

Our Ref: 1913059:NB/ABA

**FOR IMMEDIATE RELEASE**

CONTACT:

Alexandra Baird Allen  
Economic Intelligence Unit  
Turner Drake & Partners Ltd.  
Tel: (902) 429-1811 Ext. 323  
Fax: (902) 429-1891  
Email: [abairdallen@turnerdrake.com](mailto:abairdallen@turnerdrake.com)  
Website: [www.turnerdrake.com](http://www.turnerdrake.com)

**TURNER DRAKE & PARTNERS LTD.**

Real Estate Counsellors, Brokers & Valuers  
6182 North Street  
Halifax NS B3K 1P5

**Press Release**

## **HALIFAX OFFICE VACANCY DOWN – BUT NOT DOWNTOWN**

For the second year in a row, the overall vacancy rate for office space in Halifax Regional Municipality dropped, settling at 14.62% in June 2019, versus 15.09% in 2018. This drop came despite an uptick in the vacancy rate in the downtown Central Business District (CBD), which saw a 0.86 percentage point increase in vacancy year-over-year, from 18.03% in 2018 to 18.89% in 2019. Vacancy is the key driver of the net rental rate: as it falls, rental rates climb, and vice versa. Overall, in keeping with the small decrease in vacancy, the average net rental rate for the city held relatively steady, ticking up three cents, or 0.21%, from \$14.05/ft.<sup>2</sup> to \$14.08/ft.<sup>2</sup>, while the CBD saw a decrease in the average net rental rate of 1.23%.

These are the conclusions from the latest rental market surveys recently completed by Halifax real estate counsellors Turner Drake & Partners Ltd. The surveys are thought to be the most comprehensive ever conducted in HRM: a team of trained researchers collected rental, operating expense and vacancy data for 323 office and industrial buildings, some as small as 5,000 ft.<sup>2</sup>, with an aggregate rentable area of over 20 million ft.<sup>2</sup>.

The Central Business District is the city's main supplier of office space, representing over 40% of the rental supply. New Class A buildings constructed in recent years have attracted tenants out of some of the older rental stock, driving up vacancy rates for Class B and Class C space as well as Class A space. Between 2018 and 2019, Class A vacancy in the CBD dropped slightly, from 23.56% to 22.36%, but remains well above 2017's (still high) 16.75%. Class B, which accounts for almost 60% of the rental office stock in the CBD, saw vacancy creep up to 15.89% from 14.30% a year ago. One third of Class C space is now vacant, sitting at 34.80% vacant versus 22.27% a year ago; it's worth noting that Class C's market share is tiny, representing just 3% of CBD supply. The average net rent for Class C space held steady year over year at \$9.43/ft.<sup>2</sup>. Class A space enjoyed a 1% increase in the average net rental rate, pushing up from \$20/ft.<sup>2</sup> to \$20.20/ft.<sup>2</sup>. But Class B is feeling the pinch: net rents on average dropped 2% over the past year, from \$13.70/ft.<sup>2</sup> in 2018 to \$13.42/ft.<sup>2</sup>.

More new space is expected to be brought to market in the next year, downtown and outside the CBD. Halifax has enjoyed economic strength over the past number of years, a trend which is expected to continue in the year ahead. Increasing demand is expected to be sufficient to keep the vacancy rate from further increases in the near term, and good deals are available. City-wide, Class A rents decreased by 1% year over year, from \$17.38/ft.<sup>2</sup> to \$17.21/ft.<sup>2</sup>, while Class B space held steady at \$12.93/ft.<sup>2</sup> versus \$12.92/ft.<sup>2</sup> a year ago, and Class C space fell from \$10.68/ft.<sup>2</sup> to \$10.55/ft.<sup>2</sup>.

Turner Drake & Partners Ltd., a "home grown" Nova Scotia company, has provided real estate property advice for over forty years. From their offices in Halifax, St. John's, Charlottetown, Saint John and Toronto they service clients owning property across Canada.

----- 30 -----

If you would like more information about this topic, or wish to schedule an interview with Alexandra Baird Allen, please call her at (902) 429-1811 Ext. 323 or email [abairdallen@turnerdrake.com](mailto:abairdallen@turnerdrake.com).