

YoY
Chg 12-Mo.
Forecast

17.1%

Vacancy Rate



-58,438

Net Absorption, SF



\$25.57

Gross Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS
Q3 2023YoY
Chg 12-Mo.
Forecast

386.4K

New Brunswick
Employment

7.2%

New Brunswick
Unemployment Rate

5.5%

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 immigration 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%. 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. The province's households 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

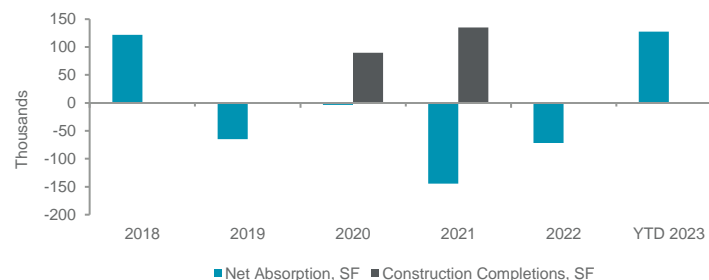
In the third quarter of 2023, New Brunswick had a 70-basis point (bps) increase in its overall office vacancy rate from last quarter, now sitting at 17.1%. Among the three major cities, Moncton and Fredericton had a decrease in its overall vacancy rate quarter-over-quarter to 10.0% and 14.9% respectively. However, Saint John saw an increase in its vacancy rate, reaching 28.1%.

Furthermore, absorption underwent a significant change this quarter, decreasing to negative 58,438 square feet (sf) from the positive 168k sf posted in the previous quarter. This decline can be attributed to the addition of two large vacant spaces, each exceeding 50k sf, both located in the Saint John Class B market.

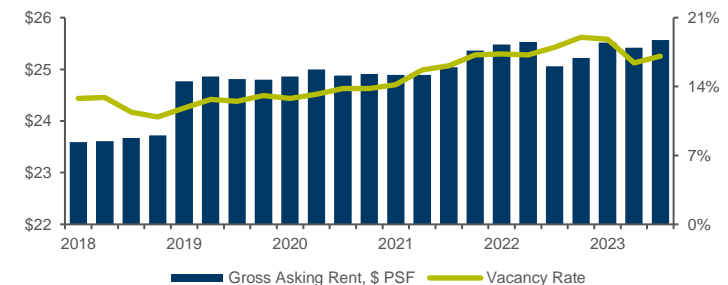
PRICING

New Brunswick had a slight decline in its overall net asking rental rate during the third quarter, dropping from \$13.89 per square foot (psf) in the previous quarter to \$13.80 psf. This was a result of minor decreases in asking net rents across the various submarkets in New Brunswick - demonstrating an even spread of the decline. Moncton posted a net rental rate of \$13.71 psf, Saint John at \$12.30 psf and Fredericton at \$15.49 psf.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



New Brunswick

Office Q3 2023


**CUSHMAN &
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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	2,973,704	16,252	281,555	10.0%	48,786	95,845	38,764	\$26.10	\$30.76
Fredericton	2,278,872	39,836	300,064	14.9%	9,716	36,641	0	\$26.67	\$29.98
Saint John	2,385,051	18,208	651,927	28.1%	-116,939	-5,261	0	\$23.10	\$29.79
New Brunswick Totals	7,637,627	74,569	1,233,546	17.1%	-58,438	127,225	38,764	\$25.57	\$30.29

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE
495 Prospect Street	Fredericton	Undisclosed	6,171	Direct
961 Main Street	Moncton	Undisclosed	4,798	Direct
1 Germain Street	Saint John	Undisclosed	10,461	Direct

KEY SALE TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	Buyer	SF	Sale Price
214 Church Street	Moncton	Undisclosed	13,500	\$1,695,000

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