

HALIFAX INDUSTRIAL

Economic Indicators

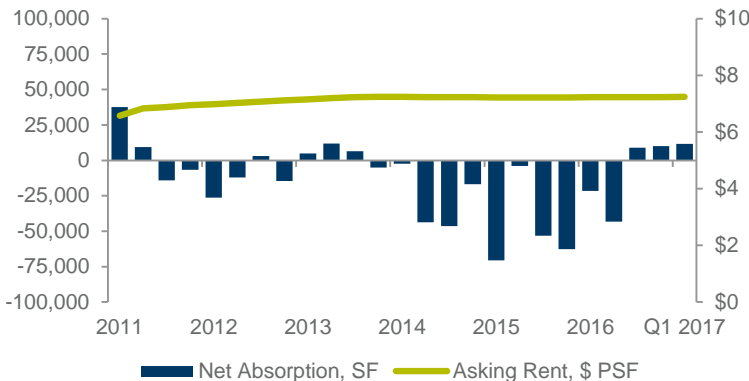
	Q1 16	Q1 17	12-Month Forecast
Halifax Employment	223K	225K	▲
Halifax Unemployment	7.2%	6.1%	▼
Canada Unemployment	7.3%	6.7%	▼

Market Indicators (Overall, All Product Types)

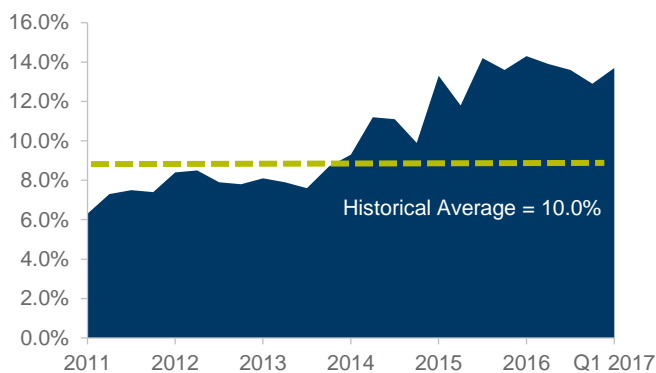
	Q1 16	Q1 17	12-Month Forecast
Vacancy	14.3%	13.7%	▼
Net Absorption (sf)	(66,435)	(60,270)	▲
Under Construction (sf)	0	0	■
Average Asking Rent*	\$7.22	\$7.27	▲

*Rental rates reflect net asking \$psf/year

Overall Net Absorption/Overall Asking Rent 4Q TRAILING AVERAGE



Overall Vacancy



Economy

RBC Economics is expecting Nova Scotia's economic growth to increase this year by 0.8% and then accelerate to 1.2% in 2018. Looking even further ahead to 2019, it is anticipated that GDP growth will remain close to what will be achieved in 2018. Two key projects are on schedule to wrap up later this year – the re-decking work on the Macdonald Bridge, and the construction work on the Maritime Link. The manufacturing sector continues to be a source of strength for Nova Scotia because of the ongoing shipbuilding activity and subsequently the jobs it has created (TD Economics).

Market Overview

Nova Scotia's Industrial market saw a slight increase in the overall vacancy rate from Q4 2016 to Q1 2017, climbing from 12.9% to 13.7%. The Halifax submarket posted an overall vacancy rate of 9.3% this quarter, an increase from the Q4 16 vacancy rate of 7.5%. Two contributing factors behind this increase were Glow Parties moving out of their location at 3600-3606 Strawberry Hill Street, leaving 7,797 square feet (sf) vacant and LITECO Electrical Distributors moving out of 3695 Barrington Street, vacating 7,715 sf. Burnside's overall vacancy rate also saw an increase from last quarter; however it was minimal at just 0.1 percentage point to 13.1%. Although the impact on vacancy was negligible, Burnside did see a few notable changes. One was Royal NS Tattoo and Atlantica Transportation moving into their new space at 10 Morris Drive. Others included Maynard Reece and Pumps Plus vacating their + 6,800 sf space in November 2016, and Atlantic Hardware vacating their +3,200 sf space this quarter, both of these companies formerly located at 655 Thornhill Drive. In the Atlantic Acres submarket there was a significant decrease in the vacancy rate from Q4 16 to the first quarter of this year, sharply declining 10.4% from 18.9%. One of the driving factors behind this was an undisclosed tenant(s) leasing approximately 17,000 sf at 200 Bluewater Road. The vacancy rate within the submarkets of Ragged Lake Business Park and Sackville remained relatively steady quarter-over-quarter.

Outlook

Looking ahead, Nova Scotia is expecting some offset from the provincial government this year as major construction activities wrap up, thereby depressing investment and construction activity (RBC Economics); however, they are expecting to see improvement in the labour force in 2017 due to the recent spike in immigration. This has increased Nova Scotia's population, which in turn will support consumer spending, housing activity, and the tax base.

MARKETBEAT

Halifax, Nova Scotia

Industrial Q1 2017



CELEBRATING
100
YEARS

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	21,097	10.4%	17,366	17,366	0	0	\$6.25	\$3.68	\$9.94
Bayers Lake	5	249,739	116,301	46.6%	(59,225)	(59,225)	0	0	\$7.82	\$4.77	\$12.59
Bedford	5	94,819	10,961	11.6%	1,159	1,159	0	0	\$9.60	\$6.75	\$16.36
Burnside	120	6,449,831	844,651	13.1%	(9,058)	(9,058)	0	0	\$7.17	\$5.00	\$12.17
Halifax	15	585,336	54,176	9.3%	(10,512)	(10,512)	0	0	\$8.06	\$5.32	\$13.38
Ragged Lake Business Park	1	36,000	0	0.0%	0	0	0	0	\$7.50	\$4.88	\$12.38
Sackville	2	27,300	2,500	9.2%	0	0	0	0	\$7.35	\$4.68	\$12.03
HALIFAX TOTALS	153	7,646,039	1,049,686	13.7%	(60,270)	(60,270)	0	0	\$7.27	\$5.00	\$12.27

*Rental rates reflect asking \$psf/year

Key Lease Transactions Q1 2017

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
10 Morris Drive, Unit 26	3,302 sf	Solasta Lighting Ltd.	Lease	Burnside

Key Sale Transactions Q1 2017

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

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