

	YoY Chg	12-Mo. Forecast
4.0% Vacancy Rate	▲	▲
43,907 Net Absorption, SF	▼	▼
\$7.09 Weighted Net Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q4 2023

	YoY 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.

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

SUPPLY AND DEMAND

Industrial vacancy in New Brunswick declined 60 basis points (bps) from 4.6% last quarter to 4.0% in the fourth quarter of 2023. While vacancy remained stable in Fredericton at 0.7%, vacancy in both Moncton and Saint John declined slightly to 4.0% and 7.1% respectively quarter-over-quarter (QOQ).

Although absorption remained positive at 43,907 square feet (sf) this quarter, it did decline from last quarter's 129,077 sf. The Moncton submarket was responsible for the positive absorption this quarter, with activity particularly strong in the Dieppe Industrial Park where 59,397 sf was leased at 1245-1275 Aviation Avenue- Phase I, by an undisclosed tenant. An additional 390,824 sf of new construction is set to be completed in Moncton over the next 12 months, with 11,250 sf set to be completed in the Fredericton submarket.

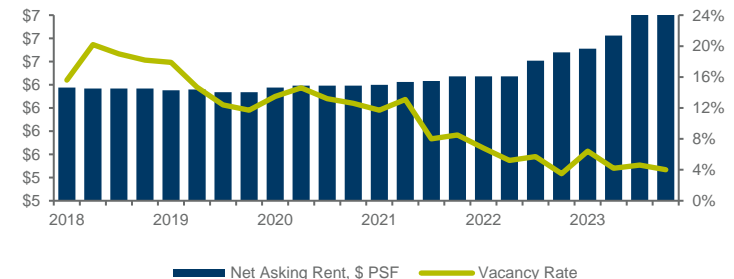
PRICING

In the final quarter of 2023, the average net rent in New Brunswick remained relatively stable; with just a minimal increase of \$0.03 from last quarter bringing the weighted average net rent to \$7.09 per square foot (psf). Notably, the Moncton submarket saw the largest increase of the average additional rent - common area maintenance (CAM) - increasing \$0.23 QOQ, while the remaining submarkets experienced no change. Looking ahead, it is anticipated that New Brunswick's industrial market will continue to witness an upward trend in net rental rates as industrial vacancy tightens throughout the market.

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	504,958	22,000	4.4%	-9,500	-9,800	14,080	0	\$6.48	\$3.43	\$9.92
Moncton Industrial Park	2,365,280	43,338	1.8%	-7,980	16,868	122,000	0	\$6.58	\$3.24	\$9.82
Dieppe Industrial Park	621,626	30,165	4.9%	47,987	-2,120	109,744	0	\$7.82	\$3.71	\$11.53
Caledonia Industrial Park	1,197,871	94,417	7.9%	11,400	-46,657	145,000	12,800	\$6.80	\$4.36	\$11.16
MONCTON TOTALS	4,689,735	189,920	4.0%	41,907	-41,709	390,824	12,800	\$6.79	\$3.51	\$10.30
Greater Fredericton	179,440	0	0.0%	0	10,650	0	0	\$8.21	\$4.35	\$12.56
Fredericton Industrial Park	343,575	3,892	1.1%	0	2,790	11,250	0	\$8.04	\$5.28	\$13.32
FREDRICKTON TOTALS	523,015	3,892	0.7%	0	13,440	11,250	0	\$8.10	\$4.95	\$13.05
SAINT JOHN TOTALS	522,603	37,100	7.1%	2,000	11,332	0	0	\$8.56	\$4.04	\$12.60
NEW BRUNSWICK TOTALS	5,735,353	230,912	4.0%	43,907	-16,937	402,074	12,800	\$7.09	\$3.70	\$10.79

KEY LEASE TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE*
1245-1275 Aviation Avenue	Moncton	Undisclosed	59,397	Direct
520 Edinburgh Drive	Moncton	CEP Forensic	4,150	Direct
66 English Drive	Moncton	Marshall Land Systems	82,000	Direct

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE
12 Rooney Crescent	Moncton	Lucky Dog Holdings Inc.	6,120	Undisclosed

BILL MACAVOY

Managing Director
+1 902 425 1872 / bmacavoy@cwatlantic.com

SUZIE TAYLOR

Research Coordinator
+1 506 387 6925 / staylor@cwatlantic.com
cwatlantic.com

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