

MARKETBEAT

Halifax, Nova Scotia

Industrial Q3 2017



HALIFAX INDUSTRIAL

Economic Indicators

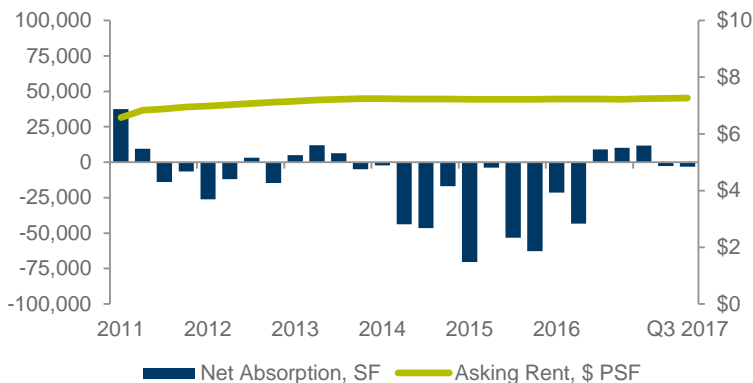
	Q3 16	Q3 17	12-Month Forecast
Halifax Employment	227K	223.7K	▲
Halifax Unemployment	5.6%	7.1%	▼
Canada Unemployment	7.0%	6.2%	▼

Market Indicators (Overall, All Product Types)

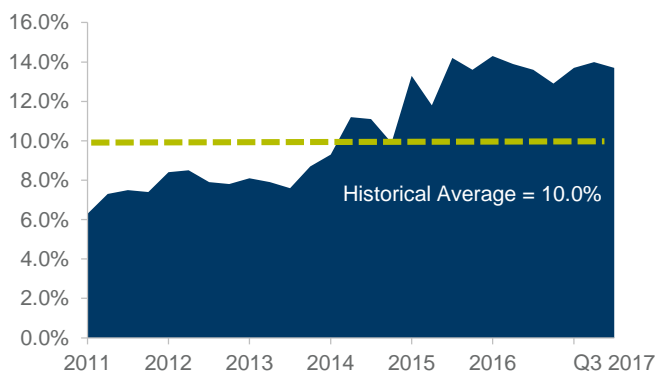
	Q3 16	Q3 17	12-Month Forecast
Vacancy	13.6%	13.7%	▼
Net Absorption (sf)	-10,210	22,144	▲
Under Construction (sf)	0	0	▼
Average Asking Rent*	\$7.22	\$7.28	▲

*Rental rates reflect net asking \$psf/year

Overall Net Absorption/Overall Asking Rent 4Q TRAILING AVERAGE



Overall Vacancy



Economy

The overall Canadian economy is gaining momentum following two years of lackluster growth; the result of a significant decline in the global energy sector. Although the momentum is not equally shared across the provinces, Nova Scotia's growth expectations remain moderate. RBC Economics has forecasted growth of 1.3% in 2017, declining slightly to 1.1% in 2018. Due to the number of people moving into the city of Halifax, the residential construction sector has been an area of strength. However, with a number of these projects coming to an end, combined with an increase in the working age population and a projected decline in immigration, it is likely that this cycle of growth will be impacted moving into 2019.

Market Overview

Nova Scotia's industrial market saw a slight decline in the overall vacancy rate in Q3 2017, declining by 30 basis points from last quarter to reach 13.7%. Burnside posted an overall vacancy rate of 13.1% this quarter, a relatively small decrease from 13.3% in Q2 2017. Notable transactions in Burnside this quarter were located at 131 Ilsley Avenue and 133 Ilsley Avenue, where two undisclosed single tenants leased 8,617 square feet (sf) and 8,603 sf respectively. Another contributing factor to the vacancy decline in Burnside was Bank's Cleaning occupying 6,837 sf at 170 Joseph Zatman Drive.

In the Bedford submarket, there was also a decline in the vacancy rate this quarter, falling from 12.4% last quarter to 8.9% in Q3 2017. Numerous small transactions contributed to the vacancy decline including a lease of 3,965 sf located at 155 Bluewater Road to Canada Rope & Twine Ltd. The Atlantic Acres Business Park and Halifax submarkets also saw positive movement in Q3 2017, while the Ragged Lake Business Park and Sackville submarkets both showed little change from last quarter.

Outlook

Looking ahead, Nova Scotia is expected to have moderate positive growth due to the free trade agreement between Canada and Europe, which will have a positive impact on both unemployment figures and GDP. Nova Scotia tourism numbers have been strong year-to-date, with similar expectations moving forward. Although major projects in the city coming to an end will cause support for economic growth to diminish, Nova Scotia has positive growth expectations to look forward to in 2018 following this year's increased momentum.

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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	13,697	6.7%	7,085	24,766	0	0	\$6.25	\$3.68	\$9.94
Bayers Lake	5	249,739	118,860	47.6%	-1,713	-61,784	0	0	\$7.82	\$4.77	\$12.59
Bedford	5	94,819	8,438	8.9%	3,294	3,682	0	0	\$9.87	\$6.75	\$16.63
Burnside	120	6,499,831	848,901	13.1%	13,478	-13,308	0	0	\$7.18	\$4.99	\$12.17
Halifax	15	585,336	62,507	10.7%	0	-18,843	0	0	\$8.06	\$5.43	\$13.50
Ragged Lake Business Park	1	36,000	0	0.0%	0	0	0	0	\$7.50	\$4.88	\$12.38
Sackville	2	27,300	0	0.0%	0	2,500	0	0	\$7.35	\$4.68	\$12.03
HALIFAX TOTALS	153	7,696,039	1,052,403	13.7%	22,144	-62,987	0	0	\$7.28	\$5.00	\$12.28

*Rental rates reflect asking \$psf/year

Key Lease Transactions Q3 2017

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
155 Bluewater Road	3,965 sf	Canada Rope & Twine Ltd.	Lease	Bedford
60 Thornhill Drive	3,209 sf	Enviroair Industries Inc.	Lease	Burnside

Key Sale Transactions Q3 2017

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

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