

YoY Chg 12-Mo. Forecast

17.3%
Vacancy Rate



-11,793
Net Absorption, SF



\$25.48
Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2022

YoY Chg 12-Mo. Forecast

365.0K
New Brunswick Employment



7.7%
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,)

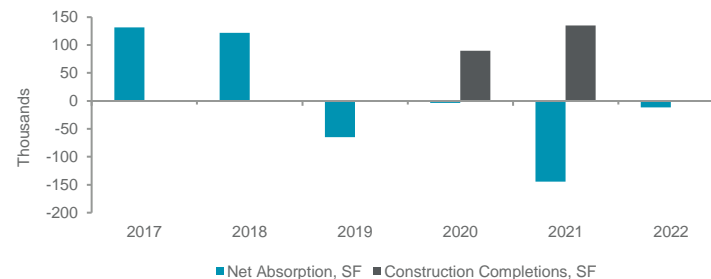
SUPPLY AND DEMAND

The New Brunswick office market saw an overall vacancy increase of just 10 basis points (bps) during the first quarter of 2022 compared to the previous quarter and now sits at 17.3%. This change is in part due to the Moncton submarket as the area experienced a slight shift in vacancy from the end of 2021. Nearly 12,000 square feet (sf) of space was returned to the market, as the Government of Canada vacated their space at 50 King Street. This alone caused an increase in the Moncton vacancy rate, bumping up 30 bps quarter-over-quarter to 12.1%. The submarket of Fredericton also experienced an increase to overall vacancy during the first quarter of 2022. Smaller vacancies throughout the market, along with a 7,000-sf vacancy at 495 Prospect Street were the main factors behind the rise in vacancy this quarter which climbed by 40 bps quarter-over-quarter to 13.9% in the first quarter of 2022. Saint John was a different story, as the submarket saw a decline in vacancy to begin 2022. Vacancy declined by nearly 60 bps when compared to the end of 2021, as modest vacancies throughout the city were removed from the market which helped bring the overall vacancy rate down to 26.8% in the first quarter of 2022.

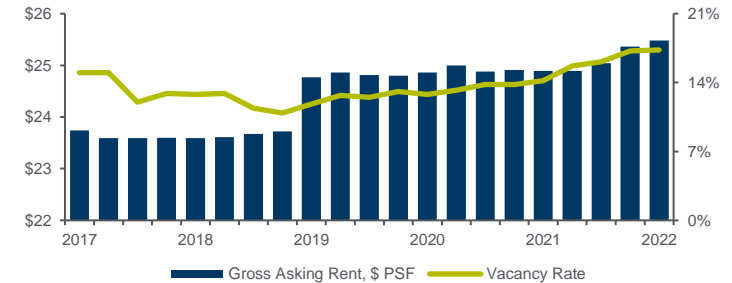
PRICING

Overall average net rents in New Brunswick began 2022 on the incline, as rates jumped from \$13.97 per square foot (psf) in the fourth quarter of 2021 to \$14.10 psf in the first quarter of 2022. The Moncton submarket is the primary reason for this rise, as the area saw rates grow by \$0.18 psf quarter-over-quarter to \$13.41 psf in the first quarter of 2022. The last submarket to see a positive overall net rent change was Saint John. Average net rents were up by \$0.06 psf quarter-over-quarter, resulting in a first quarter of 2022 rental rate of \$12.09 psf. Unlike the other submarkets in New Brunswick, Fredericton was on the downswing to start of 2022, with an average net rent decrease of \$0.02 psf when compared to last quarter to \$15.35 psf in the first quarter of 2022. Overall, Class A net rents were up by \$0.12 psf in the first quarter of 2022 when compared to the previous quarter and now sit at \$15.86 psf.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



New Brunswick

Office Q1 2022

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	2,956,218	16,525	342,069	12.1%	-10,228	-10,228	38,764	\$25.45	\$30.47
Fredericton	2,171,554	0	302,624	13.9%	-9,267	-9,267	0	\$26.19	\$30.22
Saint John	2,630,560	20,000	612,828	26.8%	7,702	7,702	0	\$22.37	\$29.40
New Brunswick Totals	7,488,332	36,525	1,257,521	17.3%	-11,793	-11,793	38,764	\$25.48	\$30.11

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE*

*Renewals not included in leasing statistics

KEY CONSTRUCTION COMPLETIONS Q1 2022

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER

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