

# New Brunswick

## Industrial Q1 2023

	YoY Chg	12-Mo. Forecast
<b>6.4%</b> Vacancy Rate	▼	▲
<b>-161,125</b> Net Absorption, SF	▼	▲
<b>\$6.64</b> Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

### ECONOMIC INDICATORS Q1 2023

	YoY Chg	12-Mo. Forecast
<b>385.5K</b> New Brunswick Employment	▲	▲
<b>5.8%</b> New Brunswick Unemployment Rate	▼	▼
<b>5.0%</b> Canada Unemployment Rate	▼	▲

Source: Statistics Canada

### ECONOMIC OVERVIEW

New Brunswick's economy started 2023 on an optimistic note for 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 we see the remote working sector taps the breaks. Additionally, New Brunswick's low household debt burdens and inflation-based wage growth rising at the fastest rate in Canada certainly supports the Provinces 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, mortgage payments continue 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.)

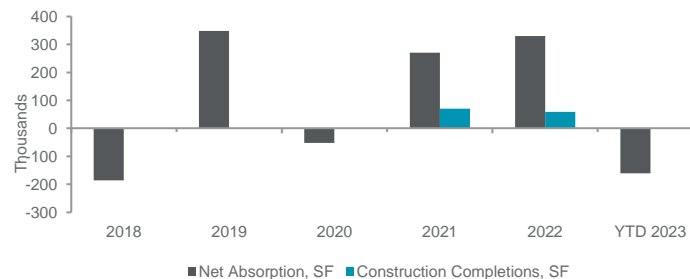
### SUPPLY AND DEMAND

New Brunswick's overall industrial vacancy rate decreased by 80 basis points (bps) in the first quarter of 2023, dropping from 7.2% to 6.4%. The primary driver for the change in vacancy this quarter was courtesy of the Fredericton & Saint John submarkets, as vacancy decreased by 120-bps and 160-bps from the previous quarter to reach 8.2% & 1.7% respectfully. Moncton also saw notable activity in their industrial market as vacancy declined 70 bps from 7.4% to 6.7%. This was primarily driven by leasing activity in the Moncton Industrial Park as multiple smaller units were leased, grouped with heavy leasing activity at 653 St George Blvd. The trend will likely continue in this direction as the Caledonia & Dieppe Industrial Parks hold the majority of the submarkets available space with 1175 Aviation Avenue & 114 Price Street, which is undergoing some material building updates, likely making this large 180,000-square foot distribution centre increasingly sought-after in the summer of 2023.

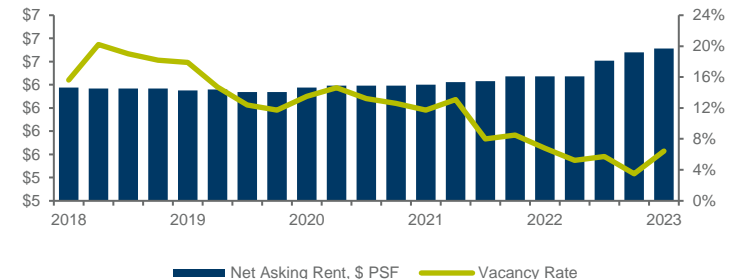
### PRICING

The overall average net rent within New Brunswick's industrial market increased by \$0.04 per square foot (psf) this quarter, to reach an overall average of \$6.64 psf in the first quarter of 2023. While the overall average increased in each submarket, Saint John saw the largest change moving from \$8.57 psf in the fourth quarter to \$8.69 psf in the first quarter. In Moncton, there was a quarter-over-quarter increase in the overall net rent of \$0.02 psf, rising from \$6.21 psf to \$6.23 psf in the first quarter. Lastly, the Fredericton submarket saw a change of \$0.05, moving the overall net rental rate for the area from \$7.95 psf to \$8.00 psf. The New Brunswick's industrial market will likely continue to see increases in its net rental rate as industrial vacancy tightens moving through 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	479,478	10,200	2.1%	2,000	2,000	0	0	\$6.40	\$3.21	\$9.61
Moncton Industrial Park	2,360,859	23,952	1.0%	36,254	36,254	0	0	\$5.72	\$3.22	\$8.94
Dieppe Industrial Park	605,626	44,400	7.3%	-29,155	-29,155	0	0	\$7.53	\$3.51	\$11.04
Caledonia Industrial Park	1,197,871	232,024	19.4%	-184,264	-184,264	62,475	0	\$6.73	\$3.30	\$10.03
<b>MONCTON TOTALS</b>	<b>4,643,834</b>	<b>310,576</b>	<b>6.7%</b>	<b>-175,165</b>	<b>-175,165</b>	<b>62,475</b>	<b>0</b>	<b>\$6.23</b>	<b>\$3.28</b>	<b>\$9.51</b>
Greater Fredericton	179,440	3,450	1.9%	7,200	7,200	0	0	\$8.21	\$4.35	\$12.56
Fredericton Industrial Park	343,575	5,182	1.5%	1,500	1,500	0	0	\$7.89	\$5.14	\$13.04
<b>FREDRICKTON TOTALS</b>	<b>523,015</b>	<b>8,632</b>	<b>1.7%</b>	<b>8,700</b>	<b>8,700</b>	<b>0</b>	<b>0</b>	<b>\$8.00</b>	<b>\$4.86</b>	<b>\$12.87</b>
<b>SAINT JOHN TOTALS</b>	<b>522,603</b>	<b>43,092</b>	<b>8.2%</b>	<b>5,340</b>	<b>5,340</b>	<b>0</b>	<b>0</b>	<b>\$8.69</b>	<b>\$3.76</b>	<b>\$12.45</b>
<b>NEW BRUNSWICK TOTALS</b>	<b>5,692,652</b>	<b>362,300</b>	<b>6.4%</b>	<b>-161,125</b>	<b>-161,125</b>	<b>62,475</b>	<b>0</b>	<b>\$6.64</b>	<b>\$3.48</b>	<b>\$10.12</b>

## KEY LEASE TRANSACTIONS Q1 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE*
559 Wilsey Road	Fredericton	N/A	5,000 sf	Direct

\*Renewals not included in leasing statistics

## KEY SALES TRANSACTIONS Q1 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE
15 Mount Royal Blvd	Moncton	Fresh Start Realty Inc. (Buyer)	7,241	\$818,000

**BILL MACAVOY**

Managing Director

+1 902 425 1872 / [bmacavoy@cwatlantic.com](mailto:bmacavoy@cwatlantic.com)**CAMERON BELL HARDING**

Research Coordinator

+1 902 334 2169 / [charding@cwatlantic.com](mailto:charding@cwatlantic.com)[cwatlantic.com](http://cwatlantic.com)**A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION**

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