

Industrial Snapshot Q4 2015

Halifax, NS



HALIFAX INDUSTRIAL

Economic Indicators

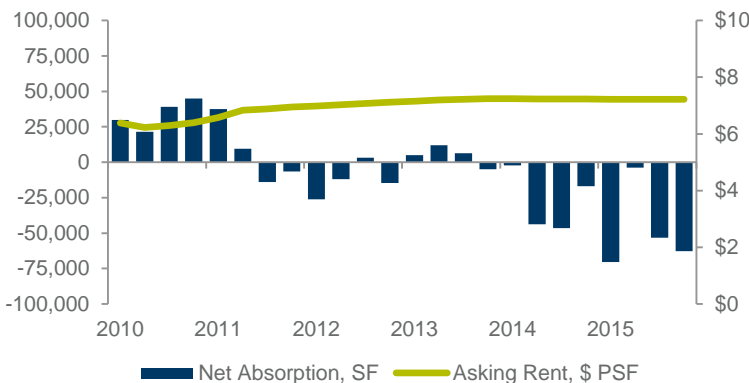
	2014	2015	12-Month Forecast
Halifax Employment	226.7 k	224.3k	▲
Halifax Unemployment	14.8%	14.6%	▼
Canada Unemployment	6.6%	7.1%	■

Market Indicators (Overall, All Product Types)

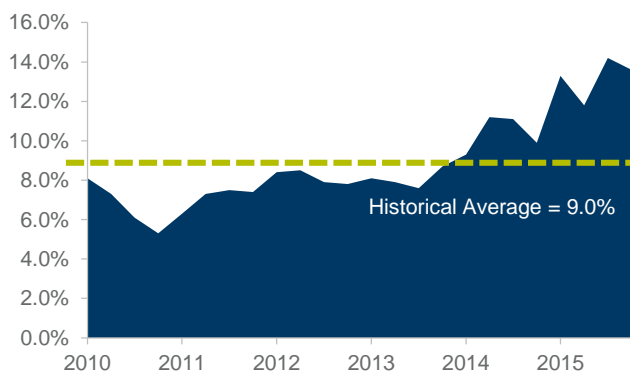
	2014	2015	12-Month Forecast
Vacancy	9.9%	13.6%	▲
Net Absorption (sf)	(67,560)	(250,985)	▲
Under Construction (sf)	0	0	■
Average Asking Rent*	\$7.24	\$7.25	▲

*Rental rates reflect net asking \$psf/year

Overall Net Absorption/Overall Asking Rent 4Q TRAILING AVERAGE



Overall Vacancy



Economy

Nova Scotia's economy has struggled to grow since 2010, mostly due to rapid declines in natural gas production. However, RBC Economics forecasts GDP growth to accelerate to 1.8% in 2016 from 0.9% seen in the previous year. This optimism for 2016 is driven by stronger construction activity coupled with the ship-building contract with the Canadian federal government mandated a year ago. The falling Canadian dollar has also increased the demand for non-energy exports such as seafood and tires. TD forecasts Nova Scotia will be Atlantic Canada's top performing province driven by defense expenditures in Canadian shipbuilding.

Market Overview

Nova Scotia's industrial market saw a decrease in the overall Q4 vacancy rate, falling to 13.6% from 14.2% last quarter. This decline in vacancy can largely be attributed to the decrease in availability in Burnside Business Park; which saw its overall vacancy rate shrink to 13.8% in Q4 from 14.4% in Q3. Within Burnside Business Park a number of companies increased their square footage footprint; such as Sonepar at 121 Ilsley Avenue which resulted in roughly 12,000 square feet (sf) coming off the market. Bedford also played a part in the overall vacancy decline with its Q4 total vacancy rate declining to 15.7% from 18.8% last quarter as 3,000 sf came off the market. Vacancy within Atlantic Acres, Bayer's Lake, Halifax, Sackville, and Ragged Lake Business Park remained unchanged from Q3 to Q4 2015. The industrial market continues to be in a transformation mode, as new construction has offered higher ceilings and larger yards, making it a challenge to lease older product. In order to compete with the new product on the market landlords of older properties proactively need to make improvements to properties and offer pricing incentives.

Outlook

Declines in natural gas exports will continue to hinder the provincial economy. However, exploration activity by Shell and BP have potential for future production opportunities within the province. Driven by the construction of new multi-unit structures in Halifax, investment in residential property has increased substantially in 2015, and should continue in 2016 before tapering off in 2017 as the regions aging demographic deters further growth. RBC is forecasting the manufacturing sector will see a boost in 2016 from the first full year of ship-building work. Activity is expected to ramp up in the coming quarter which will generate greater demand along supply chains in other industries around the province. Look for complementary services such as metal fabrication to expand as demand for their services increases, having a potential positive affect on nearby industrial parks.

MARKETBEAT

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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	34,515	17.0%	0	16,100	0		\$7.54	\$3.26	\$10.79
Bayers Lake	5	249,739	50,897	20.4%	175	(5,185)	0		\$9.20	\$4.38	\$13.58
Bedford	4	94,819	14,912	15.7%	2,925	8,653	0		\$11.35	\$6.55	\$17.90
Burnside	120	6,377,150	878,118	13.8%	43,281	(281,433)	0	30,000	\$7.06	\$4.56	\$11.62
Halifax	13	585,336	49,120	8.4%	(10)	10,880	0		\$7.63	\$5.25	\$12.88
Ragged Lake Business Park	1	36,000	0	0.0%	0	0	0		\$7.50	\$4.46	\$11.96
Sackville	2	27,300	2,500	9.2%	0	0	0		\$7.35	\$4.68	\$12.03
HALIFAX TOTALS	150	7,573,358	1,030,062	13.6%	46,371	(250,985)	0	30,000	\$7.25	\$4.60	\$11.84

*Rental rates reflect asking \$psf/year

Key Lease Transactions Q4 2015

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
10-24 Akerley Boulevard	21,596	Undisclosed	New Lease	Burnside
121 Ilsley Avenue	12,758	Sonepar	New Lease	Burnside
10 Morris Drive	10,000	Undisclosed	New Lease	Burnside
21 McCurdy	37,617	OK Tire	New Lease	Burnside

Key Sale Transactions Q4 2015

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

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