

HALIFAX INDUSTRIAL

Economic Indicators

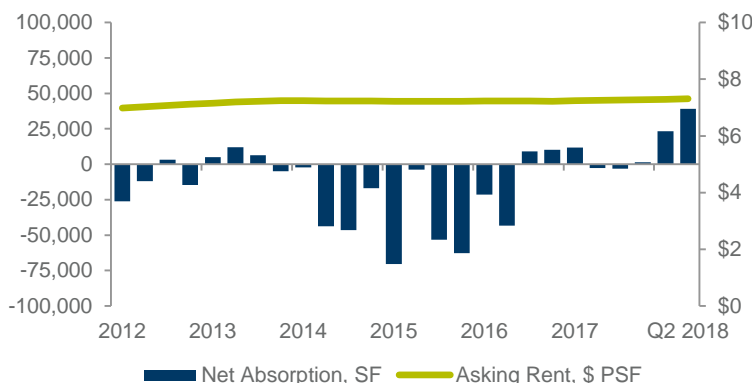
	Q2 17	Q2 18	12-Month Forecast
Halifax Employment	242K	234.2K	▲
Halifax Unemployment	7.0%	5.7%	▼
Canada Unemployment	6.6%	5.8%	■

Market Indicators (Overall, All Product Types)

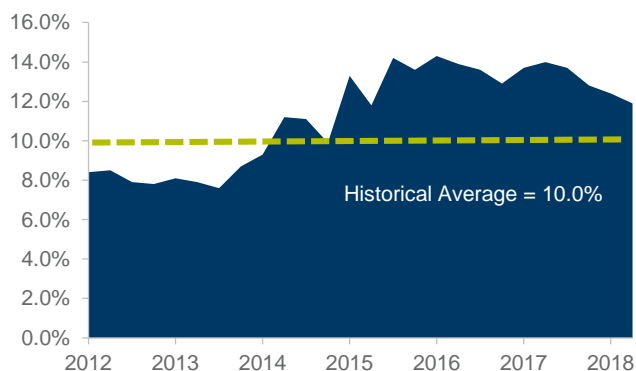
	Q2 17	Q2 18	12-Month Forecast
Vacancy	14.0%	11.9%	▼
Net Absorption (sf)	-24,861	38,338	▲
Under Construction (sf)	0	0	■
Average Asking Rent*	\$7.28	\$7.39	▲

*Rental rates reflect net asking \$psf/year

Overall Net Absorption/Overall Asking Rent 4Q TRAILING AVERAGE



Overall Vacancy



Economy

Nova Scotia's economy performed well in 2017 with GDP growth of 1.4%, stronger than the anticipated growth rate of 1.1%. The Bank of Canada has reported though that GDP growth in the province will weaken through 2018, reaching 0.9% by 2019. RBC Economics cites a decline in consumer spending, a slowdown in manufacturing, and falling housing starts will be the driving factors behind the slowed growth. Although the overall consumer spending pace has slowed from 2017 through to the beginning of 2018, the outlook for household goods expenditures remains strong, partially due to the increase of immigrants which will add to the consumer base. Nova Scotia's employment rate increased by 0.1% since the second quarter of 2017; however, Halifax saw growth of 2.3% in its labour force over the same period in time. Halifax's economy is forecasted to hold strong through to 2022, largely due to the manufacturing sector, as preparations are underway at Irving Shipbuilding to deliver the first of six Arctic Patrol Vessels.

(Sources: Statistics Canada, National Bank of Canada, RBC Economics), Conference Board of Canada)

Market Overview

Nova Scotia's Industrial market saw a slight decrease in the overall vacancy rate in the second quarter of 2018, falling to 11.9% as multiple submarkets experienced declines in vacancy. The Halifax submarket saw the most significant change as the vacancy rate fell to 5.3% this quarter, a decrease from the first quarter of 2018 vacancy rate of 9.4%. This submarket also generated the highest amount of positive absorption this quarter with just over 24,000 square feet (sf).

The Burnside submarket saw a decline in its overall vacancy rate, falling by 20 basis points to 11.8% in the second quarter of 2018. Although the impact on vacancy was negligible, Burnside's inventory saw a few notable changes in tenancy, as four larger spaces between 10,000 and 24,000 sf were occupied with new tenants. One notable tenant that will impact the Burnside vacancy rate next quarter is Acklands-Grainger Inc., who will be occupying 35,500 sf at 210 John Savage Avenue.

Finally, the Atlantic Acres submarket underwent a decrease in its vacancy rate in the second quarter of 2018, moderately declining to 4.9% from 6.7% last quarter. Contributing to this decline were tenancies at 200 Bluewater Road and 325 Rocky Lake Drive for 3,697 and 1,913 sf respectively. The vacancy rate within the submarkets of Ragged Lake Business Park and Sackville remained unchanged quarter-over-quarter, while Bayers Lake saw a slight increase in vacancy to 44.3%.

Outlook

The continued influx of immigrants to Nova Scotia and the bolstering manufacturing sector are two pillars that will help propel the economy in 2018. Due to the strengthening demand once again for workers in Western Canada, a growing number of residents will likely leave the province. As more workers are set to retire in 2018 and beyond, Nova Scotia's labour force will feel the pressure.

MARKETBEAT

Halifax, Nova Scotia

Industrial Q2 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	10,000	4.9%	3,697	3,697	0	0	\$6.25	\$3.68	\$9.94
Bayers Lake	5	249,739	110,526	44.3%	-1,331	-2,847	0	0	\$8.12	\$6.21	\$14.33
Bedford	4	94,819	2,292	2.4%	-379	4,589	0	0	\$9.87	\$6.75	\$16.63
Burnside	121	6,499,831	764,783	11.8%	12,203	28,736	0	0	\$7.30	\$4.98	\$12.28
Halifax	13	585,336	30,737	5.3%	24,148	31,490	0	0	\$8.06	\$5.51	\$13.57
Ragged Lake Business Park	1	36,000	0	0.0%	0	0	0	0	\$7.50	\$4.88	\$12.38
Sackville	2	27,300	0	0.0%	0	0	0	0	\$7.35	\$4.68	\$12.03
HALIFAX TOTALS	151	7,696,039	918,338	11.9%	38,338	65,665	0	0	\$7.39	\$5.05	\$12.43

*Rental rates reflect asking \$psf/year

Key Lease Transactions Q2 2018

PROPERTY	SF	BUYER	PRICE / \$PSF	SUBMARKET
210 John Savage Drive	35,500	Acklands-Grainger Inc.	Undisclosed	Burnside

Key Sale Transactions Q2 2018

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

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