

MARKETBEAT

Halifax, Nova Scotia

Industrial Q3 2016



HALIFAX INDUSTRIAL

Economic Indicators

	Q3 15	Q3 16	12-Month Forecast
Halifax Employment	227K	227K	▲
Halifax Unemployment	5.9%	5.6%	▲
Canada Unemployment	7.0%	7.0%	▲

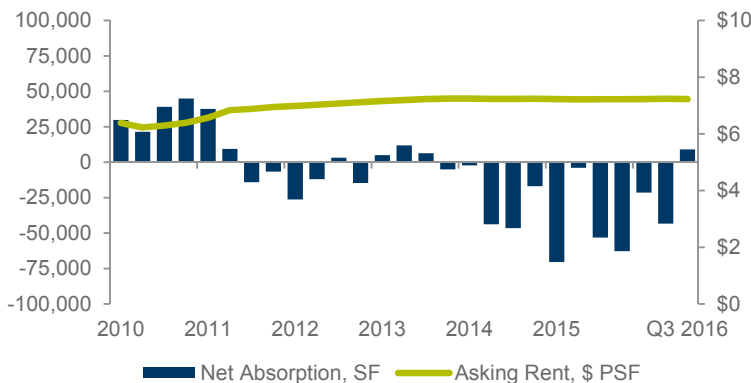
Market Indicators (Overall, All Product Types)

	Q3 15	Q3 16	12-Month Forecast
Vacancy	14.2%	13.6%	▲
Net Absorption (sf)	(185,763)	(10,210)	▲
Under Construction (sf)	0	0	▲
Average Asking Rent*	\$7.25	\$7.22	▲

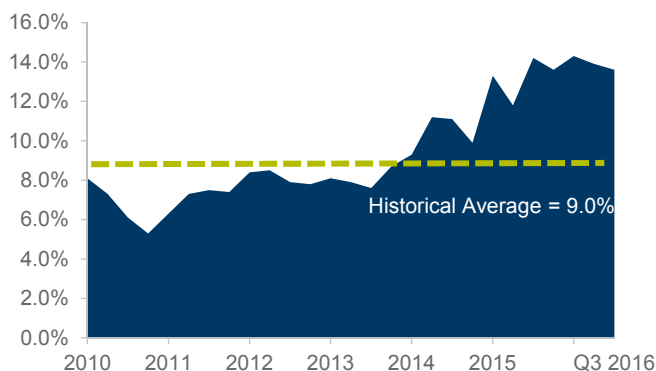
*Rental rates reflect net asking \$psf/year

Overall Net Absorption/Overall Asking Rent

4Q TRAILING AVERAGE



Overall Vacancy



Economy

Overall, the Canadian economy is gaining stability after the system shock of the wildfires in Alberta. Oil production and rebuilding of homes and businesses were the main factors in increasing the third quarter growth nationally.

As for Nova Scotia's economy, RBC Economics is still expected to accelerate this year, with real GDP growth of 1.3% in 2016 before slightly falling to 1.1% in 2017. Two contributing factors for the GDP growth is the continuation of construction activities throughout Halifax including the Nova Centre and the re-decking of the Macdonald Bridge.

Market Overview

Nova Scotia's industrial market saw a slight drop in the overall vacancy rate from Q2 to Q3, declining by 0.3 percentage points to 13.6%. Bayers Lake posted an overall vacancy rate of 23.8% this quarter, a small increase from 22.9% from last quarter. Notable change in Bayers Lake this quarter was at 115 Chain Lake Drive where Wicker Emporium vacated their distribution centre. As for the Bedford submarket, there was a large drop in the overall vacancy rate this quarter, falling from 22.1% last quarter to 10.8%. This substantial decline was caused by Roach Cycles occupying space at 325 Rocky Lake Drive. The vacancy rate within the other submarkets of Atlantic Acres, Burnside, Halifax, Ragged Lake Business Park, and Sackville remained relatively steady quarter-over-quarter.

Outlook

Looking forward, Nova Scotia is expected to have a 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. According to TD Economics, "Nova Scotia's economic growth is expected to remain steady throughout the forecast period at around 1.5%".

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 is 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%	(2,780)	(3,948)	0	0	\$6.25	\$3.57	\$9.83
Bayers Lake	5	249,739	59,366	23.8%	(2,276)	(8,469)	0	0	\$8.42	\$4.76	\$13.18
Bedford	5	94,819	10,242	10.8%	10,683	4,670	0	0	\$9.60	\$6.75	\$16.36
Burnside	120	6,449,831	888,737	13.8%	10,342	(10,619)	0	0	\$7.09	\$4.95	\$12.05
Halifax	15	585,336	40,964	7.0%	7,715	8,156	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
HALIFAX TOTALS	153	7,646,039	1,040,272	13.6%	23,684	(10,210)	0	0	\$7.22	\$4.96	\$12.18

*Rental rates reflect asking \$psf/year

Key Lease Transactions Q3 2016

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
133 Ilsley Avenue	6,307 sf	Embracor Medical Ltd.	Lease	Burnside

Key Sale Transactions Q3 2016

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

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