

### MARKET TRENDS

#### Vacancy Rate



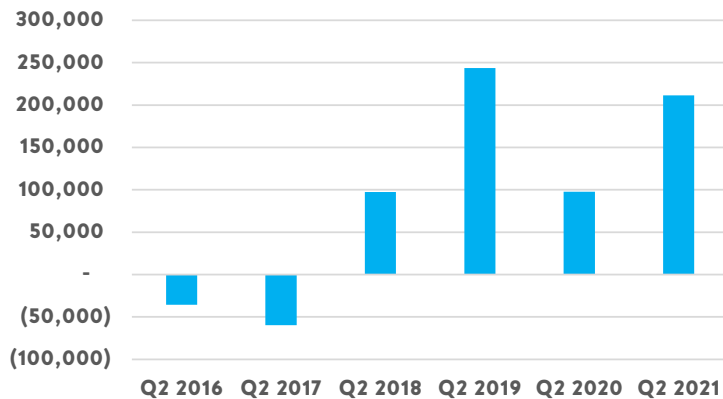
#### Avg. Net Rent PSF



#### Net Absorption



Moncton 12-Month Net Absorption (SF)



### MARKET OVERVIEW

The Moncton industrial market recorded a strong period of net absorption, noting a positive 12-month (June-to-June) increase of 208,992 square feet as several large warehouses entered the non-owner occupied market.

Vacancy rate increased 160 basis points as all locales recorded an uptick for the period. Dieppe and Moncton Central recorded the most significant change - up 260 and 240 basis points respectively while Caledonia and Moncton Industrial Park (MIP) recorded a respective 90 and 210 basis point increase.

Net rents increased a modest \$0.05 year-over-year with all industrial locales noting an uptick. The most substantial of which were Caledonia and Dieppe - increasing \$0.31 and \$0.94 respectively.

Meanwhile, the owner occupied market continued to burn bright in Moncton as the low price of land and lack of high quality inventory pushed new companies to build rather than lease.

### MARKET OUTLOOK

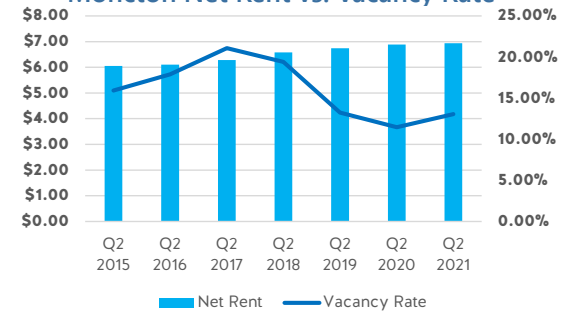
COVID-19, although damaging for many industries, may have been a boon for the Moncton industrial market as companies look to further establish themselves in the city, and continue to do so, to take advantage of the lower costs and attractive land prices.

Moncton Industrial Development projects that they may come close to doubling 2020's land sales record by the end of 2021. This is in large part to the additional incentives provided by the government to encourage development.

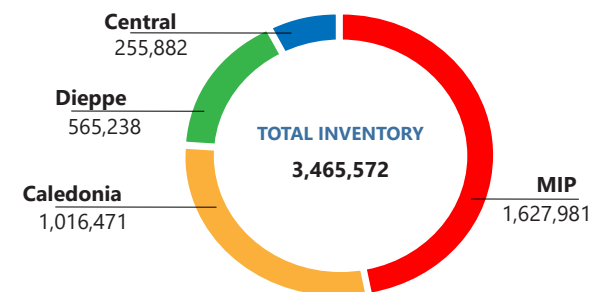
Walmart announced they will be building a new 221,000 square foot warehouse in the Caledonia Industrial Park - a strong sign of the continued growth experienced in Moncton's industrial parks. "Moncton is a clear beneficiary of the current growth in the industrial market coupled with the inherent benefits of its geographic location" notes Brunswick Brokers' President, Paul Moore.

Companies continue to turn to building for themselves due to insufficient amount of quality inventory available to rent and the availability of affordable land. Approximately 62% of industrial buildings in Moncton are over 40 years of age with an average ceiling height of 20 feet. The vacancy rate for this group of buildings is 15.0%, meanwhile, buildings below the age of 20 are being built with an average ceiling height of 23 feet and are only 1.9% vacant.

Moncton Net Rent vs. Vacancy Rate



Market Share by Submarket (SF)



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

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	1,627,981	298,927	18.36%	(13,508)	0	0	\$6.88	\$3.83	\$11.00
Caledonia Industrial Park	1,016,471	119,458	11.75%	182,822	0	0	\$6.98	\$3.85	\$11.24
Dieppe Industrial Park	565,238	26,655	4.72%	46,857	0	0	\$7.97	\$4.46	\$12.86
Moncton Central	255,881	10,384	4.06%	(7,179)	0	0	\$7.97	\$3.47	\$12.86
<b>TOTAL MARKET</b>	<b>3,465,572</b>	<b>455,424</b>	<b>13.14%</b>	<b>208,992</b>	<b>0</b>	<b>0</b>	<b>\$6.94</b>	<b>\$3.92</b>	<b>\$11.27</b>

## MARKET ACTIVITY

PROPERTY	TYPE	SUBMARKET	TENANT	SELLER	BUYER	SF	PRICE / RATE
123 Price Street	Sale	Caledonia Industrial Park	N/A	KS ICE New Brunswick Inc.	PROREIT	135,494 sf	\$8,360,000
460 MacNaughton Avenue	Sale	Caledonia Industrial Park	N/A	460 MacNaughton Portfolio Inc.	PROREIT	76,303 sf	Part of 5 Building Transaction
611 Ferdinand Boulevard	Sale	Dieppe Industrial Park	N/A	611 Ferdinand Portfolio Inc.	PROREIT	63,053 sf	Part of 5 Building Transaction
66 English Drive	Sale	Moncton Industrial Park	N/A	AMCOR RIGID PLASTICS ATLANTIC	PROREIT	82,000 sf	\$4,500,000
135 Henri Dunant Street	Vacancy	Moncton Industrial Park	Technosport Canada	N/A	N/A	25,000 sf	N/A

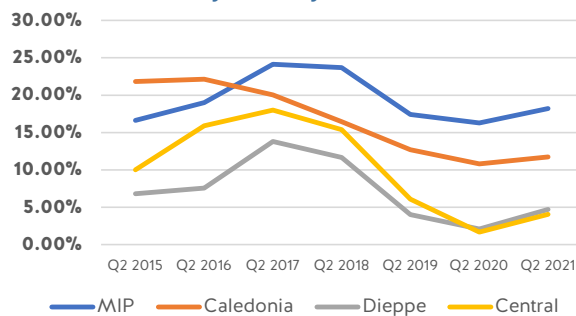
After three straight years of positive net absorption, MIP recorded negative net absorption of 13,508 after a few mid-level vacancies - the most significant of which were 25,000 square feet being freed up at 135 Henri Dunant Street and 12,800 square feet at 149-159 Henri Dunant Street.

The Caledonia Industrial Park led the way this period, recording a park high net absorption of +182,822 square feet after PROREIT purchased both 123 Price Street and 460 MacNaughton Avenue, two warehouses which total 211,797 square feet - thus, moving the two buildings from the owner occupied market to non-owner occupied. Leasing activity was a net negative this period in Caledonia - highlighted by Molson Brewing vacating their 38,000 square foot warehouse at 140 MacNaughton Avenue.

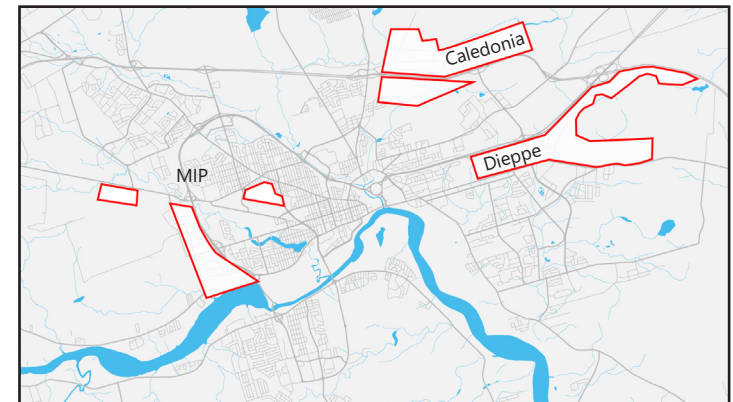
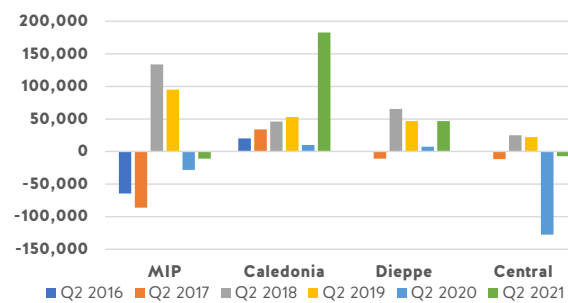
The most significant activity in Dieppe was Office Interiors vacating 1080 Champlain Street. This contributed to the increase in vacancy rate from 2.08% to 4.72% - reversing the three year trend of Dieppe vacancies decreasing. Despite this, because of PROREIT's purchase of 611 Ferdinand Boulevard, Dieppe still recorded positive net absorption of 46,857 square feet and saw the largest year-over-year net rent increase on record - jumping 13%.

Moncton Central also noted some activity with 10,384 square feet being freed up at 77 Foundry Street - increasing the locale's vacancy rate from 1.68% to 4.06%.

### 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

▲ 2020 Rate **+1.5%**
▲ 2021 Forecast **160,282**

### Unemployment Rate

▲ 2020 Rate **7.7%**
▼ 2021 Forecast **6.7%**

### GDP Growth

▼ 2020 Rate **-1.3%**
▲ 2021 Forecast **+5.3%**

Moncton's economy was relatively stable throughout the COVID-19 pandemic thanks in large part to its low population density and tough restrictions on outsiders visiting the province.

COVID-19 did, however, hamper Moncton's international immigration levels - decelerating population growth to 1.5% in 2020 and a forecasted 1.0% in 2021. Still, the city's population growth is expected to reach its pre-pandemic levels in subsequent years.

Moncton's real GDP is forecasted to increase 5.3% according to The Conference Board of Canada, exceeding its pre-pandemic levels.

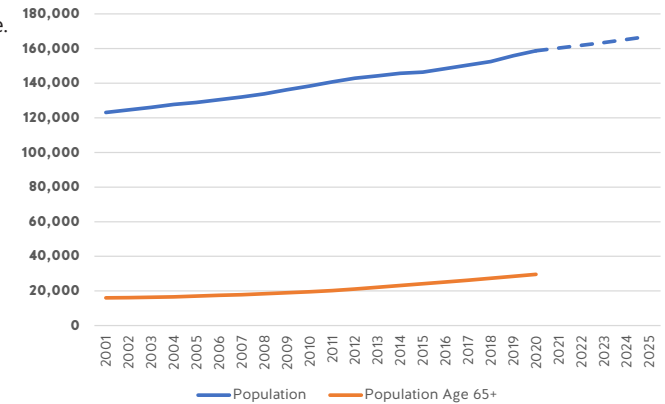
Despite a 3.3% decrease in employment in Q2 2020, Moncton's overall unemployment rate fell only 0.1% year-over-year and is forecasted to drop another 1% by year end.

The 65+ age group is a demographic which has experienced exponential growth in the past 20 years, nearly doubling its population since that time and representing 18.6% of the total population at December 2020.

Moncton's residential real estate industry has been particularly hot with housing sales growing 58% year-over-year and average prices rising 37% year-over-year. This unprecedented stretch may be slowing down however, as June 2021's number of homes sold were only 8% above June 2020's reported amount.

Source: Statistics Canada, The Conference Board of Canada, Teranet-National Bank National House Price Index, The Canadian Real Estate Association

Moncton Population (2001-2025)



bbrokers.ca

**Brunswick Brokers Limited**  
 12 Smythe Street  
 Suite 140  
 Saint John, NB E2L 5G5

**Brandon Fowler**  
 Research & Marketing Coordinator  
 bfowler@bbrokers.ca  
 +1 (506) 647-5093

**BRUNSWICK**  
 BROKERS

Information contained within this report, including projections and forecasts, have been obtained from multiple sources believed to be reliable. Brunswick Brokers Limited has not verified the information and makes no guarantee of its accuracy. It is the responsibility of the user to conduct their own due diligence and verification of the accuracy and completeness of the information.