

Halifax, Nova Scotia

Industrial Q4 2019

	YoY Chg	12-Mo. Forecast
7.1% Vacancy Rate	▼	▼
100,344 Net Absorption, SF	▲	▲
\$7.49 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q4 2019

	YoY Chg	12-Mo. Forecast
241K Halifax Employment	▲	▲
5.3% Halifax Unemployment Rate	▼	—
5.9% Canada Unemployment Rate	▲	▲

Source: Statistics Canada

ECONOMIC OVERVIEW

Nova Scotia's economic growth continues to strengthen and is expected to continue through 2020. Halifax's GDP growth in 2019 saw a 1.0% increase from 2018 and growth is forecasted to average 2.2% over the next four years. Halifax's annual population growth increased by 1.6%, bringing the total population to just over 445,000. Average weekly wages were up 5.3% which resulted in an uptick in household spending. International exports saw large gains as trade disputes continue between the U.S. and China. Housing demand continues to rise which resulted in an increase of 15% for residential construction and 30% increase in building permits year-over-year. The upcoming closure of the Northern Pulp mill may have an impact on the local economy but to what extent, is still unclear.

(Sources: Statistics Canada, RBC, Halifax Partnership)

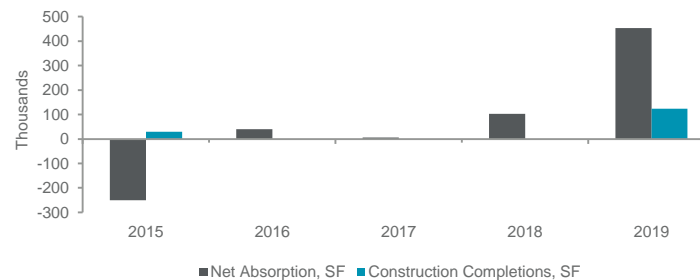
SUPPLY AND DEMAND

Nova Scotia's industrial market saw positive absorption of 100,344 square feet (sf) in the fourth quarter of 2019, causing vacancy to decrease from 8.4% to 7.1% quarter-over-quarter. The Atlantic Acres Industrial Park submarket vacancy rate rose from 0% last quarter to 6.7% in the fourth quarter of 2019 as 13,697 sf came back on the market at 200 Bluewater Road. The Burnside market continued to see vacancy decline, experiencing a 170 basis point (bps) drop from 7.9% last quarter to 6.2% this quarter. A contributing factor to this decline was Creative Flooring Solutions purchasing and moving into 115,000 sf at 131 Thornhill Drive. Halifax and Bedford experienced contrasting changes in vacancy rates from last quarter, with Halifax declining to 4.3%, a decrease of 100 bps from the third quarter of 2019, while Bedford saw an increase in vacancy from 7.0% to 9.5% quarter-over-quarter. This vacancy increase can be attributed to tenants continuing to vacate space in 275-325 Rocky Lake Drive.

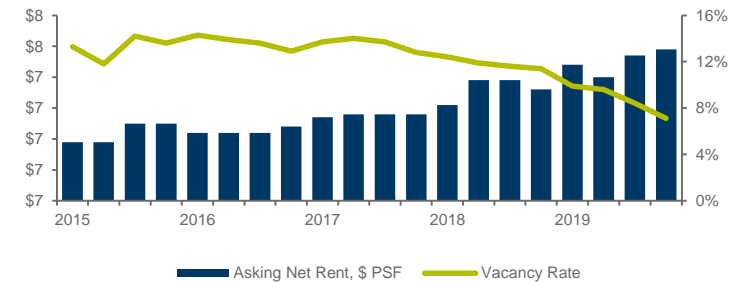
PRICING

The overall industrial market net asking rents in the fourth quarter of 2019 only saw a slight increase from last quarter, rising by \$0.02 per square foot (psf) from \$7.47 psf to \$7.49 psf. The Bayers Lake submarket was the only market that observed an increase in asking rents in the fourth quarter of 2019, climbing from \$8.47 psf to 9.07 psf quarter-over-quarter. All other markets remained unchanged from last quarter.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & NET ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT	OVERALL WEIGHTED AVG .ADD. RENT	OVERALL WEIGHTED AVG GROSS RENT
Atlantic Acres Industrial Park	203,014	13,697	6.7%	-13,697	-13,697	0	0	\$6.25	\$3.76	\$10.01
Bayers Lake	249,739	90,563	36.3%	-1,313	591	0	0	\$9.07	\$7.26	\$16.33
Bedford	94,819	9,014	9.5%	-2,380	-6,684	0	0	\$15.71	\$6.75	\$22.46
Burnside	6,623,465	413,310	6.2%	110,785	448,306	0	123,634	\$7.32	\$5.10	\$12.42
Halifax	523,555	22,346	4.3%	5,549	11,344	0	0	\$7.86	\$5.22	\$13.07
Ragged Lake Business Park	36,000	0	0.0%	0	16,000	0	0	\$7.50	\$5.05	\$12.55
Sackville	27,300	2,600	9.5%	1,400	-2,600	0	0	\$7.35	\$4.68	\$12.03
HALIFAX TOTALS	7,757,892	551,530	7.1%	100,344	453,260	0	123,634	\$7.49	\$5.16	\$12.65

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

KEY SALES TRANSACTIONS Q4 2019

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
131 Thornhill Drive	Burnside	Kingsett Capital Inc. / Creative Flooring Solutions	115,000	\$3.7M / \$32.17
171 John Savage Avenue	Burnside	Lighthouse Realty Atlantic Inc. / ProREIT	50,000	\$8.5M / \$170.00

KEY CONSTRUCTION COMPLETIONS 2019

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
355 Wilkinson Ave	Burnside	FedEx	64,520	East Point
495 Wilkinson Ave	Burnside	Loomis Express	59,114	East Point

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