

Office Snapshot Q3 2015

HALIFAX, NS



HALIFAX OFFICE

Economic Indicators

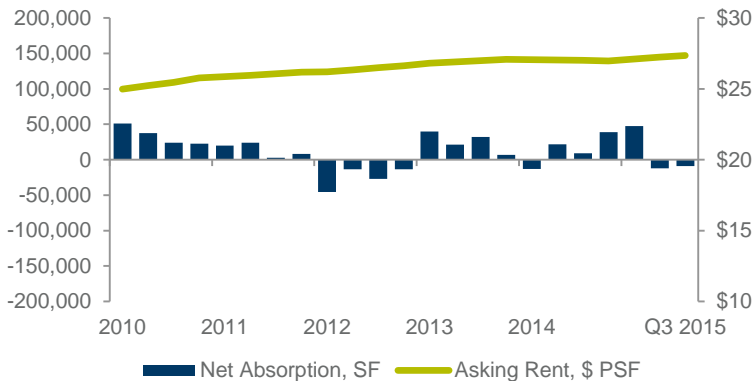
	Q3 14	Q3 15	12-Month Forecast
Halifax Employment	222k	227k	▲
Halifax Unemployment	5.8%	5.9%	▼
Canada Unemployment	6.9%	7.0%	■

Market Indicators

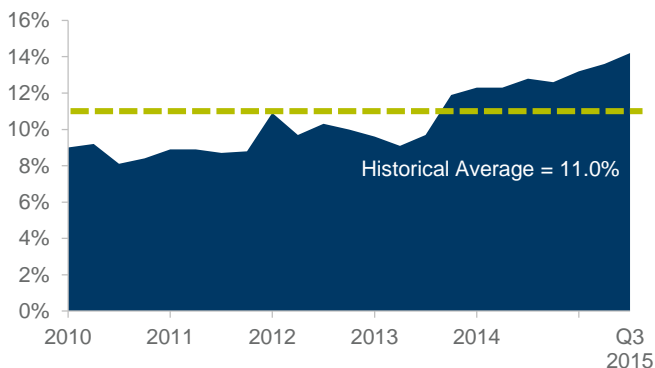
	Q3 14	Q3 15	12-Month Forecast
Overall Vacancy	12.8%	14.2%	▲
Net Absorption	(44)k	(32)k	▼
Under Construction	502k	780k	■
Overall Average Asking Rent	\$26.96	\$27.42	▼

Net Absorption/Asking Rent

4Q TRAILING AVERAGE



Overall Vacancy



Economic Overview

Nova Scotia's economic momentum is expected to slow this year, with RBC Economics forecasting real GDP to grow by only 0.9% in 2015 but is anticipated to accelerate to 2.1% in 2016 as a result of a full year of ship building activity. TD Economics is forecasting that Nova Scotia will be the top-performing Atlantic economy in 2015-2016 as the province is benefitting from strong performances in the construction, tourism and manufacturing sectors, in combination with a weaker Canadian dollar.

Market Overview

Nova Scotia's office market posted an increase in overall vacancy from 13.6% last quarter to 14.2% in Q3 2015. Halifax's Central Business District (CBD) vacancy increased to 13.8% as the Barrington E-Space building was completed and arrived on the market fully vacant. Halifax Suburban market vacancy increased from 10.4% to 11.7%. Notable activity in Suburban Halifax included 20 Vic removing Halifax Shopping Centre Tower 1 from the market for redevelopment, resulting in the majority of its tenants relocating to Tower II, now named Halifax Place. Bedford's overall vacancy rate decreased significantly, dropping to 20.3% from last quarter's vacancy of 24.8%, the result of increased demand. In development news, 145 Hobsons Lake Drive, Armco Capital's 138,000-sf LEED Gold office building, is nearing completion. After the Canada Revenue Agency takes possession later this year, there will be 25,565 square feet (sf) remaining to be leased. Construction has begun on Phase II of Eon Square in Bedford as well as The Hardman Group's Wright & Burnside Campus. In the downtown market, The Westwood Group has taken The Bank of Montreal Building offline for redevelopment.

Outlook

Despite a decline in the volume of natural gas exports, spending towards exploratory wells by Shell and BP will provide a boost to this sector through 2017. Vacancy in the Halifax office market is expected to continue to increase due to the unprecedented 780,000 sf that is currently under construction and is set to arrive between Q4 2015 and the end of 2016. This inventory surge creates new sought after spaces, but also makes leasing of legacy properties more challenging. Expect new pricing strategies and some repurposing in coming quarters.

MARKETBEAT

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SUBMARKET	TOTAL BLDGS	INVENTORY	SUBLET VACANT	DIRECT VACANT	OVERALL VACANCY RATE	CURRENT NET ABSORPTION	YTD NET ABSORPTION	UNDER CNSTR	AVERAGE ASKING RENT (ALL CLASSES)*	AVERAGE ASKING RENT (CLASS A)*
Halifax-Central Business District	56	5,780,405	117,899	677,304	11.7%	(18,459)	(105,723)	370,000	\$28.86	\$33.85
Halifax-Suburban	29	2,233,167	52,105	208,701	11.7%	(22,395)	(44,276)	237,000	\$27.52	\$29.54
Dartmouth	41	2,609,612	8,680	395,864	15.5%	(2,499)	14,953	60,000	\$25.06	\$27.53
Bedford	19	765,213	0	155,699	20.3%	11,115	36,167	120,000	\$24.32	\$23.81
HALIFAX TOTALS	145	11,388,397	178,648	1,437,568	12.6%	(32,238)	(98,879)	787,000	\$27.42	\$30.55

SUMMARY BY CLASS	TOTAL BLDGS	INVENTORY	SUBLET VACANT	DIRECT VACANT	VACANCY RATE	CURRENT NET ABSORPTION	YTD NET ABSORPTION	UNDER CNSTR	YTD CNSTR COMPLETIONS	AVERAGE ASKING RENT OVERALL*
Class A	54	4,730,130	42,551	709,573	15.0%	(23,975)	(48,654)	787,000	111,948	\$30.55
Class B	64	5,489,037	134,528	555,707	12.6%	(14,279)	(57,863)	0	0	\$25.68
Class C	27	1,169,230	1,605	172,228	14.9%	6,016	7,638	0	0	\$22.89

*Rental rates reflect gross asking \$psf/year

Key Lease Transactions Q3 2015

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
1809 Barrington Street	7,000	Sunlife Assurance Company	Lease	Central Business District
137 Chain Lake Drive	6,100	Archway Insurance	Lease	Halifax Suburban
7067 Chebucto Road	5,300	Capservco Ltd.	Lease	Halifax Suburban
5523 Spring Garden Road	4,200	FYI Doctors	Lease	Central Business District
7071 Bayers Road	3,500	Slim Gyms Fitness	Lease	Halifax Suburban

Key Properties Under Construction

PROPERTY	SF	TENANT	COMPLETION DATE	SUBMARKET
Nova Centre	350,000	Trade Centre	Q4 2016	Halifax
145 Hobson Lake Drive	138,000	Canada Revenue Agency	Q4 2015	Suburban Halifax
EON Square	120,000	TBD	Q2 2016	Bedford
The Bay Expansion	90,000	CBC, TC Media	Q1 2016	Suburban Halifax
Wright & Burnside	60,000	RSA Insurance Group	Q4 2016	Dartmouth
Bank of Canada Building	20,000	TBD	Q4 2016	Halifax
3138 Iselville Street	9,000	TBD	Q4 2015	Suburban Halifax

About Cushman & Wakefield

Cushman & Wakefield is a global leader in commercial real estate services, helping clients transform the way people work, shop, and live. The firm's 43,000 employees in more than 60 countries provide deep local and global insights that create significant value for occupiers and investors around the world. Cushman & Wakefield is among the largest commercial real estate services firms in the world with revenues of \$5 billion across core services of agency leasing, asset services, capital markets, facilities services (branded C&W Services), global occupier services, investment management (branded DTZ Investors), tenant representation and valuations & advisory. To learn more, visit www.cushmanwakefield.com or follow @Cushwake on Twitter.

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MARKETBEAT

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Q3 2015	Central	Suburban	Dartmouth	Bedford	TOTAL MARKET
Area (Square Feet)	5,780,405	2,233,167	2,609,612	765,213	11,388,397
Direct Vacant Space (Square Feet)	677,304	208,701	395,864	155,699	1,437,568
Sublet Space (Square Feet)	117,899	52,105	8,680	0	178,684
Total Vacancy	795,203	260,806	404,544	155,699	1,616,252
Total Vacancy Rate	13.8%	11.7%	15.5%	20.3%	14.2%
Direct Vacancy Rate	11.7%	9.3%	15.2%	20.3%	12.6%
Occupied Space (including sublet)	5,103,101	2,024,466	2,213,748	609,514	9,950,829
Occupied Space (excluding sublet)	4,985,202	1,972,361	2,205,068	609,514	9,772,145
New Supply (Current Quarter)	30,000	0	0	21,948	51,948
New Supply YTD	30,000	60,000	0	21,948	111,948
Weighted Average Rent	\$14.57	\$15.63	\$14.13	\$12.49	\$14.21
Weighted Average CAM/Taxes	\$14.28	\$11.64	\$10.92	\$11.83	\$12.17
Gross Rent	\$28.86	\$27.28	\$25.06	\$24.32	\$26.38
3 Month Absorption (Direct)	-48,689	2,169	-2,499	11,115	-37,904
YTD Absorption (Direct)	-53,846	1,329	20,146	34,361	1,990
3 month Absorption (Overall)	-18,459	-22,395	-2,499	11,115	-32,238
YTD Absorption (Overall)	-105,723	-44,276	14,953	36,167	-98,879

Q2 2015	Central	Suburban	Dartmouth	Bedford	TOTAL MARKET
Area (Square Feet)	5,770,405	2,301,167	2,609,612	583,265	11,264,449
Direct Vacant Space (Square Feet)	599,415	210,870	393,365	144,866	1,348,516
Sublet Space (Square Feet)	148,129	27,541	8,680	0	184,350
Total Vacancy	747,544	238,411	402,045	144,866	1,532,866
Total Vacancy Rate	13.0%	10.4%	15.4%	24.8%	13.6%
Direct Vacancy Rate	10.4%	9.2%	15.1%	24.8%	12.0%
Occupied Space (including sublet)	5,170,990	2,090,297	2,216,247	438,399	9,915,933
Occupied Space (excluding sublet)	5,022,861	2,062,756	2,207,567	438,399	9,731,583
New Supply (Current Quarter)	0	0	0	0	0
New Supply YTD	0	60,000	0	0	60,000
Weighted Average Rent	\$14.53	\$15.63	\$14.11	\$13.51	\$14.44
Weighted Average CAM/Taxes	\$14.22	\$11.76	\$10.87	\$11.64	\$12.12
Gross Rent	\$28.74	\$27.39	\$24.98	\$25.15	\$26.57
3 Month Absorption (Direct)	25,999	5,517	-10,487	14,433	35,462
YTD Absorption (Direct)	-5,157	-840	22,645	23,246	39,894
3 month Absorption (Overall)	-56,351	8,017	-15,680	16,239	-47,775
YTD Absorption (Overall)	-87,264	-21,881	17,452	25,052	-66,641

The information contained herein was obtained from sources deemed reliable, and while thought to be correct, is not guaranteed by Cushman Wakefield Atlantic

*Note: Downtown Suburban was moved in Q1 2015 to Central, reflecting a truer picture of Central Halifax vs. Suburban office space

Q1 2015	Central	Suburban	Dartmouth	Bedford	TOTAL MARKET
Area (Square Feet)	5,770,405	2,301,167	2,609,612	583,265	11,264,449
Direct Vacant Space (Square Feet)	625,414	216,387	382,878	159,299	1,383,978
Sublet Space (Square Feet)	65,779	30,041	3,487	1,806	101,113
Total Vacancy	691,193	246,428	386,365	161,105	1,485,091
Total Vacancy Rate	12.0%	10.7%	14.8%	27.6%	13.2%
Direct Vacancy Rate	10.8%	9.4%	14.7%	27.3%	12.3%
Occupied Space (including sublet)	5,144,991	2,084,780	2,226,734	423,966	9,880,471
Occupied Space (excluding sublet)	5,079,212	2,054,739	2,223,247	422,160	9,779,358
New Supply (Current Quarter)	0	60,000	0	0	60,000
New Supply YTD	0	60,000	0	0	60,000
Weighted Average Rent	\$14.56	\$15.62	\$14.16	\$13.51	\$14.46
Weighted Average CAM/Taxes	\$14.25	\$11.76	\$10.80	\$11.64	\$12.11
Gross Rent	\$28.81	\$27.38	\$24.97	\$25.15	\$26.58
3 Month Absorption (Direct)	-31,156	-6,357	33,132	8,813	4,432
YTD Absorption (Direct)	-31,156	-6,357	33,132	8,813	4,432
3 month Absorption (Overall)	-30,913	-29,898	33,132	8,813	-18,866
YTD Absorption (Overall)	-30,913	-29,898	33,132	8,813	-18,866

*Note: Downtown Suburban was moved in Q1 2015 to Central, reflecting a truer picture of Central Halifax vs. Suburban office space

