

## HALIFAX INDUSTRIAL

### Economic Indicators

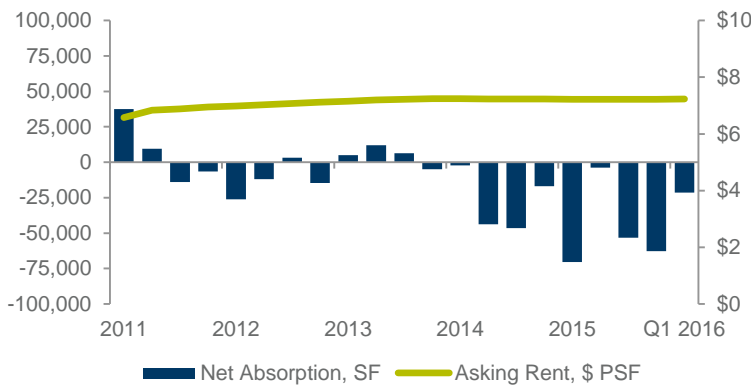
	Q1 15	Q1 16	12-Month Forecast
Halifax Employment	224.8K	223.3K	▲
Halifax Unemployment	6.5%	7.2%	▼
Canada Unemployment	6.8%	7.3%	▲

### Market Indicators (Overall, All Product Types)

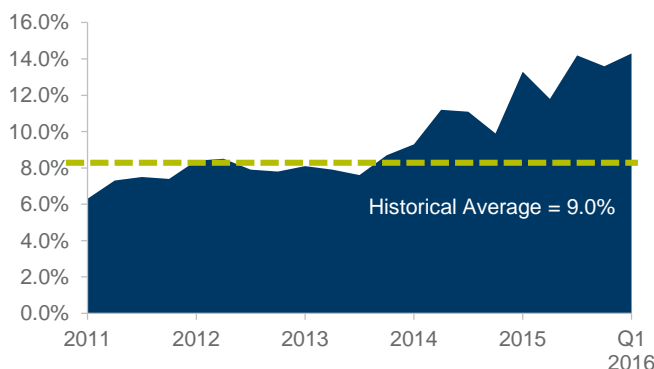
	Q1 15	Q1 16	12-Month Forecast
Vacancy	13.3%	13.9%	▲
Net Absorption (sf)	(231,493)	(31,265)	▲
Under Construction (sf)	0	0	■
Average Asking Rent*	\$7.19	\$7.22	▲

\*Rental rates reflect net asking \$psf/year

### Overall Net Absorption/Overall Asking Rent 4Q TRAILING AVERAGE



### Overall Vacancy



## Economy

Nova Scotia's economic growth for 2016 is expected to be moderate throughout a number of different industry sectors. RBC Economics is forecasting GDP growth to accelerate to 1.3% in 2016, a slight decrease from the Q4 2015 projection of 1.8%. Strong construction activity resulting from the continuation of Halifax's major projects, coupled with continued growth in U.S. demand, are expected to contribute to this wide-ranging growth. In 2015, non-energy exports mitigated the decline in natural gas exports, experiencing gains of 13% for 2015. The decline in natural gas production in 2015 is expected to have a smaller impact on GDP growth this year. Significant declines in natural gas exports in recent years has resulted in energy exports representing only a small portion of overall exports. A weak Canadian dollar, coupled with favourable conditions in the U.S. will continue to bolster other export categories in the province.

## Market Overview

Nova Scotia's industrial market saw a slight increase in the overall vacancy rate in Q1, rising to 13.9% from 13.6% last quarter. Bayers Lake decreased slightly from 20.4% to 17.7% overall. Burnside posted an overall vacancy rate of 14.2% from 13.8% last quarter, the result of new space coming to market at 19-29 Gurholt Drive, 170 Joseph Zatzman Drive & 101 Thornhill Drive. Vacancy within the other submarkets of Bedford, Halifax, Atlantic Acres, Ragged Lake Business Park & Sackville remained relatively flat from Q4 2015 to Q1 2016.

The overall softening of the industrial market in the province this quarter can be traced back to two factors - the forecasted occupancy gains from shipbuilding initiatives have been slow to arrive, and global commodity price drops have impacted the supply chains for regional mining as well as oil and gas.

## Outlook

According to TD Economics, an increase in demand for international exports, combined with increased demand from the U.S. are expected to "underpin the province's robust economic performance" this year. Despite a decrease in natural gas prices, BP and Shell continue their offshore exploration for natural gas as part of their \$2 billion commitment, which according to RBC Economics creates "upside potential for the industry in the longer term" (past their forecast horizon). RBC Economics is also expecting manufacturers in particular to benefit from recent investments in tire and aerospace plants throughout the province.

MARKETBEAT

# Industrial Snapshot Q1 2016

HALIFAX, NS



SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	OVERALL VACANCY (SF)	OVERALL VACANCY RATE	CURRENT OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS (SF)	DIRECT WEIGHTED AVG. NET RENT*	DIRECT WEIGHTED AVG. ADD. RENT	DIRECT WEIGHTED AVG. GROSS RENT
Atlantic Acres Industrial Park	5	203,014	35,683	17.6%	(1,168)	(1,168)	0	0	\$6.25	\$3.53	\$9.78
Bayers Lake	5	249,739	44,177	17.7%	6,720	6,720	0	0	\$7.85	\$4.31	\$12.17
Bedford	5	94,819	12,770	13.5%	2,142	2,142	0	0	\$11.35	\$6.55	\$17.90
Burnside	120	6,449,831	917,518	14.2%	(39,400)	(39,400)	0	0	\$7.10	\$4.91	\$12.01
Halifax	15	585,336	48,679	8.3%	441	441	0	0	\$7.96	\$5.42	\$13.39
Ragged Lake Business Park	1	36,000	0	0.0%	0	0	0	0	\$7.50	\$4.46	\$11.96
Sackville	2	27,300	2,500	9.2%	0	0	0	0	\$7.35	\$4.68	\$12.03
<b>HALIFAX TOTALS</b>	<b>153</b>	<b>7,646,039</b>	<b>1,061,327</b>	<b>13.9%</b>	<b>(31,265)</b>	<b>(31,265)</b>	<b>0</b>	<b>0</b>	<b>\$7.22</b>	<b>\$4.91</b>	<b>\$12.13</b>

\*Rental rates reflect asking \$psf/year

## Key Lease Transactions Q1 2016

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
50 Troop Avenue	13,000	AMEC	Renewal	Burnside
10 Akerley Boulevard	4,800	Pro Insul	Renewal	Burnside

## Key Sale Transactions Q1 2016

PROPERTY	SF	TENANT	PRICE / \$PSF	SUBMARKET
N/A				

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## MARKETBEAT

## Industrial Snapshot Q1 2016

HALIFAX, NS



Q1 2016	Halifax	Bayers Lake	Ragged Lake	Atlantic Acres	Sackville	Bedford	Burnside	Total Market
Area (sf)	585,336	249,739	36,000	203,014	27,300	94,819	6,449,831	7,646,039
Direct Vacant Space (sf)	48,679	40,577	0	35,683	2,500	12,770	900,007	1,040,216
Sublet Space (sf)	0	3,600	0	0	0	0	17,511	21,111
<b>Total Vacant (Includes sublet)</b>	<b>48,679</b>	<b>44,177</b>	<b>0</b>	<b>35,683</b>	<b>2,500</b>	<b>12,770</b>	<b>917,518</b>	<b>1,061,327</b>
Direct Vacancy Rate	8.3%	16.2%	0.0%	17.6%	9.2%	13.5%	14.0%	13.6%
<b>Total Vacancy Rate</b>	<b>8.3%</b>	<b>17.7%</b>	<b>0.0%</b>	<b>17.6%</b>	<b>9.2%</b>	<b>13.5%</b>	<b>14.2%</b>	<b>13.9%</b>
Occupied Space (including sublet)	536,657	209,162	36,000	167,331	24,800	82,049	5,549,824	6,605,823
<b>Occupied Space (exc. Sublet)</b>	<b>536,657</b>	<b>205,562</b>	<b>36,000</b>	<b>167,331</b>	<b>24,800</b>	<b>82,049</b>	<b>5,532,313</b>	<b>6,584,712</b>
3 Month Absorption (Direct)	441	10,320	0	-1,168	0	2,142	-38,814	-27,079
YTD Absorption (Direct)	441	10,320	0	-1,168	0	2,142	-38,814	-27,079
<b>3 month Absorption (Overall)</b>	<b>441</b>	<b>6,720</b>	<b>0</b>	<b>-1,168</b>	<b>0</b>	<b>2,142</b>	<b>-39,400</b>	<b>-31,265</b>
<b>YTD Absorption (Overall)</b>	<b>441</b>	<b>6,720</b>	<b>0</b>	<b>-1,168</b>	<b>0</b>	<b>2,142</b>	<b>-39,400</b>	<b>-31,265</b>
Net Rent	\$7.96	\$7.85	\$7.50	\$6.25	\$7.35	\$11.35	\$7.10	\$7.22
CAM/Taxes	\$5.42	\$4.31	\$4.46	\$3.53	\$4.68	\$6.55	\$4.91	\$4.91
Gross Rent	\$13.39	\$12.17	\$11.96	\$9.78	\$12.03	\$17.90	\$12.01	\$12.13
New Supply (Current Quarter)	0	0	0	0	0	0	0	0
New Supply YTD	0	0	0	0	0	0	0	0

Q4 2015	Halifax	Bayers Lake	Ragged Lake	Atlantic Acres	Sackville	Bedford	Burnside	Total Market
Area (sf)	585,336	249,739	36,000	203,014	27,300	94,819	6,377,150	7,573,358
Direct Vacant Space (sf)	49,120	50,897	0	34,515	2,500	14,912	861,193	1,013,137
Sublet Space (sf)	0	0	0	0	0	0	16,925	16,925
<b>Total Vacant (Includes sublet)</b>	<b>49,120</b>	<b>50,897</b>	<b>0</b>	<b>34,515</b>	<b>2,500</b>	<b>14,912</b>	<b>878,118</b>	<b>1,030,062</b>
Direct Vacancy Rate	8.4%	20.4%	0.0%	17.0%	9.2%	15.7%	13.5%	13.4%
<b>Total Vacancy Rate</b>	<b>8.4%</b>	<b>20.4%</b>	<b>0.0%</b>	<b>17.0%</b>	<b>9.2%</b>	<b>15.7%</b>	<b>13.8%</b>	<b>13.6%</b>
Occupied Space (including sublet)	536,216	198,842	36,000	168,499	24,800	79,907	5,515,957	6,560,221
<b>Occupied Space (exc. Sublet)</b>	<b>536,216</b>	<b>198,842</b>	<b>36,000</b>	<b>168,499</b>	<b>24,800</b>	<b>79,907</b>	<b>5,499,032</b>	<b>6,543,296</b>
3 Month Absorption (Direct)	-10	-8,232	0	0	0	2,925	45,350	40,033
YTD Absorption (Direct)	6,831	-5,185	0	16,100	0	8,653	-305,039	-278,640
<b>3 month Absorption (Overall)</b>	<b>-10</b>	<b>175</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,925</b>	<b>43,281</b>	<b>46,371</b>
<b>YTD Absorption (Overall)</b>	<b>10,880</b>	<b>-5,185</b>	<b>0</b>	<b>16,100</b>	<b>0</b>	<b>8,653</b>	<b>-281,433</b>	<b>-250,985</b>
Net Rent	\$7.63	\$9.20	\$7.50	\$7.54	\$7.35	\$11.35	\$7.06	\$7.25
CAM/Taxes	\$5.25	\$4.38	\$4.46	\$3.26	\$4.68	\$6.55	\$4.56	\$4.60
Gross Rent	\$12.88	\$13.58	\$11.96	\$10.79	\$12.03	\$17.90	\$11.62	\$11.84
New Supply (Current Quarter)	0	0	0	0	0	0	0	0
New Supply YTD	0	0	0	0	0	0	30,000	30,000

Q3 2015	Halifax	Bayers Lake	Ragged Lake	Atlantic Acres	Sackville	Bedford	Burnside	Total Market
Area (sf)	585,336	249,739	36,000	203,014	27,300	94,819	6,377,150	7,573,358
Direct Vacant Space (sf)	49,110	42,665	0	34,515	2,500	17,837	906,543	1,053,170
Sublet Space (sf)	0	8,407	0	0	0	0	14,856	23,263
<b>Total Vacant (Includes sublet)</b>	<b>49,110</b>	<b>51,072</b>	<b>0</b>	<b>34,515</b>	<b>2,500</b>	<b>17,837</b>	<b>921,399</b>	<b>1,076,433</b>
Direct Vacancy Rate	8.4%	17.1%	0.0%	17.0%	9.2%	18.8%	14.2%	13.9%
<b>Total Vacancy Rate</b>	<b>8.4%</b>	<b>20.5%</b>	<b>0.0%</b>	<b>17.0%</b>	<b>9.2%</b>	<b>18.8%</b>	<b>14.4%</b>	<b>14.2%</b>
Occupied Space (including sublet)	536,226	207,074	36,000	168,499	24,800	76,982	5,470,607	6,520,188
<b>Occupied Space (exc. Sublet)</b>	<b>536,226</b>	<b>198,667</b>	<b>36,000</b>	<b>168,499</b>	<b>24,800</b>	<b>76,982</b>	<b>5,455,751</b>	<b>6,496,925</b>
3 Month Absorption (Direct)	1,884	-3,625	0	2,700	0	7,309	-198,841	-190,573
YTD Absorption (Direct)	6,841	3,047	0	16,100	0	5,728	-350,389	-318,673
<b>3 month Absorption (Overall)</b>	<b>5,933</b>	<b>-3,625</b>	<b>0</b>	<b>2,700</b>	<b>0</b>	<b>7,309</b>	<b>-198,080</b>	<b>-185,763</b>
<b>YTD Absorption (Overall)</b>	<b>10,890</b>	<b>-5,360</b>	<b>0</b>	<b>16,100</b>	<b>0</b>	<b>5,728</b>	<b>-324,714</b>	<b>-297,356</b>
Net Rent	\$7.63	\$9.20	\$7.50	\$7.54	\$7.35	\$11.35	\$7.06	\$7.25
CAM/Taxes	\$5.25	\$4.38	\$4.46	\$3.26	\$4.68	\$6.55	\$4.56	\$4.60
Gross Rent	\$12.88	\$13.58	\$11.96	\$10.79	\$12.03	\$17.90	\$11.62	\$11.84
New Supply (Current Quarter)	0	0	0	0	0	0	0	0
New Supply YTD	0	0	0	0	0	0	30,000	30,000

Q2 2015	Halifax	Bayers Lake	Ragged Lake	Atlantic Acres	Sackville	Bedford	Burnside	Total Market
Area (sf)	585,336	249,739	36,000	203,014	27,300	94,819	6,377,150	7,573,358
Direct Vacant Space (sf)	50,994	39,040	0	37,215	2,500	25,146	707,702	862,597
Sublet Space (sf)	4,049	8,407	0	0	0	0	15,617	28,073
<b>Total Vacant (Includes sublet)</b>	<b>55,043</b>	<b>47,447</b>	<b>0</b>	<b>37,215</b>	<b>2,500</b>	<b>25,146</b>	<b>723,319</b>	890,670
Direct Vacancy Rate	8.7%	15.6%	0.0%	18.3%	9.2%	26.5%	11.1%	11.4%
<b>Total Vacancy Rate</b>	<b>9.4%</b>	<b>19.0%</b>	<b>0.0%</b>	<b>18.3%</b>	<b>9.2%</b>	<b>26.5%</b>	<b>11.3%</b>	11.8%
Occupied Space (including sublet)	534,342	210,699	36,000	165,799	24,800	69,673	5,669,448	6,710,761
<b>Occupied Space (exc. Sublet)</b>	<b>530,293</b>	<b>202,292</b>	<b>36,000</b>	<b>165,799</b>	<b>24,800</b>	<b>69,673</b>	<b>5,653,831</b>	6,682,688
3 Month Absorption (Direct)	0	6,672	0	13,500	0	0	66,796	86,968
YTD Absorption (Direct)	4,957	6,672	0	13,400	0	-1,581	-151,548	-128,100
<b>3 month Absorption (Overall)</b>	<b>0</b>	<b>-1,735</b>	<b>0</b>	<b>13,500</b>	<b>0</b>	<b>0</b>	<b>108,135</b>	119,900
<b>YTD Absorption (Overall)</b>	<b>4,957</b>	<b>-1,735</b>	<b>0</b>	<b>13,400</b>	<b>0</b>	<b>-1,581</b>	<b>-126,634</b>	-111,593
Net Rent	\$7.63	\$9.20	\$7.50	\$7.54	\$7.35	\$11.35	\$6.99	\$7.19
CAM/Taxes	\$5.25	\$4.38	\$4.46	\$3.26	\$4.68	\$6.55	\$4.56	\$4.60
Gross Rent	\$12.88	\$13.58	\$11.96	\$10.79	\$12.03	\$17.90	\$11.55	\$11.78
New Supply (Current Quarter)	0	0	0	0	0	0	0	0
New Supply YTD	0	0	0	0	0	0	30,000	30,000

