

# Halifax, Nova Scotia

Office Q4 2022

	YoY Chg	12-Mo. Forecast
<b>13.3%</b> Vacancy Rate	▼	▼
<b>34K</b> Net Absorption, SF	▲	▲
<b>\$29.56</b> Asking Rent, PSF	▲	▲

(Overall, All Property Classes)

## ECONOMIC INDICATORS Q4 2022

	YoY Chg	12-Mo. Forecast
<b>252.1K</b> Halifax Employment	▲	▲
<b>5.4%</b> Halifax Unemployment Rate	▼	▼
<b>5.0%</b> Canada Unemployment Rate	▼	▲

Source: Statistics Canada

## ECONOMIC OVERVIEW

The Bank of Canada has forecasted positive GDP growth for Nova Scotia's economy between 2.0% -2.2% to end the 2022 calendar year. This growth 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. Furthermore, Nova Scotia's construction sector boasted some favorable numbers as construction within the province has increased 8% from the September 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. One example of this commitment to commercial construction is the pivot made to spread out the large QE-II hospital expansion into a significant investment across all hospitals in the HRM. Employment growth for Nova Scotia ended the 2022 calendar year on a positive note with a forecasted 3.3%-3.5% increase in 2022, driven by the ongoing boom to Nova Scotia's population, which has supported a larger labour supply. Industries that have done specifically well include the professional, scientific, and technical services industries. Exports to the European Union (EU) have slowed given the current state of out manufacturing industries. The market has seen an increase in manufacturing sales across the board, however, due to inflationary prices the direct volume manufacturers are seeing is rather weak, especially in relation to Nova Scotia's tire manufacturing industry given its correlation to the automotive market. Lastly, the rising cost of living due to inflation will continue to put pressure on household budgets, however, the peak inflation felt in 2022 (7.4%) is likely behind us. Therefore, the province should see consumption slow in the 2023 calendar year and as a result real wages may see a lag which signals a significant slowdown in terms of overall growth for the province next year.

(Sources: Statistics Canada, RBC, TD Economics)

## SUPPLY AND DEMAND

The overall vacancy rate for the Halifax office market was stable in the fourth quarter of 2022, remaining at 13.3% overall despite changes throughout the submarkets. Halifax's CBD and the Bedford submarket both saw vacancy increases of 50 basis points (bps) and 110-bps respectfully. However, this was offset by activity in the Dartmouth and Suburban submarkets, which recorded decreases of 40-bps and 120-bps from the previous quarter. Some notable shifts this quarter include vacancies in the Wright & Burnside Business Campus and continued vacancy shifts in the Centennial building as the building transitions to multi-family.

## PRICING

The overall average gross rental rate increased during the fourth quarter of 2022 by \$0.26 per square foot (psf) from \$29.30 psf to \$29.56 psf. Halifax's CBD saw the largest quarter-over-quarter increase as rates rose by \$0.51 psf, moving from \$30.85 psf to \$31.36 psf. Additionally, Halifax's suburban submarket saw an increase of \$0.19 psf in the fourth quarter of 2022 from \$28.44 psf to \$28.63 psf. Across the harbor, rents in the Dartmouth submarket also climbed from \$27.40 psf to \$27.49 psf, an increase of \$0.09 psf this quarter. Lastly, Bedford saw movement in terms of their asking rents in the fourth quarter of 2022, rising \$0.10 from \$26.53 psf to \$26.63 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	6,080,733	25,007	1,079,226	18.2%	-29,943	98,986	0	\$31.36	\$35.26
Halifax - Suburban	2,490,354	10,198	165,396	7.1%	60,919	-15,284	0	\$28.63	\$30.10
Dartmouth	3,191,069	10,883	349,544	11.3%	13,958	97,204	0	\$27.49	\$29.54
Bedford	1,043,713	0	65,834	6.3%	-11,135	92,359	0	\$26.63	\$27.00
Suburban Totals	6,725,136	21,081	580,774	8.9%	63,739	174,279	0	\$27.88	\$29.36
<b>Halifax Totals</b>	<b>12,805,869</b>	<b>46,088</b>	<b>1,660,000</b>	<b>13.3%</b>	<b>33,796</b>	<b>273,265</b>	<b>0</b>	<b>\$29.56</b>	<b>\$31.87</b>

\*Rental rates reflect full service asking

## KEY SALE TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	TENANT	SF	SALE PRICE
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N/A

## KEY LEASE TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	TENANT	SF	Type
2717 Joseph Howe Dr	Halifax	Immigrant Services Association of NS	20,893	Renewal
122 Dorey Ave	Dartmouth	GlassCell Isfab Inc.	13,812	Lease
201 Brownlow Ave	Dartmouth	Canada Nova Scotia Offshore Petroleum Board	13,004	Lease
1701 Hollis St	Halifax	Provincial Aerospace Ltd.	9,200	Lease

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