

## HALIFAX OFFICE

### Economic Indicators

	Q1 18	Q1 19	12-Month Forecast
Halifax Employment	229K	237.7K	▲
Halifax Unemployment	6.4%	4.9%	▼
Canada Unemployment	5.8%	5.8%	■

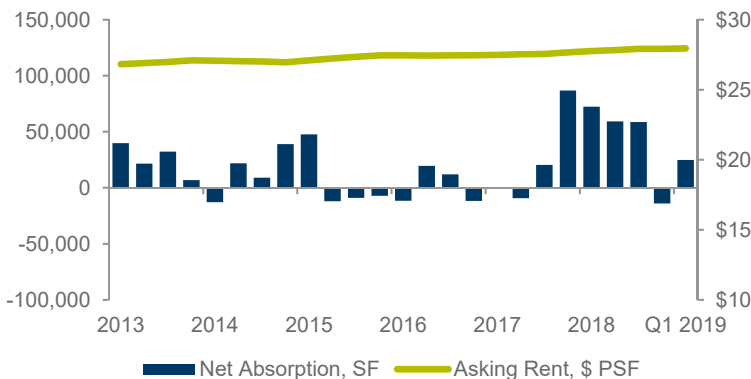
### Market Indicators (Overall, All Classes)

	Q1 18	Q1 19	12-Month Forecast
Overall Vacancy	15.9%	14.7%	▲
Net Absorption (sf)	-49,861	105,275	▼
Under Construction (sf)	105,000	105,000	▼
Average Asking Rent*	\$27.93	\$28.06	▼

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

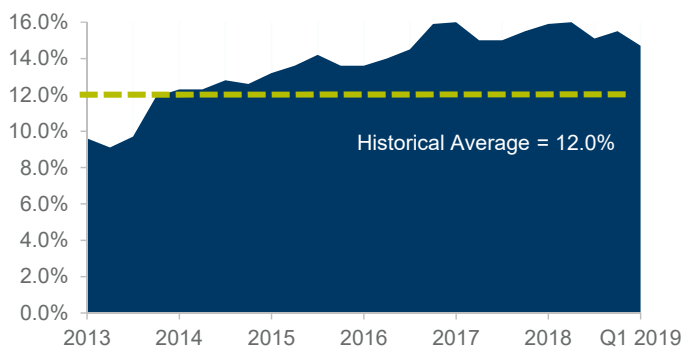
### Overall Net Absorption/Overall Asking Rent

#### 4Q TRAILING AVERAGE



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

### Overall Vacancy



## Economy

Although Nova Scotia's economy is expected to remain slow in 2019, there will be positive growth. In the first quarter of 2019 the province experienced a healthy job growth rate, supported by an increase to the labour force pool with 3,400 additional eligible workers and a high volume of job vacancies. These factors helped to push the provincial unemployment rate to a low of 6.4%. The net gain of full-time positions weakened to 0.2% while part-time positions surged by 8.3%. Home resale inventory remains low, housing prices are slightly higher but stable, and housing starts have grown by approximately 4.7%. Although there will be moderate capital spending in sectors such as natural resources, the fiscal boost will be in manufacturing and infrastructure. Nova Scotia remains a strong exporter on the international stage although growth in demand is slightly slowing.

(Sources: Statistics Canada, National Bank of Canada, CMHC)

## Market Overview

Overall office leasing activity strengthened slightly in the greater Halifax area in the first quarter of 2019, lowering the area's vacancy rate by 80 basis points to 14.7%. Vacancy rates in the CBD decreased from 20.3% last quarter to 19.1%, while net rents remain unchanged at \$15.08 per square foot (psf). Demand for Class A office space in the CBD was moderate, with the majority of the Class A positive absorption occurring around the Spring Garden Road area. Class B office space experienced a 130 basis point drop in total vacancy rates from 18.8% to 17.5% quarter-over-quarter. Class A net rents decreased quarter-over-quarter from \$19.02 psf to \$18.85 psf, while Class B and Class C net rents rose slightly from \$12.30 psf and \$12.97 psf to \$12.36 psf and \$13.39 psf respectively in the first quarter of 2019.

Vacancy rates in Suburban Halifax increased to 6.3% in the first quarter of 2019, rising from 5.6% last quarter. Vacating tenants in the suburban Halifax area contributed to a total of 17,976 square feet (sf) of negative absorption. Dartmouth saw a slowed pace of tenant gains in the first quarter of 2019 with 14,589 sf of absorption compared to last quarter's absorption of 63,679 sf. In the Burnside City of Lakes area, this slowing momentum flowed through Class A and B office space, while the demand for Class C office space showed an increased positive absorption total of 3,382 square feet in the first quarter of 2019 compared to last quarter. The Bedford submarket saw an increase of new tenants taking occupancy, bringing the vacancy rate down by 380 basis points in the first quarter of 2019 to 15.3%. Net rents in Dartmouth remain unchanged while the average net rent in Bedford increased slightly by two cents to \$13.79 psf. Net rents in suburban Halifax jumped from \$14.69 psf last quarter to \$15.07 psf in the first quarter of 2019.

## Outlook

The pace of population growth in Nova Scotia is brisk and is expected to remain constant throughout 2019. Economic activity is one step closer to getting a boost pending a decision of whether to proceed with building an \$8 billion LNG plant. Housing starts should remain strong throughout 2019 and the acceleration of resale values is expected to stabilize.

## MARKETBEAT

## Halifax, Nova Scotia

Office Q1 2019



SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL AVERAGE ASKING RENT (ALL CLASSES)*	OVERALL AVERAGE ASKING RENT (CLASS A)*
<b>Halifax-Central Business District</b>	<b>57</b>	<b>6,155,436</b>	<b>16,819</b>	<b>1,160,041</b>	<b>19.1%</b>	<b>74,443</b>	<b>74,443</b>	<b>105,000</b>	<b>\$29.52</b>	<b>\$34.66</b>
Halifax-Suburban	31	2,515,542	29,182	130,086	6.3%	-17,976	-17,976	0	\$27.92	\$29.10
Dartmouth	42	2,799,126	0	340,242	12.2%	14,589	14,589	0	\$25.53	\$28.04
Bedford	20	887,713	0	135,586	15.3%	34,219	34,219	0	\$25.81	\$26.72
<b>Total Suburban Area</b>	<b>93</b>	<b>6,202,381</b>	<b>29,182</b>	<b>605,914</b>	<b>10.2%</b>	<b>30,832</b>	<b>30,832</b>	<b>0</b>	<b>\$26.56</b>	<b>\$28.24</b>
<b>HALIFAX TOTALS</b>	<b>150</b>	<b>12,357,817</b>	<b>46,001</b>	<b>1,765,955</b>	<b>14.7%</b>	<b>105,275</b>	<b>105,275</b>	<b>105,000</b>	<b>\$28.06</b>	<b>\$31.23</b>

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

SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS	OVERALL AVERAGE ASKING RENT *
Class A	59	5,403,990	39,316	766,442	14.2%	32,506	32,506	105,000	0	\$31.23
Class B	64	5,607,593	6,685	817,568	14.6%	63,064	63,064	0	0	\$25.77
Class C	29	1,346,234	0	181,945	13.5%	9,705	9,705	0	0	\$24.47

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

## Key Lease Transactions Q1 2019

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
----------	----	--------	------------------	-----------

N/A

## Key Projects Under Construction

PROPERTY	SF	TENANT	COMPLETION DATE	SUBMARKET
Queen's Marque	105,000	Stewart McKelvey	2020	Halifax CBD

Cushman & Wakefield Atlantic  
Suite 601  
5475 Spring Garden Road  
Halifax, Nova Scotia  
[cwatlantic.com](http://cwatlantic.com)

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

## About Cushman &amp; Wakefield

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with 51,000 employees in 400 offices and 70 countries. In 2018, the firm had revenue of \$8.2 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit [www.cushmanwakefield.com](http://www.cushmanwakefield.com) or follow @CushWake on Twitter.

©2019 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.