

NEW BRUNSWICK INDUSTRIAL

Economic Indicators

	Q3 17	Q3 18	12-Month Forecast
NB Employment	352K	353K	▼
NB Unemployment	7.8%	8.3%	▼
Canadian Unemployment	6.2%	6.0%	■

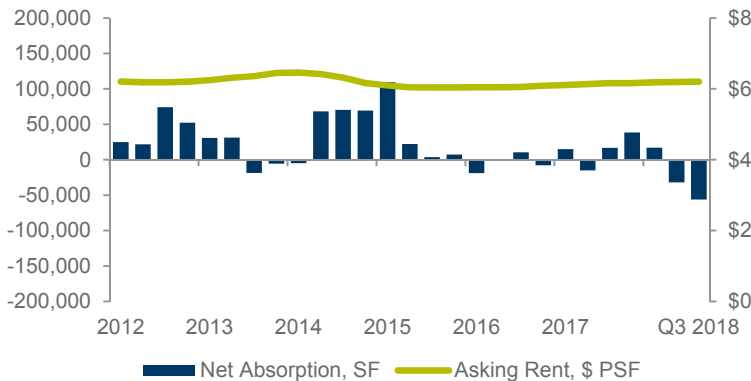
Market Indicators

	Q3 17	Q3 18	12-Month Forecast
Overall Vacancy	15.4%	19.0%	▼
Net Absorption (sf)	135,767	39,478	▲
Under Construction (sf)	0	0	■
Overall Average Asking Rent*	\$6.17	\$6.21	▲

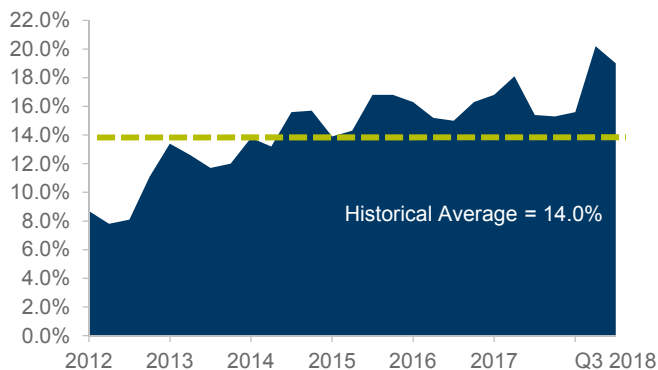
*Rental rates reflect net asking \$psf/year

Net Absorption/Overall Asking Rent

4Q TRAILING AVERAGE



Overall Vacancy



Economy

Following higher than anticipated economic growth in 2017, New Brunswick's economic outlook remains positive but moderate for the remainder of 2018. Private sector investments in the service and financial sectors will support the economy in the short term. Rogers has announced an expansion to its call centre in Moncton, increasing its total number of employees to 1,200 in the province. WestJet and Toronto Dominion Bank are looking to New Brunswick to expand their business centres. New Brunswick Power has announced an investment in energy efficiency, contributing to GDP growth and employment demand. Although migration has bolstered the housing sector and is a contributing factor to the province's population growth rate, the aging working population will eventually stunt growth. New Brunswick's product export producers have been experiencing robust demand and worldwide prices remain stable.

(Source: Statistics Canada, TD Economics, Conference Board of Canada)

Market Overview

New Brunswick's Industrial market gained momentum in the third quarter of 2018, resulting in the overall vacancy rate declining by 120 basis points from last quarter to 19.0%. All submarkets in Moncton saw declining vacancy with the Greater Moncton submarket experiencing the largest decrease, as vacancy declined by 210 basis points to reach 5.9% in the third quarter of 2018. The Moncton Industrial Park submarket continues to have the second highest vacancy rate in the province, posting an overall vacancy rate of 22.0%; however, that is down from 23.6% posted in the second quarter of 2018. This submarket posted the highest positive absorption in New Brunswick of over 24,000 square feet (sf). Two contributing factors to this total included 13,995 sf coming off the market at 359 Baig Boulevard and 10,000 sf that was leased at 653 Saint George Boulevard. The remaining Moncton submarkets, Dieppe and Caledonia, each experienced a moderate vacancy rate decrease quarter-over-quarter.

The Fredericton and Saint John markets both saw rising vacancy in the third quarter of 2018, reaching 13.4% and 12.4%, up from 11.9% and 11.2% respectively last quarter. One contributing factor to the vacancy increase in Fredericton was 9,600 sf coming onto the market at 230 Hodgson Road. In Saint John, a tenant vacated approximately 5,300 sf at 48 Hatheway Crescent.

Outlook

TD Economics has predicted slow GDP growth at 1.0% for the remainder of 2018. Although Employment demand will remain stable for the next few years, unsustainable long-term population growth measures will eventually lead to no significant employment gains. Uncertainty surrounding USMCA renegotiated terms loom over New Brunswick's trade future.

MARKETBEAT

New Brunswick

Industrial Q3 2018



SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	TOTAL VACANT SPACE (SF)	OVERALL VACANCY RATE	CURRENT NET OVERALL ABSORPTION (SF)	YTD NET OVERALL ABSORPTION (SF)	UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS (SF)	DIRECT WEIGHTED AVG. NET RENT*	DIRECT WEIGHTED AVG. ADD RENT	DIRECT WEIGHTED AVG. GROSS RENT
Greater Moncton	9	469,978	27,750	5.9%	9,815	-12,103	0	0	\$6.16	\$2.86	\$9.02
Moncton Industrial Park	45	2,291,182	503,898	22.0%	24,597	-97,927	0	0	\$5.49	\$3.31	\$8.80
Dieppe Industrial Park	17	546,229	36,712	6.7%	4,194	41,039	0	0	\$6.99	\$3.41	\$10.39
Caledonia Industrial Park	18	1,069,232	320,809	30.0%	13,332	-161,411	0	0	\$6.55	\$2.33	\$8.88
MONCTON TOTALS	89	4,376,621	889,168	20.3%	51,938	-230,402	0	0	\$5.95	\$3.12	\$9.07
Greater Fredericton	3	132,310	9,688	7.3%	0	-6,688	0	0	\$7.93	\$3.91	\$11.84
Fredericton Industrial Park	12	329,365	52,231	15.9%	-7,120	-538	0	0	\$7.23	\$4.99	\$12.22
FREDERICTON TOTALS	15	461,675	61,919	13.4%	-7,120	-7,226	0	0	\$7.43	\$4.68	\$12.11
SAINT JOHN TOTALS	12	453,031	56,010	12.4%	-5,340	1,000	0	0	\$7.04	\$3.81	\$10.86
NEW BRUNSWICK TOTALS	116	5,291,327	1,007,097	19.0%	39,478	-236,628	0	0	\$6.21	\$3.36	\$9.57

*Rental rates reflect asking \$psf/year

Key Transactions Q3 2018

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
120 English Drive	16,800 sf (2.3 acres)	Micco Companies Ltd.	Sale	Moncton

Cushman & Wakefield
32 Alma Street
Moncton, NB E1C 4Y1
www.cushmanwakefield.com

For more information, contact:
Angela Murphy
Research & Sales Coordinator
Tel: +1 902 334 2169
amurphy@cwatlantic.com

About Cushman & Wakefield

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value by putting ideas into action for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with 48,000 employees in approximately 400 offices and 70 countries. In 2017, the firm had revenue of \$6.9 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

©2018 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.