

# New Brunswick

Office Q4 2022

YoY Chg      12-Mo. Forecast

**19.0%**  
Vacancy Rate



**-16K**  
Net Absorption, SF



**\$25.22**  
Asking Rent, PSF



(Overall, All Property Classes)

## 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.)

## ECONOMIC INDICATORS Q4 2022

YoY Chg      12-Mo. Forecast

**372.5K**

New Brunswick Employment



**8.1%**

New Brunswick Unemployment Rate



**5.0%**

Canada Unemployment Rate



Source: Statistics Canada

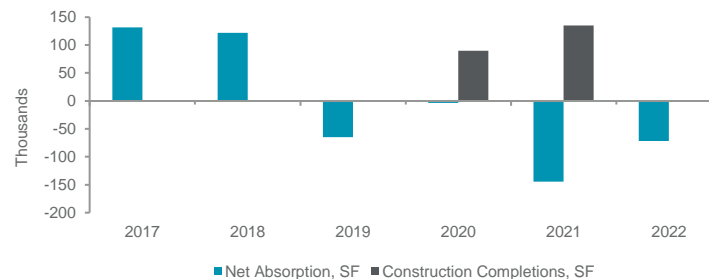
## SUPPLY AND DEMAND

The New Brunswick office market saw an overall vacancy increase of 100 basis points (bps) during the fourth quarter of 2022, now currently sitting at 19.0%. This change was primarily due to shifts in the Moncton and Fredericton submarkets, where vacancy moved upwards by 100 bps and 240 bps from last quarter to 13.4% and 17.0% respectively. The changes in both Fredericton and Moncton were driven by movement in Class A office stock with the newly vacant second floor in Moncton's Emmerson Park, vacated by Asurion, and movement in the Kings Place building in Fredericton. Saint John however encountered just minor changes with vacancy, moving from 28.0% in the third quarter of 2022 to 27.9% in the fourth quarter of 2022.

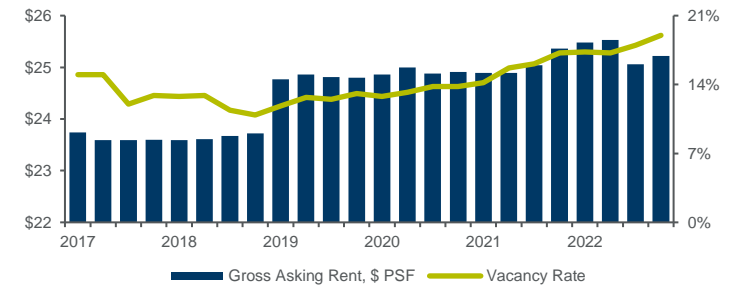
## PRICING

The overall average net rent in New Brunswick shifted upwards in the fourth quarter of 2022, climbing to \$25.22 per square foot (psf). This was driven by minor shifts across all three submarkets. Fredericton and Saint John had larger shifts increasing by \$0.26 psf and \$0.17 psf respectively from last quarter. However, the Moncton submarket was not left out of the rental rate growth with an increase in its overall gross rental rate by \$0.06 psf in the fourth quarter to \$25.75 psf. These upward shifts were primarily attributed to movement in the Class A and B office stock. Rental rates in lower grade inventory will likely continue to move upward due to projected slower GDP growth in 2023, making less expensive office alternatives more sought-after in some cases.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY & ASKING RENT



# New Brunswick

Office Q4 2022


**CUSHMAN &  
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## 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	2,997,048	16,252	384,575	13.4%	-32,803	-52,461	0	\$25.75	\$30.55
Fredericton	2,210,424	0	376,540	17.0%	12,875	-14,886	0	\$26.70	\$30.49
Saint John	2,385,051	32,081	632,793	27.9%	3,985	-4,344	0	\$22.46	\$29.10
<b>New Brunswick Totals</b>	<b>7,592,523</b>	<b>48,333</b>	<b>1,393,908</b>	<b>19.0%</b>	<b>-15,943</b>	<b>-71,691</b>	<b>0</b>	<b>\$25.22</b>	<b>\$30.15</b>

\*Rental rates reflect full service asking

## KEY LEASE TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE*
1070 St. George Boulevard	Moncton	Eastern College	14,260	Renewal
50 MacNaughton Avenue	Moncton	Rosco Logistics Inc.	5,760	Lease
555 Edinburgh Drive	Moncton	Maritime Laundry & Textile Products Ltd.	2,100	Lease

## KEY SALE TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	Buyer	SF	Sale Price
110-112 Hampton Road	Saint John	Confidential	37,414	\$660,000
20 Cameron Street	Moncton	Confidential	2650	\$575,000

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