

Industrial Q1 2022

YoY Chg 12-Mo. Forecast

6.8%

Vacancy Rate



94,742

Net Absorption, SF



\$6.34

Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q1 2022

YoY Chg 12-Mo. Forecast

361.8K

New Brunswick Employment



8.0%

New Brunswick Unemployment Rate



5.3%

Canada Unemployment Rate



Source: Statistics Canada

ECONOMIC OVERVIEW

New Brunswick is still on track to see continued GDP growth during 2022, though predictions have tapered from the original 2.6% set during the end of 2021, with new predictions now near 2.0%. The overall outlook for the province is still bright, as housing starts have continued to grow in the early stages of 2022 but could slow down as population growth begins to plateau. Interprovincial migration is expected to decline from 2021 standards as the workforce begins their return to the office, which is expected to take the steam out of population growth. New Brunswick only recently revealed their 2022/23 fiscal budget, of which capital spending is up 6.4%, which should bode well for overall growth. Like much of Canada, the Omicron variant caused an increase of restrictions during the end of 2021 and into the beginning of 2022. The result was an overall job loss, but February saw some of the losses recovered and lifted restrictions in mid-March should help boost the recovery. Lumber exports should be strong as the lumber price continues to rise but could be slowed by a weakened demand from the U.S. as housing starts have been on a downward trend. Energy exports are also expected to be up in value, due to recent spikes in prices. Inflation has been a concern within the provinces as food and energy prices have continued to rise, and now take up a significant portion of consumer spending. Some relief should be noted in that New Brunswick has posted the fastest wage growth in all of Canada.

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

SUPPLY AND DEMAND

New Brunswick's overall industrial vacancy rate declined by 170 basis points (bps) during the first quarter of 2022 to 6.8%, down from 8.5% vacancy posted last quarter. Much of this decrease was in the Moncton submarket, which saw a 190 bps decrease in vacancy from the previous quarter to reach 6.7% in the first quarter of 2022. A large portion of space was taken off the market within Moncton, as over 80,000 square feet (sf) of space was leased by Marshall Aerospace Canada at 66 English Drive. A smaller deal also occurred at 55 Henri Dunant, as the property was sold to Apex Industries which now occupies the full 13,123-sf building. The Saint John submarket also had a significant drop in vacancy during the first quarter of 2022, as vacancy was down to 12.3% from 13.7% in the previous quarter. Smaller vacancies being taken off the market combined with the small overall inventory of the submarket contributed to the sizeable decrease in vacancy. Of the three submarkets, Fredericton was the only submarket to see a vacancy increase when compared to the previous quarter, as rates rose from 1.6% to 2.0% for a 40-bps quarter-over-quarter increase. This change was due in part to the new 1,841 sf of vacant space at 440 Wilsey Road as an undisclosed tenant vacated the building.

PRICING

The overall average net rent within New Brunswick's industrial market was unchanged from the previous quarter's rate, remaining at \$6.34 per square foot (psf) in the first quarter of 2022. All other submarkets remained unchanged from the previous quarter's rate, except for the Fredericton submarket, which saw a slight increase in its overall average net rent, climbing from \$7.67 psf to \$7.70 psf in the first quarter of 2022, for a \$0.03 quarter-over-quarter rise.

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	470,978	25,742	5.5%	-4,992	-4,992	0	0	\$6.32	\$.23	\$9.54
Moncton Industrial Park	2,371,225	111,290	4.7%	81,385	81,385	0	0	\$5.65	\$3.20	\$8.85
Dieppe Industrial Park	546,229	11,930	2.2%	-1,140	-1,140	59,397	0	\$7.15	\$3.43	\$10.58
Caledonia Industrial Park	1,157,569	155,535	13.4%	13,300	13,300	62,475	0	\$6.55	\$3.12	\$9.67
MONCTON TOTALS	4,546,001	304,497	6.7%	88,553	88,553	121,872	0	\$6.07	\$3.23	\$9.30
Greater Fredericton	132,310	0	0.0%	0	0	0	0	\$7.93	\$3.91	\$11.84
Fredericton Industrial Park	343,575	9,591	2.8%	-1,821	-1,821	0	0	\$7.61	\$4.99	\$12.61
FREDERICTON TOTALS	475,885	9,591	2.0%	-1,821	-1,821	0	0	\$7.70	\$4.68	\$12.38
SAINT JOHN TOTALS	517,123	62,972	12.3%	8,010	8,010	0	0	\$7.35	\$3.79	\$11.14
NEW BRUNSWICK TOTALS	5,534,009	377,060	6.8%	94,742	94,742	121,872	0	\$6.34	\$3.41	\$9.75

KEY LEASE TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE*
66 English Drive	Moncton	Marshall Aerospace Canada	82,300	Lease
125 Urquhart Avenue		AW Leil Cranes & Equipment	4,540	Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
55 Henri Dunant	Moncton	D.R.M Realty Ltd. / Apex Industries	13,000	\$1.325M / \$101.92

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