

HALIFAX INDUSTRIAL

Economic Indicators

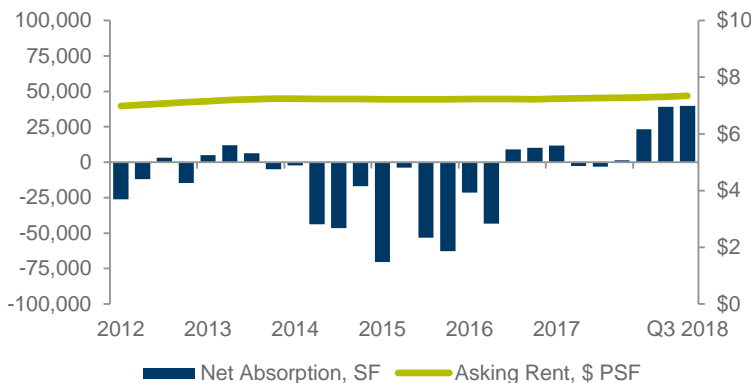
| | Q3 17 | Q3 18 | 12-Month Forecast |
|----------------------|-------|-------|-------------------|
| Halifax Employment | 224K | 234K | ▲ |
| Halifax Unemployment | 7.1% | 6.8% | ▼ |
| Canada Unemployment | 6.2% | 6.0% | ■ |

Market Indicators (Overall, All Product Types)

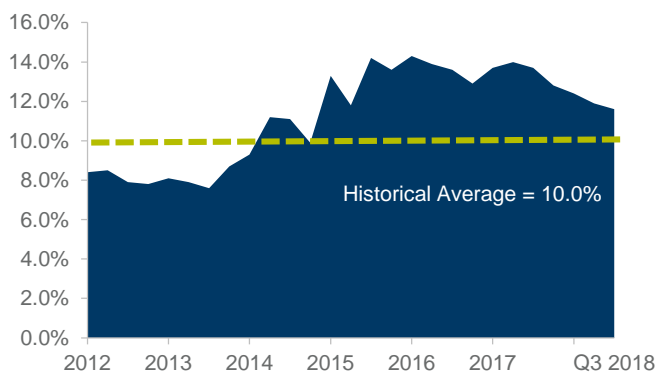
| | Q3 17 | Q3 18 | 12-Month Forecast |
|-------------------------|--------|--------|-------------------|
| Vacancy | 13.7% | 11.6% | ▼ |
| Net Absorption (sf) | 22,144 | 24,946 | ▲ |
| Under Construction (sf) | 0 | 0 | ■ |
| Average Asking Rent* | \$7.28 | \$7.39 | ▲ |

*Rental rates reflect net asking \$psf/year

Overall Net Absorption/Overall Asking Rent 4Q TRAILING AVERAGE



Overall Vacancy



Economy

According to TD Economics, Nova Scotia's economic climate has remained moderately strong in 2018, and is anticipated to maintain a balanced growth rate of 1.1% for the remainder of the year, carrying a similar level of growth into 2019 before slowing to 0.9% in 2020. Employment levels have increased since the second quarter of 2018, full-time job growth has remained steady, and activity in the manufacturing sector has expanded, as tourism remains strong. With the cruise ship industry settling into its high season, Halifax is expected to see a record high of over 300,000 passengers in 2018 and over 27 more ships, compared to 2017. The continued surge in immigration and the uptick in the employment participation rate in the labour entry population (15 to 24 years old), has boosted the labour force and continues to contribute to employment growth. Nova Scotia has experienced a slight increase in unemployment due to the rate of growth of the labour force surpassing the rate of demand. However in the future Nova Scotians should expect unemployment rates to decrease.

(Sources: Statistics Canada, TD Economics)

Market Overview

Nova Scotia's Industrial market continues to strengthen, with an overall vacancy rate of 11.6% in the third quarter of 2018, a slight decrease of 30 basis points from last quarter. Vacancy in the Bayers Lake submarket fell to 38.1%, a decrease from the second quarter 2018 vacancy rate of 44.3%. As Wicker Emporium closed their warehouse doors at 114 Chain Lake Drive, transactions at 115 Chain Lake Drive and Vantage Point contributed to positive absorption in this submarket of just over 15,000 square feet (sf).

The Burnside submarket vacancy rate fell by 50 basis points to reach 11.3% in the third quarter of 2018. Burnside's inventory saw a few notable changes in tenancy, as five larger spaces between 11,000 and 39,000 sf were occupied by new tenants. One notable tenant that has impacted Burnside's vacancy rate is Feed Nova Scotia, who moved into 39,000 sf on Wright Avenue. This submarket also generated the highest amount of positive absorption in the city at close to 30,000 sf.

The Halifax, Bedford and Ragged Lake submarkets all experienced an increase in vacancy rates in the third quarter of 2018. While the increase in vacancy of 120 basis points in Halifax to 6.5% was moderate, the Bedford vacancy rate rose sharply to 8.3% from 2.4% last quarter. Tenants vacating space at 200 & 325 Rocky Lake Drive were contributing factors to this increase, and these two properties now have a combined total vacancy of just under 28%. Vacancy in the Sackville submarket remains unchanged from last quarter at 0.0%, while the vacancy rate dropped to 0.0% in the Atlantic Acres submarket as a tenant moved into 10,000 sf of space at 200 Bluewater Road.

Outlook

Although Nova Scotia's economy is expected to improve this year, major government projects are set to wind down and the economic pace within the province will slow down in 2019. Population growth continues at a fast pace and housing demand will remain high. Nova Scotians should expect the price growth of home sales to slow, amid an increase in the cost of borrowing over the coming year.

MARKETBEAT

Halifax, Nova Scotia

Industrial Q3 2018



**CUSHMAN &
WAKEFIELD**
Atlantic

| 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 | 0 | 0.0% | 10,000 | 13,697 | 0 | 0 | \$6.25 | \$3.68 | \$9.94 |
| Bayers Lake | 5 | 249,739 | 95,173 | 38.1% | 15,353 | 12,506 | 0 | 0 | \$8.12 | \$6.21 | \$14.33 |
| Bedford | 4 | 94,819 | 7,867 | 8.3% | -5,575 | -986 | 0 | 0 | \$9.87 | \$6.75 | \$16.63 |
| Burnside | 121 | 6,499,831 | 734,996 | 11.3% | 29,787 | 58,523 | 0 | 0 | \$7.30 | \$4.98 | \$12.28 |
| Halifax | 13 | 585,336 | 38,006 | 6.5% | -7,269 | 24,221 | 0 | 0 | \$8.06 | \$5.50 | \$13.56 |
| Ragged Lake Business Park | 1 | 36,000 | 17,350 | 48.2% | -17,350 | -17,350 | 0 | 0 | \$7.50 | \$5.05 | \$12.55 |
| Sackville | 2 | 27,300 | 0 | 0.0% | 0 | 0 | 0 | 0 | \$7.35 | \$4.68 | \$12.03 |
| HALIFAX TOTALS | 151 | 7,696,039 | 893,392 | 11.6% | 24,946 | 90,611 | 0 | 0 | \$7.39 | \$5.05 | \$12.43 |

*Rental rates reflect asking \$psf/year

Key Lease Transactions Q3 2018

| PROPERTY | SF | BUYER | PRICE / \$PSF | SUBMARKET |
|----------|----|-------|---------------|-----------|
| N/A | | | | |

Key Sale Transactions Q3 2018

| PROPERTY | SF | BUYER | PRICE / \$PSF | SUBMARKET |
|----------|----|-------|---------------|-----------|
| N/A | | | | |

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

For more information, contact:
Angela Murphy
Research & Sales Coordinator
Tel: +1 902 334 2169
amurphy@cwatlantic.com

About Cushman & Wakefield

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value by putting ideas into action for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with 48,000 employees in approximately 400 offices and 70 countries. In 2017, the firm had revenue of \$6.9 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

©2018 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.