

# New Brunswick

Office Q2 2022

YoY Chg 12-Mo. Forecast

**17.2%**  
Vacancy Rate



**-2,009K**  
Net Absorption, SF



**\$25.53**  
Asking Rent, PSF



(Overall, All Property Classes)

## 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,)

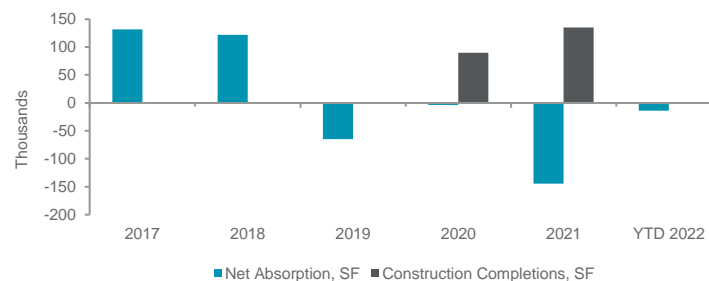
## SUPPLY AND DEMAND

The New Brunswick office market saw an overall vacancy decrease of 10 bps during the second quarter of 2022, currently sitting at 17.2%. This change was primarily due to minor shifts in the Moncton submarket where vacancy shifted upwards by 20 bps to reach 12.3%, as well as positive changes in availability for the Fredericton submarket helped adjust New Brunswick's overall vacancy downwards as vacancy declined in Fredericton by 60 bps to reach 13.3%. Saint John however, maintained its level of vacancy at 26.8% during the second quarter of 2022 with multiple minor shifts within the submarket.

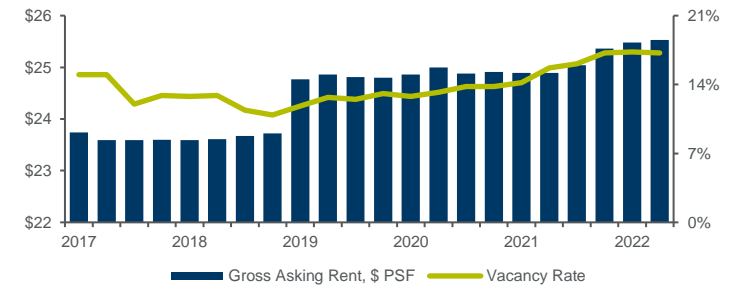
## PRICING

Overall average net rents in New Brunswick shifted downwards in the second quarter of 2022. The \$0.10 shift to \$14.00 per square foot (psf) was primarily due to minor shifts in the Saint John market as the average net rental rate dropped from \$12.08 psf last quarter to \$11.64 psf. Other submarkets such as Moncton and Fredericton saw solid increases in their net rental rates quarter-over-quarter with Moncton shifting up \$0.13 to \$13.54 psf and Fredericton increasing by \$0.20 to \$15.55 psf. These upward shifts regarding net rental rates were primarily attributed to movement in the Class B and C office stock.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY & ASKING RENT



# New Brunswick

Office Q2 2022


**CUSHMAN &  
WAKEFIELD**  
Atlantic

## 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	0	363,200	12.3%	-4,606	-14,834	0	\$25.66	\$30.47
Fredericton	2,194,424	0	292,722	13.3%	9,902	635	0	\$26.40	\$29.90
Saint John	2,385,051	0	640,133	26.8%	-7,305	397	0	\$22.28	\$28.81
<b>New Brunswick Totals</b>	<b>7,535,693</b>	<b>0</b>	<b>1,296,055</b>	<b>17.2%</b>	<b>-2,009</b>	<b>-13,802</b>	<b>0</b>	<b>\$25.53</b>	<b>\$29.86</b>

\*Rental rates reflect full service asking

## KEY LEASE TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE*
210 John St, Suite 202	Moncton	Wi Pro Solutions Canada Limited	10,947	Lease

\*Renewals not included in leasing statistics

## KEY SALE TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	TENANT	SF	Sale Price
340 Mountain Rd	Moncton	Generation Commercial Real Estate Fund	6,700	\$1,275,000
4585 Route. 134	Moncton	Atlantic Commercial Properties Inc.	23,300	\$470,000

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