

MARKETBEAT INDUSTRIAL SNAPSHOT

HALIFAX, NOVA SCOTIA

A Cushman & Wakefield Alliance Research Publication



Q4 2013



ECONOMIC OVERVIEW

Nova Scotia's projected real GDP growth is expected to settle at 1.2% for 2013. Full production has commenced at the Deep Panuke offshore natural gas facility and is expected to significantly contribute to RBC's forecasted 2.1% GDP growth rate for 2014,

despite maturation-related declines at the Sable offshore field. Nominal exports in the province have recovered from lows experienced in 2012 and were bolstered by a surge in paper product exports with the Port Hawkesbury mill rounding out its first year back in full production. U.S. auto sales are also expected to rebound in 2014 which will bolster demand for the province's largest export, rubber tires. The province's labour market is expecting an overall setback in employment for 2013 with a decline of .2% (RBC). Employment continues to be of concern for the province, as the labour force growth has continually outpaced employment growth since 2008, resulting in the unemployment rate remaining higher than pre-recession lows. Employment losses in 2013 have been noted in the manufacturing, finance, insurance, real estate and leasing, educational services, and accommodation and food services sectors (NS Dept. of Finance).

INDUSTRIAL MARKET OVERVIEW

For Q4, the industrial market in Nova Scotia saw an overall vacancy rate of 8.7%; rising 0.8 percentage points from the third quarter; and a 0.3 percentage point decrease year-over-year. The highest overall vacancy rate remains in Bayers Lake at 18.0%, followed by Ragged Lake at 14.9%, and Atlantic Acres at 14.2%. Halifax and Sackville saw the lowest vacancy rates posting 4.4%, and 0.0% overall rates respectively. The Bedford market saw a slight increase in the vacancy rate from last quarter to 4.7%. The introduction of 90 Cutler Avenue into the Burnside market was the primary driver in increasing its vacancy rate to 8.6%. The devaluation of the Canadian dollar should be a positive factor in the Nova Scotia industrial market, which is export rather than import centric. Burnside leasing activity has remained brisk, and Dundee, the largest landlord, has added staff to service the traffic.

OUTLOOK

Nova Scotia's economy is forecasted to show a 2.1% rate of growth for 2014, above average for Canada, in preparation for production at Deep Panuke and an uptake in other nominal exports. Further contributing to growth are developments in the energy sector including the recently approved Maritime Link project. Shell has

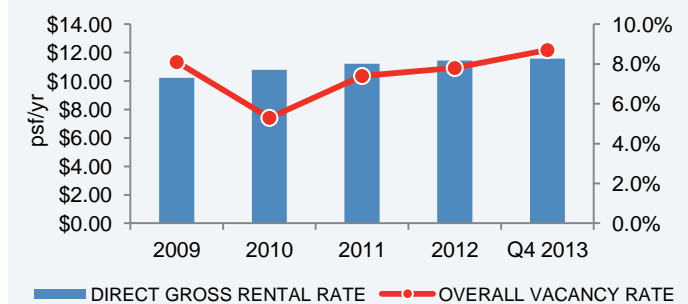
recently completed seismic testing, and BP is set to begin its own program in 2014 furthering energy sector developments for future drilling prospects. Ramping up for Irving Shipbuilding's 2015 launch is further fueling economic stimulus for 2014 (RBC).

The earlier-anticipated one percentage point decrease in HST next year is now dependent on the new Liberal majority government achieving larger than projected budget surpluses promised by the NDP. The economic and fiscal implications of this development will become clearer once a new budget is tabled (TD).

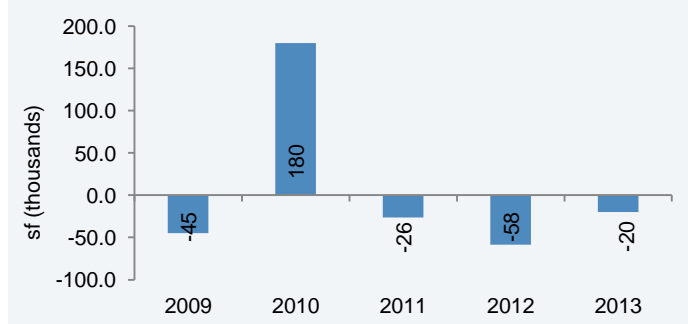
STATS ON THE GO

	Q4 2012	Q4 2013	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	7.8%	8.7%	0.9 pp	▲
Direct Net Asking Rents (psf/yr)	\$7.15	\$7.22	1.0%	▲
YTD Absorption (sf)	32,336	(20,096)	(52,432)	▼

DIRECT RENTAL VS. VACANCY RATES



ABSORPTION



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	14.9%	14.9%	0	0	0	0	\$7.50	\$10.79
Atlantic Acres	203,014	14.2%	14.2%	0	0	(8,250)	(24,750)	\$7.13	\$10.42
Sackville	27,300	0.0%	0.0%	0	0	2,500	0	\$7.35	\$12.03
Bedford	94,819	4.7%	3.5%	0	0	(1,139)	(231)	\$11.35	\$15.78
Halifax	585,336	4.4%	4.4%	0	0	2,900	12,057	\$7.77	\$12.72
Bayers Lake	249,739	18.0%	18.0%	0	0	4,118	(27,944)	\$9.87	\$14.07
Burnside	6,247,058	8.6%	8.1%	0	27,360	(33,797)	20,772	\$6.99	\$11.33
TOTALS	7,443,266	8.7%	8.2%	0	27,360	(33,668)	(20,096)	\$7.22	\$11.57

* RENTAL RATES REFLECT ASKING \$PSF/YEAR

MARKET HIGHLIGHTS

Significant Q4 2013 Lease Transactions	SUBMARKET	TENANT	BUILDING TYPE	SQUARE FEET
50 Akerley Boulevard	Burnside	Wee Dump Inc.	Industrial Flex	4,100
162 Ross Road	Dartmouth	N/A	Industrial	3,810
107 Joseph Zatsman Drive	Burnside	Granite Gallery Ltd.	Industrial	2,480
Significant Q4 2013 Sale Transactions	SUBMARKET	BUYER	PURCHASE PRICE / \$PSF	SQUARE FEET
Lost 1255 Cutler Avenue	Burnside	N/A	N/A	87,120
172 Cornwallis Street	Kentville	Peter Nathanson Trustee	N/A	2,000
Significant Q4 2013 Construction Completions	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET
90 Cutler Avenue	Burnside	TBA	Q4 2013	27,360
Significant Projects Under Construction	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET
N/A				