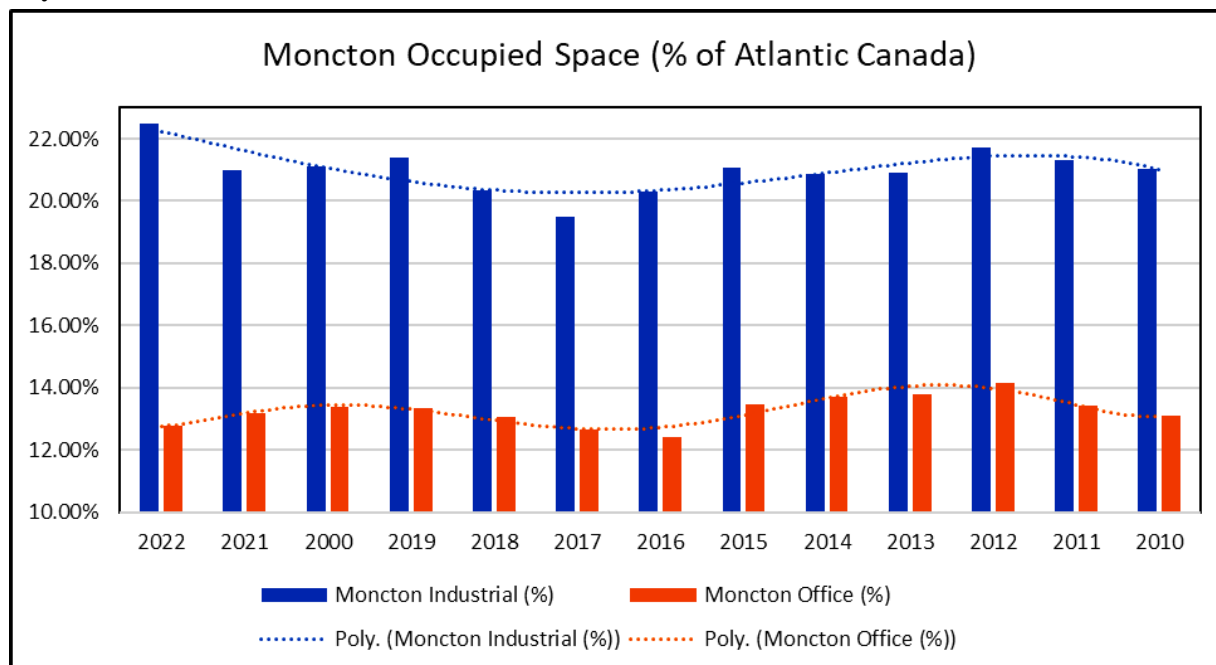


MONCTON ON THE MOVE

City at the Crossroads



Source: TDP Economic Intelligence Unit Semi-Annual Market Survey.

A bilingual English/French workforce, and a location at the heart of the three Maritime provinces, have propelled Greater Moncton, the community consisting of the Cities of Moncton and Dieppe, and the Town of Riverview, into the largest metropolitan area in the province and the second largest in Atlantic Canada. The community has had its ups and downs over the decades but it is now very definitely on the move. With two hospitals, three universities, an international airport, strong retail and tourism sectors, and its undisputed status as the major distribution hub for Atlantic Canada, Greater Moncton is a vibrant, multicultural community that has enjoyed some of the fastest growth in the region since 1986.

Often compared to Halifax Regional Municipality (HRM), the Atlantic Region's largest city with three times the population, Greater Moncton's industrial parks contain 23% of the aggregate rentable industrial space in the six major cities in the region (St. John's, HRM, Charlottetown, Moncton, Saint John, Fredericton). This equates to 22 ft² per head of population versus 18 ft² in HRM. Moncton's supply of office space represents just 13% of the aggregate rentable area contained in the six cities and equates to 21 ft² per head of population versus 28 ft² in HRM.

In essence the Greater Moncton Area is a distribution and transportation hub with a relatively clean light industrial and warehouse base. It is an industrial centre first and a commercial centre second, though the latter should not be discounted because the city's bilingual workforce gives it a competitive edge over other cities in Atlantic Canada. As the economy waxes and wanes so does industrial space demand and to a much lesser degree demand for office space. The latter has been impacted as well by the change in work habits and the "work from home" movement which renders office demand a less reliable indicator of the underlying economy.

The graph shows Moncton's competitive position in the Atlantic Region (or that part of it represented by the area's six largest cities) over the past twelve years. We have plotted the percentage of total regional demand, for industrial and office space, captured by the Greater Moncton Area. Since industrial space demand is the more significant indicator of economic activity than office demand we have added a polynomial trend line (Google it) to show how it has ebbed and flowed. Greater Moncton hit its peak in 2012 and then started on a downward trajectory which bottomed out in 2017. Industrial space occupancy peaked again in 2019 and started on another downward cycle. It recovered its swagger in 2022, but one swallow doesn't make a summer. However, now that the Covid-19 pandemic is largely behind us, industrial demand appears to be increasing again. Existing industrial parks are at capacity so Moncton Industrial Development and the City of Dieppe have both secured additional lands and expect to bring serviced lots on-line shortly. A similar picture is painted by office demand; it too peaked in 2012, hit its nadir in 2016, started to recover until 2019 and then fell off again. So, what is going on? Because space is leased, usually on two to five-year

terms, space occupancy is a trailing indicator of economic activity so we also took a look at space absorption, the net amount of additional space leased each year. Greater Moncton has had positive industrial space absorption since June 2018 and there is an upward trend. This is in marked contrast to the prior five-year period, when more space became vacant each year than was rented. Office space absorption however does not have the same happy face, though our preliminary December 2022 figures show a market recovery after negative absorption in the prior two years. Mixed signals then, but there is reason to be optimistic so long as things are not derailed by a recession in 2023.

Residential

| Total Construction Value (\$ thousands) | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|
| Type | 2018 | 2019 | 2020 | 2021 | 2022* |
| Residential | \$135,556 | \$190,516 | \$279,499 | \$325,946 | \$372,592 |
| Industrial | \$75,813 | \$86,495 | \$13,834 | \$12,465 | \$32,628 |
| Commercial | \$99,349 | \$109,733 | \$56,079 | \$117,505 | \$58,394 |
| Institutional | \$43,952 | \$19,839 | \$71,617 | \$23,861 | \$83,045 |
| Total | \$354,670 | \$406,583 | \$421,029 | \$479,777 | \$546,659 |

Source: Statistics Canada Table 34-10-0066-01 (*2022 Jan. - Nov. inclusive).

The City of Moncton's Central Business District (CBD) continues to evolve. In 2007 Assomption Boulevard was opened to relieve traffic congestion on Main Street by running roughly parallel and south of it along the Petitcodiac River. At present, the area behind the commercial buildings fronting the south side of Main Street, between it and Assomption Boulevard, is largely devoted to on-site parking. There are active proposals to redevelop a large portion of that land to capitalise both on the desire of people to live downtown, and the scarcity of housing. Although investment in all types of housing has been impressive since 2018 (see Construction Value Table above), Canada Mortgage and Housing Corporation's (CMHC) latest published survey (October 2021) shows an average Apartment/Row Housing vacancy rate of 1.50%; effectively full occupancy. In response, Lafford Properties is building the first of three 15 storey towers, of what will be a 450-unit development, on their Foundry Street/Assomption Boulevard site and have just announced the purchase of other lands nearby for redevelopment in 2025. Ashford Properties expect to create a mixed-use development on lands they purchased in 2019, south of their Assomption Place office building on Main Street (purchased that same year). The development will include apartments, restaurants, retail and office space. Development of about 80% of the site is contingent on the City of Moncton undertaking infrastructure upgrades, including a new street to run parallel with Main Street, which will require Federal Government participatory funding. The remainder of the site redevelopment can proceed without this work and can accommodate roughly 150 apartments and some commercial space. Over the next decade, these and other developments will continue to transform the downtown into a vibrant twenty-four-hour community. The City of Moncton and the greater community is on a roll!