

## NEW BRUNSWICK INDUSTRIAL

### Economic Indicators

	Q4 17	Q4 18	12-Month Forecast
NB Employment	356K	351K	▼
NB Unemployment	7.8%	8.4%	▼
Canadian Unemployment	5.7%	5.6%	■

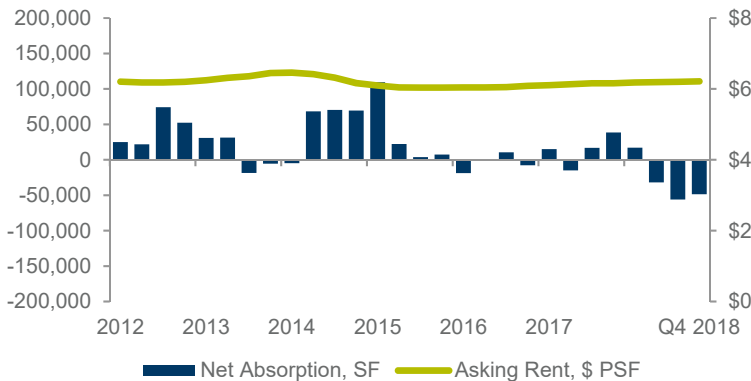
### Market Indicators

	Q4 17	Q4 18	12-Month Forecast
Overall Vacancy	15.3%	18.2%	▼
Net Absorption (sf)	12,250	41,855	▲
Under Construction (sf)	0	0	■
Overall Average Asking Rent*	\$6.16	\$6.21	▲

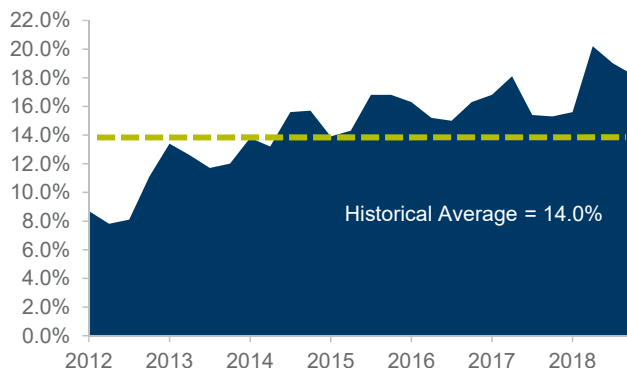
\*Rental rates reflect net asking \$psf/year

### Net Absorption/Overall Asking Rent

#### 4Q TRAILING AVERAGE



### Overall Vacancy



## Economy

With a stronger than expected economic growth in 2018, New Brunswick's GDP growth expanded approximately 1.0%. Expectations are for a slightly slower pace of growth in 2019, around 0.9%, according to TD Economics. Job gains have been modest throughout the year. New Brunswick's labor force and population growth continues to rely heavily on immigration and retention programs aimed to mitigate the rapidly aging demographic trend and job openings driven by replacement demand. A contributor to positive job growth in the private sector was Costco which created 100 additional jobs at its new 154,000 sf warehouse in Moncton. Home sales have remained strong and new home builds in the province have moderately slowed but have remained in positive territory. As the provincial government begins to balance the budget, it is expected that infrastructure investments in 2019 will cater to maintenance improvement projects within the transportation, tourism, healthcare and education sectors. Throughout 2018, exports increased by 7%.  
(Source: Statistics Canada, TD Economics, RBC Economics)

## Market Overview

New Brunswick's Industrial market lost some momentum through 2018 as the vacancy rate rose to 18.2% in the fourth quarter of 2018 compared to 15.3% in the fourth quarter of 2017. In Moncton, the Caledonia Industrial Park posted the highest fourth quarter vacancy rate in the province of 29.0% and also saw the highest climb in vacancy during 2018 of all the submarkets. That being said fourth quarter activity in this industrial park was positive. Both 380 MacNaughton Avenue and 17 Somers Street gained new tenants occupying 10,245 square feet (sf) and 10,000 sf respectively, contributing to the 100 basis point quarter-over-quarter decrease in the vacancy rate. Dieppe Industrial Park had positive absorption totaling 56,214 sf in 2018 which resulted in the vacancy rate falling substantially from 14.2% in the fourth quarter of 2017 to 3.9% in the fourth quarter. Activity in Saint John remained flat, finishing 2018 with a vacancy rate of 12.6%, identical to the vacancy rate posted in the first quarter of 2018. Fredericton experienced a 160 basis point increase in vacancy through 2018, concluding 2018 at 13.4%. Activity in the Greater Fredericton market contributed the biggest punch to the vacancy rate (not quite sure what that means?), rising from 2.3% in the fourth quarter of 2017 to the current rate of 7.3%.

## Outlook

Looking ahead to 2019, TD Economics predicts slightly slowing GDP growth for the province, but will remain stable and in positive territory. A promised balanced budget by 2020 by the provincial government is expected to tighten new investment projects. Exports should become more diversified in the near future as the USMCA becomes finalized and the CETA takes hold.

## MARKETBEAT

## New Brunswick

Industrial Q4 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	35,149	7.5%	-7,399	-19,502	0	0	\$5.88	\$2.86	\$8.74
Moncton Industrial Park	45	2,291,182	479,365	20.9%	24,533	-73,394	0	0	\$5.54	\$3.17	\$8.71
Dieppe Industrial Park	17	546,229	21,537	3.9%	15,175	56,214	0	0	\$6.99	\$3.41	\$10.39
Caledonia Industrial Park	18	1,069,232	310,262	29.0%	10,546	-150,865	0	0	\$6.55	\$2.33	\$8.88
<b>MONCTON TOTALS</b>	<b>89</b>	<b>4,376,621</b>	<b>846,313</b>	<b>19.3%</b>	<b>42,855</b>	<b>-187,547</b>	<b>0</b>	<b>0</b>	<b>\$5.95</b>	<b>\$3.04</b>	<b>\$8.98</b>
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
<b>FREDERICTON TOTALS</b>	<b>15</b>	<b>461,675</b>	<b>61,919</b>	<b>13.4%</b>	<b>0</b>	<b>-7,226</b>	<b>0</b>	<b>0</b>	<b>\$7.43</b>	<b>\$4.68</b>	<b>\$12.11</b>
<b>SAINT JOHN TOTALS</b>	<b>12</b>	<b>453,031</b>	<b>57,010</b>	<b>12.6%</b>	<b>-1,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$7.04</b>	<b>\$3.81</b>	<b>\$10.86</b>
<b>NEW BRUNSWICK TOTALS</b>	<b>116</b>	<b>5,291,327</b>	<b>965,242</b>	<b>18.2%</b>	<b>41,855</b>	<b>-194,773</b>	<b>0</b>	<b>0</b>	<b>\$6.21</b>	<b>\$3.29</b>	<b>\$9.50</b>

\*Rental rates reflect asking \$psf/year

## Key Transactions Q4 2018

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
17 Somers St	10,000	Bunzi Canada Inc.	Lease	Moncton
380 MacNaughton	10,245	3 Sixty Secure Corp.	Lease	Moncton
175 Barker St	11,428	Bay Tech Institute of Trades and Technology	Lease	Moncton
264 Botsford St	15,000 SF Bldg	Double Arrow Ventures Ltd.	Sale	Moncton
38 Old Berry Mills	20,000 SF Bldg (8.45 acres)	Nomad Holdings	Sale	Berry Mills

Cushman & Wakefield  
32 Alma Street  
Moncton, NB E1C 4Y1  
[www.cushmanwakefield.com](http://www.cushmanwakefield.com)

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

## About Cushman &amp; 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](http://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.