

Halifax, Nova Scotia

Industrial Q3 2021

	YoY Chg	12-Mo. Forecast
3.8% Vacancy Rate	▼	▼
91,492 Net Absorption, SF	▲	▼
\$7.90 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC OVERVIEW

Nova Scotia's economy is maintaining course and is still on track for projected GDP growth between 4.2% and 4.5% this year, down just slightly from last quarters projections of 4.7%. Despite this adjustment the province will more than reverse the 3.0% decline experienced in 2020. Employment within Nova Scotia is sitting just above 5% and is only 0.4% below pre-pandemic levels, making it one of the best performers in Canada. These numbers may still yet see a boost as the province is slated to begin Phase 5 of its reopening plan, which will see several restrictions lifted. This could lead to a rise in COVID-19 cases, but the requirement to show proof of vaccination starting October 4th to be eligible to participate in non-essential services will hopefully help keep case loads in check during the fall and winter months. The FIRE industries (Finance, Insurance, and Real Estate) along with the construction industry have been the largest contributors to the province's economy for not only the third quarter but for the majority of 2021. Housing starts are almost at a near record level that hasn't been seen since the late 1970's and has been the major support behind the construction industries increased activity, along with the governments plan to spend \$1.2 billion on capital projects. Program spending is continuing at a steady pace for the fiscal year and bodes well for the public sector as it provides nearly one third of the provinces GDP. Manufacturing has been climbing and is currently at a 15% increase year-to-date as plastic and rubber product shipments have helped lift the industry, which also suggests that Nova Scotia's ever important tire manufacturing sector has not been affected by weakened automotive production. As 2021 is set to mark a year of growth and reversal from 2020, projections for 2022 will bring the province back to earth with slower, but still relatively strong, growth. Manufacturing activity will continue to be a huge support for growth as re-openings and pent-up demand will help increase activity in the long run, but the province should expect housing starts to back off from its current red-hot market, and in addition the governments budget has program spending down for the next fiscal year which could constrain growth in 2023.

(Sources: Statistics Canada, RBC, TD Economics)

ECONOMIC INDICATORS Q3 2021

	YoY Chg	12-Mo. Forecast
238.7K Halifax Employment	▲	▲
7.0% Halifax Unemployment Rate	▼	▼
6.9% Canada Unemployment Rate	▼	▼

Source: Statistics Canada

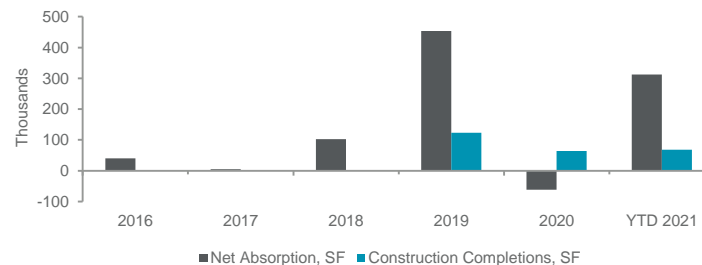
SUPPLY AND DEMAND

Halifax's overall industrial vacancy was down in the third quarter of 2021, as vacancy dropped to 3.8% for a 30 basis points (bps) quarter-over-quarter decrease, continuing a downward trend that began in the fourth quarter of 2020. Much of this quarter's change was fueled by the Burnside submarket, which saw Canada Moving take over 13,000 square feet (sf) of space at 320 Wright Avenue, and Green Line Hose & Fittings Ltd leasing 15,000 sf in the newly constructed 68,505-sf building at 36 Ramona Court. These and similar transactions lead to the nearly 75,000 sf of absorption within the submarket along with the over 90,000 sf of absorption within the overall Halifax market during the third quarter of 2021. The Halifax submarket had a strong showing, as vacancy within the submarket was down to 2.9% in the third quarter of 2021, a 230 bps drop from the previous quarter. The decline in the Halifax submarket is due in large part to the leasing activity seen at 3667 Strawberry Hill Drive, as the property saw nearly 16,000 sf of space become occupied with Evolve Fitness Limited taking 6,675 sf of that amount. Following both Burnside and Halifax submarkets is the Bedford submarket which had another significant vacancy decline in the third quarter of 2021, as the area currently has no space available, for a 620-bps quarter-over-quarter decrease. All remaining submarkets were unchanged from the previous quarter.

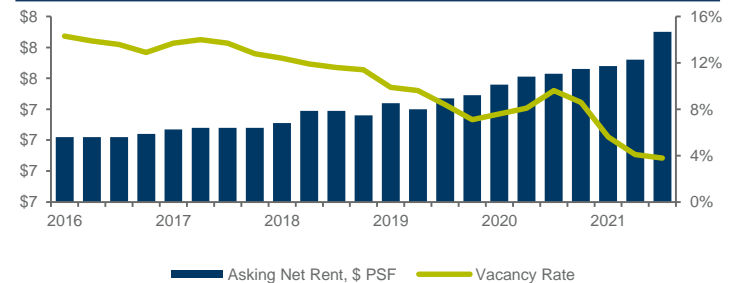
PRICING

Overall average net rents in the Halifax Industrial market were on the rise in the third quarter of 2021, as rates rose from \$7.72 per square foot (psf) to \$7.90 psf for a quarter-over-quarter increase of \$0.18 psf. This overall increase is due to the significant increase observed in the Burnside submarket, as average net rents in the area saw a \$0.21 psf jump from the previous quarter to \$7.82 psf in the third quarter of 2021. All remaining submarkets were unchanged in the third 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	1,206	0.5%	0	81,799	0	0	\$9.07	\$7.03	\$16.10
Bedford	94,819	0	0.0%	5,901	1,911	0	0	\$13.58	\$6.75	\$20.34
Burnside	7,071,554	290,277	4.1%	74,177	172,458	108,203	68,505	\$7.82	\$5.37	\$13.19
Halifax	493,811	14,359	2.9%	11,414	2,824	0	0	\$7.84	\$5.29	\$13.13
Ragged Lake Business Park	36,000	1,356	3.8%	0	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	8,176,237	309,798	3.8%	91,492	312,299	108,203	68,505	\$7.90	\$5.39	\$13.29

KEY LEASE TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE*
30 Simmonds Drive	Burnside	Safety Kleen Canada Inc	5,760	Lease
51 Raddall Avenue	Burnside	Otis Canada Inc.	5,661	Renewal
36 Ramona Court	Burnside	Green Line Hose & Fittings Ltd.	15,000	Lease
320 Wright Avenue	Burnside	Canada Moving	13,460	Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
85 MacDonald Avenue	Burnside	/ Halifax Regional Municipality	20,808	\$1.85M / \$89
2 Royles Avenue	Burnside	Fitz's Realty Ltd. / Toolway	27,000	\$2.4M / \$89
110 Simmonds Drive	Burnside	Veritiv Canada Inc. / Novonix	35,000	\$3.55M / \$101

KEY CONSTRUCTION COMPLETIONS YTD 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
36 Ramona Court	Burnside	Green Line Hose & Fittings Ltd.	68,505	North Ridge Properties GP Limited

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