further into negative territory this quarter to 233k square feet (sf), although the overall 2023 total was negative 106k sf. This quarter it was softening in the Moncton Class B market that was the main driver behind the negative absorption, declining to 192k sf. This was primarily due to Rogers Communications downsizing and implementing remote work policies, resulting in 35k sf of available space. Additionally, 360 Insights vacated their premises, leaving behind 14k sf of sublease space at 77 Foundry Street.

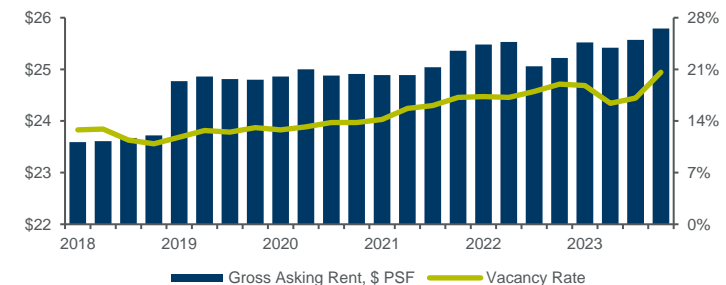
PRICING

New Brunswick had a slight increase in its overall net asking rental rate during the fourth quarter, increasing from \$13.80 per square foot (psf) in the third quarter to \$13.97 psf. This was a result of minor increases in asking net rents across the various submarkets in New Brunswick - indicating a balanced distribution of net rental rates. Moncton posted a net rental rate of \$13.86 psf, Saint John at \$12.45 psf and Fredericton seeing \$15.69 psf.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



New Brunswick

Office Q4 2023


**CUSHMAN &
WAKEFIELD**
Atlantic

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	2,973,704	41,499	415,252	15.4%	-158,671	-62,826	38,764	\$26.38	\$31.00
Fredericton	2,278,872	60,836	38,787	18.4%	-47,383	-10,742	0	\$26.86	\$30.38
Saint John	2,385,051	22,805	674,589	29.2%	-27,259	-32,520	0	\$23.26	\$30.20
New Brunswick Totals	7,637,627	125,140	1,448,628	20.6%	-233,313	-106,088	38,764	\$25.79	\$30.63

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE
1000 St George Blvd., Suite 101	Moncton	Atlantic Real Estate Services Ltd.	6,534	Direct
1070 St George Blvd.	Moncton	Undisclosed	14,260	Renewal
2 King Street	Saint John	Undisclosed	6,209	Direct

KEY SALE TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	Buyer	SF	Sale Price
178 Halifax Street	Moncton	Undisclosed	7,840	\$560,000
345-347 St George Street	Moncton	Undisclosed	4,905	\$567,000

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