

MARKET TRENDS

Vacancy Rate



12 Month Change
(0.50%)

Total Vacancy Rate
1.60%

Avg. Rent



12 Month Change
\$104

Total Avg. Rent
\$961

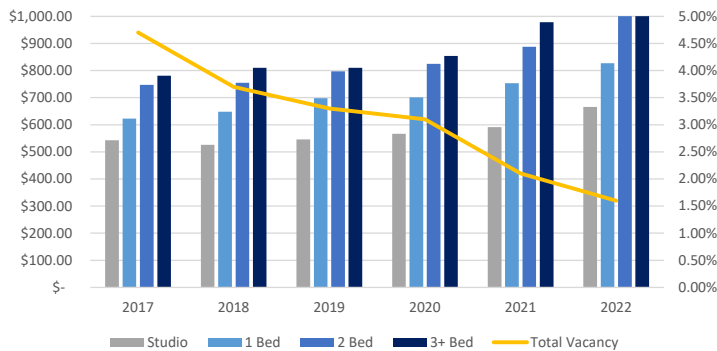
Inventory



12 Month Change
1.54%

Total Inventory
10,173 Units

Average Rents by Unit vs Total Vacancy
2017 - 2022



MARKET OVERVIEW

For the first time on recent record, Saint John's apartment vacancy rate is lower than Fredericton and Moncton sitting at 2.2% and 1.7% respectively. The overall vacancy rate decreased by 50 basis points (bps) since 2021 this was largely due to demand for 1-bedroom units in greater Saint John increasing steadily throughout the year.

As vacancy continued to trend downward and overall inventory increased by merely 1.54%, significant upward pressure was put on the total average rent figure increasing by a remarkable \$104 this period, another record increase for Saint John.

Multifamily development has grown significantly in bedroom communities like the Kennebecasis Valley consisting of Rothesay and Quispamsis with 66 units added in the last year and 48 units currently under construction at the release of this report.

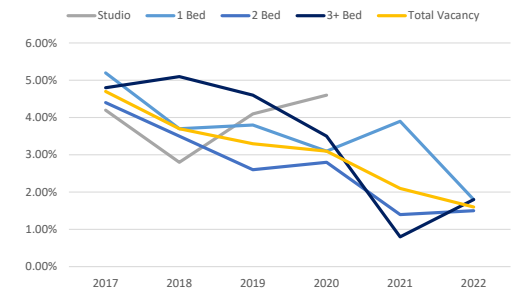
Larger structures are underway in Saint John's Uptown as the Canada Mortgage and Housing Corporation (CMHC) reports 103 units currently under construction. Major projects include "The Wellington" at 23 Wellington Row consisting of 47 units.

MARKET OUTLOOK

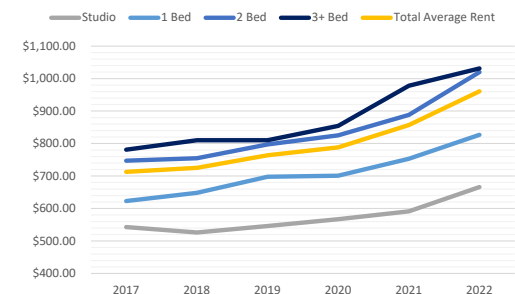
The inventory shortage in the Saint John Multifamily market remains as the vacancy rate has fallen below 2% for the first time on recent record. It is expected to be exacerbated by increasing demand related to recent project announcements associated with the Port of Saint John and University of New Brunswick paired with an increased emphasis on immigration.

On the surface, this supply demand imbalance would present an opportunity for developers, however the economic environment is presenting challenges as construction costs and interest rates continue to escalate," says Paul Moore, President of Brunswick Brokers and head of the Brunswick Brokers Multifamily Team.

Vacancy Rate



Average Rent



Although population growth has increased steadily since the onset of the pandemic, approximately 20% of the population in the greater Saint John area is above the age of 65. This statistic paired with the lack of multifamily options are adding to the supply and demand imbalance. Many of the new multifamily developments are leasing fully prior to completion.

Construction statistics from the Canada Mortgage and Housing Corporation (CMHC) indicate 629 apartment units currently under construction. This figure remained flat at 491 for many months however an increase of 28% is indicative that there is still interest to develop despite rising interest rates and construction costs.

Market Overview

Under Construction by Dwelling Type

	Apr-23	Chg
Single	146	↑
Semi-Detached	4	↓
Row	41	↓
Apartment	629	↑
Total	820	↑

Historical Vacancy Rates

	Saint John	Chg
2017	4.7%	
2018	3.7%	↓
2019	3.3%	↓
2020	3.1%	↓
2021	2.1%	↓
2022	1.6%	↓

Source: CMHC Rental Market Survey (12 months ending October 2022)

CMHC Construction Survey (Monthly April 2023)

-- Data suppressed to protect confidentiality or data not statistically reliable

Total Apartments (Saint John)

	Oct-18	Oct-19	Oct-20	Oct-21	Oct-22	5-yr Chg
Bachelor	386	391	393	393	394	2.1%
1 Bedroom	2,494	2,534	2,597	2,611	2,637	5.7%
2 Bedroom	5,127	5,220	5,370	5,612	5,745	12.1%
3 Bedroom +	1,251	1,490	1,543	1,403	1,397	11.7%
Total	9,258	9,635	9,903	10,019	10,173	9.9%

Vacancy Rates (Saint John)

	Bachelor	1 Bedroom	2 Bedroom	3 Bedroom	Total
Zone 1 (South)	--	--	--	--	--
Zone 2 (West)	-	0%	--	--	1.1%
Zone 3 (North)	0.0%	--	--	0.7%	**
Zone 4 (East)	--	4.7%	0.3%	3.7%	2.1%
Zone 5 (Outlying Areas)	--	0.0%	1.4%	--	1.2%
Saint John CMA	--	1.8%	1.5%	1.8%	1.6%
New Brunswick	3.8%	2.2%	1.6%	2.7%	1.9%

Average Rents (Saint John)

	Bachelor	1 Bedroom	2 Bedroom	3 Bedroom	Total
Zone 1 (South)	\$656	\$865	\$1,080	\$1,235	\$975
Zone 2 (West)	--	\$690	\$874	\$969	\$833
Zone 3 (North)	\$716	\$844	\$1,013	\$976	\$966
Zone 4 (East)	\$694	\$811	\$1,010	\$983	\$956
Zone 5 (Outlying Areas)	--	\$797	\$1,084	\$1,158	\$1,062
Saint John CMA	\$666	\$827	\$1,020	\$1,031	\$961

MARKET STATISTICS

SUBMARKET	TOTAL NUMBER OF UNITS	VACANCY RATE (%)	AVERAGE MONTHLY RENT	UNITS UNDER CONSTRUCTION APRIL 2023	UNIT COMPLETIONS 2022	SALES VOLUME (\$) (MLS)	NUMBER OF TRANSACTIONS	AVERAGE PRICE
Uptown Saint John	2,684	-	\$975	103	63	\$9,587,100	26	\$368,735
East Saint John	2,028	2.1%	\$956	48	78	\$3,040,200	11	\$276,382
West Saint John	1,224	1.1%	\$833	61	0	\$5,280,050	20	\$264,003
North Saint John	3,163	-	\$966	333	0	\$6,836,500	21	\$325,548
Outlying Areas*	1,074	1.2%	\$1,062	84	126	\$2,892,700	8	\$361,588
TOTAL MARKET	10,173	1.6%	\$961	629	267	\$27,636,550	86	\$321,355

KEY TRANSACTIONS

PROPERTY	DATE	SUBMARKET	PURCHASER	SALE PRICE	NUMBER OF UNITS	\$ PER UNIT	CAP RATE
Calabria Estates	2022	East Saint John	Nexliving Communities Inc.	\$24,000,000	82	\$296,342	4.75%
Woodhollow Park	2022	East Saint John	Nexliving Communities Inc.	\$10,000,000	47	\$212,766	4.75%
Heathery Way Phase II	2022	East Saint John	Lorne SGD Inc.	\$5,700,000	24	\$237,500	-

Supply Side

Rising pressure from construction costs and interest rate hikes resulted in a reduction in planned new inventory. However, prominent builds underway in Greater Saint John include the Wellington in the city's Uptown, which is now in the final stages. The 47-unit project will allocate half of its units to government-assisted living spaces and the other half will be rented at market rents providing available units for a variety of income levels in the uptown core.

Multifamily development on the city's West Side has paled in comparison to other submarkets, but the Aquarius Towers project is underway at the former Aquarius Tavern location at 990 Fairville Boulevard. The developer has plans to bring 95 residential units and over 4,000 square feet of commercial space spanning two buildings to the site providing much needed new stock to the area.

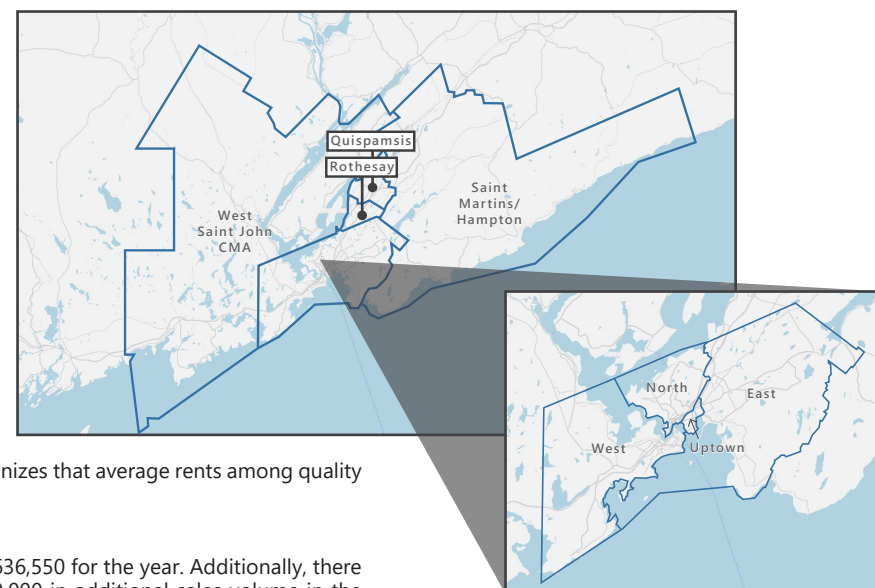
Construction at the highly anticipated Fundy Quay project was announced to begin in the Spring of 2022 but as of the date of this report has not yet commenced. The Fundy Harbour Group now has the flexibility to begin construction on the second and much smaller 6-story residential/retail building rather than the first building, which consisted of 16 stories.

Demand Side

According to the CMHC the average rental rate for an apartment is \$961 per month, an increase of \$104 this period as demand outstrips supply in the Saint John market. Brunswick Brokers supplemented research recognizes that average rents among quality new stock in the Saint John CMA is \$1528.

Transactions

2022 was a significant year in terms of sale transactions in the multifamily market as MLS sales volume was \$27,636,550 for the year. Additionally, there were several transactions unreported by MLS with a few key transactions that resulted in just short of \$40,000,000 in additional sales volume in the multifamily market. Nexliving Communities Inc. made two substantial purchases, acquiring Calabria Estates and Woodhollow Park in Saint John's East end and Phase II of Heather Way apartments was purchased by Lorne SGD Inc.



ECONOMIC OVERVIEW

Population

2021
132,761  2022
135,622

Unemployment Rate

June-22
7.3%  June-23
6.0%

NB GDP Growth

2022 Rate
1.9%  2023 Forecast
0.5%

Source: Statistics Canada, TD Economics, Bank of Canada

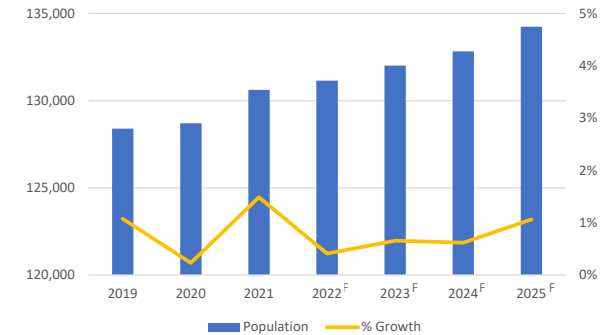
The Bank of Canada's Policy Interest Rate had not seen an increase since the beginning of the year, however at the start of June the rate unexpectedly increased for a seventh time in 12 months now sitting at 4.75%, an increase of 25 basis points. The Policy Interest Rate, otherwise known as the Overnight Rate, has seen substantial increases in the last year, increasing 325 basis points from June 2022 when the recorded rate was 1.50%. It is expected to increase again next month by another 25 basis points which will put pressure on development costs.

The Bank of Canada's efforts to tame inflation can be seen clearly as the Consumer Price Index rose by just 1.94% year-over-year in April and increased by only 1.03% month-over-month (March-April). In terms of the index basket of consumer goods, gasoline saw the most volatility throughout the year, reaching a high 283.2 in June 2022 and a low of 201.3 in December 2022 now sitting at 228 in April of 2023.

The Port of Saint John is slated to begin receiving ships using the two super-post-panamax quay cranes in June. The capabilities of this infrastructure now allows the port to receive two vessels at once and allow for ships with up to 10,000 twenty-foot-equivalent units (TEU), thus increasing production significantly and getting the port closer to their goal of handling 800,000 TEU by year end 2024.

Uptown Saint John's population nearly doubled on May 30th as the Royal Caribbean's Oasis of the Seas docked in Saint John carrying 8,000 passengers bringing the city's markets and restaurants a welcomed boost. The cruise ship schedule is well underway and the 86 scheduled vessels should bring a cumulative 200,000 passengers to the Uptown core and beyond this season.

Population Growth (2019 - 2025)



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