

HALIFAX INDUSTRIAL

Economic Indicators

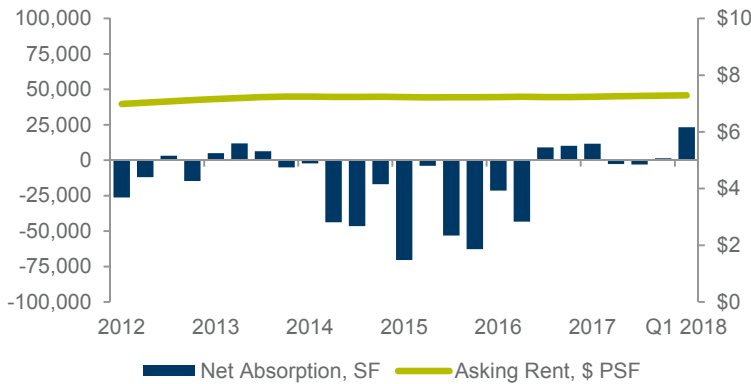
	Q1 17	Q1 18	12-Month Forecast
Halifax Employment	225K	229K	▼
Halifax Unemployment	6.1%	6.4%	▼
Canada Unemployment	6.7%	5.8%	▼

Market Indicators (Overall, All Product Types)

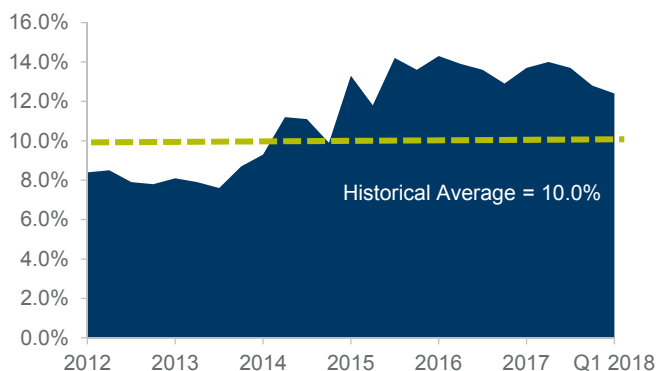
	Q1 17	Q1 18	12-Month Forecast
Vacancy	13.7%	12.4%	▼
Net Absorption (sf)	-60,270	27,327	▲
Under Construction (sf)	0	0	▼
Average Asking Rent*	\$7.27	\$7.31	▲

*Rental rates reflect net asking \$psf/year

Overall Net Absorption/Overall Asking Rent 4Q TRAILING AVERAGE



Overall Vacancy



Economy

Although the economy in Nova Scotia had a fairly strong 2017 with GDP growth of 1.1%, RBC Economics anticipates the province's economy to weaken through 2018, with GDP growth falling to 0.8%. At the present time however, current economic growth is driving down the unemployment rate, as modest job gains and a shrinking workforce are helping the outlook of individual workers.

Despite challenging demographics, Nova Scotia had a recent rise in population, largely due to immigration to the province, particularly young adults. Granted, the growth may be difficult to sustain due to the anticipated economic decline and strong activity in other parts of Canada.

Sources: RBC Economics & TD Economics

Market Overview

Nova Scotia's Industrial market saw a slight decrease in the overall vacancy rate in the first quarter of 2018, falling to 12.4%. The Halifax submarket posted an overall vacancy rate of 9.4% this quarter, a decrease from the fourth quarter of 2017 vacancy rate of 10.6%. A contributing factor behind this increase was Water Spider Technologies Ltd. acquiring and occupying roughly 6,000 square feet (sf) at 63 Crane Lake Drive.

Burnside's overall vacancy rate also saw a decline from last quarter; however it was minimal at just 20 basis points to reach 12.0% in the first quarter of 2018. Although the impact on vacancy was negligible, Burnside did see a few notable changes. 50 and 75 Akerley Boulevard both gained a new tenant; as Stanley Black & Decker and Tandy Leather both occupied approximately 4,000 sf each. Another notable change included 121 Ilsley Avenue gaining two new tenants; occupying 3,525 sf and 4,213 sf respectively.

In the Bedford submarket there was a significant decrease in the vacancy rate from last quarter to the first quarter of 2018, sharply declining to 2.0% from 7.3%. Numerous small moves from Rocky Lake Drive contributed to this decline. The vacancy rate within the submarkets of Ragged Lake Business Park, Bayer's Lake, and Sackville remained relatively steady quarter-over-quarter.

Outlook

According to TD Economics, favourable federal policies towards immigration should help support population growth in Nova Scotia, although some moderation from the rapid pace in recent years is likely. Residential construction and household spending should ease accordingly. The outlook for exporters is very optimistic, due to a healthy U.S. economy and consistent growth in China. Exports should also see a hike from the recent removal of softwood lumber tariffs, providing a slightly higher level of certainty in forestry exports.

MARKETBEAT

Halifax, Nova Scotia

Industrial Q1 2018



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	13,697	6.7%	0	0	0	0	\$6.25	\$3.68	\$9.94
Bayers Lake	5	249,739	109,195	43.7%	-1,516	-1,516	0	0	\$8.12	\$6.21	\$14.33
Bedford	5	94,819	1,913	2.0%	4,968	4,968	0	0	\$9.87	\$6.75	\$16.63
Burnside	121	6,499,831	776,986	12.0%	16,533	16,533	0	0	\$7.20	\$4.96	\$12.16
Halifax	13	585,336	54,885	9.4%	7,342	7,342	0	0	\$8.06	\$5.51	\$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	0	0.0%	0	2,500	0	0	\$7.35	\$4.68	\$12.03
HALIFAX TOTALS	152	7,696,039	956,676	12.4%	27,327	27,327	0	0	\$7.31	\$5.03	\$12.34

*Rental rates reflect asking \$psf/year

Key Lease Transactions Q1 2018

PROPERTY	SF	BUYER	PRICE / \$PSF	SUBMARKET
101 Thornhill Drive	12,223	Polymershapes Distribution Canada Inc.	Undisclosed	Burnside

Key Sale Transactions Q1 2018

PROPERTY	SF	BUYER	PRICE / \$PSF	SUBMARKET
63 Crane Lake Drive	5,825	Water Spider Technologies Canada Ltd.	Undisclosed	Halifax

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