

# Halifax, Nova Scotia

## Industrial Q1 2023

	YoY Chg	12-Mo. Forecast
<b>3.6%</b> Vacancy Rate	▼	▼
<b>39K</b> Net Absorption, SF	▲	▲
<b>\$8.99</b> Asking Rent, PSF	▲	▲

*Overall, Net Asking Rent*

### ECONOMIC INDICATORS Q1 2023

	YoY Chg	12-Mo. Forecast
<b>263.2K</b> Halifax Employment	▲	▲
<b>4.5%</b> Halifax Unemployment Rate	▼	▲
<b>5.0%</b> Canada Unemployment Rate	▼	▲

Source: Statistics Canada

### ECONOMIC OVERVIEW

The Bank of Canada is forecasting GDP growth for Nova Scotia's economy to be around 1.0% in 2023. A downgrade from the 2022 GDP figures of 2.2% - 2.4%. This is being driven by the interest rate hikes from the Bank of Canada, focused on reducing inflationary pressures through rate induced slowdowns across Canada. Nova Scotia is not immune to this nation-wide slowdown; however, the province is expected to fare better than most provinces, due to our low levels of household debt, strong population growth, tight labor market and wage growth. Overall, the rate induced slowdown brought out by the Bank of Canada should ease the inflationary pressure put on household budgets. Population increases seen in the Maritime provinces supported consumption and investment in 2022, albeit at the cost of a rising rental market. These migration trends are forecasted to ease from the robust pace seen in 2022, easing the demand for residential sales which have already seen price decreases around 6.0% - 10.0% since the peak. Employment growth for Nova Scotia in 2023 is still positive with a forecasted 1.4%-2.4% increase, driven by Nova Scotia's population growth and demographic trends. Industries that have done specifically well include the professional and services industries. Wages also continued to grow in the first quarter of 2023, as month-over-month wage growth in average hourly earnings jumped to 5.4% from 4.5% in January. Nova Scotia's global backdrop in terms of exports will likely weaken in 2023 as the European Union (EU) and United States (US) encounter slowdowns. However, China's upgraded outlook should help offset this, as they are the second largest export destination for NS. The largest hit to Nova Scotia's export figures will be derived from the Maritime provinces which account for approximately 50% of Nova Scotia's exports and forecasted to have slowed economic growth. With that, the Provincial government announced a record setting capital plan for 2023/24 (\$1.6B) that is based around investing in Nova Scotia's infrastructure with a focus on healthcare, schools and highways. This will support continued population growth and retention in the province. (Sources: Statistics Canada, RBC, TD Economics)

### SUPPLY AND DEMAND

Nova Scotia's industrial market saw a quarter-over-quarter decline in vacancy during the first quarter of 2023, decreasing by 50 basis points (bps) from 4.1% to 3.6%. This was primarily driven by a decrease in the overall vacancy rate within Burnside, Halifax's largest industrial submarket. Vacancy shifted within this submarket by 70 bps from 4.3% to 3.6% this quarter. Additionally, inventory growth is expected this year as the next stage of the Wilkinson project comes to market (409 Wilkinson Ave) with an additional 130,000 square feet (sf) of space and various other completions between 40,000 - 50,000 sf scheduled for the second quarter of 2023 (63 Jim Conners Ave, 320 Higney Ave & 1285 Jim Conners Ave). Activity in the Halifax and Sackville submarkets have all held relatively flat with stable vacancy rates compared to the previous quarter. However, Ragged Lake Business Park, Bedford and Bayers Lake Business Park saw its vacancy rate decrease from last quarter due to activity near Rocky Lake Drive & Chane Lake Drive. Atlantic Acres helped offset this decline with an increase in availability near Bluewater Road in Atlantic Acres Industrial Park.

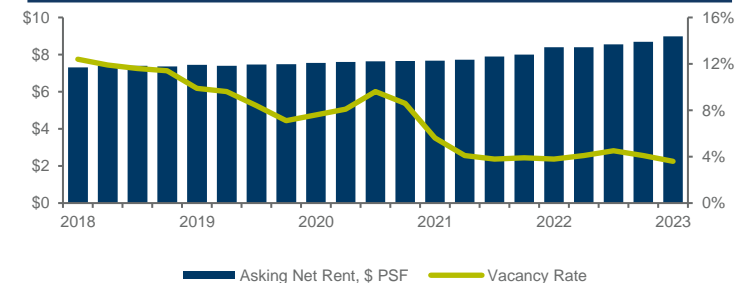
### PRICING

The overall average net rent per square foot (psf) rose during the first quarter of 2023, climbing to \$8.99 psf from the previous quarter's \$8.69 psf, a \$0.30 psf increase overall. The main driver behind the increase continues to be the Burnside Industrial park, due to its relative size of the industrial park compared to other submarkets in Halifax, however minor increases were seen throughout the 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	289,080	18,117	6.3%	-18,117	-18,117	0	0	\$9.61	\$4.87	\$14.49
Bayers Lake	249,739	8,879	3.6%	6,797	6,797	0	0	\$9.68	\$7.87	\$17.55
Bedford	94,819	3,765	4.0%	4,076	4,076	0	0	\$16.54	\$7.59	\$24.13
Burnside	7,435,926	269,721	3.6%	46,384	46,384	318,700	0	\$8.89	\$5.55	\$14.44
Halifax	493,711	13,587	2.8%	-1,802	-1,802	0	0	\$8.22	\$5.66	\$13.88
Ragged Lake Business Park	36,000	0	0.0%	1,356	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
<b>HALIFAX TOTALS</b>	<b>8,626,506</b>	<b>314,069</b>	<b>3.6%</b>	<b>38,694</b>	<b>38,694</b>	<b>318,700</b>	<b>0</b>	<b>\$8.99</b>	<b>\$5.63</b>	<b>\$14.62</b>

## KEY LEASE TRANSACTIONS Q1 2023

PROPERTY	SUBMARKET	TENANT	RSF	TYPE*
37 Fielding Avenue	Dartmouth	Confidential	17,000	Direct
100 Joseph Zatzman Drive	Dartmouth	Confidential	16,430	Direct

\*Renewals not included in leasing statistics

## KEY SALES TRANSACTIONS Q1 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE
20-24 Orion Court	Dartmouth	N/A	51,104	Confidential
100 Bluewater Road	Bedford	N/A	6,000	\$1,650,000
7-11 Mount Hope Avenue	Dartmouth	Advantage Food Equipment/ Provincial Government	~49,000 8.8 Acres	\$38,500,000

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