

# MARKETBEAT OFFICE 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%. 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.

### LOTS OF MOVEMENT IN THE DOWNTOWN CORE

Nova Scotia's office market posted a 0.6-percentage point increase in vacancy during the first quarter of 2015, rising from 12.6% in Q4 to 13.2% in Q1 2015.

Central Halifax posted held stable, with the overall vacancy rate rising only 0.1 percentage points over last quarter, to 12.0%. There were a significant number of shifts in the downtown core this quarter including Tory's LLP moving into the RBC Waterside Centre, BMO expanding their footprint by 23,000 square feet (sf) at 5151 George Street, and 21,358 sf being absorbed at 5161 George Street with the Province leasing several suites and the Department of Health renewing, in addition to 15,000 sf becoming available at the Via Rail Station. This upward trend is expected to continue as Bell Aliant is relocating this quarter to Bedford, while another 398,000 square feet (sf) of office space is currently under construction in the central business district.

The Halifax Suburban market posted the lowest vacancy rate across the city, at 10.7%, with the introduction of Pace Construction's 60,000-sf Graniteview building in Bayers Lake. Dartmouth's vacancy declined slightly to 14.8% overall, with significant shifts in occupancy at both Queen Square and 120 Eileen Stubbs Avenue. Bedford's vacancy remains relatively stagnant at 27.6%.

### CAPITAL SPENDING EXPECTED TO REMAIN ELEVATED

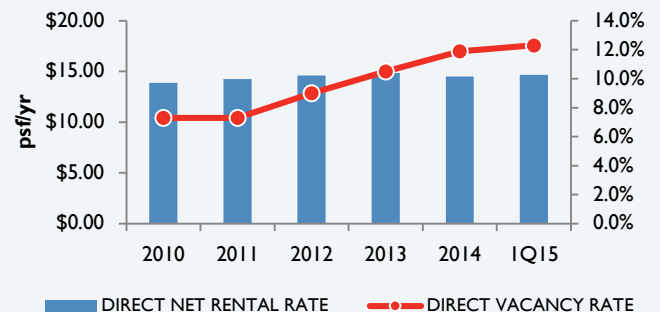
Capital spending is expected to remain elevated for 2015, despite the province's 2015-2016 capital plan including an 8% decline in investment spending. Many proposed major projects are set to commence this year, including advancements in the Irving Shipbuilding Contract, progress on the Maritime Link project, the \$500-million Nova Centre, the completion of the MacDonald Bridge re-decking,

and \$2 billion of investment in offshore oil exploration. 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.

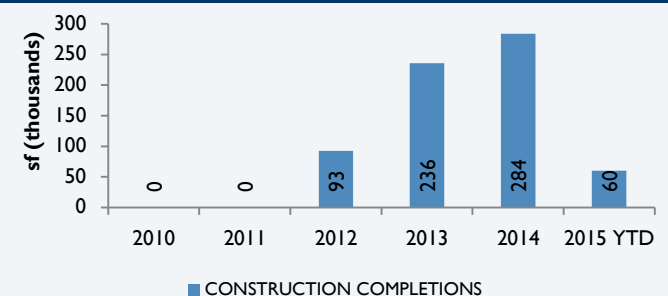
### STATS ON THE GO

	Q1 2014	Q1 2015	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	12.3%	13.2%	0.9 pp	▲
Direct Asking Rents (psf/yr)	\$14.64	\$14.67	0.2%	▼
YTD Absorption (sf)	(53,851)	(18,866)	34,985 sf	▲

### DIRECT RENTAL VS. VACANCY RATES



### CONSTRUCTION COMPLETIONS



## NOVA SCOTIA

SUBMARKET	INVENTORY (SF)	OVERALL VACANCY RATE	DIRECT VACANCY RATE	UNDER CONSTRUCTION (SF)	YTD CONSTRUCTION COMPLETIONS (SF)	OVERALL ABSORPTION CURRENT QUARTER	YTD OVERALL ABSORPTION (SF)	OVERALL WTD. AVG NET ASKING RENTAL RATE*	OVERALL WTD. AVG. GROSS RENTAL RATE*
Class A	2,123,760	17.5%	17.4%	395,000	0	(67,677)	(67,677)	\$18.03	\$33.85
Class B	3,201,391	8.1%	6.2%	0	0	49,676	49,676	\$12.52	\$26.17
Class C	445,254	13.6%	12.7%	0	0	(12,912)	(12,912)	\$12.72	\$23.74
<b>CENTRAL HALIFAX</b>	<b>5,770,405</b>	<b>12.0%</b>	<b>10.8%</b>	<b>395,000</b>	<b>0</b>	<b>(30,913)</b>	<b>(30,913)</b>	<b>\$14.56</b>	<b>\$28.81</b>
Class A	904,347	12.8%	12.5%	99,000	60,000	1,257	1,257	\$17.32	\$29.60
Class B	1,017,404	9.5%	7.0%	0	0	(28,622)	(28,622)	\$14.84	\$26.39
Class C	379,416	8.9%	8.5%	0	0	(2,533)	(2,533)	\$14.70	\$26.13
<b>SUBURBAN HALIFAX</b>	<b>2,301,167</b>	<b>10.7%</b>	<b>9.4%</b>	<b>99,000</b>	<b>60,000</b>	<b>(29,898)</b>	<b>(29,898)</b>	<b>\$15.62</b>	<b>\$27.38</b>
Class A	1,383,495	13.7%	13.7%	0	0	324	324	\$16.11	\$27.43
Class B	998,628	11.8%	11.6%	0	0	34,096	34,096	\$12.29	\$23.10
Class C	227,489	34.4%	34.4%	0	0	(1,288)	(1,288)	\$10.53	\$18.16
<b>DARTMOUTH</b>	<b>2,609,612</b>	<b>14.8%</b>	<b>14.7%</b>	<b>0</b>	<b>0</b>	<b>33,132</b>	<b>33,132</b>	<b>\$14.16</b>	<b>\$24.97</b>
Class A	106,580	38.9%	38.9%	141,948	0	0	0	\$14.98	\$27.50
Class B	359,614	27.0%	26.5%	0	0	5,613	5,613	\$13.89	\$26.60
Class C	117,071	19.3%	19.3%	0	0	3,200	3,200	\$11.00	\$18.57
<b>BEDFORD</b>	<b>583,265</b>	<b>27.6%</b>	<b>27.3%</b>	<b>141,948</b>	<b>0</b>	<b>8,813</b>	<b>8,813</b>	<b>\$13.51</b>	<b>\$25.15</b>
<b>TOTALS</b>	<b>11,264,449</b>	<b>13.2%</b>	<b>12.3%</b>	<b>720,948</b>	<b>60,000</b>	<b>(18,866)</b>	<b>(18,866)</b>	<b>\$14.67</b>	<b>\$27.49</b>

## MARKET HIGHLIGHTS

SIGNIFICANT Q1 2015 LEASE TRANSACTIONS	SUBMARKET	TENANT	BUILDING CLASS	SQUARE FEET
RBC Waterside Centre, 1871 Upper Water Street	Central Halifax	Tory's LLP	A	5,500
BMO Tower, 5151 George Street	Central Halifax	BMO expanded and renewed	B	23,242
Royal Centre, 5161 George Street	Central Halifax	The Province of NS & Dept. of Health	B	21,358
Sovereign Place, 5121 Sackville Street	Central Halifax	Shambala International	B	6,582
Queen Square	Dartmouth	Undisclosed	A	23,577
Summit Park, 120 Eileen Stubbs Avenue	Dartmouth	Undisclosed	A	24,281
SIGNIFICANT Q1 2015 CONSTRUCTION COMPLETIONS	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET (% LEASED)
68 Highfield Park Drive <b>(On Our Retail Survey)</b>	Dartmouth	TBA	Q1 2015	25,000
Granite View at Bayers Lake, 90 Lovett Lake Court	Suburban Halifax	TBA	Q1 2015	60,000
SIGNIFICANT OFFICE PROJECTS UNDER CONSTRUCTION	SUBMARKET	MAJOR TENANT	COMPLETION DATE	BUILDING SQUARE FEET (% LEASED)
Nova Centre	Halifax	Trade Centre	2016	300-350,000
Barrington E-Space	Halifax	TBA	Q2 2015	25,000
The Avella (827 Bedford Highway)	Bedford	TBA	Q2 2015	21,948
Bank of Canada Building	Halifax	TBA	Q4 2016	20,000
3138 Isleville Street	Suburban Halifax	TBA	Q4 2015	9,000
EON Square	Bedford	Bell Aliant	Q2 2016	120,000
The Bay Expansion	Suburban Halifax	CBC, TC Media	Q1 2016	90,000

\* RENEWAL - NOT INCLUDED IN LEASING ACTIVITY STATISTICS