

	YoY Chg	12-Mo. Forecast
4.1% Vacancy Rate	▼	▲
108K Net Absorption, SF	▲	▼
\$7.72 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q2 2021

	YoY Chg	12-Mo. Forecast
232.9K Halifax Employment	▲	▲
8.8% Halifax Unemployment Rate	▼	▼
7.8% Canada Unemployment Rate	▼	▼

Source: Statistics Canada

ECONOMIC OVERVIEW

Nova Scotia's economy was tested once again as the province was forced to deal with a third wave that resulted in swift restrictions being put in place across the region. Despite this setback, Nova Scotia was able to keep the duration of the third wave short, and projections are still showing annual GDP growth of 4.7% to 4.9% (down from 5.5%), even as employment saw a 4.8% drop from April to May. June welcomed the province's phased reopening plan which should provide a significant boost to output, particularly the goods-producing sector which should see the woods industry growing as North America continues to experience increased homebuilding activity. It should also be noted that shipbuilding activity has ramped up as the Irving shipyard is scheduled to complete the third of six Arctic offshore patrol ships later this year, along with maintaining the Navy's warships. Immigration into Nova Scotia has been disrupted since the beginning of the pandemic, which traditionally has been the main source for population growth. The province has now been relying on interprovincial migration as a source for growth but will be looking for increases in immigration once Canada's borders reopen. The provincial government will be aiming to significantly increase infrastructure spending in 2021 which is evident in the capital spending plan. These increases will see highway improvements, as well as healthcare and education investments, which will hopefully boost long-term productivity. Though, spending increases will drive the province's debt burden as the debt-to-GDP ratio is projected to rise to 40.1% by 2024/2025.

(Sources: Statistics Canada, RBC, TD Economics)

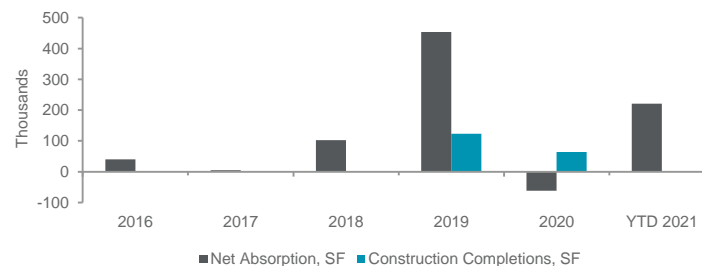
SUPPLY AND DEMAND

Halifax's Industrial market saw vacancy drop significantly in the second quarter of 2021, declining by 120 basis points (bps) from last quarter to 4.1% in the second quarter of 2021. Three submarkets experienced decreases in vacancy this quarter, with the Bayers Lake Business Park observing the largest drop, as vacancy plummeted from 33.2% in the previous quarter to 0.5% in the second quarter of 2021, for a 32.7% quarter-over-quarter decrease. This drop is largely due to the remaining 78,795 square feet (sf) at 115 Chain Lake Drive being taken off the market as the Irving owned building decided to absorb the remaining space through their subsidiary Bayside Distribution. Following close behind is the Ragged Lake Business Park, which saw a 11.2% quarter-over-quarter vacancy decrease due to the 4,000-sf occupancy at 10 Ragged Lake Boulevard by an undisclosed tenant. This activity brought the Business Park's overall vacancy down to 3.8% in the second quarter of 2021. The Burnside submarket continued to see leasing activity in the second quarter of 2021 as William F. White took 17,000 + sf at the newly constructed 315 Wilkinson Avenue building, moving from their original home at 180 Thornhill Drive, a 215,000-sf building which was recently purchased and occupied by Amazon. Smaller leases throughout the Industrial Park helped bring a much-needed boost to absorption numbers, as the addition of 2 Royles Avenue brought 27,000 sf of negative absorption, due to the departure of Staples Business Advantage Canada, as well as the new 18,689 sf of Belfor sublease space available at 51 Raddall Avenue. Overall, the Burnside submarket saw a 50-bps decline in vacancy quarter-over-quarter, for a second quarter of 2021 rate of 4.2%. Bedford was the only submarket to see any increase from the previous quarter as vacancy jumped from 3.2% to 6.2% in the second quarter of 2021 for a 300-bps rise. This sharp of an increase is due to the small inventory of the submarket, and as such, the 1,911 sf of newly leasable space at 325 Rocky Lake Drive is mainly responsible for this quarters increase. Vacancy in all remaining submarkets remained unchanged from last quarter, with Sackville at 9.5%, Halifax at 5.2%, and the Atlantic Acres Industrial Park at 0.0%.

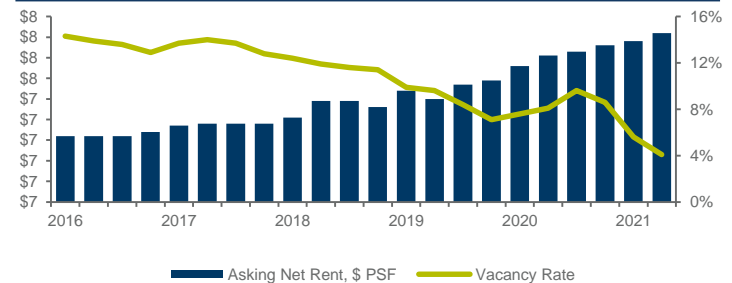
PRICING

Overall average net rents in the Halifax Industrial market were up once again in the second quarter of 2021, as average net rents rose to \$7.72 per square foot (psf), for a \$0.04 psf quarter-over-quarter increase. Rents in most submarkets were stable in the second quarter of 2021, as only Burnside and Ragged Lake Business Park experienced any net rent change. Burnside was also up by \$0.04 psf compared to the previous quarter, and now sits at \$7.61 psf in the second quarter of 2021. Ragged Lake Business Park saw a more significant change as the average net rent for the submarket rose by \$2.50 psf from last quarter and are currently \$10.00 psf in the second quarter of 2021.

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%	0	48,266	0	0	\$6.25	\$3.84	\$10.10
Bayers Lake	249,739	1,203	0.5%	81,799	81,799	0	0	\$9.07	\$6.99	\$16.06
Bedford	94,819	5,901	6.2%	-2,901	-3,990	0	0	\$13.58	\$6.75	\$20.34
Burnside	7,003,049	295,949	4.2%	24,870	98,281	176,708	0	\$7.61	\$5.32	\$12.93
Halifax	493,811	25,773	5.2%	0	-8,590	0	0	\$7.84	\$5.23	\$13.07
Ragged Lake Business Park	36,000	1,356	3.8%	4,041	5,041	0	0	\$10.00	\$5.15	\$15.15
Sackville	27,300	2,600	9.5%	0	0	0	0	\$7.35	\$4.68	\$12.03
HALIFAX TOTALS	8,107,732	332,785	4.1%	107,809	220,807	176,708	0	\$7.72	\$5.34	\$13.06

KEY LEASE TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE*
315 Wilkinson Avenue	Burnside	William F. White	20,700	Lease
75 Akerley Boulevard	Burnside	Hilti Canada Corporation	4,164	Renewal

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
180 Thornhill Drive	Burnside	O'regans Properties / Amazon	215,000	\$15.35 M / \$71.39
Wilkinson Avenue – Block R9-A (Land)	Burnside	Halifax Regional Municipality / Midland Transport Limited	957,988	\$7.6M / \$7.93

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