

# New Brunswick

Office Q1 2024



YoY Chg 12-Mo. Forecast

**23.2%**  
Overall Vacancy Rate



**-69,526**  
Net Absorption, SF



**\$25.84**  
Gross Asking Rent, PSF



(Overall, All Property Classes)

## ECONOMIC INDICATORS Q1 2024

YoY Chg 12-Mo. Forecast

**390.9K**  
New Brunswick Employment



**7.8%**  
New Brunswick Unemployment Rate



**6.1%**  
Canada Unemployment Rate



Source: Statistics Canada

## ECONOMIC OVERVIEW

Household spending and investment have remained strong in New Brunswick, supported by low levels of household debt compared to disposable income. This positive trend is expected to continue into 2024. However, challenges in the business sector may impact real GDP growth, leading to a slight moderation from 1.1% in 2023 to 0.9% in 2024. Despite this, New Brunswick consumers are maintaining positive spending habits. The province's economic outlook remains stable, with GDP growth aligning with national trends. Record population growth has boosted spending and employment figures, positioning New Brunswick favourably compared to other provinces. While global goods demand may pose challenges for the manufacturing industry, the province's households have lower debt levels, providing a buffer against rising borrowing costs. As interest rate relief approaches, positive spending trends are expected to persist. Although population growth may slow, job market momentum is anticipated to continue, particularly in public services. On the downside, investment activity is projected to decline in 2024, impacting GDP growth. Despite external challenges, exports are expected to remain steady, supported by the resilience of the U.S. economy. The government's budget surplus and robust program spending signal a focus on education and social development, maintaining a favourable fiscal position relative to other provinces. (Sources: RBC Economics, Statistics Canada, TD Economics)

## SUPPLY AND DEMAND

New Brunswick's overall absorption remained in negative territory in the first quarter of 2024 at close to 70k square feet (sf). Among all submarkets and classes, only Moncton Class A, Saint John Class C, and Fredericton Class C showed positive absorption. The Moncton submarket was the main driver behind the overall negative absorption this quarter at 48k sf, as Concentrix downsized at 720 Coverdale Road and implemented remote work policies, resulting in 45k sf of available space coming on the market this quarter.

The vacancy rate in New Brunswick rose by 260 basis points quarter-over-quarter (QOQ) to reach 23.2% in the first quarter of 2024. This increase was observed across all three submarkets, with Moncton's vacancy rate at 16.8%, Fredericton at 18.5%, and Saint John experiencing the largest QOQ increase to 35.7%.

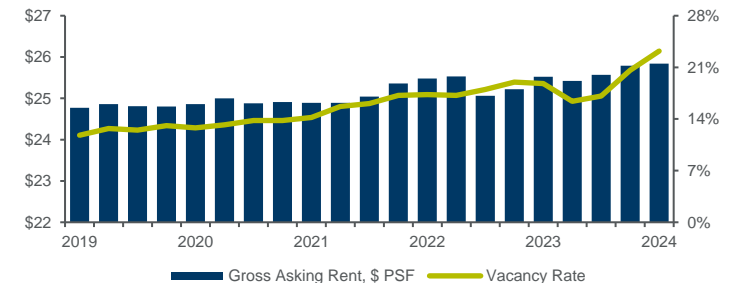
## PRICING

New Brunswick had a slight decrease in its overall net asking rental rate in the first quarter of 2024, falling from \$13.97 per square foot (psf) last quarter to \$13.92 psf. The Saint John market had the largest decrease from \$12.45 psf to \$12.35 psf QOQ, while Fredericton also saw a slight decrease of \$0.05 psf to reach \$15.64 psf. The Moncton market had a very minimal increase of \$0.01 to \$13.87 psf. The overall additional rent in New Brunswick increased from \$11.82 psf to \$11.92 QOQ bringing the overall gross rent to \$25.84 psf.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY & ASKING RENT



# New Brunswick

Office Q1 2024



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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	3,009,704	24,129	480,731	16.8%	-48,109	-48,109	38,764	\$26.42	\$31.16
Fredericton	2,278,872	54,366	366,086	18.5%	-17,950	-17,950	0	\$26.84	\$30.16
Saint John	2,433,139	42,972	825,979	35.7%	-3,467	-3,467	0	\$23.35	\$30.45
<b>New Brunswick Totals</b>	<b>7,721,715</b>	<b>121,467</b>	<b>1,672,796</b>	<b>23.2%</b>	<b>-69,526</b>	<b>-69,526</b>	<b>38,764</b>	<b>\$25.84</b>	<b>\$30.69</b>

\*Rental rates reflect full service asking

## KEY LEASE TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
1405 Mountain Road, Suites A1 & A2	Moncton	Garda Canada Security Corp.	1,800	Sublease
679-687 Main Street, Unit 211	Moncton	Undisclosed	1,320	Direct
1234 Main Street	Moncton	Undisclosed	13,012	Renewal
44 Chipman Hill, Suite 310	Saint John	Mariner Partners	6,123	Sublease

## KEY SALE TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	Buyer	SF	Sale Price
N/A				

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