

Halifax, Nova Scotia

Industrial Q4 2021

	YoY Chg	12-Mo. Forecast
3.9% Vacancy Rate	▼	▼
5,641 Net Absorption, SF	▼	▲
\$8.00 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q4 2021

	YoY Chg	12-Mo. Forecast
242K Halifax Employment	▼	▲
6.2% Halifax Unemployment Rate	▼	▼
5.9% Canada Unemployment Rate	▼	▼

Source: Statistics Canada

ECONOMIC OVERVIEW

Nova Scotia's economy is poised to finish 2021 with a full reversal of 2020's decline, as annual growth is projected to range from 3.5% to 4.0%, making it one of only five provinces to see a full rebound. The manufacturing industry was one of the strongest recovery leaders during 2021, as shipment levels increased by 14% compared to 2020. This, combined with significant interprovincial migration which brought in 10,000 net new residents to the province as of Q2 2021, helped the province see strong first half growth. Despite the rocket start to the year, output began to slow across nearly all industries in the second half. Commercial spending was also on a down trend in the last few months, coupled with a similar weakening trend in residential investments as well as the construction sector. This pattern is likely to spill over into 2022 and will set the stage for slower growth in comparison to 2021, as projections are placing growth to be at 2.5% in 2022. It should be noted that increases in the province's population, exports, and manufacturing could potentially cause a positive shift in the current projection as capital investments and spending is strong (QEII project), and the governments fiscal update is now headed towards an increase in spending compared to the budget projected in March 2021. The province and Nova Scotians should be aware of the rapidly rising consumer price inflation which is already causing energy and food prices to increase, though some relief on the energy side should be expected in 2022.

(Sources: Statistics Canada, RBC, TD Economics)

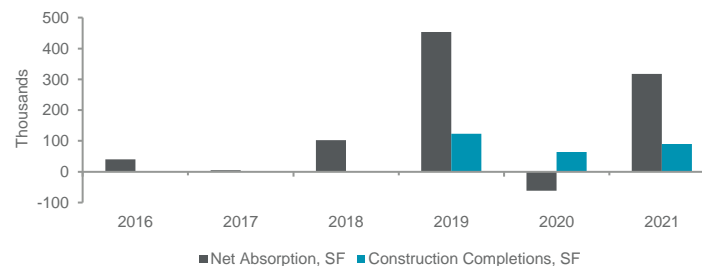
SUPPLY AND DEMAND

Nova Scotia's overall industrial vacancy was up slightly in the fourth quarter of 2021 as the introduction of new inventory and sublease space created a 10-basis point (bps) increase quarter-over-quarter, for a year ending vacancy rate of 3.9%. The Bedford submarket saw 20 Duke Street return 2,500 square feet (sf) of space to the market as All-Tech Environmental Services vacated their former home. This left Bedford with the largest vacancy increase this quarter as vacancy was up by 390 bps quarter-over-quarter to 3.9% in the fourth quarter of 2021. Following behind Bedford is the Halifax submarket which saw a slightly smaller increase, as vacancy was up from 2.9% last quarter to 5.3% in the fourth quarter of 2021. Much of this change is due to the approximately 7,300 sf of vacancy left by REMAX at 3731 Mackintosh Street. The Bayers Lake Business Park also experienced a vacancy increase during the fourth quarter of 2021, as Wilcraft Concrete Services vacated their 3,000-sf space at 110 Chain Lake Drive, resulting in vacancy to rise by 70 bps quarter-over-quarter to 1.2%. Vacancy in the Atlantic Acres Industrial park and the Ragged Lake Business park were both unchanged from the previous quarter, as Atlantic Acres remains without vacancy and Ragged Lake with 3.8% vacancy. Burnside was also unchanged from the previous quarter's vacancy rate of 4.1%, but was not without activity, as a 21,830-sf property at 90 Higney Avenue finished construction and is 50% leased by Rhino Truck Lube Centers. New sublease space at 320 Wright Avenue also came on the market as the 16,250-sf Honda Canada space became available during the fourth quarter of 2021. This, and similar activity throughout the Burnside Business Park, can explain the lack of vacancy movement despite positive absorption of over 20,000 sf.

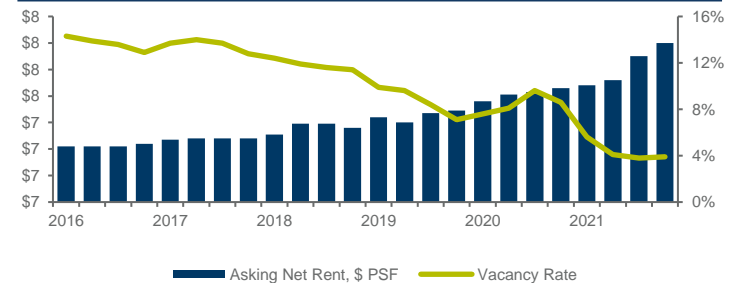
PRICING

Overall average net rents were up by \$0.10 per square foot (psf) quarter-over-quarter in Nova Scotia's Industrial market to \$8.00 psf in the fourth quarter of 2021. The Bedford submarket experienced the largest overall increase as net rents reached \$16.54 psf in the fourth quarter of 2021, up from \$13.58 psf in the previous quarter. The only other submarket to see a net rent change was Burnside, rising from \$7.82 psf in the previous quarter to \$7.90 psf in the fourth quarter of 2021. All other 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%	0	48,266	0	0	\$6.25	\$3.84	\$10.10
Bayers Lake	249,739	3,004	1.2%	-1,798	80,001	0	0	\$9.07	\$7.03	\$16.10
Bedford	94,819	3,722	3.9%	-3,722	-1,811	0	0	\$16.54	\$6.75	\$23.29
Burnside	7,155,797	291,807	4.1%	20,300	192,758	151,200	21,803	\$7.90	\$5.38	\$13.28
Halifax	493,811	26,098	5.3%	-11,739	-8,915	0	0	\$7.84	\$5.29	\$13.13
Ragged Lake Business Park	36,00	1,356	3.8%	0	5,041	0	0	\$10.00	\$5.15	\$15.15
Sackville	27,300	0	0.0%	2,600	2,600	0	0	\$7.35	\$4.68	\$12.03
HALIFAX TOTALS	8,260,480	325,987	3.9%	5,641	317,940	151,200	21,803	\$8.00	\$5.40	\$13.40

KEY LEASE TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE*
90 Higney Avenue	Burnside	Rhino Truck Lube Centres	11,280	Lease
45A Raddall Avenue	Burnside	Xylem Canada LP	13,831	Renewal

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
Kingsett Capital Portfolio (14 buildings)	Burnside	KS Eastern Inc. / PROREIT	979,182	\$140.4M / \$143.38
Hobsons Lake Drive – Lot B (LAND)	Bayers Lake	Armco Capital / East Coast Lifestyle Clothing Inc	127,630	\$1.78 M / \$13.97
151 Thornhill Drive	Burnside	Wajax Corporation / Fandax Holdings ULC	20,000	\$2.14M / \$107.00

KEY CONSTRUCTION COMPLETIONS 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
90 Higney Avenue	Burnside	Rhino Truck Lube Centres	21,803	Jetco Holdings Inc

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