

Halifax, Nova Scotia

Industrial Q3 2023

| | YoY Chg | 12-Mo. Forecast |
|-------------------------------------|---------|-----------------|
| 4.9% Vacancy Rate | ▲ | ▼ |
| 25,263 Net Absorption, SF | ▲ | ▲ |
| \$9.24 Asking Rent, PSF | ▲ | ▲ |

Overall, Net Asking Rent

ECONOMIC INDICATORS Q3 2023

| | YoY Chg | 12-Mo. Forecast |
|--|---------|-----------------|
| 260.3K Halifax Employment | ▲ | ▲ |
| 7.1% Halifax Unemployment Rate | ▲ | ▲ |
| 5.5% Canada Unemployment Rate | ▲ | ▲ |

Source: Statistics Canada

ECONOMIC OVERVIEW

Nova Scotia's economy has been resilient to significant interest rate hikes, but it will still be affected by the overall slowdown in Canadian economic growth. Both domestic activity and export-oriented sectors are expected to soften, leading to a material deceleration in growth. However, growth is projected to remain positive at 1.0% this year, down from 1.6% in 2022. The province's population growth is driven by immigration, non-permanent residents, and newcomers from other parts of Canada. This influx of people benefits companies by providing a pool of suitable workers, leading to employment gains and looser job markets compared to other regions in Canada. The growing population also fuels construction spending and maintains high housing demand, with home prices significantly above pre-pandemic levels. Household spending has remained strong, supported by the arrival of around 40,000 new consumers in the past year. However, consumption is expected to moderate in the second half of this year and in 2024 due to interest rate hikes by the Bank of Canada. Despite this, households in Nova Scotia have relatively low debt levels, providing some protection. Weaker trade conditions, especially with the expected easing of U.S. growth, will further slow down Nova Scotia's economic growth. However, the Chinese ban on Japanese seafood presents an opportunity for Nova Scotia to meet some of China's demand and support its prospects. The province has also faced extreme weather events, such as hurricanes, storms, wildfires, and flooding, which have had a significant human toll. From an economic perspective, the rebuilding efforts following these events contribute to GDP growth, estimated to add at least 0.1 percentage points this year, considering the temporary closure of the main rail line to the Port of Halifax due to flooding.

(Sources: Statistics Canada, RBC, TD Economics)

SUPPLY AND DEMAND

The industrial landscape in the Dartmouth submarket is undergoing significant changes with the introduction of two construction projects. One project involves the development of a large 130,000-square foot (sf) industrial property, while the other is an expansion of an existing building of 86,400 sf. These projects will bring substantial growth to Dartmouth's industrial sector. Despite an increase in vacant space this quarter, overall absorption in the market improved compared to the previous quarter to reach 25k sf. The Burnside submarket played a significant role in this improvement, with two new construction completions totaling 102,000 sf, both fully leased upon completion. The overall vacancy rate in the Halifax market rose to 4.9% in the third quarter, an increase of 120 basis points from the previous quarter, as almost all submarkets had increased vacancy compared to the previous quarter.

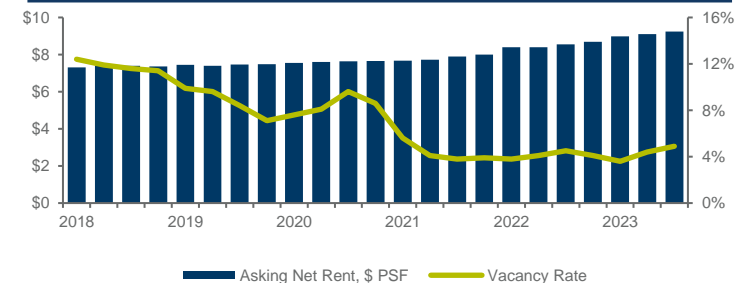
PRICING

Nova Scotia's overall net asking rent was \$9.11 per square foot (psf) in the previous quarter and increased by \$0.13 to \$9.24 psf this quarter. Rental rates remained unchanged in both Bedford and Halifax submarkets in comparison to last quarter. Among the industrial parks, Atlantic Acres Industrial Park had the largest increase, rising from \$9.66 psf to \$11.25 psf quarter-over-quarter (QoQ). However, both Bayers Lake Business Park and Ragged Lake Business Park saw a decrease in net rent as Bayers Lake Business Park decreased from \$9.68 psf to \$9.47 psf QoQ, while the average overall rent in Ragged Lake Business Park declined from \$9.68 psf to \$9.47 psf QoQ. Additionally, Burnside witnessed a slight increase of \$0.09, bringing its net rent to \$9.13 psf in the third quarter.

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 | 55,088 | 19.1% | -41,686 | -55,088 | 0 | 0 | \$11.25 | \$5.37 | \$16.62 |
| Bayers Lake | 287,323 | 42,463 | 14.8% | 4,000 | 10,797 | 0 | 0 | \$9.47 | \$7.89 | \$17.36 |
| Bedford | 94,819 | 0 | 0.0% | 0 | 7,841 | 0 | 0 | \$16.54 | \$7.61 | \$24.15 |
| Burnside | 7,686,146 | 330,134 | 4.3% | 61,574 | 88,271 | 260,400 | 0 | \$9.13 | \$5.72 | \$14.84 |
| Halifax | 493,711 | 12,212 | 2.5% | 1,375 | -427 | 0 | 0 | \$8.23 | \$6.17 | \$14.40 |
| Ragged Lake Business Park | 36,000 | 0 | 0.0% | 0 | 1,356 | 0 | 0 | \$9.47 | \$7.89 | \$17.36 |
| Sackville | 27,300 | 0 | 0.0% | 0 | 0 | 0 | 0 | \$7.35 | \$4.68 | \$12.03 |
| HALIFAX TOTALS | 8,914,379 | 439,897 | 4.9% | 25,263 | 52,750 | 260,400 | 139,884 | \$9.24 | \$5.83 | \$15.07 |

KEY LEASE TRANSACTIONS Q3 2023

| PROPERTY | SUBMARKET | TENANT | RSF | TYPE* |
|--------------------|-----------|--------------|-------|--------|
| 78 Trider Crescent | Dartmouth | Confidential | 6,600 | Direct |

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q3 2023

| PROPERTY | SUBMARKET | SELLER / BUYER | SF | PRICE |
|----------|-----------|----------------|----|-------|
| N/A | | | | |

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