

# Halifax, Nova Scotia

Office Q1 2022



YoY Chg 12-Mo. Forecast

**14.2%**  
Vacancy Rate



**24,025**  
Net Absorption, SF



**\$29.16**  
Asking Rent, PSF



(Overall, All Property Classes)

## ECONOMIC INDICATORS Q1 2022

YoY Chg 12-Mo. Forecast

**241.8K**  
Halifax Employment



**5.4%**  
Halifax Unemployment Rate



**5.3%**  
Canada Unemployment Rate



Source: Statistics Canada

## ECONOMIC OVERVIEW

Nova Scotia's economy continued to see growth in the early stages of 2022, as the province is still on schedule for a 2.0-2.5% GDP increase this year. This occurred despite the Omicron variant restrictions that were still in place during January of this year. Employment for Nova Scotia was up 0.6% from January to February as positive gains throughout many industries were seen, including, finance, insurance, real estate, and manufacturing. If this trend continues, the province is poised to yet again see yearly growth surpass earlier predictions. Nova Scotia consistently saw population growth pre-pandemic, which has been a source of growth and continues to be, as the population appears to be on the rise for 2022, even with a cooled interprovincial migration when compared to 2021. A healthy population increase should bode well for the construction industry which is already being bolstered by the QEII expansion project, and the Cogswell residential development. Exports have yet again been a strong point for the province, and appear to be doing so yet again, as U.S. economic growth should benefit the sector. The auto sector is also ready for activity improvements and should help boost the province's ever-important tire manufacturing industry. (Sources: Statistics Canada, RBC, TD Economics)

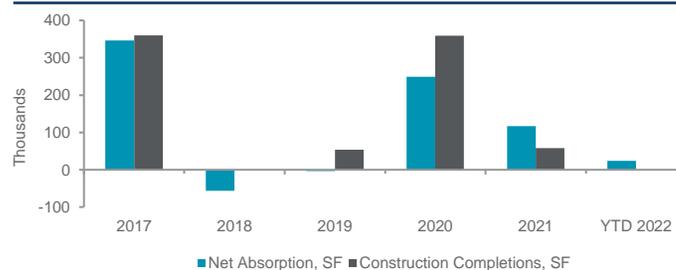
## SUPPLY AND DEMAND

The overall vacancy rate for the Halifax office market was down by 20 basis points (bps) during the first quarter of 2022 compared to the previous quarter and is down 60 bps year-over-year. Much of this quarter's change was due to increased activity within the Dartmouth submarket, where vacancy was down by 200 bps from the last quarter, as a significant 14,000-square foot (sf) lease at 120 Bluefrog was finalized by a confidential tenant, along with a 15,000-sf lease by co-working company Spaces at 2 Ralston Drive. The Bedford submarket saw a small amount of positive activity, as overall vacancy was down by half a percent, bringing the new vacancy within the submarket from 6.2% last quarter to 5.7% in the first quarter of 2022. Much of this change is from the completion of smaller leases throughout the market. The Central Business District (CBD) was the last submarket within Halifax to see a vacancy decrease to begin 2022, as overall vacancy was down to 19.2% for a 10 bps decrease quarter-over-quarter. Small deals within the submarket including the 6,700-sf sublease by Wattpad at the Morses Tea Building (1877 Hollis Street), and the just over 7,000-sf lease on the 8<sup>th</sup> floor of the Armoian Centre (1800 Argyle Street), helped push the vacancy rate down during the first quarter of 2022. Suburban Halifax was the only submarket to post an overall vacancy increase as a large portion of space within the Fenwick Medical Centre (5595 Fenwick Street) was vacated by a confidential tenant, which caused a 240-bps increase to vacancy quarter-over-quarter to 7.7%.

## PRICING

The overall average net rent was up during the first quarter of 2022, as a \$0.15 per square foot (psf) rise from the previous quarter occurred, bringing the overall average rate to \$15.58 psf this quarter from \$15.43 psf in the previous quarter. All submarkets observed an increase in rents this quarter, with Suburban Halifax seeing a \$0.10 psf quarter-over-quarter change, rising to \$15.86 psf in the first quarter of 2022. Following close behind is the CBD, which had a \$0.16 psf increase from last quarter and now sits at \$16.02 psf. The second-largest quarter-over-quarter change during the first quarter of 2022 was the Dartmouth submarket, as net rents reached \$14.86 psf, a \$0.17 psf rise from the previous quarter. Finishing with a \$0.20 psf increase compared to last quarter was the Bedford submarket, as rates now sit at \$14.29 psf.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY & ASKING RENT



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## MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION(SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Halifax – Central Business District	6,186,733	68,924	1,116,965	19.2%	17,330	17,330	0	\$30.77	\$35.66
Halifax - Suburban	2,490,354	13,096	179,401	7.7%	-62,781	-62,781	100,000	\$28.46	\$29.94
Dartmouth	3,131,069	10,225	382,231	12.3%	65,175	65,175	0	\$27.28	\$28.76
Bedford	943,713	0	53,892	5.7%	4,301	4,301	79,125	\$26.52	\$27.12
<b>SUBURBAN TOTALS</b>	<b>5,986,291</b>	<b>23,321</b>	<b>615,524</b>	<b>9.6%</b>	<b>6,695</b>	<b>6,695</b>	<b>179,125</b>	<b>\$27.62</b>	<b>\$29.32</b>
<b>HALIFAX TOTALS</b>	<b>12,811,869</b>	<b>92,245</b>	<b>1,732,489</b>	<b>14.2%</b>	<b>24,025</b>	<b>24,025</b>	<b>179,125</b>	<b>\$29.16</b>	<b>\$32.08</b>

\*Rental rates reflect full service asking

## KEY LEASE TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE*
2 Ralston Drive	Dartmouth	Spaces	15,000 sf	Lease
111 Ilsley Avenue	Dartmouth	Confidential	9,563 sf	Lease

\*Renewals not included in leasing statistics

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