

HALIFAX INDUSTRIAL

Economic Indicators

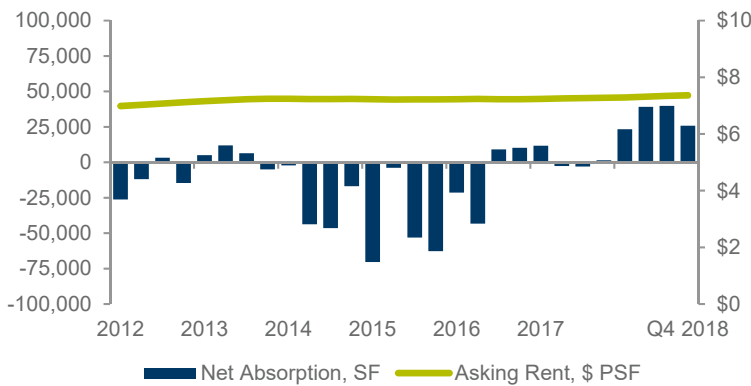
	Q4 17	Q4 18	12-Month Forecast
Halifax Employment	225K	236K	▲
Halifax Unemployment	6.9%	6.2%	▼
Canada Unemployment	5.7%	5.6%	■

Market Indicators (Overall, All Product Types)

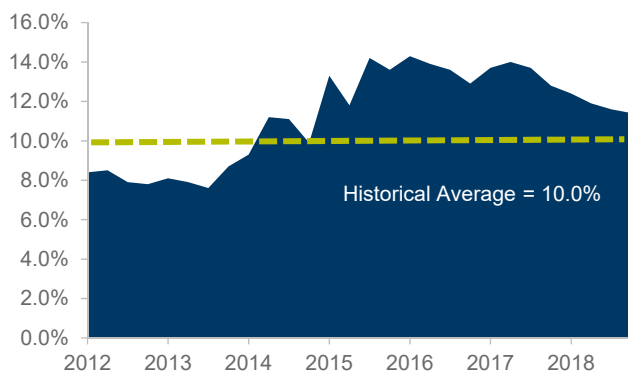
	Q4 17	Q4 18	12-Month Forecast
Vacancy	12.8%	11.4%	▼
Net Absorption (sf)	68,400	12,236	▲
Under Construction (sf)	0	0	■
Average Asking Rent*	\$7.28	\$7.36	▲

*Rental rates reflect net asking \$psf/year

Overall Net Absorption/Overall Asking Rent 4Q TRAILING AVERAGE



Overall Vacancy



Economy

Nova Scotia's GDP growth of 1.2% was on track for 2018. The economic winds of change are positioned to create a slight loss of momentum in 2019, slowing GDP growth to approximately 1.0%. Population growth was positive and employment gains were solid, particularly for full-time positions. Home buyer confidence remained strong throughout 2018, resulting in a healthy number for both resale transactions and new home construction. Looming interest rate hikes, limited resale inventory, higher home prices and policies dedicated to home ownership will provide challenges for the residential sector in 2019. International forestry and seafood exports grew throughout 2018 and a surge of exports is anticipated once the \$36 million cargo handling facility is constructed at the Halifax Stanfield International Airport. Aside from this multi-tiered investment project, modest government funding will be a contributing factor to the slowed economic activity.

(Sources: Statistics Canada, TD Economics, RBC Economics)

Market Overview

Nova Scotia's industrial market experienced a decline in vacancy throughout 2018, with the vacancy rate falling 100 basis points from 12.4% in the first quarter to 11.4% in the last quarter of 2018.

Declining vacancy rates were seen across all industrial submarkets through 2018, with modest leasing activity observed in Burnside during the fourth quarter. Although Burnside generated a minimal amount of negative absorption this quarter, the vacancy rate fell 80 basis points year-over-year from 12.2% to 11.4% in the fourth quarter of 2018. There was notable movement in Burnside this quarter as two tenants vacated 28-38 Borden Avenue, leaving 15,590 square feet (sf) available. Positive absorption was observed at 120 Troop Ave. where Keystone Automotive acquired 22,984 sf. Additionally, J.W. Bird and Company Limited expanded its current premises by 70%, increasing its total footprint at 171 John Savage Avenue to 21,250 sf.

Bedford generated the highest absorption of all the submarkets in the fourth quarter of 2018 with activity occurring in 80% of its properties. As a result, the vacancy rate in Bedford declined substantially to 2.5% from 8.3% last quarter. The vacancy in Ragged Lake also saw a notable decline from last quarter to sit at 44.4%. Fourth quarter vacancy within the Halifax submarket decreased to 5.8% from 6.5% last quarter. A contributing factor to the decrease in vacancy was positive absorption of 7,000 sf at 3630 Strawberry Hill. Activity in Bayers Lake during the second quarter of this year contributed to the majority of the positive absorption, a total of 16,525 sf for 2018 in this submarket, which saw fourth quarter vacancy decline 160 basis points to 36.5% from last quarter.

Outlook

In 2019 economic conditions in Nova Scotia are expected to be moderate but positive and steady. Large scale ship-building, exports and strong tourism spending are expected to lift the economy in 2019. The lingering possibility of a \$5 billion government investment toward the Goldboro LNG project offers a glimpse of an economic boost in 2019. The work force should remain steady but with weaker annual job growth.

MARKETBEAT

Halifax, Nova Scotia

Industrial Q4 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	0	0.0%	0	13,697	0	0	\$6.25	\$3.68	\$9.94
Bayers Lake	5	249,739	91,154	36.5%	4,019	16,525	0	0	\$7.50	\$5.05	\$12.55
Bedford	4	94,819	2,330	2.5%	5,537	4,551	0	0	\$9.87	\$6.75	\$16.63
Burnside	121	6,499,831	737,982	11.4%	-2,986	55,537	0	0	\$7.29	\$4.99	\$12.28
Halifax	13	585,336	33,690	5.8%	4,316	28,537	0	0	\$7.66	\$5.38	\$13.04
Ragged Lake Business Park	1	36,000	16,000	44.4%	1350	-16,000	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	881,156	11.4%	12,236	102,847	0	0	\$7.36	\$5.05	\$12.42

*Rental rates reflect asking \$psf/year

Key Lease Transactions Q4 2018

PROPERTY	SF	TENANT	SUBMARKET
N/A			

Key Sale Transactions Q4 2018

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

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