

## HALIFAX INDUSTRIAL

### Economic Indicators

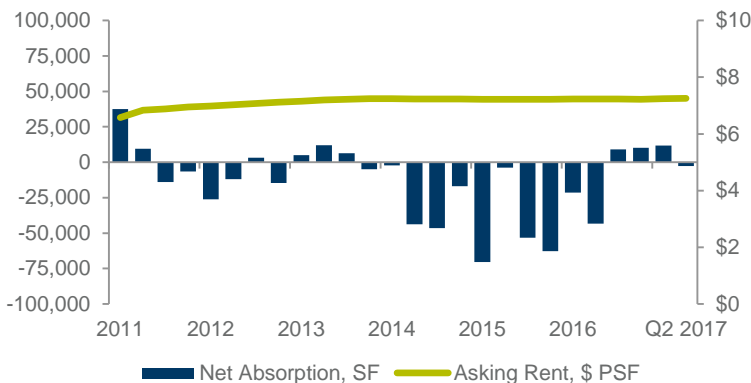
	Q2 16	Q2 17	12-Month Forecast
Halifax Employment	227K	242K	▲
Halifax Unemployment	6.4%	7.0%	▲
Canada Unemployment	6.9%	6.6%	▼

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

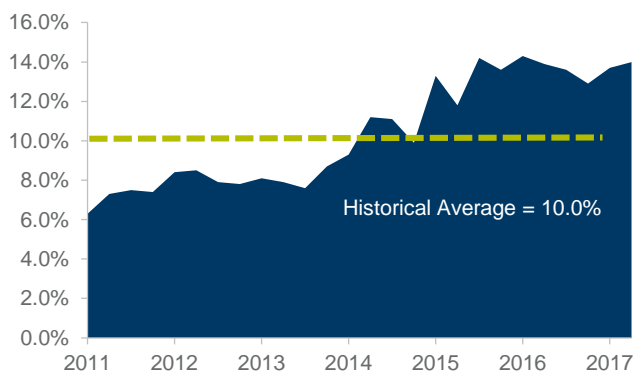
	Q2 16	Q2 17	12-Month Forecast
Vacancy	13.9%	14.0%	▲
Net Absorption (sf)	32,541	-24,861	▼
Under Construction (sf)	0	0	■
Average Asking Rent*	\$7.22	\$7.28	▲

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

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



### Overall Vacancy



## Economy

RBC Economics is projecting Nova Scotia's economic growth to increase in 2017 by 0.8%, accelerate to 1.2% in 2018, and maintain that level throughout 2019. A major factor driving the growth projections is the recent re-election of the Liberal provincial government who has committed to a significant spending target, which in turn should help boost a steady run of positive project employment. Following this growth period is a projected decline in immigrants and the working age population. These factors, along with the completion of major projects and lacklustre demographics, will likely result in slowing growth moving into 2020.

## Market Overview

Nova Scotia's industrial market vacancy nudged upwards from first quarter 2017 to the second quarter, climbing from 13.7% to 14.0%. The Halifax submarket posted an overall vacancy rate of 10.7% this quarter, an increase from last quarter's vacancy rate of 9.3%. A contributing factor behind this increase was a tenant vacating 3630 Strawberry Hill Street, leaving 5,000 square feet (sf) vacant. Burnside's overall vacancy rate also saw a decrease from last quarter, falling from 13.1% last quarter to 12.7%. The most significant factor that contributed to this decline was Medical Mart relocating into 36,305 sf at 65 John Savage Avenue. Other factors included a relocation and expansion of W&O Supply into 15,925 sf at 133 Ilsley Avenue, an undisclosed single tenant moving into 15,625 sf at 101 Thornhill Drive, and Coast Tire leasing 12,000 sf at 116 Thornhill Drive. In the Bedford submarket there was an increase in the vacancy rate from first quarter 2017 to this quarter, rising almost a whole percentage point from 11.6% to 12.4%. A contributing factor behind this climb in vacancy was Bird Construction vacating approximately 2,646 sf at 20 Duke Street. The vacancy rate within the submarkets of Ragged Lake Business Park, Sackville and the Atlantic Acres Business Park remained relatively steady quarter-over-quarter.

## Outlook

TD Economics projects that after a softer than expected 2016, Nova Scotia's economy is expected to pick up steam that will be driven by a large double digit increase in residential construction. A significant portion of this residential construction will be geared towards senior housing due to high demand from Nova Scotia's aging population. However, this trend is projected to reverse by a similar magnitude and will weigh on overall growth. Non-residential construction will help lift growth short term, but will ultimately have the same path as residential construction.

## MARKETBEAT

# Halifax, Nova Scotia

Industrial Q2 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	20,782	10.2%	315	17,681	0	0	\$6.25	\$3.68	\$9.94
Bayers Lake	5	249,739	117,147	46.9%	-846	-60,071	0	0	\$7.82	\$4.77	\$12.59
Bedford	5	94,819	11,732	12.4%	-771	388	0	0	\$9.87	\$6.75	\$16.63
Burnside	120	6,449,831	862,379	13.3%	-17,728	-26,786	0	0	\$7.18	\$5.00	\$12.18
Halifax	15	585,336	62,507	10.7%	-8,331	-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%	2,500	2,500	0	0	\$7.35	\$4.68	\$12.03
<b>HALIFAX TOTALS</b>	<b>153</b>	<b>7,696,039</b>	<b>1,074,547</b>	<b>14.0%</b>	<b>-24,861</b>	<b>-85,131</b>	<b>0</b>	<b>0</b>	<b>\$7.28</b>	<b>\$5.01</b>	<b>\$12.29</b>

\*Rental rates reflect asking \$psf/year

### Key Lease Transactions Q2 2017

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
10 Morris Drive,	3,302 sf	Solasta Lighting Ltd.	Lease	Burnside
65 John Savage Avenue	36,305 sf	Medical Mart	Lease	Burnside

### Key Sale Transactions Q2 2017

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

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