

MARKET TRENDS

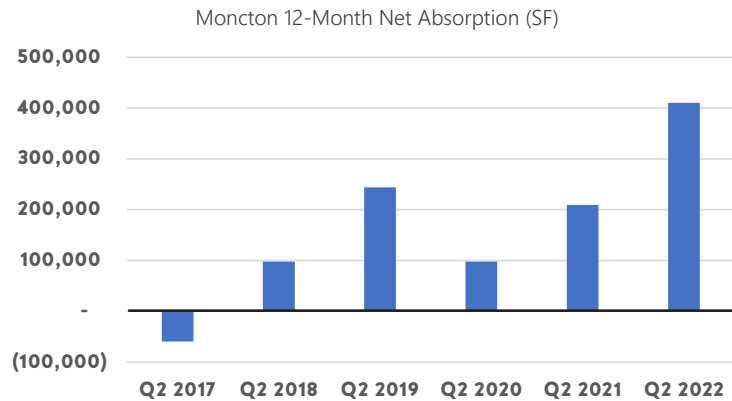
Vacancy Rate



Avg. Net Rent



Net Absorption



MARKET OVERVIEW

The Moncton industrial market recorded 410,243 square feet of positive net absorption this period (June 2021-to-June 2022), the most significant increase in recent record.

The vacancy rate decreased by a staggering 717 basis points to 5.93%, an all-time low. The most significant changes in vacancy were in Caledonia and Moncton Industrial Park (MIP), recording respective decreases of 508 and 1,212 basis points. Conversely, Dieppe and Moncton Central remained relatively flat as both registered increased vacancies of 23 and 10 basis points, respectively.

Average net rents in Moncton increased by \$0.24 year-over-year, as all industrial locales reported an uptick. The most substantial of which were MIP and Dieppe - growing \$0.19 and \$0.61, respectively. Taxes and operating costs increased by \$0.01 for an average of \$3.93 per square foot, as gross rental rates currently sit at \$11.63.

MARKET OUTLOOK

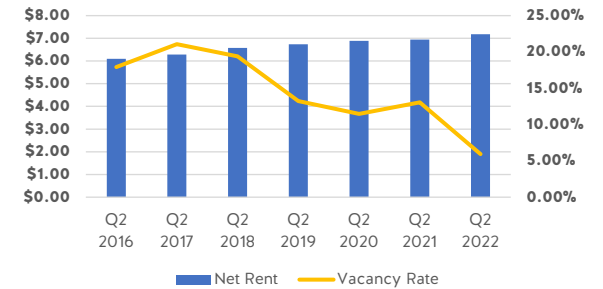
The dramatic change in vacancy during this period is expected to put upward pressure on the average net rental rate in the upcoming year as demand continues to sky-rocket in the Moncton industrial market.

Lack of inventory across all submarkets remains an issue, forcing industrial users and owner occupiers to develop new supply themselves in order to scale operations promptly.

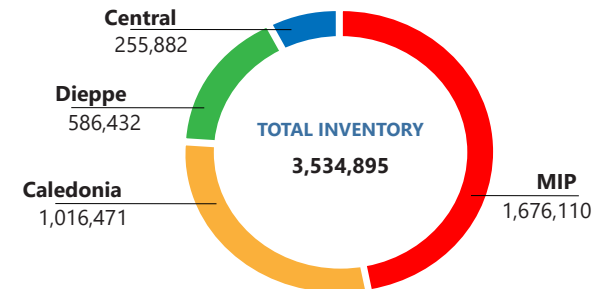
Moncton Industrial Development is on pace for another record-breaking year as 120 acres of land were sold or under contract at the end of Q2. Land sales are slated to reach an all-time high by year's end and could reach 145 acres in total transactions.

Shovels are in the ground as construction of the highly anticipated Walmart Distribution Centre is now underway in the Caledonia Industrial Park. The 221,000 square foot, \$56-million project is the first national distribution center to land in Atlantic Canada. As a result, Moncton Industrial Development states that the project is attracting additional high profile-tenants to the Moncton industrial market.

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	1,676,110 sf	102,040 sf	6.09%	340,016 sf	21,000 sf	0	\$7.07	\$3.89	\$11.48
Caledonia Industrial Park	1,016,471 sf	67,768 sf	6.67%	51,690 sf	0	0	\$7.08	\$3.95	\$11.39
Dieppe Industrial Park	586,432 sf	29,055 sf	4.95%	18,794 sf	0	0	\$7.40	\$4.11	\$12.06
Moncton Central	255,882 sf	10,641 sf	4.16%	(257) sf	0	0	\$7.97	\$3.65	\$12.81
TOTAL MARKET	3,534,895 sf	209,504 sf	5.93%	410,243	0	0	\$7.18	\$3.93	\$11.63

MARKET ACTIVITY

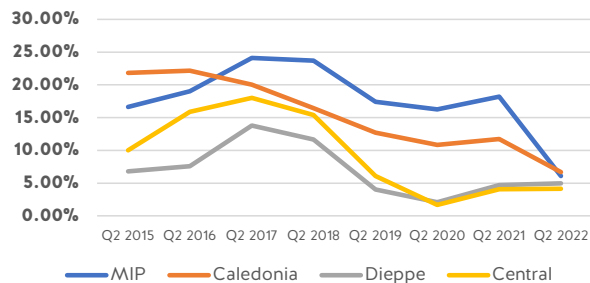
PROPERTY	SUBMARKET	TENANT/OWNER	Area	Price	TYPE
222 Edinburgh Drive	Moncton Industrial Park	Crestpoint / PROREIT	94,292 sf	\$5,500,000	Sale
33 Henri Dunant Street	Moncton Industrial Park	Atlantic Commercial Properties	118,354 sf	\$4,100,000	Sale
66 English Drive	Moncton Industrial Park	Marshall Aerospace	82,367 sf	N/A	Lease
615 St George Boulevard	Moncton Industrial Park	Sky Zone Trampoline Park	+/- 28,000 sf	N/A	Lease

The Moncton Industrial Park experienced a substantial period of leasing, recording a park-high positive net absorption of 340,016 square feet as vacancy dropped from 18.36% to 6.09% this period. Major leasing at 33 Henri Dunant resulted in the entire 118,354 square foot facility being leased to undisclosed tenants. Other considerable leases in the submarket include Sky Zone Trampoline Park, taking +/- 28,000 square feet at 615 St George Boulevard, and Green Energy Solutions, leasing 25,000 square feet of warehouse space at 135 Henri Dunant Street. Additionally, a current and undisclosed tenant at 653 St George Boulevard is expanding, taking an additional 35,000 square feet, as the 106,425 square foot property is now fully occupied.

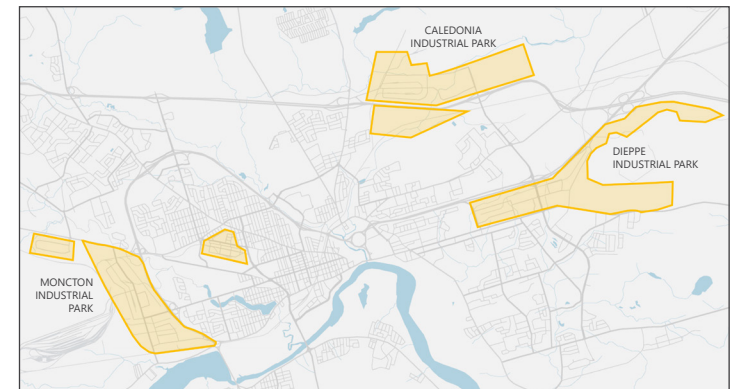
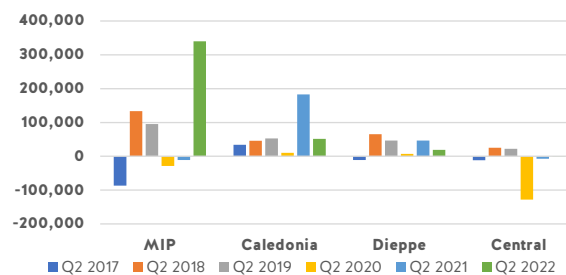
Rapid growth in the Moncton industrial market has left little supply for large-scale occupiers attracted to the strategically located Hub City. Efforts to bridge the gap through developing new land and building industrial facilities are on the horizon to ensure sustained growth. Further phases of the Aviation Avenue expansion in Dieppe will add much-needed availability of approximately 35-50 acres. Expansion Dieppe states work is scheduled to begin in the following few years and high demand has resulted in a pre-sale scheduled for Q1 2023. The Harrisville Logistics Park expansion is slated to add upwards of 120 acres to the Moncton Industrial Park, where available space is at an all-time low. Additionally, the Moncton East Business Park has a 21,000 square foot property under construction, now pre-leasing for Q4 2022.

Owner-occupied developments are on the rise as available space for lease dwindles. Trans East Trailers Inc. purchased 13 acres at the corner of Commerce and Frenette Avenue in Caledonia, financial details of the transaction are not yet public. Additionally, Greenhaven Management Inc. purchased a 2.8 acre lot at 140 Desbrisay Avenue in May for \$80,571 an acre.

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

2016
144,810



2021
157,717

Unemployment Rate

Jun-21
7.6%



Jun-22
4.2%

GDP Growth

2021 Rate
8.3%



2022 Forecast
2.6%

Source: Statistics Canada, RBC Economics, Conference Board of Canada, TD Economics, Bank of Canada, Canada Mortgage and Housing Corporation

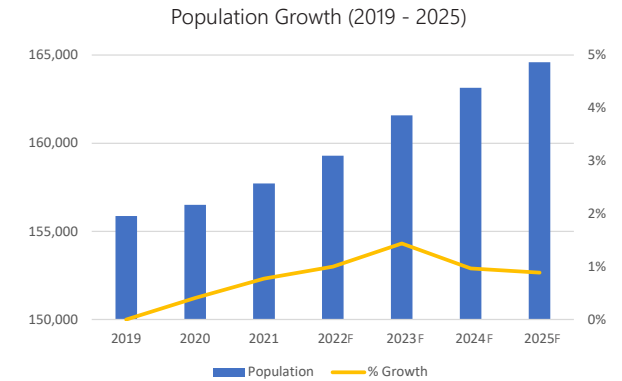
Moncton's resilient and diverse economy allowed it to grow by 8.3% in 2021, 300 bps more than The Conference Board of Canada originally predicted.

Provincial health measures were reinstated throughout the province at the beginning of 2022 due to the high transmissibility of the Omicron variant. Despite these challenges, GDP is expected to increase again by 2.6% in 2022.

New Brunswick's population surpassed 800,000 this year with Moncton's population growth being a large contributor. Moncton grew by 8.9% since 2016 to 157,717, according to 2021 census information.

Inflation in New Brunswick is currently outpacing Canada according to TD Economics, a result of spikes in food and energy prices. Interest rate hikes have reached substantial highs in an attempt to cool the market as the prime rate currently sits at 2.5%.

Moncton's residential real estate market continues to stay hot as housing starts totaled 257 in June. Fredericton recorded 176 starts, 81 less than Moncton, while Saint John reported 36.



Brunswick Brokers Limited

32 Alma Street
Moncton, NB
E1C 4Y1

Paul Moore
President
pmoore@bbrokers.ca
(506) 645-8488

Troy Nesbitt
Vice President
tnesbitt@bbrokers.ca
(506) 349-5670

Steve Morrison
Senior Advisor
smorrison@bbrokers.ca
(506) 381-5885

Connor Carson
Marketing & Research
Associate
ccarson@bbrokers.ca
(506) 647-5093

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.

BRUNSWICK
BROKERS