

MARKETBEAT INDUSTRIAL SNAPSHOT

HALIFAX, NOVA SCOTIA

A Cushman & Wakefield Atlantic Research Publication

Q1 2015



ECONOMIC OVERVIEW

Nova Scotia is set to continue its expansion in 2015 after indications of accelerated growth. In 2014, GDP growth landed at 2.2% for the year, a growth rate which is expected to carry through to the end of 2015 (RBC). TD

Economics is forecasting that Nova Scotia will be the top-performing Atlantic economy in 2015-2016, as the province saw strong export growth in 2014, coupled with nominal exports rising by 24%. Nova Scotia's economic growth in 2014 was primarily driven by an increase in production and prices for natural gas. An increase in U.S. demand for non-energy exports, including seafood and rubber tires, combined with a weaker Canadian dollar, and a significant boost in capital project spending also supported the economy. Accelerated growth in the manufacturing sector, bolstered by a lower Canadian dollar and rising U.S. demand are expected to provide stronger momentum for 2015 and 2016.

SIGNIFICANT INCREASE IN INDUSTRIAL VACANCY

Overall, the Nova Scotian industrial market saw a significant increase in its overall vacancy rate this quarter, increasing to 13.3% from the previous quarter's 9.9%, predominately due to a significant trend in which business owners in Burnside Industrial Park are opting to occupy their own custom built facilities. There were a number of significant moves this quarter in Burnside, including MacFarlands moving to an owner-occupied facility on Cutler Avenue. Dream Industrial REIT also brought the 41,000-square foot (sf) Helly Hansen space to market this quarter at 131 Thornhill Drive. Halifax posted a slightly lower vacancy rate of 9.4% this quarter, down from the Q4 rate of 10.3%, while the Bedford market increased slightly from 24.9% to 26.5%. Vacancy rates for Atlantic Acres, Bayers Lake and Sackville remained flat.

CAPITAL SPENDING ELEVATED FOR 2015

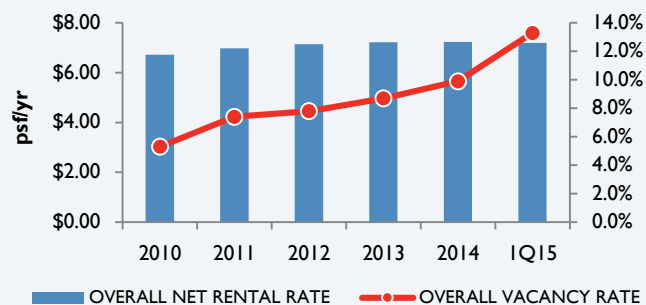
Capital spending is expected to remain elevated for 2015, despite the province's 2015-2016 capital plan including an 8% decline in investment spending. Construction, manufacturing and energy projects continue to lead investment activity in the province. Many major projects are set to commence this year, including advancements in the Irving Shipbuilding Contract, the \$500-million Nova Centre, the completion of the MacDonald Bridge re-decking, and \$2 billion of investment in offshore oil exploration. The Maritime Link project is beginning a 3-year construction phase, eventually connecting the electrical grids of Newfoundland & Labrador to Nova

Scotia. BP & Shell have also recently committed to an additional \$2 billion in offshore oil exploration, and planning continues on the \$8.3-billion Pieridae LNG export facility, and the H-Energy LNG export project (APEC). There continues to be an unprecedented number of multi-residential developments currently underway in HRM, including Killam's newly announced Brewery Market, "The Alexander" project as well as a new Spring Garden Road development project. Other projects include WM Fares' Rockingham South, The Keep, Monaghan Square, Southport 'The Roy Building', Southwest's Pavilion on South Park and The Maple, and Francis Fares' Kings Wharf.

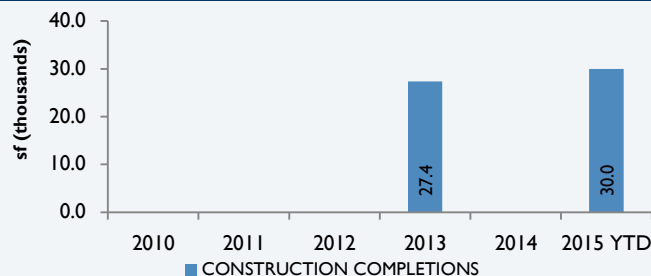
STATS ON THE GO

	Q1 2014	Q1 2015	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	9.3%	13.3%	4.0 pp	▲
Direct Asking Rents (psf/yr)	\$7.24	\$7.19	-0.6%	◄►
YTD Absorption (sf)	(17,288)	(231,493)	(214,205)	▲

OVERALL RENTAL VS. VACANCY RATES



NEW SUPPLY



NOVA SCOTIA

SUBMARKET	INVENTORY	OVERALL VACANCY RATE	DIRECT VACANCY RATE	UNDER CONSTRUCTION	YTD CONSTRUCTION COMPLETIONS	CURRENT QUARTER ABSORPTION	YTD OVERALL ABSORPTION	WTD. AVG. NET ASKING RENTAL RATE*	WTD. AVG. GROSS RENTAL RATE*
Ragged Lake	36,000	0.0%	0.0%	0	0	0	0	\$7.50	\$11.96
Atlantic Acres	203,014	25.0%	25.0%	0	0	(100)	(100)	\$7.54	\$10.79
Sackville	27,300	9.2%	9.2%	0	0	0	(2,500)	\$7.35	\$12.03
Bedford	94,819	26.5%	26.5%	0	0	(1,581)	(1,581)	\$11.35	\$17.90
Halifax	585,336	9.4%	8.7%	0	0	4,957	4,957	\$7.63	\$12.88
Bayers Lake	249,739	18.3%	18.3%	0	0	0	0	\$10.10	\$14.48
Burnside	6,377,150	13.0%	12.1%	0	30,000	(234,769)	(234,769)	\$6.96	\$11.52
TOTALS	7,573,358	13.3%	12.5%	0	30,000	(231,493)	(231,493)	\$7.19	\$11.79

MARKET HIGHLIGHTS

SIGNIFICANT Q1 2015 LEASE TRANSACTIONS	SUBMARKET	TENANT	TYPE	SQUARE FEET
89 Joseph Zatzman Drive	Burnside	Hoyt's Moving & Storage	Industrial Land	39,900
89 Cutler Avenue	Burnside	Uniform Works Ltd.	Industrial/Flex	5,000
33 Lakeside Park Drive	Atlantic Acres	Lighthouse	Industrial	30,000
131 John Savage Avenue	Burnside	Undisclosed	Industrial	7,800
SIGNIFICANT Q1 2015 CONSTRUCTION COMPLETIONS	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET
34 Cutler Avenue	Burnside/City of Lakes	MacFarlands (Owner Occupied)	Q1 2015	30,000
SIGNIFICANT PROJECTS PROPOSED	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET
215 Cutler Avenue (Build to Suit)	Burnside	Now Pre-Leasing	Q4 2015/Q1 2016	50,000