

# New Brunswick

## Industrial Q3 2023

	YoY Chg	12-Mo. Forecast
<b>4.6%</b> Vacancy Rate	▼	▼
<b>129,077</b> Net Absorption, SF	▲	▲
<b>\$7.06</b> Net Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

### ECONOMIC INDICATORS Q3 2023

	YoY Chg	12-Mo. Forecast
<b>386.4K</b> New Brunswick Employment	▲	▲
<b>7.2%</b> New Brunswick Unemployment Rate	▲	▲
<b>5.5%</b> Canada Unemployment Rate	▲	▲

Source: Statistics Canada

### ECONOMIC OVERVIEW

New Brunswick's economy has remained resilient despite talks of a recession in Canada. The province has seen high levels of in-migration and a strong labour market, supporting residential investment and household spending. However, it is anticipated there will be a cooling effect this year due to increased interest rates and challenging export market conditions. As a result, GDP growth is expected to decrease from 2.0% in 2022 to 1.0% in 2023. Despite lagging behind national growth last year, New Brunswick is projected to perform moderately well in 2023 and 2024 compared to other regions. This is attributed to continued population growth and resilient consumer spending. Households in the province also have a lower average debt-to-GDP ratio, providing some protection against higher borrowing costs. However, external factors such as declining exports and a slowdown in the U.S. economy may pose challenges. Nonetheless, employment and the labour force remain strong, with above-average employment gains expected. The New Brunswick government's healthy fiscal position, including a projected surplus and low debt, will support growth in the coming years.

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

### SUPPLY AND DEMAND

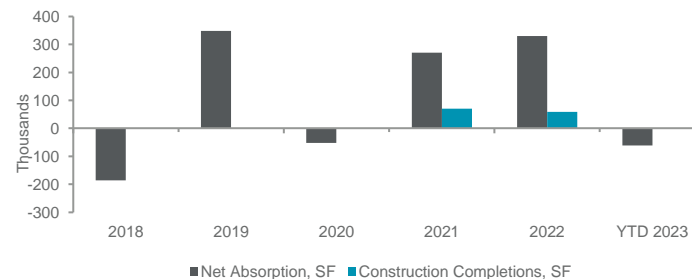
The overall industrial vacancy rate in New Brunswick declined to 4.6% in the third quarter of 2023, down from 6.9% in the previous quarter. While vacancy increased in Saint John to 7.5%, rates decreased in Moncton and Fredericton to 4.6% and 0.7% respectively. Overall absorption in New Brunswick showed significant change from last quarter, reaching 129k square feet (sf) and has pushed the year-to-date total closer to positive territory compared to the previous quarter. The majority of the positive absorption this quarter can be attributed to activity in Moncton, specifically at 114 Price Street, where a new tenant – Systemair - occupied 88k sf of space.

In New Brunswick there is currently 267k sf of construction underway. Reaching the final stages of construction is 327 Urquhart Avenue in Moncton which is set to be completed by the end of the fourth quarter of 2023. The remaining 216k sf of construction in Moncton as well as the 11k sf in the Fredericton submarket are expected to be completed within the next 12 months.

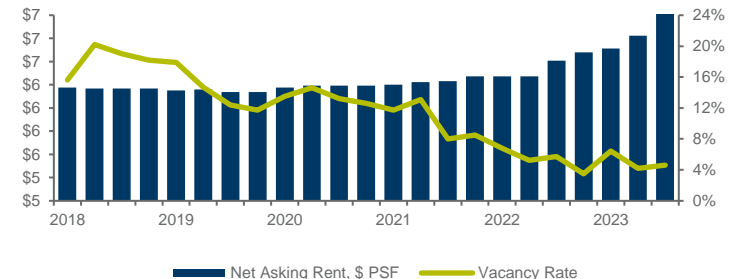
### PRICING

In the previous quarter the average net rent in New Brunswick was \$6.78 per square foot (psf). In the third quarter there was an increase of \$0.19, bringing the net rent to \$7.06 psf. Overall, net rents in New Brunswick either remained stable or slightly increased. Notably, the Saint John submarket experienced the largest decrease of \$0.24, resulting in a net rent of \$8.56 psf this quarter compared to the previous rate of \$8.80 psf. In contrast to this, Moncton saw the biggest increase, with the net rent rising from \$6.39 psf to \$6.76 psf. Fredericton's net rent also increased from \$8.04 psf to \$8.10 psf in the current quarter. 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 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	478,818	12,500	2.6%	-1,000	-300	14,080	0	\$6.46	\$3.22	\$9.68
Moncton Industrial Park	2,365,280	35,358	1.5%	-13,770	24,848	122,000	0	\$6.58	\$3.21	\$9.79
Dieppe Industrial Park	608,826	65,352	10.7%	24,250	-50,107	0	0	\$7.58	\$3.52	\$11.10
Caledonia Industrial Park	1,197,871	105,817	8.8%	116,597	-58,057	120,000	0	\$6.80	\$3.36	\$10.16
<b>MONCTON TOTALS</b>	<b>4,650,795</b>	<b>219,027</b>	<b>4.7%</b>	<b>126,077</b>	<b>-83,616</b>	<b>256,080</b>	<b>0</b>	<b>\$6.76</b>	<b>\$3.28</b>	<b>\$10.04</b>
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%	5,000	2,790	11,250	0	\$8.04	\$5.28	\$13.32
<b>FREDRICKTON TOTALS</b>	<b>523,015</b>	<b>3,892</b>	<b>0.7%</b>	<b>5,000</b>	<b>13,440</b>	<b>11,250</b>	<b>0</b>	<b>\$8.10</b>	<b>\$4.95</b>	<b>\$13.05</b>
<b>SAINT JOHN TOTALS</b>	<b>522,603</b>	<b>39,100</b>	<b>7.5%</b>	<b>-2,000</b>	<b>9,332</b>	<b>0</b>	<b>0</b>	<b>\$8.56</b>	<b>\$4.04</b>	<b>\$12.60</b>
<b>NEW BRUNSWICK TOTALS</b>	<b>5,696,413</b>	<b>262,019</b>	<b>4.6%</b>	<b>129,077</b>	<b>-60,844</b>	<b>267,330</b>	<b>0</b>	<b>\$7.06</b>	<b>\$3.52</b>	<b>\$10.57</b>

## KEY LEASE TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE*
114 Price Street	Caledonia	Systemair	88,165	Direct

\*Renewals not included in leasing statistics

## KEY SALES TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE
N/A				

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