

YoY
Chg

12-Mo.
Forecast

3.7%
Vacancy Rate



-11K
Net Absorption, SF



\$9.11
Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q2 2023

YoY
Chg

12-Mo.
Forecast

261.6K
Halifax
Employment



5.7%
Halifax
Unemployment Rate



5.4%
Canada
Unemployment Rate



Source: Statistics Canada

ECONOMIC OVERVIEW

Nova Scotia's economy is showing resilience in the face of significant interest rate hikes sweeping across Canada. Although not completely unaffected by the rate-induced downturn, the province's growth is expected to moderate, yet remain positive, reducing to 1.0% in 2023 from 1.6% in 2022.

Unprecedented population growth has continued to fuel robust household spending and supports our revised growth projections for 2023, following a substantial population surge last year. The expanding population is also filling the labour force needs, as evidenced by strong job growth in the province. To respond to the rapid population increase, the provincial government is making extensive capital investments this year, continuing on the 35% growth recorded in 2022. The focus of the projects is mainly on the redevelopment of healthcare facilities in Cape Breton Municipality and Halifax Regional Municipality, as well as significant improvements to roadwork. Nova Scotia's 2023 budget updated spending growth compared to the fall update, which should influence economic activity positively in the first half of the year. However, a slight dip in public sector employment thus far this year prevents any significant upgrade. Looking forward, government spending is projected to notably decelerate this fiscal year and the next, impacting overall economic growth. Still, such restraint should prevent the province's deficit from further deteriorating, given the cooling economic growth forecast. Exports saw a modest increase in the first quarter, and a similar trend is expected moving forward due to an economic slowdown in the U.S., a vital trade partner. Additionally, the slowing expansion in China, Nova Scotia's second-largest export market, may affect shipments in 2024. Nova Scotia's real estate market has remained steady, with home prices still more than 60% higher compared to pre-pandemic levels despite a modest correction over the past year. Continued tight market conditions suggest further price growth, although the sharp decline in affordability is expected to moderate the rate of increase.

(Sources: Statistics Canada, RBC, TD Economics)

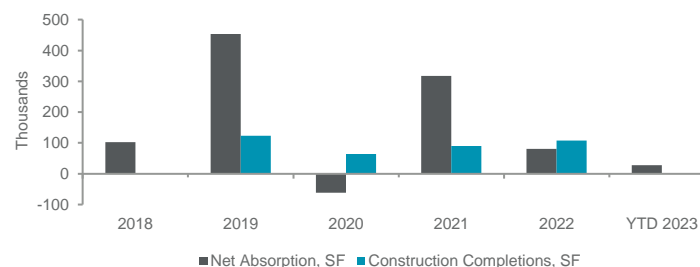
SUPPLY AND DEMAND

The Halifax industrial market observed a marginal increase in its vacancy rate in the second quarter of 2023, with an uptick of 10 basis points from 3.6% to 3.7%. The primary driver behind this slight change is an increase in the overall vacancy rate within Burnside, Halifax's largest industrial submarket, where the vacancy rose due to vacant space in properties such as 2 Morris Drive. In the pipeline for this year, we anticipate a large expansion in the inventory as the Wilkinson project (409 Wilkinson Ave) will add 130,000 square feet of new inventory and a few other similar completions slated for the third quarter of 2023. The vacancy rates in the Halifax and Sackville submarkets remained stable this quarter, similar to the previous quarter. However, activity in Ragged Lake Business Park, Bedford, and Bayers Lake Business Park led to a decrease in their vacancy rates, primarily due to activity near Rocky Lake Drive & Chane Lake Drive. Offsetting this decline was an increase in availability near Bluewater Road in Atlantic Acres Industrial Park.

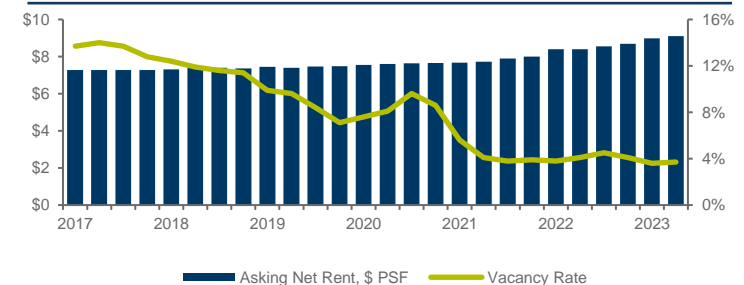
PRICING

Overall, the average net rent per square foot (psf) increased again, rising to \$9.11 psf from \$8.99 psf quarter-over-quarter. This is largely due to the sizeable Burnside Industrial Park compared to other submarkets in Halifax, although slight increases were also observed across various submarkets.

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 | 289,080 | 13,402 | 4.6% | 4,715 | -13,117 | 0 | 0 | \$9.66 | \$4.87 | \$14.53 |
| Bayers Lake | 249,739 | 8,879 | 3.6% | 0 | 6,797 | 37,584 | 0 | \$9.68 | \$7.87 | \$17.55 |
| Bedford | 94,819 | 0 | 0.0% | 3,765 | 7,841 | 0 | 0 | \$16.54 | \$7.61 | \$24.15 |
| Burnside | 7,574,192 | 289,408 | 3.8% | -19,687 | 26,697 | 400,834 | 0 | \$9.04 | \$5.70 | \$14.74 |
| Halifax | 493,711 | 13,587 | 2.8% | 0 | -1,802 | 0 | 0 | \$8.23 | \$6.17 | \$14.40 |
| Ragged Lake Business Park | 36,000 | 0 | 0.0% | 0 | 1,356 | 0 | 0 | \$9.68 | \$7.87 | \$17.55 |
| Sackville | 27,300 | 0 | 0.0% | 0 | 0 | 0 | 0 | \$7.35 | \$4.68 | \$12.03 |
| HALIFAX TOTALS | 8,764,841 | 325,276 | 3.7% | -11,207 | 27,487 | 438,418 | 0 | \$9.11 | \$5.72 | \$14.83 |

KEY LEASE TRANSACTIONS Q2 2023

| PROPERTY | SUBMARKET | TENANT | RSF | TYPE |
|----------------------|-----------|-----------------|--------|--------|
| 499 Wilkinson Avenue | Dartmouth | Source Atlantic | 24,966 | Direct |

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KEY SALES TRANSACTIONS Q2 2023

| PROPERTY | SUBMARKET | SELLER / BUYER | SF | PRICE |
|----------|-----------|----------------|----|-------|
|----------|-----------|----------------|----|-------|

N/A

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