

# Halifax, Nova Scotia

## Industrial Q1 2021

	YoY Chg	12-Mo. Forecast
<b>5.6%</b> Vacancy Rate	▼	▲
<b>113K</b> Net Absorption, SF	▲	▼
<b>\$7.68</b> Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

### ECONOMIC INDICATORS Q1 2021

	YoY Chg	12-Mo. Forecast
<b>242.5K</b> Halifax Employment	▲	▲
<b>8.2%</b> Halifax Unemployment Rate	▲	▼
<b>7.5%</b> Canada Unemployment Rate	▼	▼

Source: Statistics Canada

### ECONOMIC OVERVIEW

Coming off a 3.9% GDP contraction in 2020, Nova Scotia is projected to have an even stronger 2021 than previously forecasted, as GDP is anticipated to grow by 5.5% in 2021. The province was able to deal with the second wave of the pandemic and experienced only slight dips in employment during December 2020 when restrictions were once again reinstated. February 2021 saw these restrictions lifted once again and Nova Scotia was able to continue to operate in a relatively open environment. Easement of restrictions has resulted in business's being able to operate at 75% capacity, and the tentative reestablishment of the Atlantic Bubble on May 3<sup>rd</sup> should set the stage for strong growth this year. Forecasted growth in the United States bodes well for the province as manufacturing shipments were up by 12% compared to pre-pandemic levels, while increased demand from China will see gains in Nova Scotia's exports. Public sector funds saw an increase over the course of 2020, which provided the province with support during the pandemic, and brought a 40% increase in capital spending, through the QEII Health Sciences redevelopment and the Highway 104 twinning project. Though 2021 will see a slight easement to public investment, program spending is expected to surge over \$700 million more than what was originally projected in this year's fiscal budget. Vaccine delivery in Nova Scotia was behind compared to most of Canada as decisions to hold back the second dose was the source for the delays. This policy has since changed, and the province is now anticipating that by the end of June first doses will be available to all.

(Sources: Statistics Canada, RBC, TD Economics)

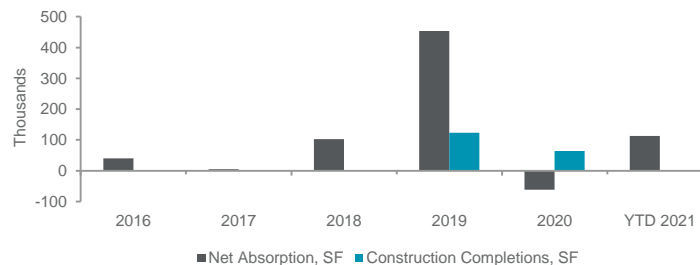
### SUPPLY AND DEMAND

The overall vacancy rate for the Halifax industrial market saw a significant drop to 5.6% in the first quarter of 2021, a 300-basis point (bps) decline compared to the previous quarter. This change can be partly attributed to the Atlantic Acres submarket, which reported just under 50,000 square feet (sf) of space being leased by the Nova Scotia Health Authority at 200 Bluewater Road. The Atlantic Acres submarket as a result does not currently have any vacancy, a significant change from vacancy of 23.8% last quarter. The Burnside submarkets strong finish to 2020 continued in the first quarter of 2021 as rates were down to 4.7% for a 300-bps quarter-over-quarter decrease. Significant leasing activity in the submarket provided over 70,000 sf of net absorption as Tour Tech East leased 40,000 sf at 41 Akerley Boulevard and are now the property's sole tenant. Smaller sizes were also taken off the market, such as the 9,000-sf space that Sensor Technology Ltd moved into at 12-26 Borden Avenue. The Ragged Lake Business Park also observed a vacancy rate decrease in the first quarter of 2021 with a reported vacancy rate of 15.0% compared to 17.8% in the previous quarter. This was due to smaller spaces being leased by an undisclosed tenant at 10 Ragged Lake Boulevard, recording approximately 1,000 sf of absorption. The submarkets of Halifax and Bedford were the only two submarkets to experience a vacancy increase this quarter as Bedford saw close to 3,000 sf of space return to the market at 20 Duke Street, resulting in vacancy to climb to 3.2%; a 120-bps quarter-over-quarter change. The Halifax submarket saw vacancy rise to 5.2% in the first quarter of 2021 for a 170-bps quarter-over-quarter increase. Vacancy in the Bayers Lake Business Park and Sackville submarkets was unchanged from the previous quarter.

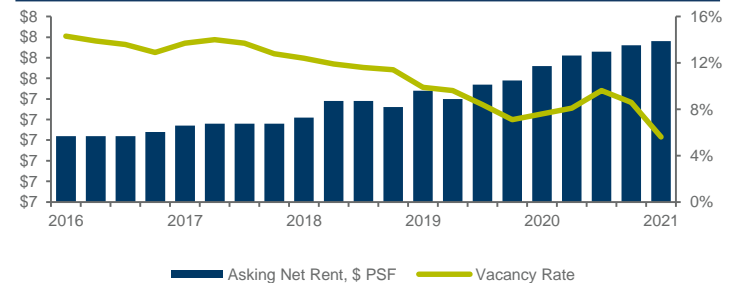
### PRICING

Overall average net rents in the Halifax industrial market saw a slight \$0.02 per square foot (psf) increase compared to the previous quarter to reach \$7.68 psf in the first quarter of 2021. The Burnside and Halifax submarkets reported the most significant changes in rents, with Bedford seeing net rents increase to \$7.57 psf for a \$0.02 psf quarter-over-quarter increase, and Halifax recording a \$0.03 psf decrease in net rent quarter-over-quarter to \$7.84 psf in the first quarter of 2021. All 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	0	0.0%	48,266	48,266	0	0	\$6.25	\$3.84	\$10.10
Bayers Lake	249,739	83,005	33.2%	0	0	0	0	\$9.07	\$6.99	\$16.06
Bedford	94,819	3,000	3.2%	-1,089	-1,089	0	0	\$13.58	\$6.75	\$20.34
Burnside	6,761,049	320,819	4.7%	73,411	73,411	68,505	0	\$7.75	\$5.32	\$12.89
Halifax	493,811	25,773	5.2%	-8,590	-8,590	0	0	\$7.84	\$5.22	\$13.06
Ragged Lake Business Park	36,000	5,397	15.0%	1,000	1000	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
<b>HALIFAX TOTALS</b>	<b>7,865,732</b>	<b>440,594</b>	<b>5.6%</b>	<b>112,998</b>	<b>112,998</b>	<b>68,505</b>	<b>0</b>	<b>\$7.68</b>	<b>\$5.34</b>	<b>\$13.02</b>

## KEY LEASE TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE*
200 Bluewater Road	Atlantic Acres	Nova Scotia Health Authority	48,266	Lease
41 Akerley Boulevard	Burnside	Tour Tech East	40,750	Lease
50 Troop Avenue	Burnside	Wood Canada	27,151	Renewal
12-26 Borden Avenue	Burnside	Sensor Technology Ltd.	9,000	Lease

\*Renewals not included in leasing statistics

## KEY SALES TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
41 Akerley Boulevard	Burnside	Receivership / O'Regans Properties Ltd.	40,750	\$3.2M / \$78
211 John Savage Avenue	Burnside	Hours Investment Ltd. / Hallendale Proeprties Inc.	20,950	\$2.62M / \$125
1 Morris Drive	Burnside	VSV Properties Ltd. / M.G. Nagle Holdings Ltd.	12,813	\$2.6M / \$203
161 Joseph Zatzman Drive	Burnside	Acier Gendron Ltee / MEC Holdings Ltd.	8,550	\$1.55M / \$181

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