

Halifax, Nova Scotia

Industrial Q4 2023

	YoY Chg	12-Mo. Forecast
5.3% Vacancy Rate	▲	▲
38,616 Net Absorption, SF	▼	▲
\$9.37 Weighted Net Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q4 2023

	YoY Chg	12-Mo. Forecast
269.4K Halifax Employment	▲	▼
5.1% Halifax Unemployment Rate	▼	▲
5.8% Canada Unemployment Rate	▲	▲

Source: Statistics Canada

ECONOMIC OVERVIEW

Recent data suggests that Nova Scotia may be struggling more in 2023 than initially thought.. The housing market has been negatively impacted by decreasing affordability, leading to a significant decline in year-to-date resales compared to other provinces. While non-residential construction investment has remained strong, the weakness in the residential sector has had a negative impact on overall construction investment. Additionally, manufacturing shipments have decreased due to the anticipation of a recession in the province's major export markets. As a result, Nova Scotia's economic growth is projected to be lower than previously forecasted. At 0.8%, Nova Scotia's economy is likely to trail behind the Canadian average in 2023, before experiencing a modest rebound of 1.2% in 2024. Household spending is expected to slow down as borrowing costs rise, job growth cools, and the unemployment rate increases. However, population growth and a large capital plan implemented by the provincial government are expected to support increased construction activity and robust household consumption. It is worth noting that Nova Scotia's households have relatively low levels of debt, which may contribute to some outperformance in spending compared to the rest of Canada in 2024. In terms of government finances, Nova Scotia is projected to have a deficit of \$264 million (0.5% of GDP) for the fiscal year 2023/24, aligning with expectations from the spring budget. The housing market in Nova Scotia has seen average home prices remain significantly higher than pre-pandemic levels, although higher interest rates have led to a decline in home sales. The supply of homes remains low, resulting in tight market conditions. Modest price decreases are anticipated in early 2024, followed by gains as interest rates decrease. (Sources: Statistics Canada, RBC, TD Economics)

SUPPLY AND DEMAND

With 168,000 square feet (sf) of new construction underway, the Halifax market continues to experience notable transformations in its industrial landscape. Alongside these ongoing developments included the addition of three construction projects in 2023 which added 232,000 sf of inventory to the Burnside submarket

Vacancy in the Halifax industrial market was at 5.3% in the final quarter of 2023, an increase of 40 basis points from last quarter. While almost all submarkets posted a decrease in vacancy compared to last quarter, the overall vacancy increase was driven by a rise in vacancy in Burnside as a new build of 130,000 sf, located at 409 Wilkinson Road, was delivered fully vacant. Despite the increase in vacant space this quarter, overall absorption improved slightly compared to last quarter to 38,616 sf; primarily driven by activity in the Burnside submarket as 35,057 sf was leased at 320 Higney Avenue by an undisclosed tenant as well as many modest movements occurring in the Atlantic Acres submarket.

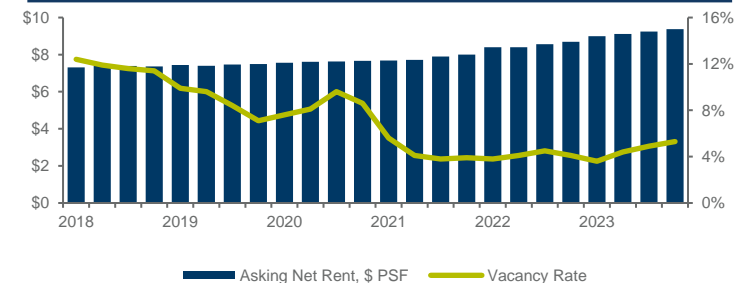
PRICING

Nova Scotia's overall net asking rent was \$9.24 per square foot (psf) last quarter and has seen a slight increase of \$0.13 to \$9.37 psf quarter-over-quarter. Rental rates in Halifax and Atlantic Acres -Ragged Lake, Sackville and Bedford submarkets remained unchanged compared to the previous quarter. However, the Bayer's Lake submarket showed a slight increase of \$0.21 bringing its overall net asking rent to \$9.68 psf, and the Burnside submarket had a minimal increase of \$0.14 to \$9.27 psf in the final quarter of 2023.

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	289,080	52,873	18.3%	2,215	-52,873	0	0	\$11.25	\$5.37	\$16.62
Bayers Lake	249,739	8,879	3.6%	0	10,797	37,584	0	\$9.68	\$7.87	\$17.55
Bedford	94,819	0	0.0%	0	7,841	0	0	\$16.54	\$7.61	\$24.15
Burnside	7,816,146	408,094	5.2%	27,965	116,236	130,400	130,000	\$9.27	\$5.90	\$15.17
Halifax	493,711	3,776	0.8%	8,436	8,009	0	0	\$8.23	\$6.17	\$14.40
Ragged Lake Business Park	36,000	0	0.0%	0	1,356	0	0	\$9.68	\$7.87	\$17.55
Sackville	27,300	0	0.0%	0	0	0	0	\$7.35	\$4.68	\$12.03
HALIFAX TOTALS	9,006,795	473,622	5.3%	38,616	91,366	167,984	130,000	\$9.37	\$5.97	\$15.34

KEY LEASE TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	TENANT	RSF	TYPE*
81 Wright Avenue, Unit A	Dartmouth	Undisclosed	24,075	Direct
170 Joseph Zatzman Drive, Unit 5A	Dartmouth	Banks Cleaning & Maintenance Ltd.	6,640	Direct

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE
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N/A

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