

## HALIFAX INDUSTRIAL

### Economic Indicators

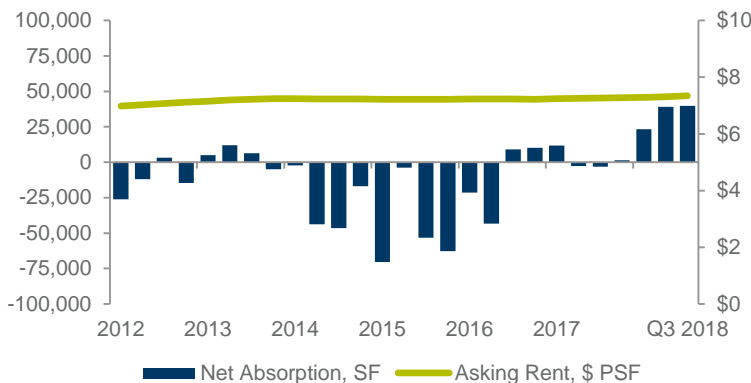
	Q3 17	Q3 18	12-Month Forecast
Halifax Employment	224K	234K	▲
Halifax Unemployment	7.1%	6.8%	▼
Canada Unemployment	6.2%	6.0%	■

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

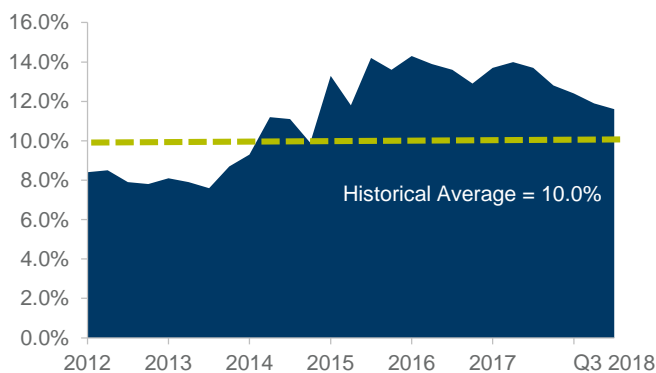
	Q3 17	Q3 18	12-Month Forecast
Vacancy	13.7%	11.6%	▼
Net Absorption (sf)	22,144	24,946	▲
Under Construction (sf)	0	0	■
Average Asking Rent*	\$7.28	\$7.39	▲

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

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



### Overall Vacancy



## Economy

According to TD Economics, Nova Scotia's economic climate has remained moderately strong in 2018, and is anticipated to maintain a balanced growth rate of 1.1% for the remainder of the year, carrying a similar level of growth into 2019 before slowing to 0.9% in 2020. Employment levels have increased since the second quarter of 2018, full-time job growth has remained steady, and activity in the manufacturing sector has expanded, as tourism remains strong. With the cruise ship industry settling into its high season, Halifax is expected to see a record high of over 300,000 passengers in 2018 and over 27 more ships, compared to 2017. The continued surge in immigration and the uptick in the employment participation rate in the labour entry population (15 to 24 years old), has boosted the labour force and continues to contribute to employment growth. Nova Scotia has experienced a slight increase in unemployment due to the rate of growth of the labour force surpassing the rate of demand. However in the future Nova Scotians should expect unemployment rates to decrease.

(Sources: Statistics Canada, TD Economics)

## Market Overview

Nova Scotia's Industrial market continues to strengthen, with an overall vacancy rate of 11.6% in the third quarter of 2018, a slight decrease of 30 basis points from last quarter. Vacancy in the Bayers Lake submarket fell to 38.1%, a decrease from the second quarter 2018 vacancy rate of 44.3%. As Wicker Emporium closed their warehouse doors at 114 Chain Lake Drive, transactions at 115 Chain Lake Drive and Vantage Point contributed to positive absorption in this submarket of just over 15,000 square feet (sf).

The Burnside submarket vacancy rate fell by 50 basis points to reach 11.3% in the third quarter of 2018. Burnside's inventory saw a few notable changes in tenancy, as five larger spaces between 11,000 and 39,000 sf were occupied by new tenants. One notable tenant that has impacted Burnside's vacancy rate is Feed Nova Scotia, who moved into 39,000 sf on Wright Avenue. This submarket also generated the highest amount of positive absorption in the city at close to 30,000 sf.

The Halifax, Bedford and Ragged Lake submarkets all experienced an increase in vacancy rates in the third quarter of 2018. While the increase in vacancy of 120 basis points in Halifax to 6.5% was moderate, the Bedford vacancy rate rose sharply to 8.3% from 2.4% last quarter. Tenants vacating space at 200 & 325 Rocky Lake Drive were contributing factors to this increase, and these two properties now have a combined total vacancy of just under 28%. Vacancy in the Sackville submarket remains unchanged from last quarter at 0.0%, while the vacancy rate dropped to 0.0% in the Atlantic Acres submarket as a tenant moved into 10,000 sf of space at 200 Bluewater Road.

## Outlook

Although Nova Scotia's economy is expected to improve this year, major government projects are set to wind down and the economic pace within the province will slow down in 2019. Population growth continues at a fast pace and housing demand will remain high. Nova Scotians should expect the price growth of home sales to slow, amid an increase in the cost of borrowing over the coming year.

MARKETBEAT

# Halifax, Nova Scotia

Industrial Q3 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%	10,000	13,697	0	0	\$6.25	\$3.68	\$9.94
Bayers Lake	5	249,739	95,173	38.1%	15,353	12,506	0	0	\$8.12	\$6.21	\$14.33
Bedford	4	94,819	7,867	8.3%	-5,575	-986	0	0	\$9.87	\$6.75	\$16.63
Burnside	121	6,499,831	734,996	11.3%	29,787	58,523	0	0	\$7.30	\$4.98	\$12.28
Halifax	13	585,336	38,006	6.5%	-7,269	24,221	0	0	\$8.06	\$5.50	\$13.56
Ragged Lake Business Park	1	36,000	17,350	48.2%	-17,350	-17,350	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
<b>HALIFAX TOTALS</b>	<b>151</b>	<b>7,696,039</b>	<b>893,392</b>	<b>11.6%</b>	<b>24,946</b>	<b>90,611</b>	<b>0</b>	<b>0</b>	<b>\$7.39</b>	<b>\$5.05</b>	<b>\$12.43</b>

\*Rental rates reflect asking \$psf/year

## Key Lease Transactions Q3 2018

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

## Key Sale Transactions Q3 2018

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

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