

Halifax, Nova Scotia

Office Q1 2024



YoY Chg 12-Mo. Forecast

12.4%
Overall Vacancy Rate



-1,103
Net Absorption, SF



\$30.55
Gross Asking Rent, PSF



(Overall, All Property Classes)

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 there are anticipated 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 GDP growth forecast of 0.8% for 2023 and 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, it is anticipated there will be 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

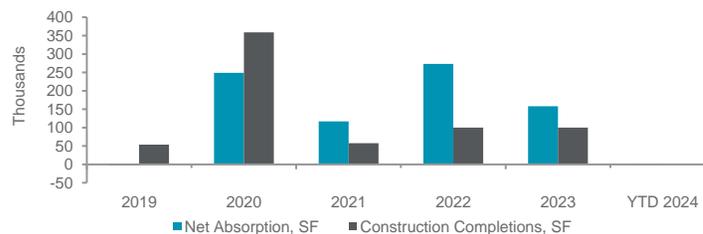
In the first quarter of 2024, the Halifax market experienced a slight dip into negative absorption reaching negative 1,103 square feet (sf). Notably, 1505 Barrington Street in the Central submarket showed strong absorption with the leasing of 33k sf to multiple tenants including the Province of Nova Scotia which took 10,209 sf and IWG-International Workplace Group which leased 10,929 sf.

The overall vacancy rate for the Halifax office market decreased by 30 basis points (bps), dropping from 12.7% in the previous quarter to 12.4% in the first quarter of 2024. The Central submarket witnessed the most significant shift, with the overall vacancy rate decreasing from 16.0% last quarter to 14.8% this quarter. In the Suburban submarket, the lease of 16,231 sf to an undisclosed tenant at 38 Solutions Drive was also a contributing factor to this decrease.

PRICING

This quarter, Halifax had a modest rise of \$0.08 per square foot (psf) in the weighted overall average net asking rent compared to the previous quarter. This increase was driven by higher net rents across almost all property classes in comparison to the fourth quarter of 2023. The upward trend in net asking rents indicates a positive shift in the Halifax real estate market, reflecting potential growth and demand for commercial properties in the region. The Central's submarket net rent remained unchanged at \$16.23 psf, while the Suburban Halifax submarket saw a slight increase of \$0.07 quarter-over-quarter (QOQ) reaching \$15.63 psf. The Dartmouth submarket also experienced an increase of \$0.17 QOQ to \$15.64 psf while the Bedford submarket had the largest increase of \$0.28 QOQ to \$16.74 psf.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



Halifax, Nova Scotia

Office Q1 2024



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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	38,071	855,772	14.8%	34,409	34,409	0	\$32.21	\$35.89
Halifax - Suburban	2,592,301	23,926	136,611	6.2%	33,179	33,179	0	\$29.41	\$30.42
Dartmouth	3,246,801	114,580	358,587	14.6%	-64,832	-64,832	0	\$28.47	\$30.03
Bedford	1,043,713	4,630	64,215	6.6%	-3,859	-3,859	0	\$29.67	\$32.18
Suburban Totals	6,882,815	143,136	559,413	10.2%	-35,512	-35,512	0	\$29.02	\$30.50
Halifax Totals	12,903,045	181,207	1,415,185	12.4%	-1,103	-1,103	0	\$30.55	\$32.77

*Rental rates reflect full service asking

KEY SALE TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	TENANT	SF	SALE PRICE
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N/A

KEY LEASE TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	TENANT	SF	Type
120 Western Parkway	Bedford	GHD Limited	5,691	Renewal
7071 Bayer's Road	Suburban	Rogers Communications	5,527	Renewal
1505 Barrington Street	Central	IWG- International Workplace Group	10,929	Direct
1505 Barrington Street	Central	Province of NS	10,209	Direct
100 Eileen Stubbs Avenue	Dartmouth	Undisclosed	7,683	Direct
71 Ilesley Avenue, Unit 9	Dartmouth	Undisclosed	1,963	Direct

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