

# Halifax, Nova Scotia

Office Q4 2023



	YoY Chg	12-Mo. Forecast
<b>12.7%</b> Overall Vacancy Rate	▼	▲
<b>157,889</b> EOY Net Absorption, SF	▲	▼
<b>\$30.27</b> Gross Asking Rent, PSF	▲	▲

*(Overall, All Property Classes)*

## ECONOMIC INDICATORS Q4 2023

	YoY Chg	12-Mo. Forecast
<b>269.4K</b> Halifax Employment	▲	▼
<b>5.1%</b> Halifax Unemployment Rate	▼	▲
<b>5.8%</b> 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

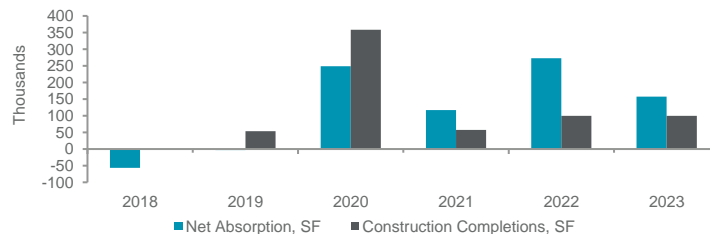
Overall absorption in the Halifax market remained positive again this quarter reaching 58k square feet (sf), and for 2023 overall reached close to 158k sf. During the fourth quarter one building that saw strong absorption was in the Downtown Core Class A market at 1801 Hollis Street where 10,000 sf was leased on the fourth floor by an undisclosed tenant.

The overall vacancy rate for the Halifax office market decreased by 50 basis-points (bps) from 13.2% last quarter to 12.7% in the fourth quarter of 2023. The Bedford submarket saw the largest change as vacancy declined from 9.5% last quarter to 6.2% this quarter where 18,000 sf was occupied by an undisclosed tenant at 15 Western Parkway.

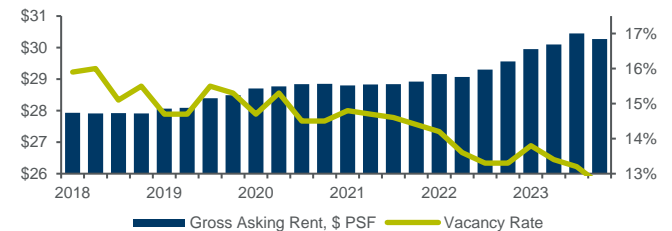
## PRICING

Halifax posted a slight decrease from last quarter in the overall average net asking rent of \$0.19 per square foot (psf) to \$16.03 psf as almost all classes posted lower rents quarter-over-quarter (QOQ). There was a decrease of \$0.41 QOQ in the Central submarket to \$16.23 psf, and the Suburban submarket had a slight decrease of \$0.02 to \$15.85 psf. The Dartmouth submarket remained stable at \$15.47 psf, and the Bedford submarket had the only increase of \$0.11 rising to \$16.46 psf.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY & ASKING RENT



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Office Q4 2023


**CUSHMAN &  
WAKEFIELD**  
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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	6,020,230	39,340	922,392	16.0%	27,630	137,183	0	\$31.84	\$35.55
Halifax - Suburban	2,592,301	23,926	169,790	7.5%	13,600	81,878	0	\$29.21	\$30.42
Dartmouth	3,192,573	52,198	356,137	12.8%	-3,404	-47,908	0	\$26.84	\$29.56
Bedford	1,043,713	1,618	63,386	6.2%	20,465	-13,264	0	\$29.53	\$32.01
Suburban Totals	6,828,587	77,742	589,295	9.8%	30,661	20,706	0	\$28.82	\$30.39
<b>Halifax Totals</b>	<b>12,848,817</b>	<b>117,082</b>	<b>1,511,687</b>	<b>12.7%</b>	<b>58,291</b>	<b>157,889</b>	<b>0</b>	<b>\$30.27</b>	<b>\$32.56</b>

\*Rental rates reflect full service asking

## KEY SALE TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	TENANT	SF	SALE PRICE
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N/A

## KEY LEASE TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	TENANT	SF	Type
2717 Joseph Howe Dr, Suite 300	Halifax	M& R Engineering	10,184	Direct
1801 Hollis Street, Suite 400	Halifax	Undisclosed	10,350	Direct

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