

MARKET TRENDS

Vacancy Rate



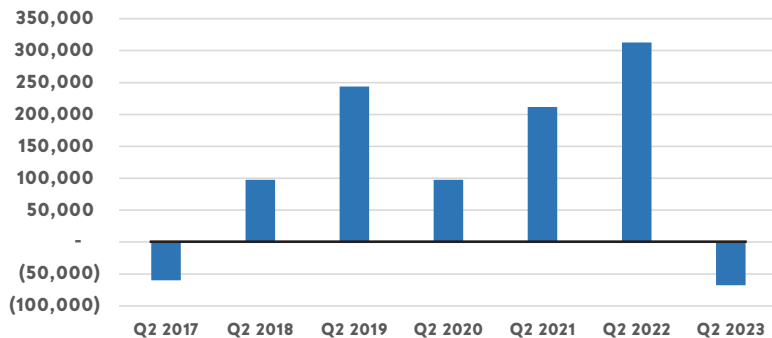
Avg. Net Rent



Net Absorption



Moncton 12-Month Net Absorption (SF)

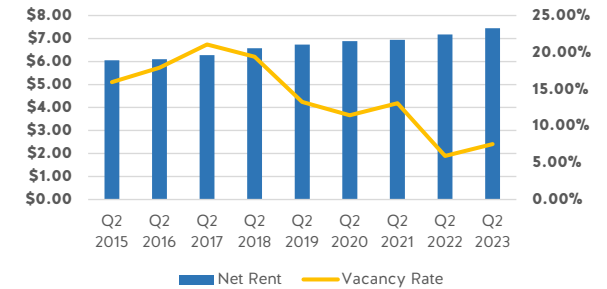


MARKET OVERVIEW

In the second quarter of 2021, the Moncton Industrial Market experienced some notable changes. There was an upward trend in vacancy rates, with an increase of 159 basis points (bps) compared to the previous quarter, resulting in a current vacancy rate of 7.51%. The primary contributing factor to this increase was the Caledonia Industrial Park, which saw significant vacancies arise. Conversely, all other locations in the Moncton Industrial Market either reported a decrease or remained stable in their vacancy rates.

Despite the increase in vacancy rates, there was also a positive change in the average net rental rate during the period. The current rate of \$7.45 per square foot (psf) increased by \$0.27 psf this period. Most locales experienced increased net rental rates this period with Caledonia experiencing the biggest increase of \$0.58 psf, resulting in a new rate of \$7.56 psf. Moncton Industrial Park also had an increase of \$0.21 psf but remains the location with the lowest rental rate at \$7.28 psf. Dieppe Industrial Park also experienced an increase of \$0.20 psf, resulting in a current rate of \$7.60 psf. Finally, the Moncton Central Industrial area remained stable, with no change in the rental rate of \$7.97 psf.

Moncton Net Rent vs. Vacancy Rate



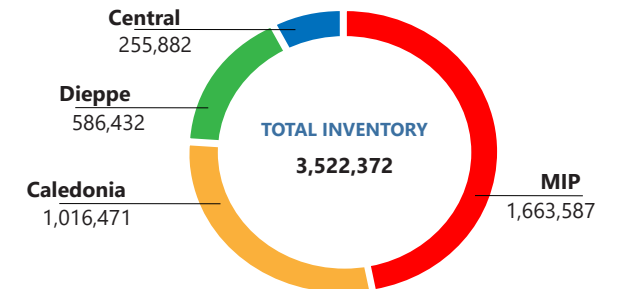
MARKET OUTLOOK

Moncton continues to set records in industrial land sales, with a staggering 130 acres currently under agreement with nearly 40 acres closed this year. The total estimated value of these sales is approaching \$20,000,000 showcasing the economic potential and growth opportunities that Moncton offers.

Prior to 2020, average industrial land sales in Moncton were below 40 acres per year. However, since the beginning of 2020, there has been a substantial increase of an average of 100 acres per year. This is a significant achievement for Moncton, and this increase highlights the city's efforts in promoting economic and industrial growth.

High demand for industrial land in Moncton has been causing various challenges for the city. The challenges involve future land planning and limitations to current available land for sale. The ongoing construction of Harrisville Logistics Park is already attracting significant attention from investors as 80 acres are already spoken for.

Market Share by Submarket (SF)



Sources: Turner Drake & Partners Ltd. supplemented by Brunswick Brokers Research, Moncton Industrial Development, Huddle

Note: Statistics in this report track non-owner occupied buildings only.

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	VACANT SPACE (SF)	VACANCY RATE	12-MONTH NET ABSORPTION (SF)	UNDER CONSTRUCTION (SF)	CONSTRUCTION COMPLETIONS (SF)	WEIGHTED AVG NET RENT	WEIGHTED AVG ADD. RENT	WEIGHTED AVG GROSS RENT
Moncton Industrial Park	1,663,587 sf	40,018 sf	2.41%	49,499 sf	0	0	\$7.28	\$3.98	\$11.60
Caledonia Industrial Park	1,016,471 sf	211,506 sf	20.81%	(143,738) sf	0	0	\$7.56	\$4.25	\$12.08
Dieppe Industrial Park	586,432 sf	13,125 sf	2.24%	15,930 sf	25,600 SF	59,397 SF	\$7.60	\$4.10	\$11.97
Moncton Central	255,882 sf	0 sf	0%	10,641 sf	0	0	\$7.97	\$3.89	\$13.22
TOTAL MARKET	3,522,372 sf	264,649 sf	7.51%	(67,668) sf	25,600 SF	59,397 SF	\$7.45	\$2.41	\$11.87

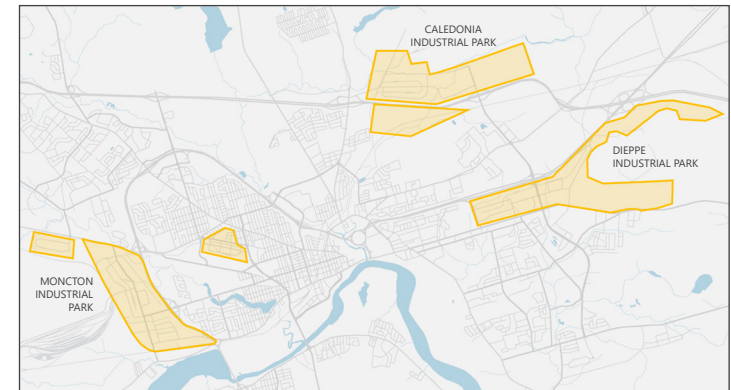
SIGNIFICANT TRANSACTIONS

PROPERTY	SUBMARKET	TENANT/OWNER	Area	Price	TYPE
368 Urquhart Avenue	Caledonia Industrial Park	Private Owner	10,320 sf	\$2,547,500	Sale
295 MacNaughton Avenue	Caledonia Industrial Park	Private Owner	7,210 sf	\$2,000,000	Sale
655 Malenfant Boulevard	Dieppe Industrial Park	Private Owner	+/- 6,900 sf	\$725,000	Sale

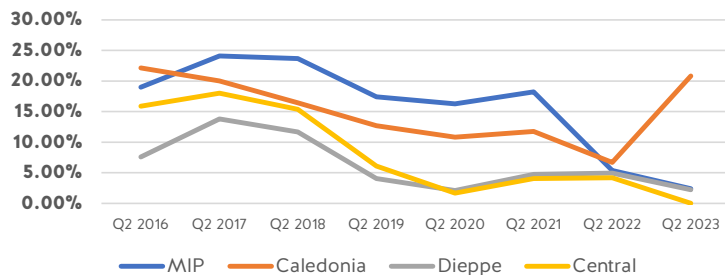
During the period, the Moncton Industrial market experienced a few significant sale transactions, reflecting the strong demand and significant investment activity in the region. Notably, 368 Urquhart Avenue was sold for \$2,547,500, further highlighting the robust market conditions. 295 MacNaughton Avenue and 655 Malenfant Boulevard were sold for \$2,000,000 and \$725,000 respectively.

To meet the high demand from large-scale occupiers attracted to the strategically located Hub City, rapid growth in the Moncton industrial market has significantly depleted supply. To ensure sustained growth, efforts are underway to bridge the gap by developing new land and industrial facilities. To address this issue, the construction of the Harrisville Logistics Park is currently underway. Of the total 130-acre area, 80 acres have already been spoken for, indicating the strong interest from industrial occupiers. Meanwhile, the expansion of the north side of Caledonia will contribute an additional 40 acres to the park, helping to meet the growing demand as older portions of the park are sold out. Moreover, the forthcoming development of Moncton Industrial Park Phase 1 West will introduce further acreage to the market, offering more opportunities for businesses seeking industrial land in the area.

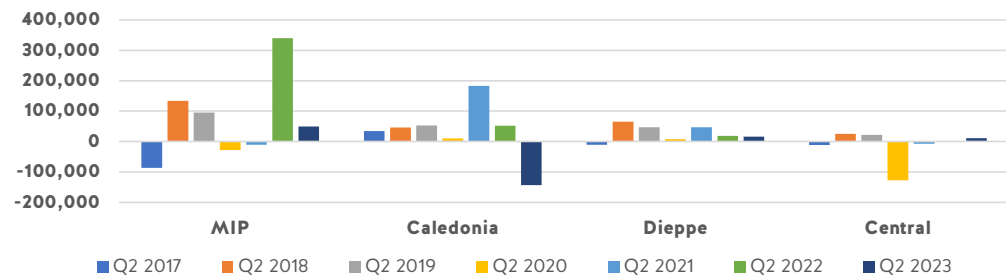
The Caledonia Industrial Park experienced a significant increase in vacancy this period as 140 MacNaughton Avenue saw Stihl vacate 37,858 square feet. Additionally, 114 Price Street reported 182,528 square feet of vacancy this period.



Vacancy Rate by Submarket



Net Absorption by Submarket (SF)



Sources: Turner Drake & Partners Ltd. supplemented by Brunswick Brokers Research

Note: Statistics in this report track non-owner occupied buildings only.

ECONOMIC OVERVIEW

Population Growth

2021
162,824  2022
171,608

Unemployment Rate

Dec-22
5.2%  Jun-23
5.4%

GDP Growth

2022
\$8.3B  2023
\$8.5B

Source: Statistics Canada, Bank of Canada, All New Brunswick, Canada Mortgage & Housing Corp (CMHC), Walmart Canada, Moncton Impact

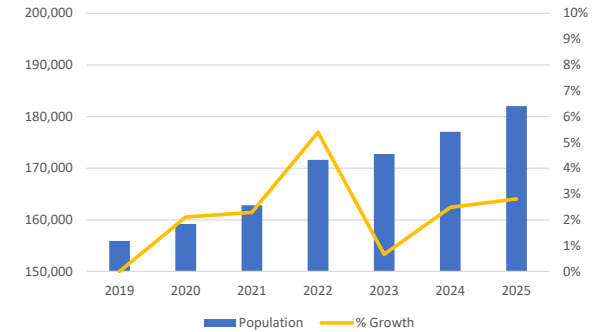
Canada's Inflation and the Expected Interest Rate Hikes

The policy interest rate increases have been decreasing inflation which fell to 2.8% in June however the market witnessed an increase to 3.3% in July. While interest rate increases seemed to be taming inflation, there is now uncertainty whether further increased will be needed to control this most recent rise. The objective is to strike a balance between stabilizing the economy and maintaining the goal of price stability.

Developers Keeping up with Demanding Residential Market

During the period, Moncton's residential and multi-residential construction sectors experienced record-setting building permit figures totaling \$3,660,000. Fast forward to June 2023, the Canada Mortgage and Housing Corporation has reported that a staggering number of units are currently under construction, including 140 single-family homes, 96 semi-detached homes, 216 row houses, and an impressive 2,206 apartment units. This surge in construction activity not only reflects Moncton's thriving real estate market, but also points to the growing demand for residential and multi-residential real estate in the area to keep up with country leading population growth.

Population Growth (2019 - 2025)



Walmart Canada Opens First Distribution Centre in Atlantic Canada

In a significant milestone for the retail giant, Walmart Canada has successfully opened its first distribution center in Atlantic Canada, after selecting Moncton as the best location. This project represents a remarkable investment of over \$50,000,000 and is expected to generate hundreds of new job opportunities in the region. The state-of-the-art facility, spanning an impressive 223,000 square feet, is purpose-built to efficiently distribute fresh and frozen groceries to over 40 Walmart stores in the surrounding area. This strategic move aims to enhance and streamline the supply chain operations in Atlantic Canada and marks a vital development in Walmart Canada's broader investment plan for growth and supply chain efficiency.

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