

# New Brunswick

## Industrial Q4 2022

	YoY Chg	12-Mo. Forecast
<b>3.5%</b> Vacancy Rate	▼	▲
<b>117K</b> Net Absorption, SF	▲	▲
<b>\$6.60</b> Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

### ECONOMIC INDICATORS Q4 2022

	YoY Chg	12-Mo. Forecast
<b>372.5K</b> New Brunswick Employment	▲	▲
<b>8.1%</b> New Brunswick Unemployment Rate	▲	▼
<b>5.0%</b> Canada Unemployment Rate	▼	▲

Source: Statistics Canada

### ECONOMIC OVERVIEW

New Brunswick's economy ended 2022 on a positive note for GDP growth; climbing from 1.4% in the third quarter of 2022 to 1.7% this quarter, despite expected downturns in consumption moving into 2023. This growth is primarily being driven by record-breaking net interprovincial migration numbers surpassing the historical high seen in the 1970's. This rate of interprovincial growth will not last forever, although, strong international population inflows are expected to keep New Brunswick growing at a steady pace. Additionally, the province is well positioned to soften the blow of inflation with its relatively affordable cost of living, low household debt burdens and inflation-based wage growth rising at the fastest rate in Canada. Employment growth in New Brunswick has especially been seen in the public sector, which contributes largely to the success of the provincial GDP. However, the resilience that the province possesses in terms of household spending and employment will not fully shield it from the global impacts associated with higher interest rates and inflation. New Brunswick's exposure to global factors such as manufacturing, lumber, oil & gas and more generally exports are certainly present in the economy. This is important to note as prices in the lumber trade have dropped significantly from their high in March 2022, due to a slowdown in demand, leading to less growth in the U.S. export market for New Brunswick.

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

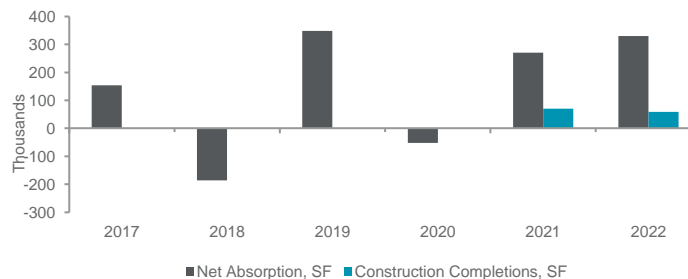
### SUPPLY AND DEMAND

New Brunswick's overall industrial vacancy rate decreased by 200 basis points (bps) in the fourth quarter of 2022, dropping from 5.5% to 3.5%. The primary driver for the shift in vacancy this quarter was found in the Moncton & Saint John submarkets, as vacancy decreased by 230-bps and 270-bps from the previous quarter to reach 2.9% and 9.5% respectively. As forecasted in the third quarter report, vacancy has declined as the short-term warehousing space at 33 Henri Dunant Street began its lease this past December, taking 50,000 square feet of space off the market. This was in addition to a number of other spaces being leased. Most of Saint John's activity was located in the Bayside Drive section of McAllister Industrial Park. Lastly, Fredericton saw an increase in its vacancy rate, climbing by 210 bps from last quarter's vacancy rate of 1.2% due to multiple minor vacancy changes in the submarket, ultimately landing at 3.3% overall.

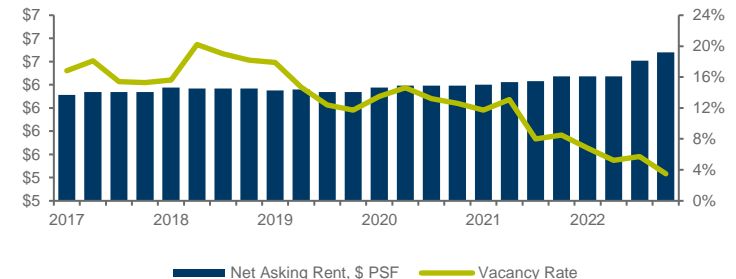
### PRICING

The overall average net rent within New Brunswick's industrial market increased by \$0.09 per square foot (psf) this quarter to reach an overall average of \$6.60 psf in the fourth quarter of 2022. The overall average increased in each submarket; however, Fredericton saw the largest change moving from \$7.74 psf in the third quarter to \$7.95 psf currently. In Moncton, there was a quarter-over-quarter increase in net rents of \$0.06 psf, rising from \$6.15 psf to \$6.21 psf in the fourth quarter of 2022. Lastly, the Saint Johns submarket had the smallest change, moving just \$0.03 in its net rental rate after experiencing the largest increase in the third quarter of 2022. New Brunswick's industrial market will likely continue to see increases in its net rental rate as vacancy tightens moving into 2023.

### 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	479,478	12,200	2.5%	14,542	8,550	0	0	\$6.40	\$3.21	\$9.61
Moncton Industrial Park	2,360,859	60,206	2.6%	60,739	126,709	0	0	\$5.71	\$3.20	\$8.91
Dieppe Industrial Park	605,626	15,245	2.5%	7,250	54,942	0	59,397	\$7.50	\$3.50	\$11.00
Caledonia Industrial Park	1,197,871	47,760	4.0%	31,320	126,835	62,475	0	\$6.67	\$3.16	\$9.83
<b>MONCTON TOTALS</b>	<b>4,643,834</b>	<b>135,411</b>	<b>2.9%</b>	<b>113,851</b>	<b>317,036</b>	<b>62,475</b>	<b>59,397</b>	<b>\$6.21</b>	<b>\$3.23</b>	<b>\$9.45</b>
Greater Fredericton	179,440	10,650	5.9%	-10,650	-10,650	0	0	\$8.21	\$4.35	\$12.56
Fredericton Industrial Park	343,575	6,682	1.9%	-991	1,088	0	0	\$7.81	\$5.10	\$12.92
<b>FREDRICKTON TOTALS</b>	<b>523,015</b>	<b>17,332</b>	<b>3.3%</b>	<b>-11,641</b>	<b>-9,562</b>	<b>0</b>	<b>0</b>	<b>\$7.95</b>	<b>\$4.84</b>	<b>\$12.79</b>
<b>SAINT JOHN TOTALS</b>	<b>512,123</b>	<b>48,432</b>	<b>9.5%</b>	<b>14,400</b>	<b>22,550</b>	<b>0</b>	<b>0</b>	<b>\$8.57</b>	<b>\$3.78</b>	<b>\$12.34</b>
<b>NEW BRUNSWICK TOTALS</b>	<b>5,678,972</b>	<b>201,175</b>	<b>3.5%</b>	<b>116,610</b>	<b>330,024</b>	<b>62,475</b>	<b>59,397</b>	<b>\$6.60</b>	<b>\$3.45</b>	<b>\$10.05</b>

## KEY LEASE TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE*
80 Driscoll Cres	Moncton	On Site Restoration Services Limited	12,009	Lease
50 MacNaughton Ave	Moncton	Rosco Logistics Inc.	5,760	Lease

\*Renewals not included in leasing statistics

## KEY SALES TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE
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N/A

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