

# Halifax, Nova Scotia

Office Q2 2024



YoY Chg 12-Mo. Forecast

**12.9%**  
Overall Vacancy Rate



**-33,605**  
Net Absorption, SF



**\$30.56**  
Gross Asking Rent, PSF



(Overall, All Property Classes)

## ECONOMIC INDICATORS Q2 2024

YoY Chg 12-Mo. Forecast

**279.9K**  
Halifax Employment



**5.8%**  
Halifax Unemployment Rate



**6.4%**  
Canada Unemployment Rate



Source: Statistics Canada

## ECONOMIC OVERVIEW

The headwinds affecting Nova Scotia's growth are expected to persist in the first half of 2024, but the Bank of Canada's decision to reduce interest rates is likely to boost household spending and investment in the second half of the year. In fact, the market has already seen the start of this, prompting a slight upward revision of the 2023 growth forecast from 0.6% to 0.8% in 2023. A strong household sector and an anticipated uptick in capital expenditures are likely to be the dominant forces pulling up growth to 1.2% in 2024. Industry-based real GDP growth decelerated to a sub-trend pace of 1.3% last year, weighed down by declining output in construction and manufacturing. Fortunately, these sectors are likely poised for significant turnarounds this year, contributing to an improved growth forecast for 2024. Additionally, manufacturing and investment in new buildings have seen year-on-year increases. Increasing rents have underpinned a powerful gain in purpose-built rental construction. Moreover, the government's decision to drop the provincial portion of the HST imposed on these types of projects should add more fuel moving forward. However, population growth is slowing, which might impact consumption. Despite this, consumer spending is expected to remain robust due to strong hiring, wage growth, and anticipated tax cuts in the latest budget  
(Sources: Statistics Canada, RBC, TD Economics)

## SUPPLY AND DEMAND

The overall vacancy rate for the Halifax office market increased by 50 basis points (bps) in the second quarter of 2024 from 12.4% last quarter to 12.9%. While almost all submarkets experienced an increase in vacancy, the Central submarket had the largest increase at 80 bps bringing it to 15.6%. The Suburban submarket remained stable at 6.2%, while the Dartmouth and Bedford submarkets rose slightly to 15.2% and 7.0% respectively.

Overall absorption in the Halifax market dipped further into negative territory this quarter reaching close to negative 34k square feet (sf), a 32k-sf decrease quarter-over-quarter (QOQ). This was primarily driven by softening in the Central Class B and Suburban Class A markets. In the Central submarket an existing tenant is relinquishing 6,180 sf of space at 1256 Barrington Street, and CMHC is vacating 11,384 square feet on the ninth floor at 1894 Barrington Street and relocating to Purdy's Wharf, which will normalize the absorption in the next quarter. While in the Suburban submarket, three undisclosed tenants are leaving 14,494 sf of space at 84 Chain Lake Drive.

## PRICING

Rental rates in Halifax's office market remained stable this quarter with a minor increase of \$0.01 per square foot (psf) bringing the overall average weighted gross rent to \$30.56 psf. The Suburban Halifax submarket saw the largest increase in the average asking rent QOQ of \$0.03 psf, while the additional rent increased by \$0.11 psf QOQ, leaving Suburban Halifax's gross rent at \$29.26 psf - an increase of \$0.14 psf QOQ. The rates in the Central and Dartmouth submarkets both remained unchanged while the Bedford submarket had the only decrease in additional rents of \$0.12 psf.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY & ASKING RENT



# Halifax, Nova Scotia

Office Q2 2024


**CUSHMAN &  
WAKEFIELD**  
Atlantic

## 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	30,166	906,497	15.6%	-8,185	26,224	0	\$32.21	\$35.89
Halifax - Suburban	2,592,301	10,198	151,361	6.2%	-1,022	32,157	0	\$29.26	\$30.43
Dartmouth	3,246,801	117,820	375,872	15.1%	-20,525	-85,357	0	\$28.47	\$30.03
Bedford	1,043,713	4,630	68,088	7.0%	-3,873	-7,732	0	\$29.55	\$32.18
Suburban Totals	6,882,815	132,648	595,321	10.6%	-25,420	-60,932	0	\$29.03	\$30.50
<b>Halifax Totals</b>	<b>12,903,045</b>	<b>162,814</b>	<b>1,501,818</b>	<b>12.9%</b>	<b>-33,605</b>	<b>-34,708</b>	<b>0</b>	<b>\$30.56</b>	<b>\$32.77</b>

\*Rental rates reflect full service asking

## KEY SALE TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	TENANT	SF	SALE PRICE
6058 Quinpool Road	Halifax	Bloom Spaces Inc.	2,033	\$1,250,000.00

## KEY LEASE TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	TENANT	SF	Type
133 Ilesley Avenue, Unit OP	Halifax	Great Way Financial	2,402	Direct
120 Western Parkway, Suite 406	Bedford	Cushman and Wakefield Atlantic	2,815	Direct

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