

HALIFAX OFFICE

Economic Indicators

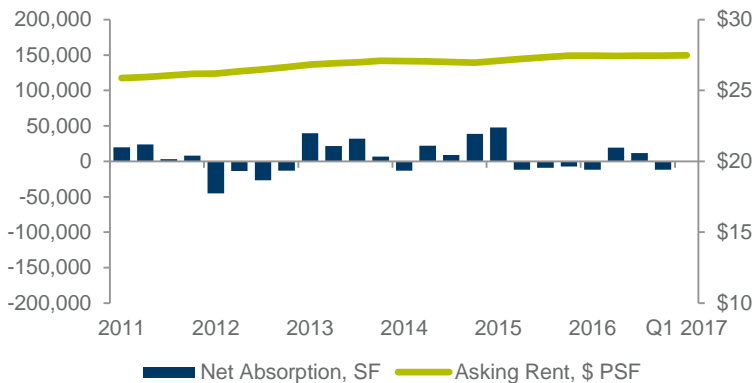
	Q2 16	Q2 17	12-Month Forecast
Halifax Employment	227K	225.6K	▼
Halifax Unemployment	6.4%	7.0%	▲
Canada Unemployment	6.9%	6.6%	▼

Market Indicators (Overall, All Classes)

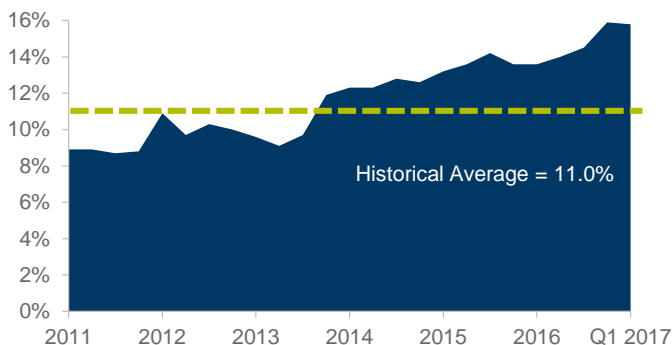
	Q2 16	Q2 17	12-Month Forecast
Overall Vacancy	14.0%	15.4%	▲
Net Absorption (sf)	76,839	41,755	▼
Under Construction (sf)	550,000	465,000	▼
Average Asking Rent*	\$27.44	\$27.60	▲

*Rental rates reflect gross asking \$psf/year

Overall Net Absorption/Overall Asking Rent 4Q TRAILING AVERAGE



Overall Vacancy



Economy

According to RBC Economics, Nova Scotia's economic growth has revealed a third straight year of modest growth in the province and will expect more of the same in the next year. Following the recent re-election of our provincial government, is a commitment to a new targeted spending run of positive employment in 2017, which should render another steady increase for the Nova Scotia economy, However lacklustre demographic factors and the end of major projects may cause growth to slow. After growing by 0.9% in 2016, RBC forecasts that Nova Scotia's economy will grow by 0.8% in 2017 and 0.6% in 2018. Although concrete details await an updated budget, a commitment to higher government spending and hiring additional educational and healthcare workers will support the economy with key issues addressing the rapid ageing population.

Market Overview

Nova Scotia's office market remained relatively steady from Q1 2017, with the overall vacancy rate dropping only by a 0.4 percentage points from 15.8% to 15.4%. Even though the market remains stable, there were a few small notable changes within all submarkets. The overall vacancy for Halifax-Central Business District slightly dropped from last quarter from 15.1% to 15.0%. However, even though there was a slight change in the CBD overall vacancy, there still happened to be a few notable changes within the submarket. One being located at Park Lane Terraces where Jensen Hughes and IFE Community Wind Farms both moved in, and the second being located at Purdy's Wharf Tower II where Kinduct Technologies and Fiera Properties moved in and occupied a total of 14,813 square feet. The vacancy rate for the Dartmouth submarket increased from 15.3% in Q1 2017 to 17% this quarter. The Halifax-Suburban submarket saw a decline from Q1 to Q2 from 13.8% down to 11.3%. One contributing factor that caused this decline was located at 84 Chain Lake Drive where Fleetway Insurance moved in, occupying 37,023 sf over two floors. The Bedford submarket saw a small decline in it's overall vacancy from last quarter to this quarter, falling from 25.2% to 25.1%.

Outlook

TD Economics has reported that after a less successful than expected 2016, Nova Scotia's economy should expect a quick increase, with growth reaching a 1.5% increase this year, resulting from a double-digit increase in residential construction. Considering the new home building rise is targeted toward seniors due to our highly ageing population; next year, however, new home starts are expected to fall by a similar rate. Meanwhile, commercial construction will contribute to an increase this year, but as major projects are coming to an end it is likely that this construction will also wind down. Province wide, Nova Scotia tourism is expected to continue on an upward climb and exports are likely to benefit in key markets such as seafood and agriculture due to the recent free trade agreement between Canada and Europe for 2018.

MARKETBEAT

Halifax, Nova Scotia

Office Q2 2017


 CELEBRATING
100
 YEARS

SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL AVERAGE ASKING RENT (ALL CLASSES)*	OVERALL AVERAGE ASKING RENT (CLASS A)*
Halifax-Central Business District	56	5,781,605	25,220	843,478	15.0%	4,435	(19,243)	465,000	\$29.12	\$34.16
Halifax-Suburban	31	2,515,542	77,773	205,941	11.3%	64,038	73,825	0	\$27.22	\$28.97
Dartmouth	42	2,796,112	13,601	460,846	17.0%	(27,274)	(9,713)	0	\$25.30	\$27.74
Bedford	20	885,213	1,180	221,177	25.1%	556	4,356	0	\$25.72	\$26.39
Total Suburban Area	93	6,196,867	92,554	887,964	15.8%	37,320	68,468	0	\$26.16	\$27.99
HALIFAX TOTALS	149	11,978,472	117,774	1,731,442	15.4%	41,755	49,225	465,000	\$27.60	\$30.62

*Rental rates reflect gross asking \$psf/year

SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS	OVERALL AVERAGE ASKING RENT *
Class A	58	5,040,976	57,566	717,608	15.4%	69,401	87,838	465,000	0	\$30.62
Class B	63	5,595,737	58,603	792,442	15.2%	(35,731)	(40,203)	0	0	\$25.86
Class C	28	1,341,759	1,605	221,392	16.6%	8,085	1,590	0	0	\$23.06

*Rental rates reflect gross asking \$psf/year

Key Lease Transactions Q2 2017

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
800 Windmill Road, Unit 210	625 sf	Graysbrook Capital Ltd.	Lease	Dartmouth
68 Highfield Street	1,490 sf	Charles Taylor Adjusting	Lease	Dartmouth

Key Projects Under Construction

PROPERTY	SF	TENANT	COMPLETION DATE	SUBMARKET
Nova Centre	360,000	BMO; TBD	Q4 2017	Halifax
Queen's Marque	105,000	TBD	Q3 2019	Halifax

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