MARKETBEAT

Halifax, Nova Scotia

Industrial Q1 2024

CUSHMAN & WAKEFIELD Atlantic

	YoY Chg	12-Mo. Forecast
4.9% Vacancy Rate	▲	▼
14,397 Net Absorption, SF	▼	▲
$9.45 Weighted Net Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q1 2024

	YoY Chg	12-Mo. Forecast
278K Halifax Employment	▲	▲
5.2% Halifax Unemployment Rate	▲	▼
6.1% Canada Unemployment Rate	▲	▲

Source: Statistics Canada

ECONOMIC OVERVIEW

In 2023, Nova Scotia faced challenges that slowed its growth, but we anticipate improvements in the second half of 2024 as the Bank of Canada reduces interest rates. This shift is expected to boost household spending and investment, leading to a revised growth forecast of 0.8% for 2023 and a projected growth of 1.2% in 2024. The province saw a notable upgrade in its economic growth forecast for 2024, aligning it with the 10-year average. Factors contributing to this growth include a strong household sector, increased capital expenditures, and positive hiring trends. Despite some setbacks in sectors like government hiring, agriculture, utilities, and manufacturing in 2023, the overall economic activity was supported by population growth and robust hiring. Looking ahead to 2024, we anticipate faster growth driven by solid hiring, increased investment, an improved U.S. economic outlook, and higher government spending. Nova Scotia's budget for 2025 includes tax relief measures and stronger government spending, further boosting economic prospects. Despite rising borrowing costs, households in Nova Scotia are well-positioned to handle them due to their relatively low debt levels. The housing market in Nova Scotia remains tight, with home prices continuing to rise, supported by various factors including government initiatives and strong demand.

(Sources: Statistics Canada, RBC, TD Economics)

SUPPLY AND DEMAND

Overall absorption in the Halifax industrial market had a slight decline compared to last quarter, dropping from 38,000 square feet (sf) to 14,000 sf. Activity in both the Halifax and Burnside submarkets played a significant role in this change with many movements occurring in the Burnside submarket along with 14,402 sf becoming available at 120 Troop Avenue as General Insulation Company Inc. vacates the building.

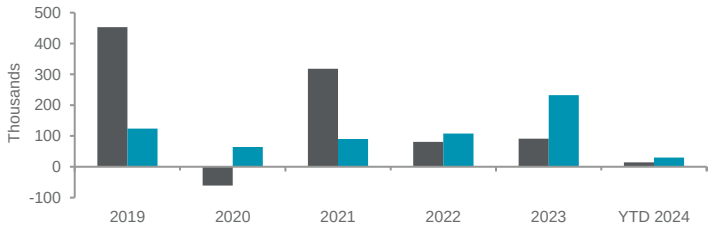
For the first quarter of 2024, the vacancy rate in the Halifax industrial market was 4.9%, showing a slight decrease of 40 basis points from the previous quarter. While most submarkets remained stable or experienced a slight increase in vacancy compared to last quarter, the overall decrease in vacancy was primarily driven by various movements in the Burnside submarket. One building that impacted the absorption this quarter was 409 Wilkinson Avenue where 67,800 sf was leased by three separate undisclosed tenants.

The Burnside submarket welcomed a new 30,000-sf industrial building at 435 Higney Avenue in the first quarter of 2024, which entered the market already 100% leased.

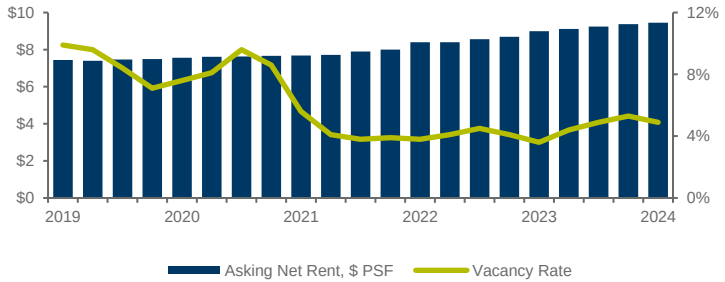
PRICING

Nova Scotia's overall net asking rent was $9.37 per square foot (psf) last quarter and had a slight increase of $0.08 to $9.45 psf quarter-over-quarter. Net rental rates in Halifax, Atlantic Acres, and Sackville submarkets remained unchanged compared to the previous quarter. However, the Bedford submarket saw a significant increase of $1.01 psf bringing its overall net asking rent to $17.56 psf. The Bayer's Lake submarket had an increase of $0.14 to $9.82 psf, and the Burnside and the Ragged Lake Business Park submarkets both saw a modest increase of $0.08 to $9.35 psf and $9.82 psf respectively.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & NET ASKING RENT



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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%	0	0	0	0	$11.25	$5.37	$16.62
Bayers Lake	249,739	8,879	3.6%	0	0	37,584	0	$9.82	$7.94	$17.75
Bedford	94,819	0	0.0%	0	0	0	0	$17.56	$8.73	$26.28
Burnside	7,846,146	369,921	4.7%	21,765	21,765	130,400	30,000	$9.35	$6.09	$15.45
Halifax	493,711	6,344	1.3%	-2,568	-2,568	0	0	$8.23	$6.38	$14.61
Ragged Lake Business Park	36,000	0	0.0%	0	0	0	0	$9.82	$7.94	$17.75
Sackville	27,300	4,800	17.6%	-4,800	-4,800	0	0	$7.35	$5.64	$13.00
HALIFAX TOTALS	**9,036,795**	**442,817**	**4.9%**	**14,397**	**14,397**	**167,984**	**30,000**	**$9.45**	**$6.16**	**$15.62**

KEY LEASE TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	TENANT	RSF	TYPE*
3607 Kempt Road	Halifax	Undisclosed	14,313	Direct
1 Oland Court	Dartmouth	Undisclosed	6,000	Direct

**Renewals not included in leasing statistics*

KEY SALES TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE
125 Cornwall Road, Lot 3 & 4	Suburban	4579907 Nova Scotia Limited	2,013	$855,000
308 Cobequid Road	Sackville	3289828 Nova Scotia Limited	7,725	$925,000

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