

HALIFAX INDUSTRIAL

Economic Indicators

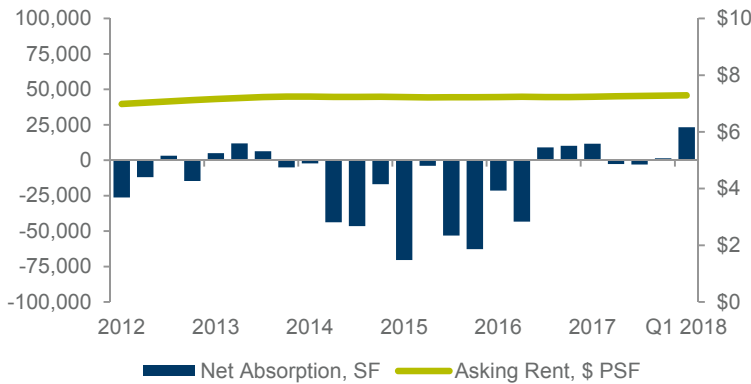
| | Q1 17 | Q1 18 | 12-Month Forecast |
|----------------------|-------|-------|-------------------|
| Halifax Employment | 225K | 229K | ▼ |
| Halifax Unemployment | 6.1% | 6.4% | ▼ |
| Canada Unemployment | 6.7% | 5.8% | ▼ |

Market Indicators (Overall, All Product Types)

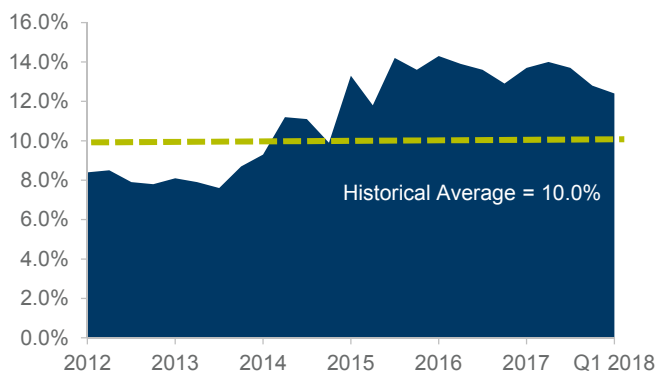
| | Q1 17 | Q1 18 | 12-Month Forecast |
|-------------------------|---------|--------|-------------------|
| Vacancy | 13.7% | 12.4% | ▼ |
| Net Absorption (sf) | -60,270 | 27,327 | ▲ |
| Under Construction (sf) | 0 | 0 | ▼ |
| Average Asking Rent* | \$7.27 | \$7.31 | ▲ |

*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 |

Cushman & Wakefield Atlantic
 Suite 601
 5475 Spring Garden Road
 Halifax, NS
cushmanwakefield.com

For more information, contact:
 Cory MacIntosh
 Research & Sales Coordinator
 Tel: +1 902 334 2169
cmacintosh@cwatlantic.com

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