

# Halifax, Nova Scotia

Office Q3 2020



YoY Chg 12-Mo. Forecast

**14.5%**  
Vacancy Rate



**19,059**  
Net Absorption, SF



**\$28.84**  
Asking Rent, PSF



(Overall, All Property Classes)

## 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)

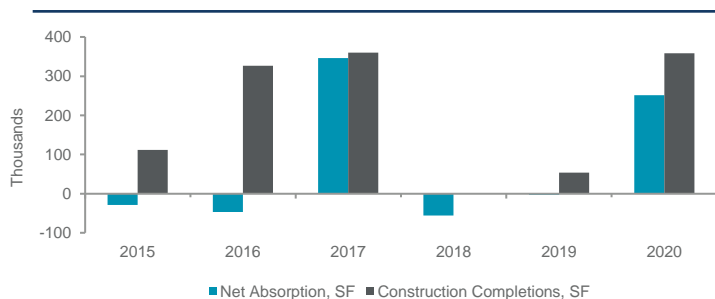
## SUPPLY AND DEMAND

Nova Scotia's overall office vacancy rate finished the third quarter of 2020 at 14.5%, an 80-basis point (bps) decrease from the previous quarters rate of 15.3%. Net absorption was also positive this quarter at 19,059 square feet (sf), which is partly due to over 11,000 sf of space being taken off the market by various tenants at 1809 Barrington Street (CIBC Building). Overall vacancy in the Central Business District (CBD) dropped from 19.5% last quarter to 18.1% in the third quarter of 2020, a 140 bps decrease. Class A vacancy in the CBD saw a slight increase from last quarter, rising by 40 bps to 24.0% in the third quarter. Class B properties in the CBD saw the largest change in vacancy this quarter, as vacancy fell by 300 basis points from last quarter to reach 13.4%. Suburban Halifax was the only other submarket to experience an overall vacancy decrease this quarter, as vacancy dropped to 6.1%, a 100 bps change from last quarter. Class A vacancy in this submarket experienced the most significant change, declining by 250 bps from last quarter to 7.0% in the third quarter of 2020. The Dartmouth submarket remained virtually unchanged from the previous quarter, observing only a 10 bps vacancy rate increase from last quarter, bringing the rate to 16.0% in the third quarter of 2020. Similar to the Dartmouth submarket, the Bedford submarket overall vacancy rate was nearly identical to the previous quarter as vacancy only increased by 20 bps to 7.9% in the third quarter of 2020.

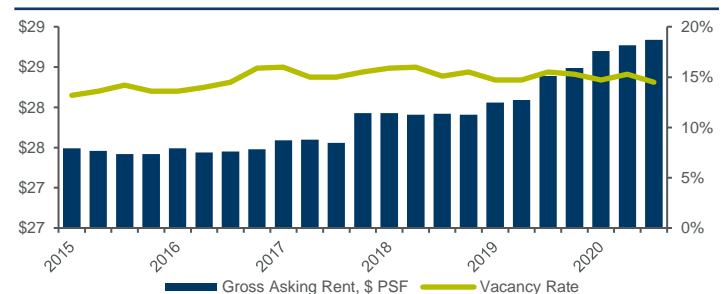
## PRICING

Overall average net rents saw a modest increase quarter-over-quarter, rising from \$15.24 per square foot (psf) to \$15.29 psf in the third quarter of 2020. The CBD saw overall net rents increase by \$0.12 psf from \$15.55 psf in the second quarter to \$15.67 psf in the third quarter of 2020. Class A and C net rents experienced increases this quarter, climbing \$0.25 psf and \$0.16 psf to \$19.20 psf and \$12.68, respectively, while Class B remained unchanged. Suburban Halifax and the Bedford Submarket net rents were stagnant quarter-over-quarter. Dartmouth overall net rents were also virtually unchanged this quarter, declining by just \$0.01 psf from last quarter to \$14.75 psf in the third quarter of 2020.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY & ASKING RENT



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Office Q3 2020

## MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION(SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Halifax – Central Business District	6,186,733	12,166	1,109,881	18.1%	23,476	163,150	0	\$30.50	\$35.37
Halifax - Suburban	2,466,594	3,970	147,067	6.1%	871	-36,373	0	\$28.24	\$30.15
Dartmouth	3,102,426	18,371	477,937	16.0%	-3,584	105,277	0	\$26.98	\$29.29
Bedford	943,713	3,562	70,909	7.9%	-1,704	19,679	0	\$25.63	\$27.00
<b>SUBURBAN TOTALS</b>	<b>6,512,733</b>	<b>25,903</b>	<b>695,913</b>	<b>11.1%</b>	<b>-4,417</b>	<b>88,583</b>	<b>0</b>	<b>\$27.27</b>	<b>\$29.24</b>
<b>HALIFAX TOTALS</b>	<b>12,699,466</b>	<b>38,069</b>	<b>1,805,794</b>	<b>14.5%</b>	<b>19,059</b>	<b>251,733</b>	<b>0</b>	<b>\$28.84</b>	<b>\$31.91</b>

\*Rental rates reflect full service asking

## KEY LEASE TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
1600 Bedford Highway	Bedford	Geo Nova Inc	1,338	Lease
117 Kearney Lake Road	Suburban	HRCE	9,137	Lease

\*Renewals not included in leasing statistics

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