

YoY
Chg 12-Mo.
Forecast

18.8%

Vacancy Rate



18K

Net Absorption, SF



\$25.52

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS
Q1 2023YoY
Chg 12-Mo.
Forecast

385.5K

New Brunswick
Employment

5.8%

New Brunswick
Unemployment Rate

5.0%

Canada
Unemployment Rate

Source: Statistics Canada

ECONOMIC OVERVIEW

New Brunswick's economy started 2023 on an optimistic note in terms of GDP growth, forecasting between 0.7% - 1.0% compared to the 1.7%-2.0% growth seen in 2022. This forecast was led by NB's low household debt, inflation adjusted spending figures, above average wage growth and strong population growth, which help shield the affects of the rate induced slowdown across Canada. Population growth, fueled by immigration, non-permanent residents, and interprovincial migration is certainly a primary catalyst for NB's optimism. However, this rate of interprovincial growth will not last forever, as the remote working sector taps the brakes. Additionally, New Brunswick's low household debt burdens and inflation-based wage growth rising at the fastest rate in Canada certainly supports the province's inflation adjusted retail spending, which has shown signs of stability in the last two quarters. Although, the relative affordability in New Brunswick has been impacted by increased home prices during the pandemic and mortgage payments continuing to impact household budgets. However, if interprovincial migration slows, home prices will likely fall further, easing the impact of mortgage payments on overall household budgets. Extending this view to a global scope, New Brunswick's exposure to global factors such as manufacturing, lumber, oil & gas and more generally exports are certainly present in the economy. This is important to note as the province's international exports are heavily weighted towards the United States, which is likely to see significant slowdowns in terms of economic growth this year. Specifically, the lumber trade has seen a significant drop in prices from their high in March 2022, due to a slowdown in demand, which lead to less growth in the U.S. export market for New Brunswick. International exports account for approximately 50% of New Brunswick's exports, although, domestic and interprovincial activity show signs of slowing as well. Regardless, New Brunswick is still poised to have a healthy fiscal backdrop as it has operated in a surplus for the last several years and is projected to have a surplus of 1.9% this year.

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

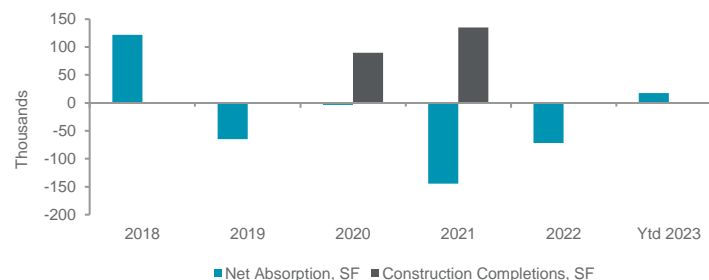
SUPPLY AND DEMAND

The New Brunswick office market saw overall vacancy decrease by 20 basis points (bps) during the first quarter of 2023 to 18.8%. This change was primarily due to downward shifts in the Moncton submarkets, where vacancy declined by 120 bps from last quarter's 13.3% to 12.1%. This was combated by upward changes in the Fredericton submarket as vacancy increased by 150 bps from last quarter 17.0% to 18.5%. This was driven by movement in all classes of office stock as available space at TD Tower, HBC Place and 364 Argyle Street came to market. Finally, Saint John encountered just minor changes with vacancy, moving from 27.9% in the fourth quarter of 2022 to 27.3% in the first quarter of 2023.

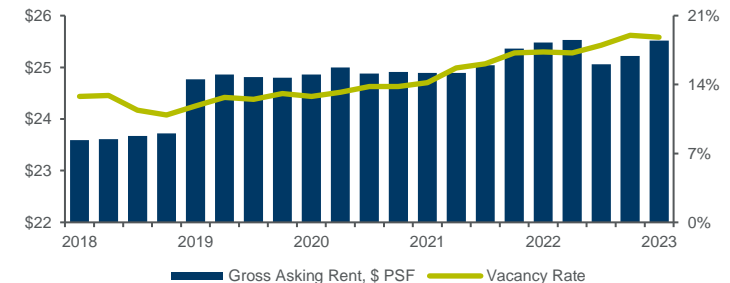
PRICING

The overall average gross rent in New Brunswick shifted upwards in the first quarter of 2023, climbing to \$25.52 per square foot (psf). This was driven by similar minor shifts across all three submarkets. The most significant change in the average gross rent was in Moncton, moving upward by \$0.37 from \$25.70 psf to \$26.12 psf, influenced from all classes of office stock. Not far behind were gross rents in Saint John, climbing by \$0.32 from \$22.48 psf to \$22.78 psf, mainly from increases in Class A and B stock. Lastly, Fredericton was not far off the thirty-cent mark with gross rents increasing by \$0.29 from \$26.70 psf to \$26.99 psf, again driven primarily by Class A and B stock.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



New Brunswick

Office Q1 2023


**CUSHMAN &
WAKEFIELD**
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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	2,958,276	16,252	342,641	11.6%	35,032	35,032	0	\$26.12	\$30.92
Fredericton	2,210,424	0	408,067	18.5%	-31,527	-31,527	0	\$26.99	\$30.93
Saint John	2,385,051	32,081	618,489	25.9%	14,304	14,304	0	\$22.78	\$29.41
New Brunswick Totals	7,553,751	48,333	1,417,530	18.8%	17,809	17,809	0	\$25.52	\$30.53

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q1 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE*
3127 Principale Ouest Ave	Dieppe	N/A	1,925	Direct
275 English Dr	Moncton	Éclair Lips Inc.	3,000	Direct

KEY SALE TRANSACTIONS Q1 2023

PROPERTY	SUBMARKET	Buyer	SF	Sale Price
61 Bayside Drive	Saint John	Office Xpress Inc.	3500	\$395,000

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