

Halifax, Nova Scotia

Industrial Q4 2020

	YoY Chg	12-Mo. Forecast
8.6% Vacancy Rate	▲	▲
72,296 Net Absorption, SF	▼	▼
\$7.66 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q4 2020

	YoY Chg	12-Mo. Forecast
243.5K Halifax Employment	▲	▲
7.3% Halifax Unemployment Rate	▲	▼
8.6% Canada Unemployment Rate	▲	▼

Source: Statistics Canada

ECONOMIC OVERVIEW

All indicators continue to point towards economic growth for Nova Scotia in 2021, as GDP is slated to increase by 4.2%. Employment has strongly recovered from earlier this year with approximately 97% of jobs lost between February and April being restored by November. The province will look towards a possible increase in tourism in the coming year to help recover the losses from 2020, while the brightening prospects of a rebound in the Chinese export sector bodes well for Nova Scotia and its seafood exports. The Nova Scotia Government has also introduced a \$1.3 billion increase to its capital investment budget, which will keep school, healthcare facilities and road work expenditures up, this in combination with the extension of the Atlantic Immigration Pilot Program (AIPP) by the Federal Government, will help stimulate population and economic growth. Despite the optimism for the coming year, caution should be heeded as the province observed a sharper contraction in GDP this year in comparison to most of Atlantic Canada, with the accommodation, food, and retail services taking the biggest blows, along with Nova Scotia's tire manufacturing due to the automotive industries slow down earlier this year.

(Sources: Statistics Canada, RBC, TD Economics)

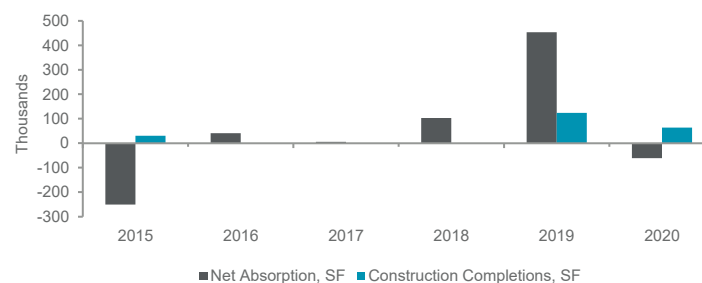
SUPPLY AND DEMAND

The overall vacancy rate within Halifax's industrial market was on the decline this quarter, declining by 100 basis points (bps) from the previous quarter to 8.6% in the fourth quarter of 2020. This decline was supported by 72,296 square feet (sf) of total absorption that was observed this quarter, with a significant portion occurring in the Burnside submarket. This was due to the increase of leasing activity in the submarket, particularly at 121 Ilsley Avenue, where a little over 20,000 sf of space was taken off the market by various tenants. As a result of the uptick in leasing, Burnside vacancy dropped from 9.1% to 7.7% for a 140-bps quarter-over-quarter change. As Burnside was experiencing vacancy decreases, the Atlantic Acres Industrial Park was seeing a sizeable 17.1% quarter-over-quarter vacancy increase as Regional Storage and Logistics vacated its 34,569-sf warehouse at 200 Bluewater Road. The submarket is now sitting at a 23.8% overall vacancy rate. Vacancy in the Bedford submarket was up by 200 bps this quarter, jumping from zero vacancy last quarter to 2.0% vacancy in the fourth quarter of 2020, as just under 2,000 sf of space come onto the market at 325 Rocky Lake Drive. Minimal activity was observed in the Bayers Lake Business Park, as vacancy was down 3.3% from the previous quarter, and is currently at 33.2%, the result of 8,000 sf of space being leased by various tenants at 102 & 110 Chain Lake Drive. In contrast to the previous submarkets, vacancy in the Sackville and Halifax submarkets remains unchanged from the previous quarter.

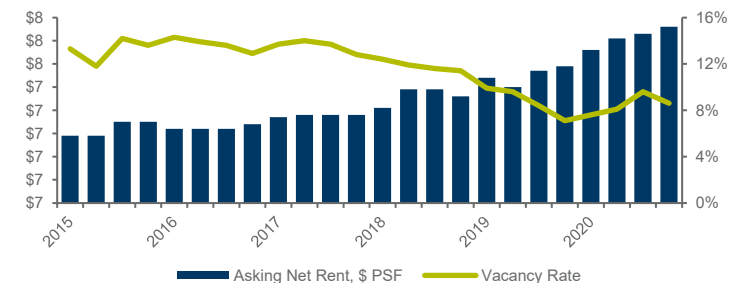
PRICING

Overall average net rents in Halifax's industrial market were slightly up this quarter, moving from \$7.63 per square foot (psf) to \$7.66 psf, for a \$0.03 psf quarter-over-quarter increase. Similar to the increase in the overall rents, the Burnside submarket also observed a \$0.03 psf increase compared to last quarter and ended the fourth quarter of 2020 at \$7.55 psf. Bedford submarket experienced the most significant increase this quarter, where rates jumped by \$0.15 psf, to bring the net rent average to \$13.59 psf in the fourth quarter of 2020. The average asking rents in the remaining submarkets remained unchanged from the previous 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	48,266	23.8%	-34,569	-34,569	0	0	\$6.25	\$3.84	\$10.10
Bayers Lake	249,739	83,005	33.2%	8,187	7,558	0	0	\$9.07	\$6.99	\$16.06
Bedford	94,819	1,911	2.0%	-1,911	7,103	0	0	\$13.58	\$6.75	\$20.34
Burnside	6,779,306	521,773	7.7%	90,986	-40,040	68,505	0	\$7.55	\$5.12	\$12.67
Halifax	493,811	17,183	3.5%	0	5,163	0	0	\$7.87	\$5.19	\$13.06
Ragged Lake Business Park	36,000	6,397	17.8%	9,603	-6,397	0	0	\$7.50	\$5.05	\$12.55
Sackville	27,300	2,600	9.5%	0	0	0	0	\$7.335	\$4.68	\$12.03
HALIFAX TOTALS	7,883,989	681,135	8.6%	72,296	-61,182	68,505	0	\$7.66	\$5.17	\$12.83

KEY LEASE TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	TENANT	RSF	TYPE*
191 Joseph Zatzman Drive	Burnside	West Pier Marine & Industrial Supply Inc.	24,268	Lease
3606 Strawberry Hill	Halifax	Canadian Tire	4,203	Renewal

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
115 Chain Lake Drive	Halifax	Fiera Real Estate / Bayside Realities Inc.	143,000	\$13.25M / \$93
92 Simmonds Drive	Burnside	Blue Water Agencies Ltd / 3338667 NS Ltd.	15,000	\$1.36M / \$91

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