

## MARKETBEAT

# Halifax, Nova Scotia

Industrial Q4 2016



### HALIFAX INDUSTRIAL

#### Economic Indicators

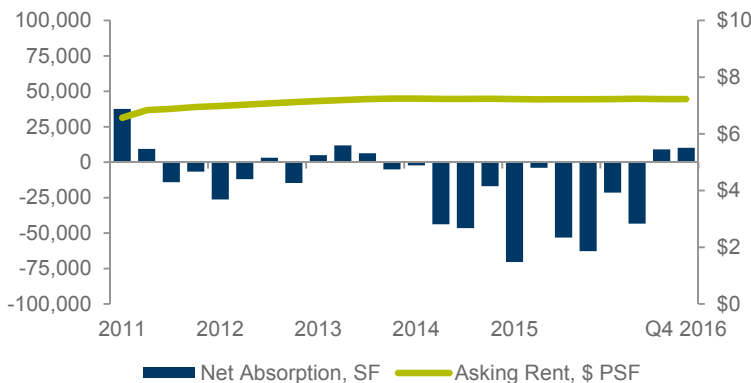
	Q4 15	Q4 16	12-Month Forecast
Halifax Employment	224K	226K	▲
Halifax Unemployment	14.6%	5.9%	▼
Canada Unemployment	7.1%	6.9%	▼

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

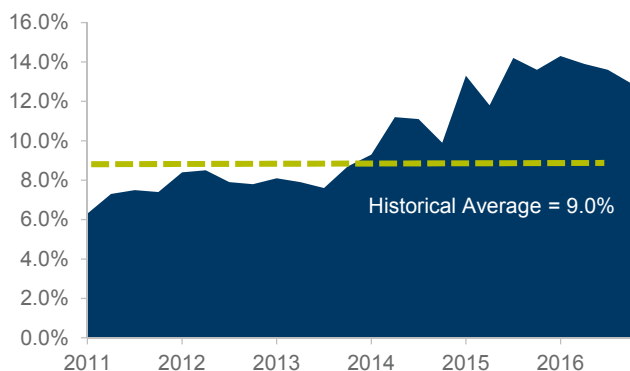
	Q4 15	Q4 16	12-Month Forecast
Vacancy	13.6%	12.9%	▼
Net Absorption (sf)	46,371	50,856	▲
Under Construction (sf)	0	0	■
Average Asking Rent*	\$7.25	\$7.24	▼

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

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



#### Overall Vacancy



## Economy

According to RBC Economics, Nova Scotia should expect real GDP to expand by 1.1% in 2017 and 1.2% in 2018. Two contributing factors for this growth is the continuation of construction activities throughout Halifax, including the Nova Centre, and the re-decking of the Macdonald Bridge, which are both coming close to their 2017 completion dates. Other key factors related to this anticipated growth are manufacturing and non-energy exports (TD Economics). The manufacturing sector is continuing to have a positive impact on Nova Scotia because of the National Shipbuilding Procurement Strategy, and subsequently the jobs it has created.

## Market Overview

Nova Scotia's Industrial market saw a slight drop in the overall vacancy rate from Q3 to Q4, declining by 0.7 percentage points to 12.9%. Bayers Lake posted an overall vacancy rate of 22.9% this quarter, a small decrease from 23.8% last quarter. The Burnside market remained relatively steady from last quarter, although there was one significant change at 28 Topples Drive where Vast Auto moved out of their 32,800-sf space, leaving a total of 52,000 square feet (sf) available in that building. Other notable changes in the Burnside market were at 100 Wright Avenue where Climate Technical Gear took occupancy, and at 19-29 Gurholt Drive where Halifax Transfer moved in. The vacancy rate within the other submarkets of Atlantic Acres, Halifax, Ragged Lake Business Park, and Sackville remained relatively steady quarter-over-quarter.

## Outlook

Looking forward, Nova Scotia is expected to have yet another year of positive growth due to a rise in shipbuilding activity, manufacturing remaining steady, and an increase in residential construction (TD Economics). These ongoing projects are hoping to contribute stronger investment over the next couple of years, as the construction activity will most likely begin to slow down. As for the shipbuilding in Halifax, RBC Economics believes shipbuilding is actually "helping to drive robust growth in manufacturing output" as Halifax continues to work on new naval vessels for the federal government.

The most interesting development to watch as it relates to industrial occupancy in the Nova Scotia market is the potential merger between Ceres and Halterm (MacQuarrie), which could have a significant impact on container logistics in the Halifax market. The Halifax Port Authority is closely monitoring the situation and its developing scenarios.

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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	38,463	18.9%	0	(3,948)	0	0	\$6.25	\$3.57	\$9.83
Bayers Lake	5	249,739	57,076	22.9%	2,290	(6,179)	0	0	\$8.42	\$4.77	\$13.19
Bedford	5	94,819	12,120	12.8%	(1,878)	2,792	0	0	\$9.60	\$6.75	\$16.36
Burnside	120	6,449,831	835,593	13.0%	53,144	42,525	0	0	\$7.12	\$4.95	\$12.07
Halifax	15	585,336	43,664	7.5%	(2,700)	5,456	0	0	\$8.04	\$5.53	\$13.57
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
<b>HALIFAX TOTALS</b>	<b>153</b>	<b>7,646,039</b>	<b>989,416</b>	<b>12.9%</b>	<b>50,856</b>	<b>40,646</b>	<b>0</b>	<b>0</b>	<b>\$7.24</b>	<b>\$4.97</b>	<b>\$12.21</b>

\*Rental rates reflect asking \$psf/year

## Key Lease Transactions Q4 2016

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
20 -24 Akerley Blvd, Units A-7	21,723	Gabadi Services Canada	Lease	Burnside

## Key Sale Transactions Q4 2016

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

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