

New Brunswick

Industrial Q2 2022

	YoY Chg	12-Mo. Forecast
5.2% Vacancy Rate	▼	▼
90,366 Net Absorption, SF	▲	▲
\$6.34 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q2 2022

	YoY Chg	12-Mo. Forecast
367.1K New Brunswick Employment	▲	▲
6.1% New Brunswick Unemployment Rate	▼	▼
4.9% Canada Unemployment Rate	▼	—

Source: Statistics Canada

ECONOMIC OVERVIEW

New Brunswick is still on track to see continued GDP growth during 2022, as the forecasted growth in the first quarter of 2022 held at 2.0%. The overall outlook for the province is still in good standing as the New Brunswick housing market has continued to grow with the average single-family home priced 19.8% higher year-over-year compared to the national average of 3.9%. Housing starts have also continued to grow in the second quarter of 2022 but could slow down as people return to in person workplaces and population growth begins to level off. Similarly, the unemployment rate has dropped 180 basis points (bps) since the second quarter of 2021 from 9.3% to its current level of 7.5%; however, it is still above the national average of 4.9%. Interprovincial migration is also expected to decline due to the shift back to in person workspaces, which will likely take the steam out of the province's population growth. Additionally, New Brunswick recently revealed their 2022/23 fiscal budget, of which capital spending is up 6.4%, and should bode well for overall growth within the province. Although, lumber exports have been forecasted to slow during the year, especially with its major domestic trading partners being Ontario, Quebec, and Nova Scotia. The lumber industry will also be impacted by the downgraded economic growth forecasts in the U.S. (a major contributor to New Brunswick's exports ~90%) as U.S. housing construction eases. Energy exports are however, expected to increase in value, due to recent spikes in oil prices. This increase alludes to the province's inflation concerns as food and energy prices have continued to rise within the province, and now take up a significant portion of consumer spending. New Brunswick has however, 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 continued to decline in the second quarter of 2022, this time by 160 basis points (bps) down to 5.2%. This is the third quarter in a row where New Brunswick has followed this downward vacancy trend falling from 13.1% in the second quarter of 2021. Much of the decrease was seen in the Moncton submarket, showing a 190 bps decrease in vacancy from the previous quarter to reach 4.8% in the second quarter of 2022. Additionally, Fredericton saw a correctional decrease of 50 bps back to its previous level of 1.5% after seeing a spike in vacancy during the first quarter of 2022. The Saint John submarket did not see any significant changes in vacancy during the second quarter of 2022, as vacancy maintained its level of 12.3% from the previous quarter showcasing the stability seen in Saint John's vacancy rate.

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 second quarter of 2022. The overall average maintained its level despite changes to the Moncton and Saint John submarkets. In Moncton, there was a quarter-over-quarter increase in net rents of only \$0.01 psf moving from \$6.07 psf to \$6.08 psf in the second quarter of 2022. Additionally, the Saint John submarket witnessed a \$0.09 decrease in its net rental rate moving from \$7.35 psf to \$7.26 psf in the second quarter of 2022. These two submarket changes, as well as the unchanged net rental rate in Fredericton of \$7.70 psf allowed the overall net rental rate to remain unchanged at \$6.34 psf during the second quarter of 2022.

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	25,242	5.4%	500	-4,492	0	0	\$6.32	\$3.23	\$9.54
Moncton Industrial Park	2,330,923	85,672	3.7%	19,858	101,243	0	0	\$5.63	\$3.17	\$8.80
Dieppe Industrial Park	546,229	24,495	4.5%	-12,565	-13,705	59,397	0	\$7.11	\$3.43	\$10.54
Caledonia Industrial Park	1,197,871	81,112	6.8%	80,183	93,483	62,475	0	\$6.62	\$3.04	\$9.66
MONCTON TOTALS	4,546,001	199,261	4.8%	87,976	176,529	121,872	0	\$6.08	\$3.19	\$9.27
Greater Fredericton	132,310	0	0.0%	0	0	0	0	\$7.93	\$3.91	\$11.84
Fredericton Industrial Park	343,575	7,341	2.1%	2,250	429	0	0	\$7.61	\$4.99	\$12.61
FREDRICKTON TOTALS	475,885	7,341	1.5%	2,250	429	0	0	\$7.70	\$4.68	\$12.38
SAINT JOHN TOTALS	512,123	62,832	12.3%	140	8,150	0	0	\$7.26	\$3.81	\$11.07
NEW BRUNSWICK TOTALS	5,534,009	286,694	5.2%	90,366	185,108	0	0	\$6.34	\$3.39	\$9.73

KEY LEASE TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE*
1080 Champlain Street	Dieppe	Confidential	9,000	Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE
55 Henri Dunant	Moncton	D.R.M Realty Ltd. / Apex Insudtries	13,000	\$1,325,000
94 Rideout Street	Moncton	Daniels Property 94 Rideout Moncton Ltd / TOP HAT PROPERTIES INC	7,680	\$452,500

BILL MACAVOY

Managing Director

+1 902 425 1872 / bmacavoy@cwatlantic.com**CAMERON BELL HARDING**

Research Coordinator

+1 902 334 2169 / charding@cwatlantic.comcwatlantic.com**A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION**

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 50,000 employees in over 400 offices and 60 countries. In 2021, the firm had revenue of \$9.4 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.

©2022 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.