

Halifax, Nova Scotia

Industrial Q4 2022

	YoY Chg	12-Mo. Forecast
4.1% Vacancy Rate	▲	▼
141K Net Absorption, SF	▲	▲
\$8.69 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q4 2022

	YoY Chg	12-Mo. Forecast
252.1K Halifax Employment	▲	▲
5.4% Halifax Unemployment Rate	▼	▼
5.0% Canada Unemployment Rate	▼	▲

Source: Statistics Canada

ECONOMIC OVERVIEW

The Bank of Canada recorded positive GDP growth for Nova Scotia's economy between 2.0% -2.2% to end the 2022 calendar year. This growth is being driven by record-breaking net interprovincial migration numbers and strong construction activity, although heightened inflation and a tightened labour market still hold a solid presence. Net interprovincial migration numbers have surpassed the historical high seen in the 1970's as Canadians have migrated to the Maritime provinces. This population increase has supported consumption and investment within the province, albeit at the cost of a rising rental market. Furthermore, Nova Scotia's construction sector boasted some favorable numbers as construction within the province has increased 8% from the September 2021 average. The elevated need for housing due to Nova Scotia's growing population stands to be a catalyst for this increase; however, industrial building and commercial investment in the province have also made a strong recovery from the pandemic. One example of this commitment to commercial construction is the pivot made to spread out the large QE-II hospital expansion into a significant investment across all hospitals in the HRM. Employment growth for Nova Scotia ended the 2022 calendar year on a positive note with a forecasted 3.3%-3.5% increase in 2022, driven by the ongoing boom to Nova Scotia's population, which has supported a larger labour supply. Industries that have done specifically well include the professional, scientific, and technical services industries. Exports to the European Union (EU) have slowed given the current state of out manufacturing industries. The market has seen an increase in manufacturing sales across the board, however, due to inflationary prices the direct volume manufacturers are seeing is rather weak, especially in relation to Nova Scotia's tire manufacturing industry given its correlation to the automotive market. Lastly, the rising cost of living due to inflation will continue to put pressure on household budgets, however, the peak inflation felt in 2022 (7.4%) is likely behind us. Therefore, the province should see consumption slow in the 2023 calendar year and as a result real wages may see a lag which signals a significant slowdown in terms of overall growth for the province next year. *(Sources: Statistics Canada, RBC, TD Economics)*

SUPPLY AND DEMAND

Nova Scotia's industrial market saw a quarter-over-quarter decline in vacancy during the fourth quarter of 2022, decreasing by 40 basis points (bps) from 4.5% to 4.1%. This was primarily driven by a decrease in the overall vacancy rate within Burnside, Halifax's largest industrial submarket. Vacancy shifted within this submarket by 60 bps from 4.9% to 4.3% this quarter. Additionally, the completion of 499 Wilkinson Ave & 320 Higney Ave added 55,000 square feet (sf) and 52,602 sf respectively to the Burnside submarket. Further inventory growth is also expected in 2023 as the next stage of the Wilkinson project comes to market (499 Wilkinson Ave) with an additional 130,000 sf of space. Activity in the Ragged Lake Business Park, Atlantic Acres Industrial Park, and Sackville submarkets have all held relatively flat with stable vacancy rates compared to the previous quarter. However, Bedford and Bayers Lake Business Park saw its vacancy rate increase from last quarter due to activity near Rocky Lake Drive & Chane Lake Drive.

PRICING

Overall average net rents per square foot (psf) rose during the fourth quarter of 2022, climbing to \$8.69 psf from the previous quarter's \$8.56 psf, a \$0.13 psf increase overall. The main driver behind the increase was the Burnside submarket, primarily due to the location advantage of the large industrial park and the scale held by the park in the overall market average.

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	263,097	0	0.0%	0	0	0	0	\$6.53	\$4.01	\$10.53
Bayers Lake	249,739	15,676	6.3%	-11,238	-12,672	0	0	\$9.68	\$7.81	\$17.48
Bedford	94,819	7,841	8.3%	-5,987	-4,119	0	0	\$16.54	\$6.75	\$23.29
Burnside	7,435,926	316,105	4.3%	150,397	83,304	318,700	107,602	\$8.66	\$5.53	\$14.19
Halifax	493,711	11,785	2.4%	7,593	14,313	0	0	\$8.19	\$5.49	\$13.69
Ragged Lake Business Park	36,000	1,356	3.8%	0	0	0	0	\$10.00	\$5.15	\$15.15
Sackville	27,300	0	0.0%	0	0	0	0	\$7.35	\$4.68	\$12.03
HALIFAX TOTALS	8,600,592	352,763	4.1%	140,765	80,826	318,700	107,602	\$8.69	\$5.56	\$14.25

KEY LEASE TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE*
122 Dorey Ave	Burnside	GlassCell Isobab Inc.	13,812	Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE
19 Isnor Dr	Burnside	DSL Tires & Wheels/ Airquest Mechanical Supply Limited	10,200	\$3,200,000

BILL MACAVOY

Managing Director

+1 902 425 1872 / bmacavoy@cwatlantic.com

CAMERON BELL HARDING

Research Coordinator

+1 902 334 2169 / charding@cwatlantic.com

cwatlantic.com

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