

Halifax, Nova Scotia

Industrial Q2 2020

	YoY Chg	12-Mo. Forecast
8.1% Vacancy Rate	▼	▲
-16,422 Net Absorption, SF	▼	▼
\$7.61 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q2 2020

	YoY Chg	12-Mo. Forecast
216K Halifax Employment	▼	▲
10.5% Halifax Unemployment Rate	▲	■
13.7% Canada Unemployment Rate	▲	▼

Source: Statistics Canada

ECONOMIC OVERVIEW

Nova Scotia's economic growth is expected to grind to a halt in 2020 as forecasts have Halifax's GDP contracting by 3.4%, a huge contrast to the pre-COVID-19 forecast showing 2.2% growth for 2020. Population growth in Halifax was strong at the tail end of 2019 but could slow in 2020; resulting in hits to consumer spending, construction, and housing demand. Despite the potential population growth decrease and the contraction in GDP growth, Halifax is expected to follow the Canadian trend of improvement in 2021 and experience a 5.9% growth rate. With the province and a large portion of industries re-opening, activity should pick up in June, resulting in much needed economic stimulation. The governments infrastructure program will help support the economy, as expenditures are expected to be doubled this year, with \$230 million already pledged. The COVID-19 pandemic struck Canada in March 2020, late in the quarter but with enough time to have a significant impact on first quarter market fundamentals. In the second quarter of 2020, the Canadian economy felt its effects more fully, as government-mandated shutdowns along with shelter-in-place ordinances pushed the country deeper into recession. The situation remains very fluid. Access the most recent information specific to COVID [here](#).

(Sources: Statistics Canada, RBC, Halifax Partnership)

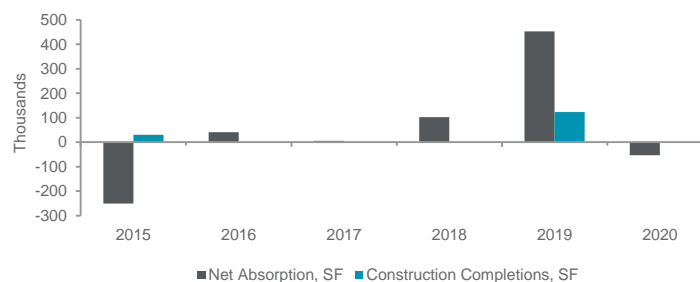
SUPPLY AND DEMAND

Nova Scotia's overall vacancy rate in the second quarter of 2020 rose by 50 basis points (bps) from last quarter to reach 8.1% this quarter. Much of this increase can be attributed to the more than 70,000 square feet (sf) being vacated in the Burnside Industrial Park, with 40,000 sf of that coming from Wacky's Flooring Warehouse vacating its home at 30 Akerley Boulevard. The arrival of this new availability resulted in a 70-basis point vacancy rate increase in the Burnside submarket, climbing from 6.5% to 7.2% quarter-over-quarter. The Bedford submarket saw the most significant change in vacancy this quarter, as the rate dropped by 760 bps from last quarter, to end the second quarter of 2020 at 5.4%. This decline is due to over 7,000 sf of space leased by various tenants at the Bedford trade Mart located at 275-325 Rocky Lake Drive. Mirroring Bedford, the Bayers Lake Business Park experienced a 1.1% quarter-over-quarter decline in vacancy to reach 34.7% in the second quarter of 2020. All other submarkets remained unchanged this quarter.

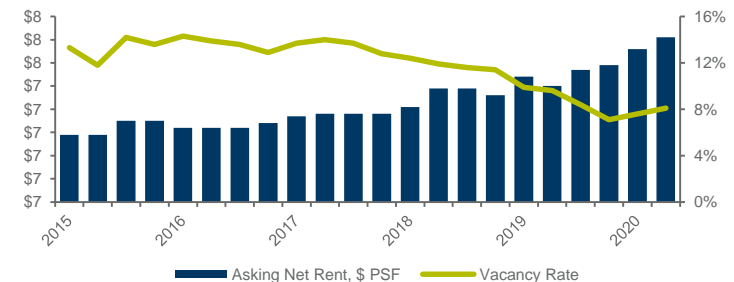
PRICING

The overall industrial net asking rent saw a moderate increase this quarter, reaching \$7.61 per square foot (psf), a \$0.05 psf quarter-over-quarter rise. The Burnside submarket had the most significant change in net rents in the second quarter of 2020, seeing a \$0.07 psf increase from last quarter, to end this quarter at \$7.50 psf. The Halifax submarket was the only other market to see a change in net rents this quarter, with a slight increase of \$0.02 psf from last quarter to \$7.87 psf this quarter. No rental rate changes were observed with any other submarkets in the second quarter of 2020.

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	13,67	6.7%	0	0	0	0	\$6.25	\$3.84	\$10.10
Bayers Lake	249,739	86,763	34.7%	2,617	3,800	0	0	\$9.07	\$7.33	\$16.40
Bedford	94,819	5,080	5.4%	7,203	3,934	0	0	\$13.43	\$6.75	\$20.18
Burnside	6,660,809	481,273	7.2%	-24,551	-43,067	0	0	\$7.50	\$5.10	\$12.60
Halifax	493,811	24,037	4.9%	-1,691	-1,691	0	0	\$7.87	\$5.19	\$13.06
Ragged Lake Business Park	36,000	16,000	44.4%	0	-16,000	0	0	\$7.50	\$5.05	\$12.55
Sackville	27,300	2,600	9.5%	0	0	0	0	\$7.35	\$4.68	\$12.03
HALIFAX TOTALS	7,765,492	629,450	8.1%	-16,422	-53,024	0	0	\$7.61	\$5.16	\$12.78

KEY LEASE TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
81 Ilsley Avenue	Burnside	Reliable Parts Ltd.	7,800	Lease

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