

## HALIFAX INDUSTRIAL

### Economic Indicators

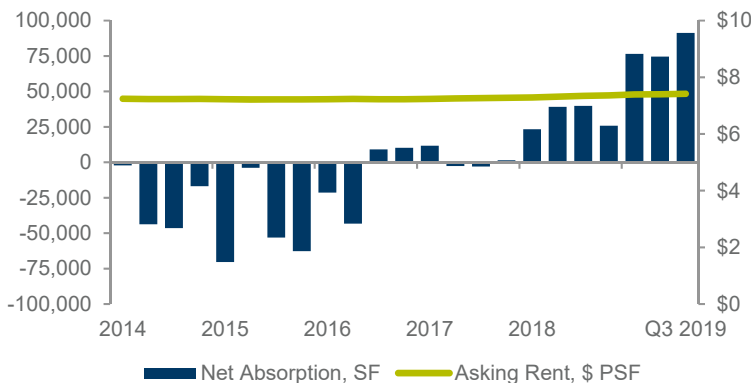
	Q3 18	Q3 19	12-Month Forecast
Halifax Employment	234K	244K	▼
Halifax Unemployment	6.8%	5.6%	▲
Canada Unemployment	6.0%	5.7%	▲

### Market Indicators (Overall, All Product Types)

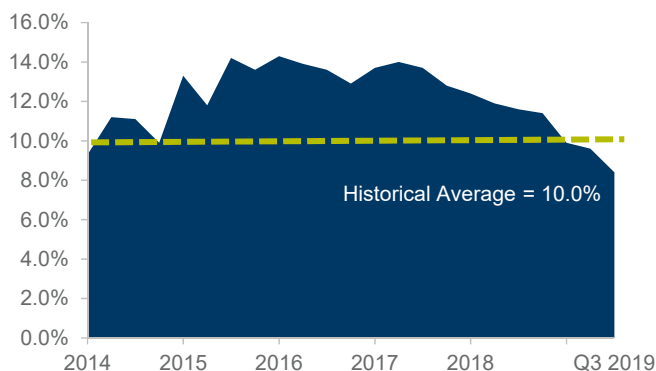
	Q3 18	Q3 19	12-Month Forecast
Vacancy	11.6%	8.4%	▼
Net Absorption (sf)	24,946	91,779	▲
Under Construction (sf)	0	0	■
Average Asking Rent*	\$7.39	\$7.47	▲

\*Rental rates reflect net asking \$psf/year

### Overall Net Absorption/Overall Asking Rent 4Q TRAILING AVERAGE



### Overall Vacancy



## Economy

Nova Scotia's economic momentum continues to improve in 2019. The GDP growth rate in Halifax is expected to outpace national and provincial figures and is estimated to grow 2.1% over the next 4 years. Job growth in the province is up 2.4% since 2018. Annual population growth in Halifax hovers around 2.0%, bringing the population to over 430,000. Business confidence has eased slightly and growth in manufacturing and wholesale sales sectors is following a more relaxed pace. International exports have eased, partially due to China's slower economic momentum and the increase in banned Canadian food products in China. Home sales remain strong and demand for rental units continues to encourage construction for multi-residential units.

(Sources: Statistics Canada, TD, Laurentian Bank Securities, Halifax Partnership)

## Market Overview

Nova Scotia's industrial market experienced positive absorption of 91,779 square feet (sf) in the third quarter of 2019, dropping the vacancy rate 120 basis points (bps) from last quarter to 8.4%. The Bayers Lake submarket vacancy rate declined to 35.7% this quarter, as an undisclosed tenant leased 10,800 sf at 114 Chain Lake Drive. Strong activity in the Burnside market continued to push its vacancy rate lower, down to 7.9% in the third quarter of 2019 from 9.2% last quarter. A contributing factor to the positive absorption of 83,490 sf in Burnside during the third quarter was the Salvation Army, which leased 16,000 sf for their distribution centre at 65 John Savage Avenue. Two units were leased at 28-38 Borden Avenue, totaling 15,590 sf. Parts for Trucks vacated 30,849 sf at 122 Dorey Avenue and moved to 96 Trider Crescent. Sales transactions were recorded in the third quarter of 2019, as ProReit purchased five Burnside buildings, totaling 356,760 sf, and Guardian Capital added 61 Raddall Drive to its portfolio. Overall, industrial market net rents reached \$7.47 per square foot (psf) in the third quarter of 2019, an increase of \$0.07 from \$7.40 psf last quarter. Burnside submarket net rents averaged \$7.32 psf in the third quarter of 2019, a \$0.07 uptick from the second quarter.

Halifax and Bedford both experienced a decline in momentum in the third quarter of 2019. The vacancy rate in the Halifax market rose to 5.3% this quarter, an increase of 30 bps from last quarter. Bedford's vacancy rose by 310 bps from the second quarter of 2019 to reach 7.0%. This vacancy increase can be attributed to tenants vacating space at 275-325 Rocky Lake Drive. Despite this rising vacancy, net rents in Bedford increased from \$14.13 psf in the second quarter of 2019 to \$15.71 psf this quarter.

## Outlook

An increasing population will continue to drive the demand for new housing developments and support strong home resale transactions. Fiscal spending will be focused on various highway improvement projects, health care investment, and shipbuilding. A decision whether to proceed with the Goldboro LNG project has been delayed until 2020.

MARKETBEAT

# Halifax, Nova Scotia

Industrial Q3 2019



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%	0	0	0	0	\$6.25	\$3.76	\$10.01
Bayers Lake	5	249,739	89,250	35.7%	13,564	1,904	0	0	\$8.47	\$7.26	\$15.73
Bedford	4	94,819	6,634	7.0%	-3,527	-4,304	0	0	\$15.71	\$6.75	\$22.46
Burnside	123	6,623,465	524,095	7.9%	83,490	337,521	0	0	\$7.32	\$5.10	\$12.42
Halifax	12	523,555	27,895	5.3%	-1,748	5,795	0	0	\$7.86	\$5.22	\$13.07
Ragged Lake Business Park	1	36,000	0	0.0%	0	16,000	0	0	\$7.50	\$5.05	\$12.55
Sackville	2	27,300	4,000	14.7%	0	-4,000	0	0	\$7.35	\$4.68	\$12.03
<b>HALIFAX TOTALS</b>	<b>152</b>	<b>7,757,892</b>	<b>651,874</b>	<b>8.4%</b>	<b>91,779</b>	<b>352,916</b>	<b>0</b>	<b>0</b>	<b>\$7.47</b>	<b>\$5.16</b>	<b>\$12.63</b>

\*Rental rates reflect asking \$psf/year

## Key Lease Transactions Q3 2019

PROPERTY	SF	TENANT	SUBMARKET
96 Trider Crescent	54,700	Parts for Trucks	Burnside
65 John Savage Avenue	16,000	Salvation Army	Burnside

## Key Sale Transactions Q3 2019

PROPERTY	SF	BUYER	PRICE / \$PSF	SUBMARKET
26-28 Topple Drive	201,000	ProREIT		Burnside
45 Wright Avenue	15,360	ProREIT		Burnside
71 IIsley Avenue	46,800	ProREIT	\$28.1 M	Burnside
81 IIsley Avenue	46,800	ProREIT		Burnside
101 IIsley Avenue	46,800	ProREIT		Burnside
61 Raddall Avenue	58,296	Guardian Capital	\$5.9 M	Burnside

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