

# MARKETBEAT INDUSTRIAL SNAPSHOT

## HALIFAX, NOVA SCOTIA

A Cushman & Wakefield Alliance Research Publication



Q1 2013



### ECONOMIC OVERVIEW

Calculations for 2012 are still in the final stages but it is forecasted that Real GDP will rest at 1.1% for the province. While economic growth in 2012 unfolded weaker than expected for Nova Scotia, the outlook for 2013 is looking more positive with projected growth of 1.9% in Real GDP. Natural gas production at Deep Panuke is commencing mid-year 2013 and the reawakening of the Sable Offshore project is anticipated to bring significant revival to this sector. Gains from the preliminary shipbuilding contract will be modest through 2013. According to RBC Economics and Statistics Canada, a survey of capital spending intentions indicated an increase of \$58 million in planned expenditures, which includes the shipbuilding contract, for this year.

### INDUSTRIAL MARKET OVERVIEW

The overall industrial vacancy for Halifax rested at 8.1% in Q1, a 0.3 percentage point increase from Q4 2012; however, a 0.2 percentage point decrease from this point last year. The highest overall vacancy rate belongs to the Bayers Lake Business Park, resting at 18.2%, mainly attributed to a large single tenant terminating business. Ragged Lake possesses the second highest, posting a 14.9% overall vacancy, Atlantic Acres next at 10.8%, with Burnside close behind at 7.9% overall vacancy in Q1. The Halifax and Sackville areas experienced no change in vacancy from last quarter with overall vacancy at 6.5%, and 0% respectively. The highest average gross rental rate belongs to the Bedford area at \$15.78 per square foot (psf), while the lowest resides in Atlantic Acres at \$10.42 psf. Overall, the market remains balanced, which creates an environment for new development - something various occupiers and landlords are contemplating doing with the Burnside market. The slow release of new land by Halifax Regional Municipality (HRM) is creating some bottlenecks; however, this helps to keep new development at reasonable levels. In other market news the portfolio sale from C2C to Dundee should be seamless. However some properties may become available for sale as sometimes new asset managers will spring free assets for trade.

### OUTLOOK

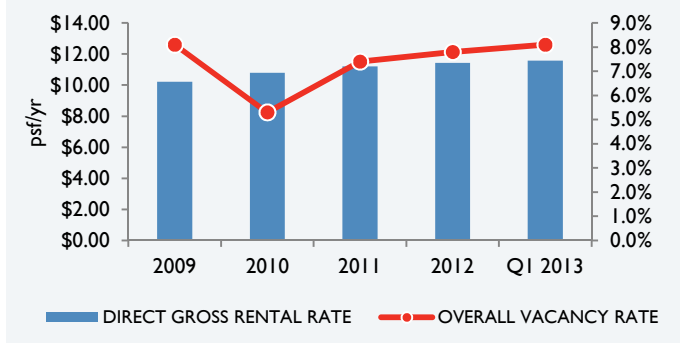
It appears that Nova Scotia may have to wait longer, most likely until 2015, before experiencing significant gains to the overall economy from the Irving Shipbuilding contract. This initiative started at a slower pace than originally anticipated, setting back the overall forecasted economic growth by a few years. However, positivity is still on the horizon in other sectors. According to a Statistics Canada survey, spending intentions surrounding non-residential were boosted

by 3.1% in 2012, with further increases expected for 2014. This is mainly attributed to the accepted \$1.5 billion Maritime Transmission Link, set to commence in early 2014.

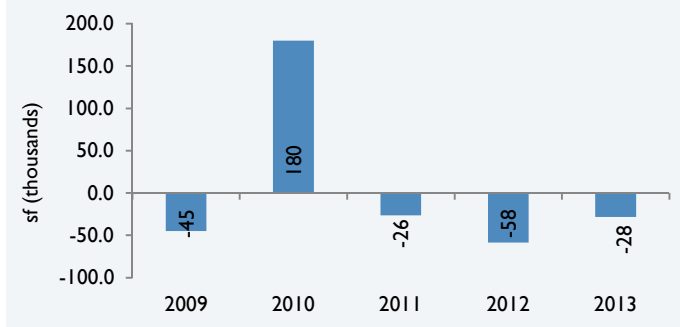
### STATS ON THE GO

	Q1 2012	Q1 2013	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	8.4%	8.1%	0.3%	▼
Direct Net Asking Rents (psf/yr)	\$7.10	\$7.25	2.1%	▲
YTD Absorption (sf)	(106,536)	(28,291)	(78,245)	▼

### DIRECT RENTAL VS. VACANCY RATES



### ABSORPTION



## NOVA SCOTIA

SUBMARKET	INVENTORY	OVERALL VACANCY RATE	DIRECT VACANCY RATE	UNDER CONSTRUCTION	YTD CONSTRUCTION COMPLETIONS	CURRENT QUARTER ABSORPTION	YTD OVERALL ABSORPTION	WTD. AVG. NET ASKING RENTAL RATE*	WTD. AVG. GROSS RENTAL RATE*
Ragged Lake	36,000	14.9%	14.9%	0	0	0	0	\$7.50	\$10.79
Atlantic Acres	203,014	10.8%	10.8%	0	0	(18,000)	(18,000)	\$7.13	\$10.42
Sackville	42,900	0.0%	0.0%	0	0	0	0	\$8.68	\$13.58
Bedford	94,819	4.8%	4.8%	0	0	(286)	(286)	\$11.35	\$15.78
Halifax	585,336	6.5%	6.5%	0	0	0	0	\$7.77	\$12.72
Bayers Lake	249,739	18.2%	18.2%	0	0	(28,261)	(28,261)	\$9.60	\$13.80
Burnside	6,186,736	7.9%	7.5%	0	0	18,256	18,256	\$7.03	\$11.35
<b>TOTALS</b>	<b>7,398,544</b>	<b>8.1%</b>	<b>7.8%</b>	<b>0</b>	<b>0</b>	<b>(28,291)</b>	<b>(28,291)</b>	<b>\$7.25</b>	<b>\$11.58</b>

\* RENTAL RATES REFLECT ASKING \$PSF/YEAR

## MARKET HIGHLIGHTS

<b>Significant Q1 2013 Lease Transactions</b>	<b>SUBMARKET</b>	<b>TENANT</b>	<b>BUILDING TYPE</b>	<b>SQUARE FEET</b>
67 Wright Avenue	Dartmouth	3229947 NS Ltd.	-	31,537
40-46 Borden	Dartmouth	Nautel Ltd.	-	8,015
130 John Savage	Dartmouth	Brokerhouse Distributors Inc.	-	5,987
6100 Young Street	Halifax	TPB Feature III Productions	-	4,000
7 Mellor	Dartmouth	DF Barry Group	-	2,251
<b>Significant Q1 2013 Sale Transactions</b>	<b>SUBMARKET</b>	<b>BUYER</b>	<b>PURCHASE PRICE / \$PSF</b>	<b>SQUARE FEET</b>
N/A				
<b>Significant Q1 2013 Construction Completions</b>	<b>SUBMARKET</b>	<b>MAJOR TENANT</b>	<b>COMPLETION DATE</b>	<b>BUILDING SQUARE FEET</b>
N/A				
<b>Significant Projects Under Construction</b>	<b>SUBMARKET</b>	<b>MAJOR TENANT</b>	<b>COMPLETION DATE</b>	<b>BUILDING SQUARE FEET</b>
N/A				