

New Brunswick

Industrial Q2 2024

	YoY Chg	12-Mo. Forecast
5.1% Vacancy Rate	▼	▼
-784 Net Absorption, SF	▲	▲
\$7.25 Weighted Net Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q2 2024

	YoY Chg	12-Mo. Forecast
400.4K New Brunswick Employment	▲	▲
7.7% New Brunswick Unemployment Rate	▲	▼
6.4% Canada Unemployment Rate	▲	▲

Source: Statistics Canada

ECONOMIC OVERVIEW

The Canadian economy has been impacted by previous interest rate hikes, resulting in a continuous decline in per-person output over six quarters. Despite a slight recovery in the first quarter of 2024, with real GDP growing by 1.7% annually driven by consumer spending, there are concerns about a cooling economy. Factors such as higher borrowing costs, immigration policy changes, and a softening labour market are expected to affect consumer spending. The job market in Canada faces potential net losses, leading to an increase in the unemployment rate. This situation is likely to result in a more balanced job market, slowing wage growth, and helping to stabilize inflation around the 2% target. The Bank of Canada is predicted to make two more rate cuts in response to inflation progress. While the economy is soft, there is no immediate crisis, allowing the Bank to cautiously adjust interest rates. Growth in the upcoming years is expected to be driven by business and housing investments, supported by lower borrowing costs and government spending initiatives. Household spending and investment have remained strong in New Brunswick, with low household debt-to-income ratios expected to continue into 2024. However, weakness in the business sector may overshadow real GDP growth in the future, leading to a slight moderation in economic growth from 1.1% in 2023 to 0.9% in 2024.

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

SUPPLY AND DEMAND

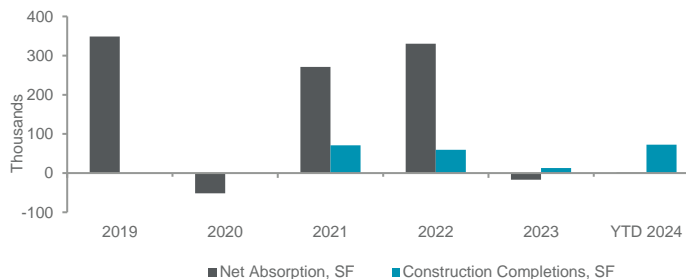
Industrial vacancy in New Brunswick reached 5.1% in the second quarter of 2024, up 50 basis points (bps) from 4.6% in the previous quarter. Both the Moncton and Saint John markets saw a slight increase in overall vacancy to 5.4% and 6.9% respectively. Vacancy in the Fredericton market remained stable this quarter at 0.7%.

Overall absorption slipped slightly into negative territory this quarter, falling from 2,249 square feet (sf) to negative 784 sf. The Moncton market experienced the only positive shift moving from negative 1,221 sf last quarter to 184 sf. The Fredericton and Saint John markets both had minor decreases in absorption to reach 472 sf and negative 1,440 sf respectively. Movement in the Moncton Industrial Park can be attributed to this change as Allsco vacated 11,409 sf at 222 Edinburgh Drive, while Black & McDonald leaves 9,900 sf at W 71 Loftus Street to relocate to a new facility on Aviation Avenue in Dieppe. The Moncton submarket welcomed a new 30,750-sf industrial building this quarter at 1085 Aviation Avenue, which entered the market 67% preleased.

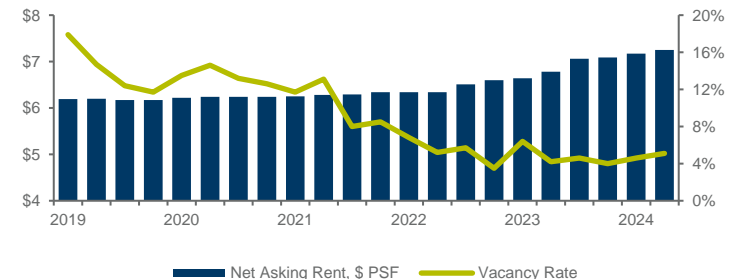
PRICING

New Brunswick's industrial market posted a \$7.25 per square foot (psf) overall weighted average net asking rent this quarter, a slight increase of \$0.08 psf compared to last quarter as all markets remained stable with Moncton seeing the only increase of \$0.10 psf up to \$7.00 psf, while the Fredericton and Saint John submarkets experienced no change in net rents.

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	2,000	0.4%	0	20,000	14,080	0	\$6.48	\$3.43	\$9.92
Moncton Industrial Park	2,365,280	126,370	5.3%	-24,243	-83,032	122,000	0	\$6.93	\$3.30	\$10.23
Dieppe Industrial Park	665,576	33,930	5.1%	24,427	19,995	122,544	30,750	\$7.82	\$3.86	\$11.68
Caledonia Industrial Park	1,239,871	94,417	7.6%	0	42,000	147,000	0	\$6.80	\$4.29	\$11.08
MONCTON TOTALS	4,775,685	256,717	5.4%	184	-1,037	405,624	30,750	\$7.00	\$3.56	\$10.55
Greater Fredericton	179,440	0	0.0%	0	0	0	0	\$8.21	\$4.35	\$12.56
Fredericton Industrial Park	343,575	2,270	0.7%	472	1,622	11,250	0	\$8.20	\$5.35	\$13.55
FREDRICTON TOTALS	523,015	2,270	0.4%	472	1,622	11,250	0	\$8.10	\$4.95	\$13.05
SAINT JOHN TOTALS	522,603	36,220	6.9%	-1,440	880	0	0	\$8.56	\$4.12	\$12.67
NEW BRUNSWICK TOTALS	5,821,303	295,207	5.1%	-784	1,465	416,874	30,750	\$7.25	\$3.75	\$11.00

KEY LEASE TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE*
270 Baig Boulevard, Suite A8	Moncton	Vertex Solar Solutions	3,600	Direct
222 Edinburgh Drive	Moncton	Undisclosed	26,534	Renewal

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE
138 Shipyard Road	Saint John	Undisclosed	6,000	\$500,000.00
1642 Mountain Road	Moncton	617670 NB Ltd.	6,750	\$860,000.00

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