

# Halifax, Nova Scotia

Industrial Q3 2022

	YoY Chg	12-Mo. Forecast
<b>4.5%</b> Vacancy Rate	▲	▼
<b>-49,261</b> Net Absorption, SF	▼	▲
<b>\$8.56</b> Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

## ECONOMIC INDICATORS Q3 2022

	YoY Chg	12-Mo. Forecast
<b>250.7K</b> Halifax Employment	▲	▲
<b>5.0%</b> Halifax Unemployment Rate	▼	▼
<b>5.2%</b> Canada Unemployment Rate	▲	▬

Source: Statistics Canada

## ECONOMIC OVERVIEW

Nova Scotia's economy has forecasted steady quarter-over-quarter growth projections of 1.9%-2.2% through to the end of 2022, despite expected downturns in consumption moving into 2023. This is being driven by record-breaking net interprovincial migration numbers and strong construction activity, although heightened inflation and a tightened labour market still hold a solid presence. Net interprovincial migration numbers have surpassed the historical high seen in the 1970's as Canadians have migrated to the Maritime provinces. This population increase has supported consumption and investment within the province, albeit at the cost of a rising rental market. However, interprovincial migration may begin to slow as interest rate hikes and remote work options potentially impact the housing market going into 2023. Furthermore, Nova Scotia's construction sector boasted some favorable numbers as building investment within the province increased 20% from the 2021 average. The elevated need for housing due to Nova Scotia's growing population stands to be a catalyst for this increase; however, industrial building and commercial investment in the province have also made a strong recovery from the pandemic. Nova Scotia's tourism industry has also continued to thrive over the summer as cruise ships bringing tourists to port have increased consumption levels within Halifax and its surrounding areas. Employment growth for Nova Scotia is up with a forecasted 3.3%-3.5% increase in 2022. This has been primarily driven by the projected job growth in professional, scientific, and technical services industries which has been strong in contrast to the service sectors. Exports to the European Union (EU) have slowed based on the dynamics currently at play in the EU, representing a significant hit to Halifax as the EU represents 10% of the provinces export trade. Lastly, the rising cost of living due to inflation now sitting 80 basis points (bps) above the national average will put pressure on household budgets. This should slow consumption in the latter half of 2022 and into early 2023 and as a result real wages will see a lag which signals a significant slowdown in consumption on overall growth next year. (Sources: Statistics Canada, RBC, TD Economics)

## SUPPLY AND DEMAND

Nova Scotia's Industrial market saw a slight quarter-over-quarter increase in vacancy during the third quarter of 2022, rising by 40 basis points (bps) from 4.1% to 4.5%. This was primarily driven by an increase in the overall vacancy rate within Burnside, Halifax's largest industrial submarket, where vacancy shifted upwards by 70 bps from 4.2% to 4.9% this quarter. It is projected vacancy will trend downwards to end the year, as more businesses expand into Halifax. Activity in the Ragged Lake Business Park, Atlantic Acres Industrial Park, Bedford and Sackville submarkets have all held tight with low vacancy. However, Bayers Lake Business Park saw its vacancy rate increase from last quarter due to a new listing on Chane Lake Drive.

## PRICING

Overall average net rents per square foot (psf) rose during the third quarter of 2022. The overall net rental rate in Nova Scotia's industrial market rose to \$8.56 psf from the previous quarters \$8.40 psf, a \$0.16 psf increase overall. The main drivers of this change was due to changes in the Burnside, Bayers Lake & Atlantic Acres submarkets.

## 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	263,097	0	0.0%	0	0	0	0	\$6.53	\$4.01	\$10.53
Bayers Lake	249,739	4,438	1.8%	-4,438	-1,434	0	0	\$9.68	\$7.81	\$17.48
Bedford	94,819	1,854	2.0%	0	1,868	0	0	\$16.54	\$6.75	\$23.29
Burnside	7,328,324	358,900	4.9%	-44,823	-67,093	188,700	0	\$8.51	\$5.52	\$14.08
Halifax	493,711	19,378	3.9%	0	6,720	0	0	\$8.19	\$5.49	\$13.69
Ragged Lake Business Park	36,000	1,356	3.8%	0	0	0	0	\$10.00	\$5.15	\$15.15
Sackville	27,300	0	0.0%	0	0	0	0	\$7.35	\$4.68	\$12.03
<b>HALIFAX TOTALS</b>	<b>8,492,990</b>	<b>385,926</b>	<b>4.5%</b>	<b>-49,261</b>	<b>-59,939</b>	<b>188,700</b>	<b>0</b>	<b>\$8.56</b>	<b>\$5.52</b>	<b>\$14.08</b>

## KEY LEASE TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE*
320 Write Avenue	Dartmouth	Polymershapes Distribution Canada Inc	13,460	Lease
12 Chipman Dr	Kentville	Rogers Communications Inc.	5,016	Lease

\*Renewals not included in leasing statistics

## KEY SALES TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE
20 Duke Street	Bedford	Atlantic Edge Properties	25,600	\$5,500,000

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