

Halifax, Nova Scotia

Industrial Q3 2020

	YoY Chg	12-Mo. Forecast
9.6% Vacancy Rate	▼	▲
-80,454 Net Absorption, SF	▼	▼
\$7.63 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q3 2020

	YoY Chg	12-Mo. Forecast
237K Halifax Employment	▼	▲
8.4% Halifax Unemployment Rate	▲	▬
9.0% Canada Unemployment Rate	▲	▼

Source: Statistics Canada

ECONOMIC OVERVIEW

Nova Scotia's economy is looking to bounce back with GDP growth anticipated to reach 4.5% in 2021, despite the 3-4% contraction the province is expected to experience this year. The initial reopening of most industries in early June has paid dividends to the recovery of the province, especially as exports have nearly climbed back to their pre-pandemic numbers, due in part to the increase of seafood and wood product exports, though it should be noted that new testing's measures from China on imported seafood may cause exports to slow. Job recovery has continued this quarter as the 16% employment drop that hit in late March and early April has been nearly reversed as strong retail sales have powered to a now estimated 5.2% yearly employment decrease, while the expansion project of the Halifax Infirmary should also help drive future job creation. Population gains are still expected to be slow, but projections have changed from the grim picture that was painted in previous quarters as the hit was not nearly as bad as predicted, which should help provide support to consumer consumption along with the job & housing market. Upon the arrival of COVID-19 in Canada., the economy entered a recession in March 2020. Mounting evidence indicates that the recovery began in May or June with Q3 2020 data likely reflecting that. But, until there is a public health resolution to the pandemic, the recovery is likely to remain uncertain and gradual. Only then can households and businesses become more confident. Access the most recent research on CRE and the state of economy [here](#)

(Sources: Statistics Canada, RBC, TD Economics)

SUPPLY AND DEMAND

Nova Scotia's overall industrial vacancy rate in the third quarter of 2020 rose to 9.6%, a 160-basis point (bps) quarter-over-quarter increase. Part of this increase is due to the recent completion of the third Wilkinson Project property, 315 Wilkinson Avenue, which brought 63,930 square feet (sf) of space to the Burnside market. Subsequently the vacancy rate of the Burnside submarket was on the rise this quarter, reaching 9.1%, a 190-bps increase compared to the previous quarter. The Bayers Lake Business Park also had its vacancy climb in the third quarter of 2020, increasing 180 bps to reach 36.5%. In contrast, the Halifax and Bedford submarkets had overall decreases to their vacancy rates, as the Halifax submarket observed a 140 bps quarter-over-quarter decline to 3.5% in the third quarter of 2020, while the Bedford submarket dropped by 540 basis points compared to last quarter, and currently has no vacancy this quarter. The change in the Bedford submarket is mainly due to the 4,000-sf lease by Ashored Innovations at 275 Rocky Lake Drive, which helped contribute to the over 5,000 sf of absorption seen in this submarket this quarter. All remaining submarkets remained unchanged from the previous quarter.

PRICING

Overall industrial net rents saw a small increase this quarter as rates rose from \$7.61 per square foot (psf) last quarter to \$7.63 psf for a \$0.02 psf quarter-over-quarter change. The Burnside submarket was the only submarket to see any change in net rents this quarter, as rates slightly rose by \$0.02 psf from last quarter to \$7.52 psf in the third 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	13,697	6.7%	0	0	0	0	\$6.25	\$3.84	\$10.10
Bayers Lake	249,739	91,192	36.5%	-4,429	-629	0	0	\$9.07	\$6.98	\$16.04
Bedford	94,819	0	0.0%	5,080	9,014	0	0	\$13.43	\$6.75	\$20.18
Burnside	6,142,547	612,759	9.1%	-87,959	-131,026	68,505	63,930	\$7.52	\$5.10	\$12.62
Halifax	476,628	17,183	3.5%	6,854	5,163	0	0	\$7.87	\$5.19	\$13.06
Ragged Lake Business Park	20,000	16,000	44.4%	0	-16,000	0	0	\$7.50	\$5.05	12.55
Sackville	24,700	2,600	9.5%	0	0	0	0	\$7.35	\$4.68	\$12.03
HALIFAX TOTALS	7,859,989	753,431	9.6%	-80,454	-133,478	68,505	63,930	\$7.63	\$5.15	\$12.78

KEY LEASE TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
275 Rocky Lake Drive	Bedford	Ashored Innovations	4,006	Lease
20-24 Akerley Boulevard	Burnside	Site 2020 Inc.	8,566	Lease

*Renewals not included in leasing statistics

KEY CONSTRUCTION COMPLETIONS YTD 2020

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
315 Wilkinson Avenue	Burnside	N/A	63,930	Wilkinson Equities Inc / East Port Properties

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