

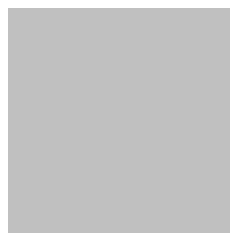
MARKET SURVEY

HRM OFFICES & WAREHOUSES

JUNE 2020



Survey Scope: 170 office & 162 warehouse buildings
 12,448,817 ft.² of rental office space
 8,156,556 ft.² of rental warehouse space
 expert researchers



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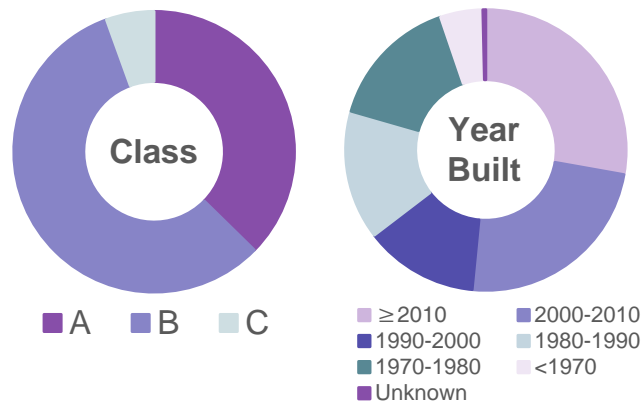
JUNE 2020 MARKET SURVEY

HRM OFFICES

Year at a Glance

	2019	2020	Change
Office Inventory (ft. ²)	12,141,442	12,448,817	↑ 307,375
Net Absorption (ft. ²)	97,904	248,421	↑ 150,517
Vacancy Rate	14.80%	14.91%	↑ 0.11 pp
Avg. Net Rent/ft. ²	\$14.02	\$14.30	↑ 2.00%
Avg. RTCAM/ft. ²	\$12.83	\$12.89	↑ 0.47%
Avg. Gross Rent/ft. ²	\$26.80	\$27.03	↑ 0.86%

Overall Office Inventory



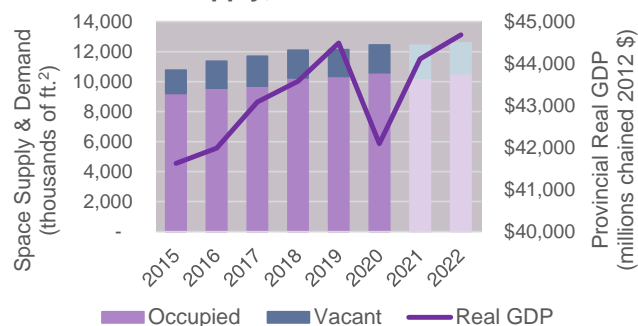
Supply & Demand Overview

The total amount of rentable office space in Greater Halifax increased 2.53% over last year with several new buildings came online in Downtown Halifax. The overall vacancy rate increased from 14.80% in 2019 to 14.91% in 2020, and net absorption increased year over year. The key driver of space demand is the growth in the provincial real (deflated) Gross Domestic Product. Our analysis of GDP projections indicate that 2021 will see GDP increase of 4.8%, with space demand decreasing 3.24%. The vacancy rate will increase to 17.53%.

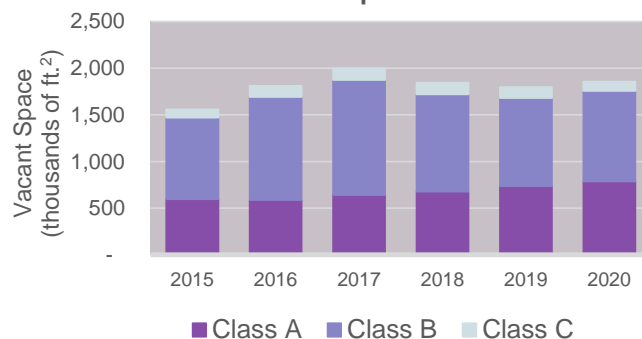
Our survey measured vacancy and rental rates by class of building. Class A buildings command the highest rents in their community and have distinctive design and lobbies. Class B buildings offer “no frills” modern, air conditioned space. Class C buildings make up the remainder of the office rental market. The current vacancy rates by class are: Class A 16.95%; Class B 13.63%; Class C 14.33%; Overall 14.91%.

The vacancy rate and net rental rate are inversely correlated: empirical data indicates that generally a falling vacancy rate portends a rising net rental rate, while a rising vacancy rate indicates that net rental rate increases will moderate or even fall. Current average net absolute rental rates per square foot are: Class A \$17.78; Class B \$13.00; Class C \$10.21; Overall \$14.30.

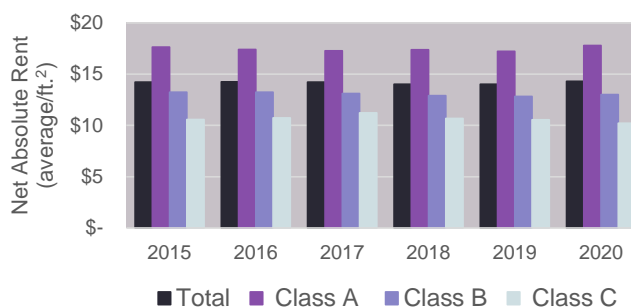
Supply, Demand & GDP



Vacant Space



Net Absolute Rent/ft.²

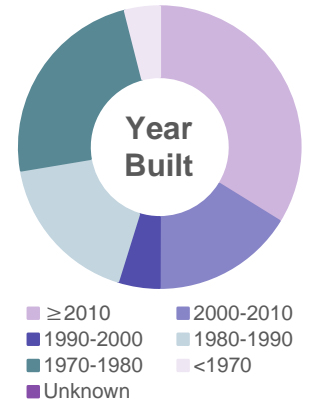
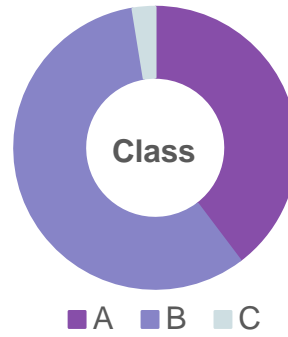


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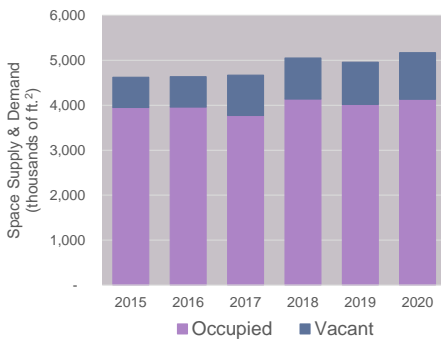
HALIFAX DOWNTOWN

Year at a Glance

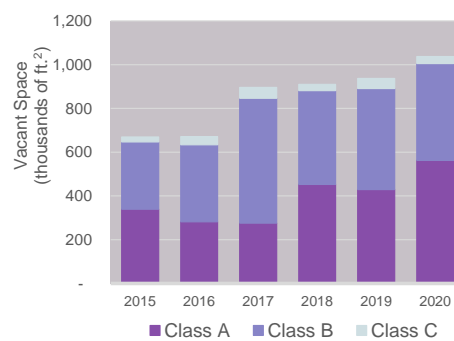
	2019	2020	Change
Office Inventory (ft. ²)	4,958,406	5,170,388	↑ 211,982
Net Absorption (ft. ²)	(117,164)	111,940	↑ 229,104
Vacancy Rate	18.89%	20.05%	↑ 1.16 pp
Avg. Net Rent/ft. ²	\$14.50	\$15.02	↑ 3.59%
Avg. RTCAM/ft. ²	\$14.20	\$14.27	↑ 0.49%
Avg. Gross Rent/ft. ²	\$28.64	\$29.00	↑ 1.26%



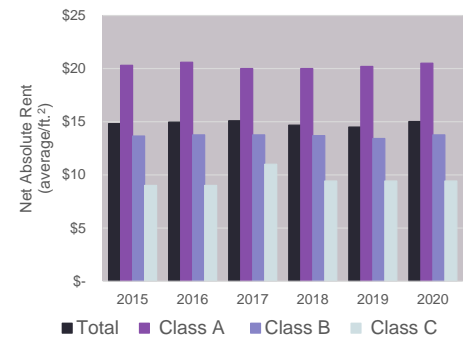
Supply & Demand



Vacant Space



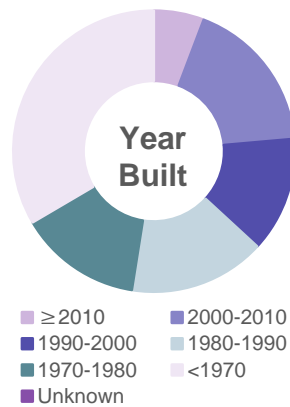
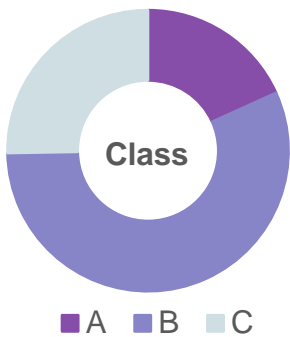
Net Absolute Rent/ft.²



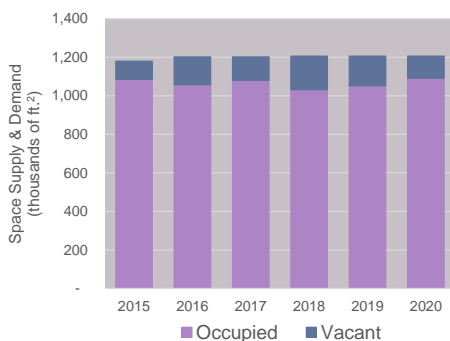
HALIFAX PERIPHERAL

Year at a Glance

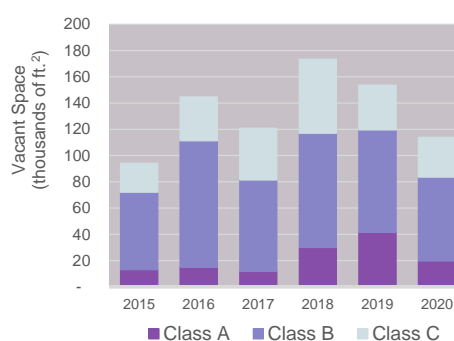
	2019	2020	Change
Office Inventory (ft. ²)	1,205,627	1,205,627	↔ ---
Net Absorption (ft. ²)	19,745	39,697	↑ 19,952
Vacancy Rate	12.74%	9.45%	↓ - 3.29 pp
Avg. Net Rent/ft. ²	\$14.67	\$14.12	↓ - 3.75%
Avg. RTCAM/ft. ²	\$13.64	\$13.44	↓ - 1.47%
Avg. Gross Rent/ft. ²	\$27.94	\$27.41	↓ - 1.90%



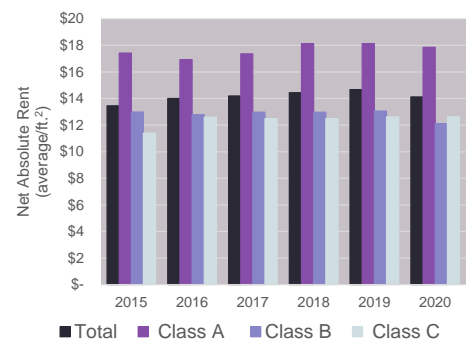
Supply & Demand



Vacant Space



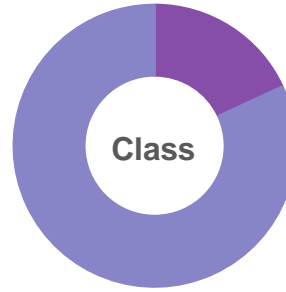
Net Absolute Rent/ft.²



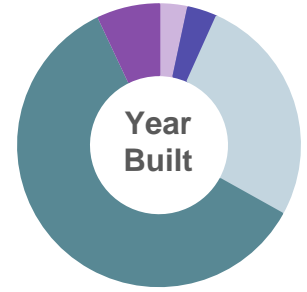
CENTRAL DARTMOUTH

Year at a Glance

	2019	2020	Change
Office Inventory (ft. ²)	332,221	357,221	↑ 25,000
Net Absorption (ft. ²)	21,763	7,571	↓ (14,192)
Vacancy Rate	11.99%	16.03%	↑ 4.04 pp
Avg. Net Rent/ft. ²	\$10.42	\$12.01	↑ 15.26%
Avg. RTCAM/ft. ²	\$ 9.76	\$ 9.71	↓ -0.51%
Avg. Gross Rent/ft. ²	\$20.18	\$21.73	↑ 7.68%

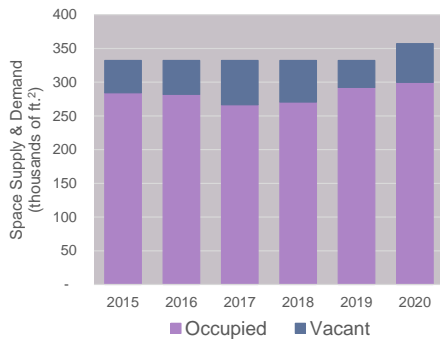


■ A ■ B ■ C

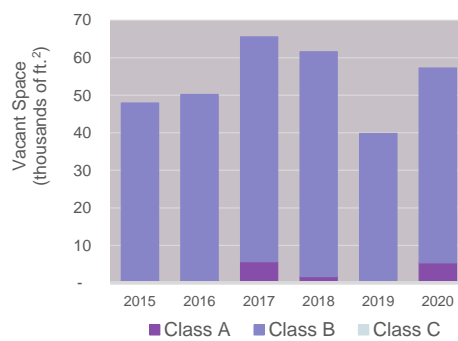


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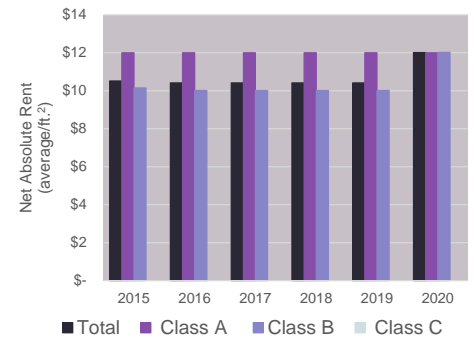
Supply & Demand



Vacant Space



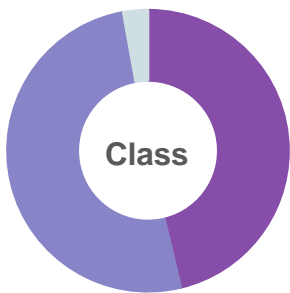
Net Absolute Rent/ft.²



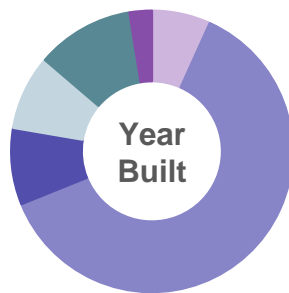
DARTMOUTH PERIPHERAL

Year at a Glance

	2019	2020	Change
Office Inventory (ft. ²)	731,353	750,353	↑ 19,000
Net Absorption (ft. ²)	13,640	(8,541)	↓ (22,181)
Vacancy Rate	19.96%	23.12%	↑ 3.17 pp
Avg. Net Rent/ft. ²	\$12.28	\$12.72	↑ 3.58%
Avg. RTCAM/ft. ²	\$10.83	\$12.08	↑ 11.54%
Avg. Gross Rent/ft. ²	\$23.57	\$24.46	↑ 3.78%

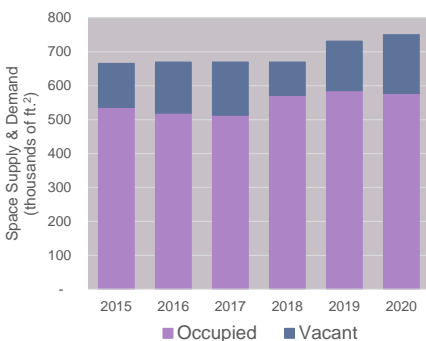


■ A ■ B ■ C

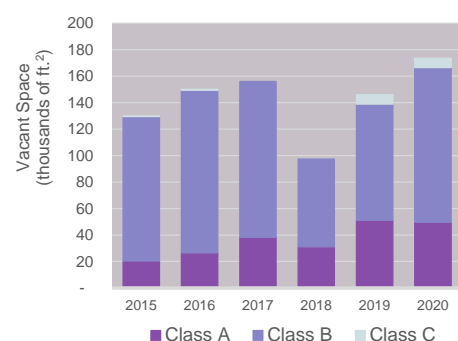


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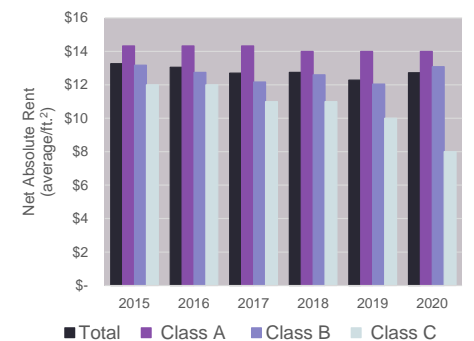
Supply & Demand



Vacant Space



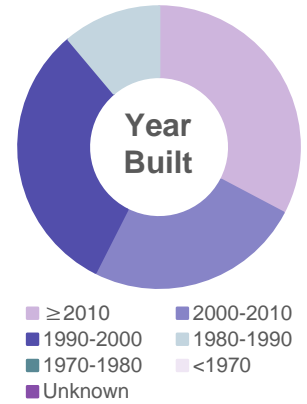
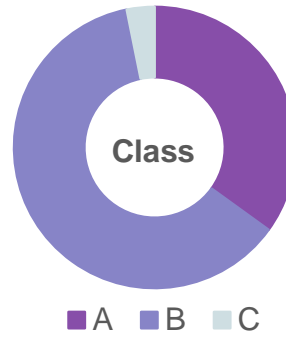
Net Absolute Rent/ft.²



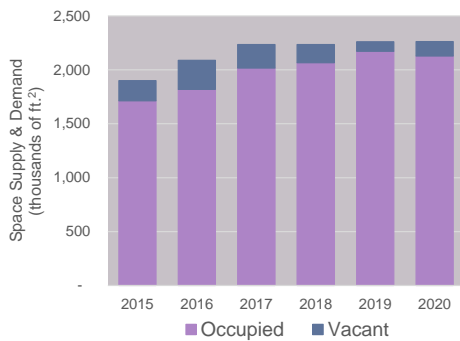
SUBURBAN HALIFAX

Year at a Glance

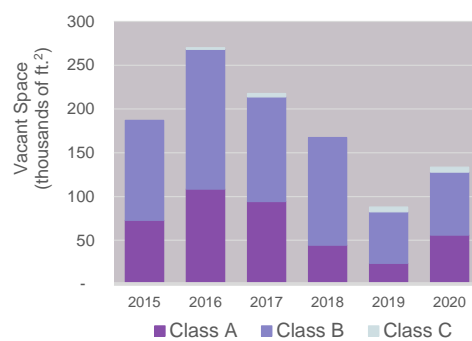
	2019	2020	Change
Office Inventory (ft. ²)	2,259,855	2,261,798	↑ 1,943
Net Absorption (ft. ²)	105,679	(43,785)	↓ (149,464)
Vacancy Rate	3.89%	5.91%	↑ 2.02 pp
Avg. Net Rent/ft. ²	\$14.72	\$14.87	↑ 1.02%
Avg. RTCAM/ft. ²	\$12.46	\$12.47	↑ 0.08%
Avg. Gross Rent/ft. ²	\$27.10	\$27.40	↑ 1.11%



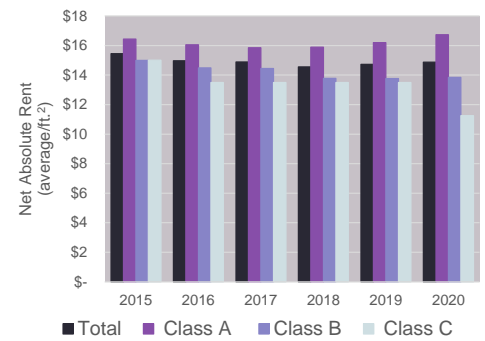
Supply & Demand



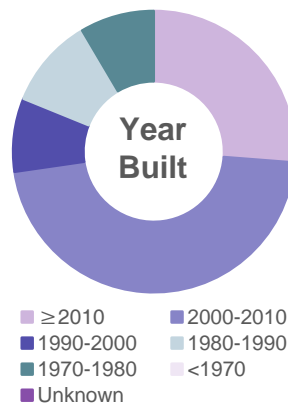
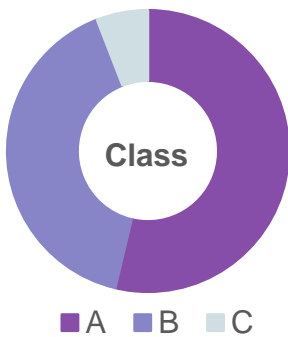
Vacant Space



Net Absolute Rent/ft.²



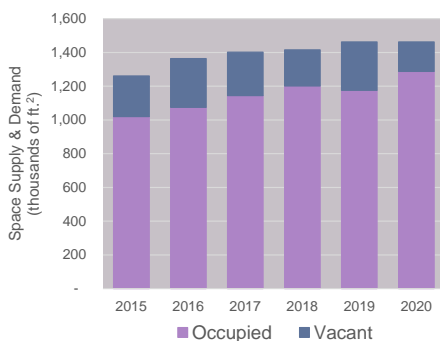
BURNSIDE/CITY OF LAKES & DARTMOUTH CROSSING



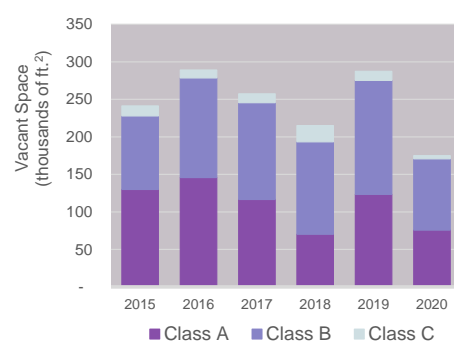
Year at a Glance

	2019	2020	Change
Office Inventory (ft. ²)	1,462,086	1,462,086	↔ ---
Net Absorption (ft. ²)	(25,824)	112,253	↑ 138,077
Vacancy Rate	19.65%	11.97%	↓ - 7.68 pp
Avg. Net Rent/ft. ²	\$13.90	\$14.48	↑ 4.17%
Avg. RTCAM/ft. ²	\$12.87	\$12.93	↑ 0.47%
Avg. Gross Rent/ft. ²	\$26.85	\$27.19	↑ 1.27%

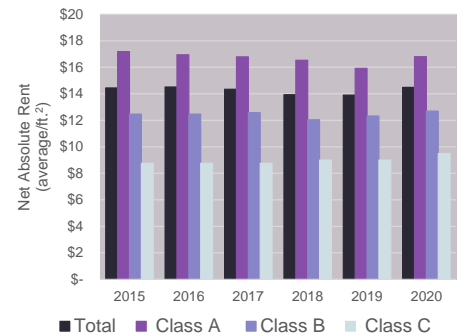
Supply & Demand



Vacant Space



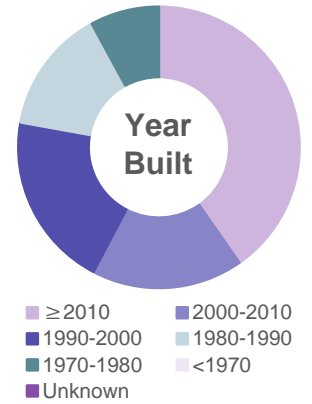
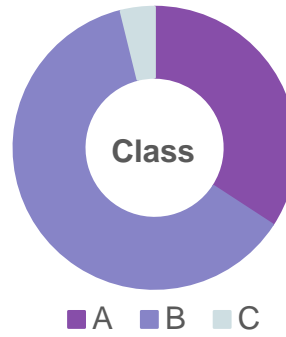
Net Absolute Rent/ft.²



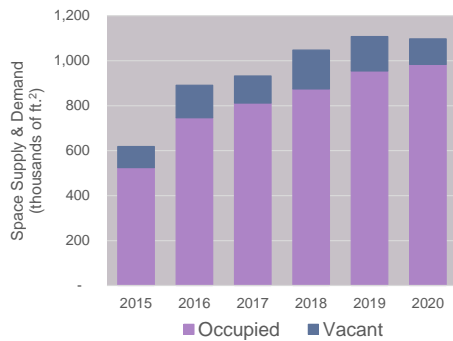
BEDFORD

Year at a Glance

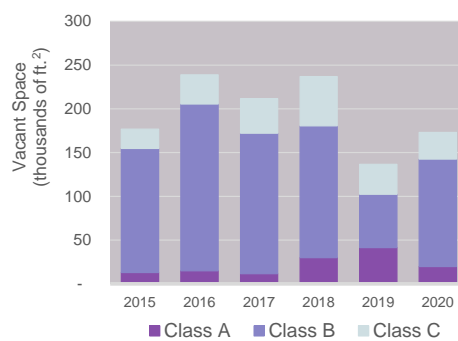
	2019	2020	Change
Office Inventory (ft. ²)	1,082,802	1,132,252	↑ 49,450
Net Absorption (ft. ²)	80,065	29,286	↓ (50,779)
Vacancy Rate	11.87%	13.14%	↑ 1.26 pp
Avg. Net Rent/ft. ²	\$14.23	\$14.34	↑ 0.77%
Avg. RTCAM/ft. ²	\$12.34	\$12.25	↓ - 0.73%
Avg. Gross Rent/ft. ²	\$26.73	\$26.59	↓ - 0.52%



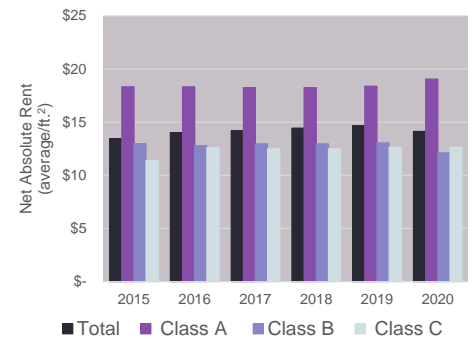
Supply & Demand



Vacant Space



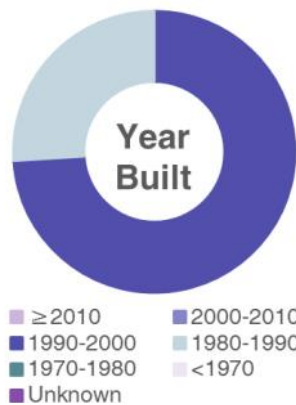
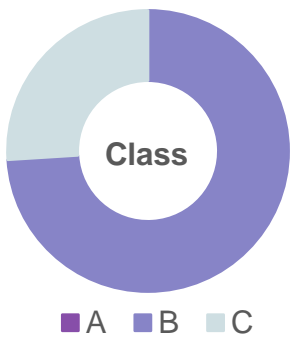
Net Absolute Rent/ft.²



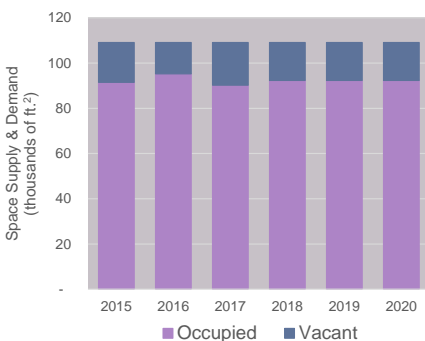
SACKVILLE

Year at a Glance

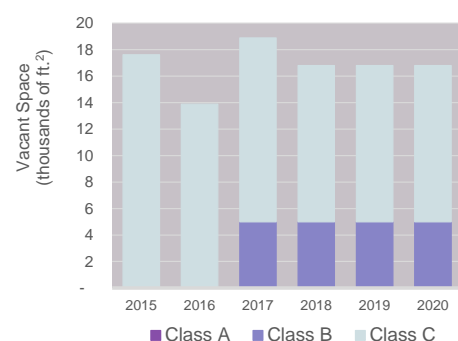
	2019	2020	Change
Office Inventory (ft. ²)	109,092	109,092	↔ ---
Net Absorption (ft. ²)	---	---	↔ ---
Vacancy Rate	15.40%	15.40%	↔ ---
Avg. Net Rent/ft. ²	\$ 8.33	\$ 8.33	↔ ---
Avg. RTCAM/ft. ²	\$ 5.87	\$ 5.87	↔ ---
Avg. Gross Rent/ft. ²	\$14.21	\$14.21	↔ ---



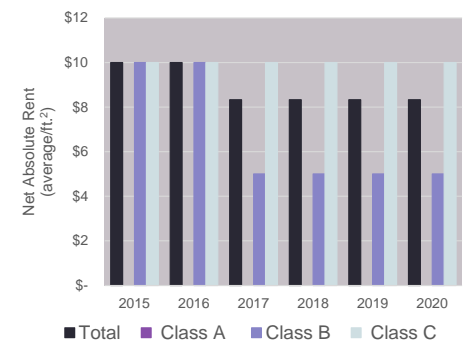
Supply & Demand



Vacant Space



Net Absolute Rent/ft.²



JUNE 2020 MARKET SURVEY

HRM WAREHOUSES

Year at a Glance

Warehouse	2019	2020	Change
Inventory (ft. ²)	7,866,432	8,055,244	↑ 188,812
Net Absorption (ft. ²)	313,910	87,218	↓ (226,692)
Vacancy Rate	9.12%	10.16%	↑ 1.05 pp
Avg. Net Rent/ft. ²	\$ 7.87	\$ 8.02	↑ 1.91%
Avg. RTCAM/ft. ²	\$ 5.22	\$ 5.24	↑ 0.38%
Avg. Gross Rent/ft. ²	\$13.14	\$13.37	↑ 0.99%

Supply & Demand Overview

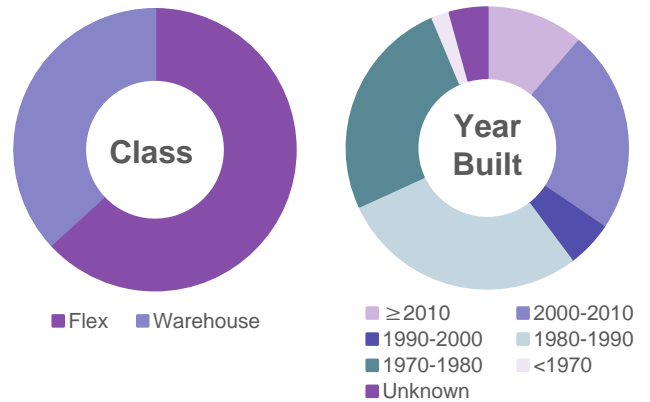
The total amount of rentable warehouse space in Greater Halifax increased 2.40% over last year, mainly due to new space coming online in Burnside. The overall vacancy rate increased from 9.12% in 2019 to 10.16% in 2020. The key driver of space demand is the growth in the provincial real (deflated) Gross Domestic Product. Our analysis of GDP projections indicates that 2021 will see a GDP increase of 4.48%, with demand for warehouse space decreasing 4.43%. The vacancy rate is expected to drop to 14.85%.

Our survey measured the vacancy rate by geographic node. The current vacancy rate in each of the following locations is: Atlantic Acres Industrial Park 8.36%; Bayers Lake Industrial Park 21.14%; Bedford 5.27% Burnside/City of Lakes Industrial Park 9.65%; Central Halifax 5.71%; Ragged Lake Industrial Park 41.03%; Sackville Industrial Park 0.00%, Woodside Industrial Park 11.43%.

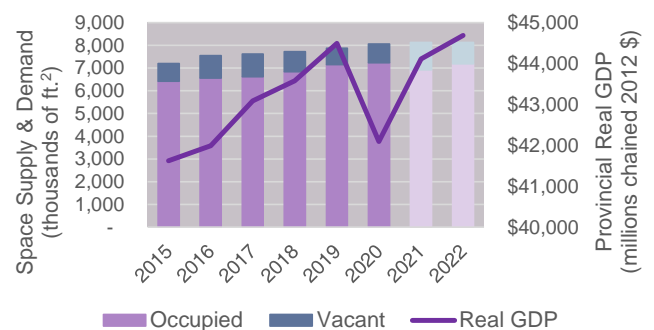
Our survey also measured rental rates. Industrial properties in H.R.M. saw the overall net absolute rent/ft.² increase by 1.91% year over year, to \$8.02/ft.² in 2020. The average overall net rental rates per square foot in each of the following locations were: Atlantic Acres Industrial Park \$8.00; Bayers Lake Industrial Park \$10.89; Bedford \$12.80; Burnside/City of Lakes Industrial Park \$7.57; Central Halifax \$8.86; Ragged Lake Industrial Park \$7.50; Sackville Industrial Park \$7.75; Woodside \$8.00.

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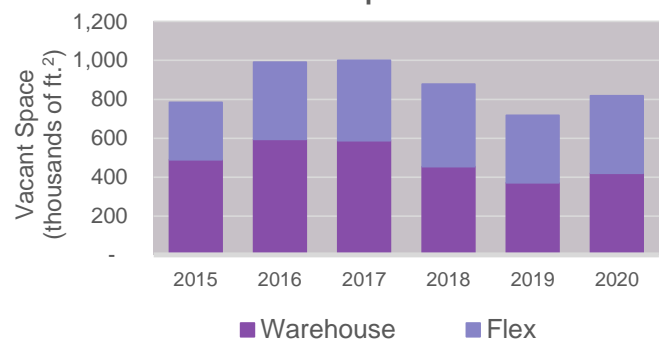
Overall Warehouse Inventory



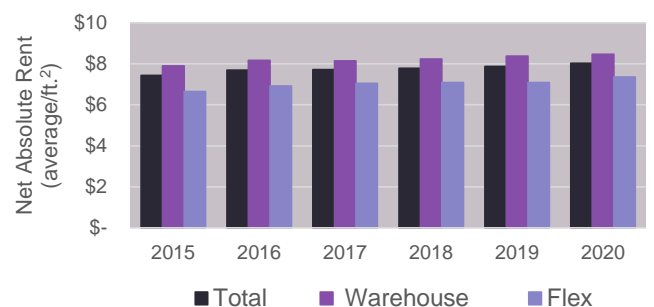
Supply, Demand & GDP



Vacant Space



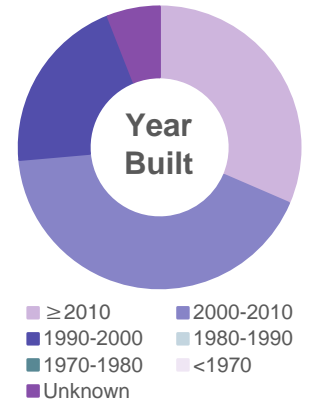
Net Absolute Rent/ft.²



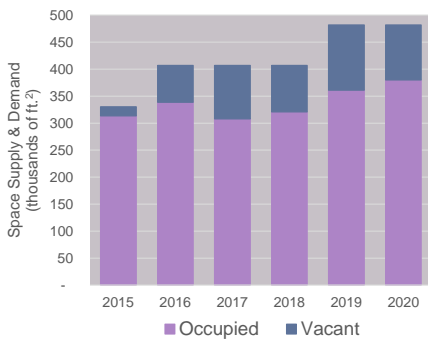
BAYERS LAKE INDUSTRIAL PARK

Year at a Glance

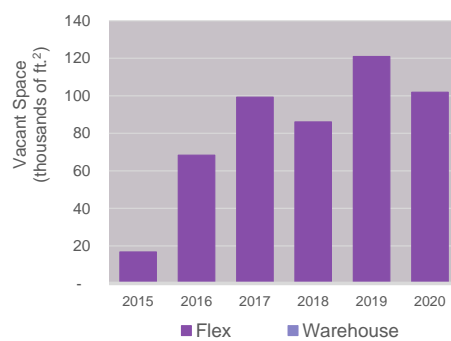
Warehouse	2019	2020	Change
Inventory (ft. ²)	481,963	481,963	↔ ---
Net Absorption (ft. ²)	40,023	19,078	↓ (20,945)
Vacancy Rate	25.10%	21.14%	↓ - 3.96 pp
Avg. Net Rent/ft. ²	\$10.56	\$10.89	↑ 3.13%
Avg. RTCAM/ft. ²	\$ 6.88	\$ 6.82	↓ - 0.87%
Avg. Gross Rent/ft. ²	\$17.44	\$17.71	↑ 1.55%



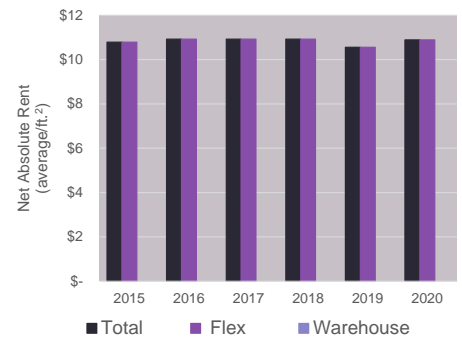
Supply & Demand



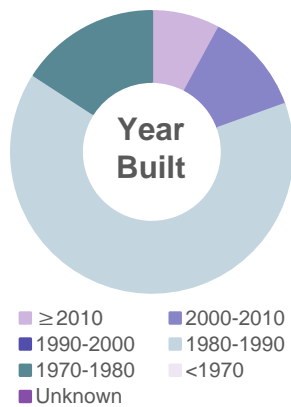
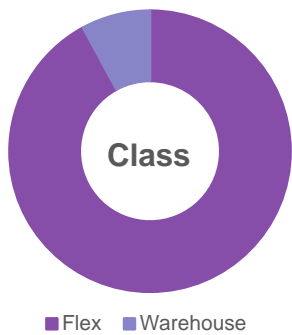
Vacant Space



Net Absolute Rent/ft.²



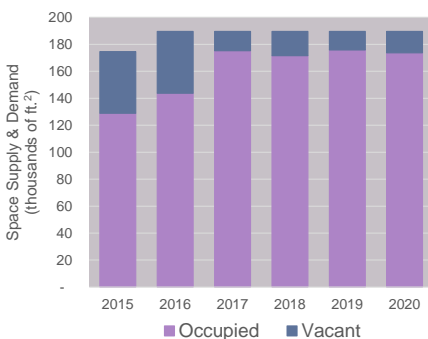
ATLANTIC ACRES



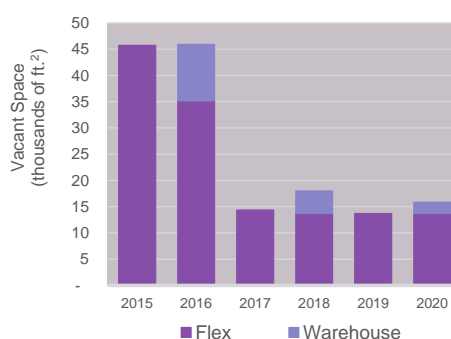
Year at a Glance

Warehouse	2019	2020	Change
Inventory (ft. ²)	189,615	189,615	↔ ---
Net Absorption (ft. ²)	4,300	(2,150)	↓ (6,450)
Vacancy Rate	7.22%	8.36%	↑ 1.13 pp
Avg. Net Rent/ft. ²	\$ 7.80	\$ 8.00	↑ 2.56%
Avg. RTCAM/ft. ²	\$ 4.05	\$ 4.12	↑ 1.73%
Avg. Gross Rent/ft. ²	\$11.85	\$13.27	↑ 11.98%

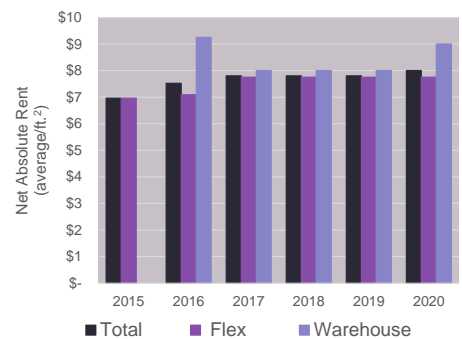
Supply & Demand



Vacant Space



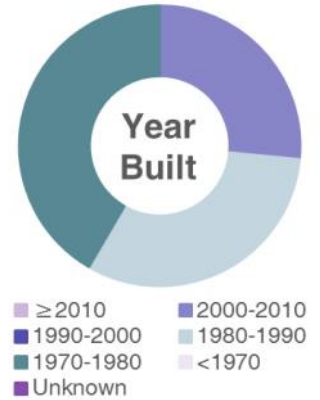
Net Absolute Rent/ft.²



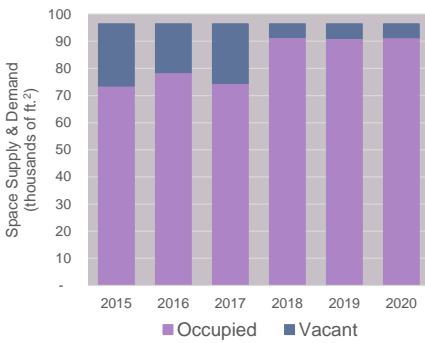
BEDFORD

Year at a Glance

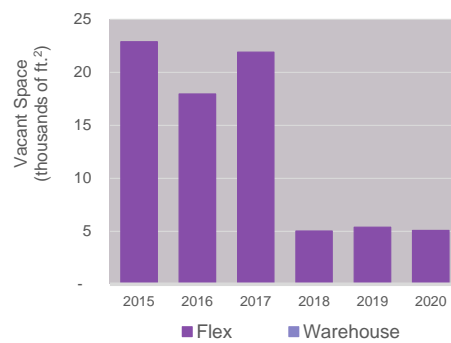
Warehouse	2019	2020	Change
Inventory (ft. ²)	96,434	96,434	↔ ---
Net Absorption (ft. ²)	(363)	310	↑ 673
Vacancy Rate	5.59%	5.27%	↓ - 0.32 pp
Avg. Net Rent/ft. ²	\$14.80	\$12.80	↓ - 13.51%
Avg. RTCAM/ft. ²	\$ 6.75	\$ 7.04	↑ 4.30%
Avg. Gross Rent/ft. ²	\$21.55	\$19.84	↓ - 7.94%



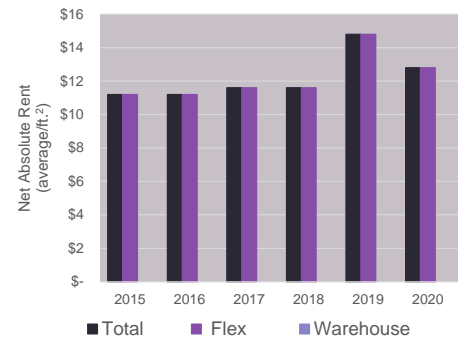
Supply & Demand



Vacant Space



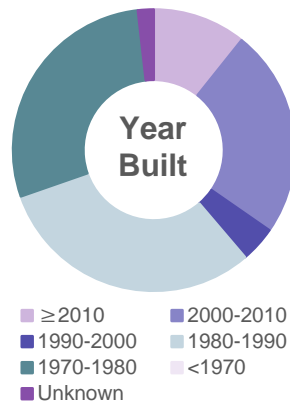
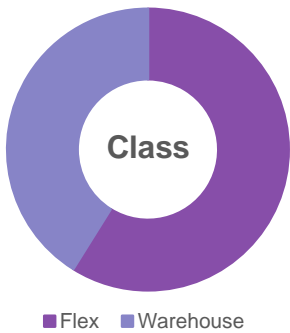
Net Absolute Rent/ft.²



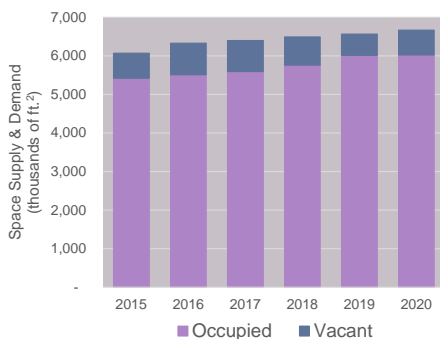
BURNSIDE / CITY OF LAKES

Year at a Glance

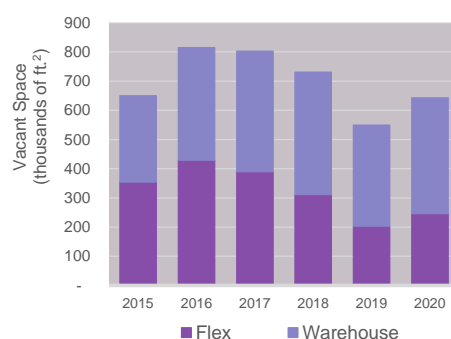
Warehouse	2019	2020	Change
Inventory (ft. ²)	6,562,726	6,662,842	↑ 100,116
Net Absorption (ft. ²)	254,394	6,620	↓ (247,774)
Vacancy Rate	8.37%	9.65%	↑ 1.28 pp
Avg. Net Rent/ft. ²	\$ 7.31	\$ 7.57	↑ 3.56%
Avg. RTCAM/ft. ²	\$ 5.10	\$ 5.13	↑ 0.59%
Avg. Gross Rent/ft. ²	\$12.46	\$12.67	↑ 1.69%



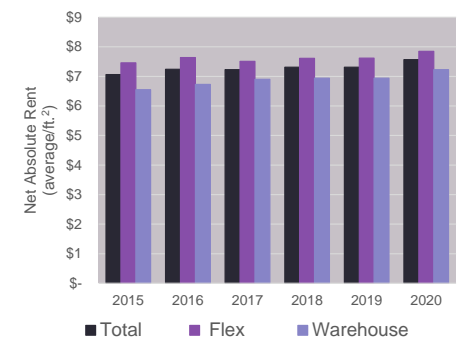
Supply & Demand



Vacant Space



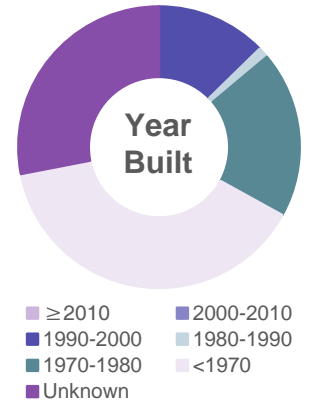
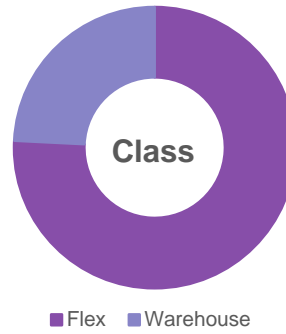
Net Absolute Rent/ft.²



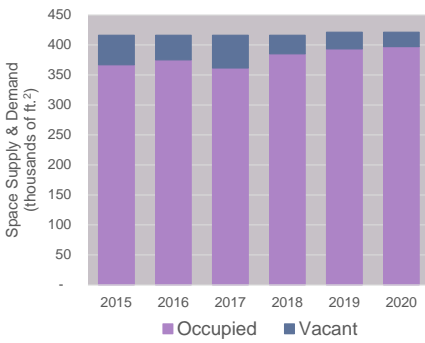
CENTRAL HALIFAX

Year at a Glance

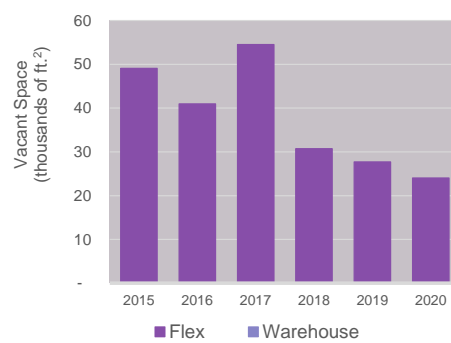
Warehouse	2019	2020	Change
Inventory (ft. ²)	421,197	421,197	↔ ---
Net Absorption (ft. ²)	8,206	3,664	↓ (4,542)
Vacancy Rate	6.58%	5.71%	↓ - 0.87 pp
Avg. Net Rent/ft. ²	\$ 8.97	\$ 8.86	↓ - 1.23%
Avg. RTCAM/ft. ²	\$ 5.28	\$ 5.52	↑ 4.55%
Avg. Gross Rent/ft. ²	\$14.17	\$14.33	↑ 1.13%



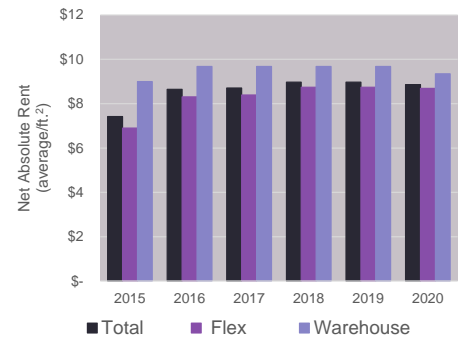
Supply & Demand



Vacant Space



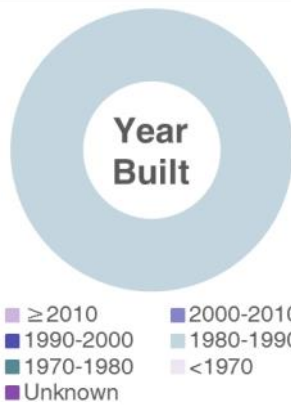
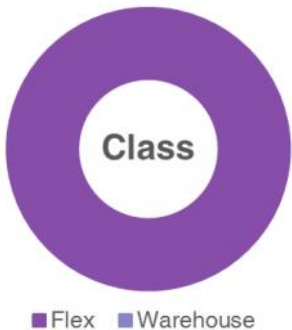
Net Absolute Rent/ft.²



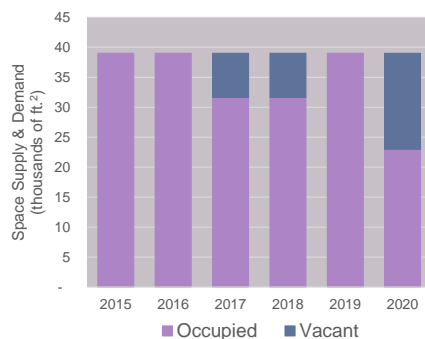
RAGGED LAKE INDUSTRIAL PARK

Year at a Glance

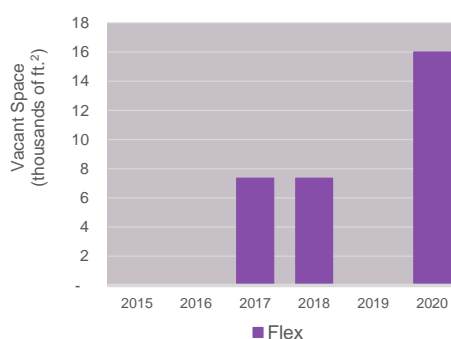
Warehouse	2019	2020	Change
Inventory (ft. ²)	39,000	39,000	↔ ---
Net Absorption (ft. ²)	7,350	(16,000)	↓ (23,350)
Vacancy Rate	0.00%	41.03%	↑ 41.03 pp
Avg. Net Rent/ft. ²	\$ 7.50	\$ 7.50	↔ ---
Avg. RTCAM/ft. ²	\$ 5.05	\$ 5.05	↔ ---
Avg. Gross Rent/ft. ²	\$12.55	\$12.55	↔ ---



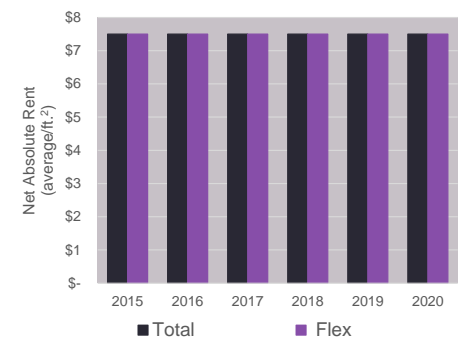
Supply & Demand



Vacant Space



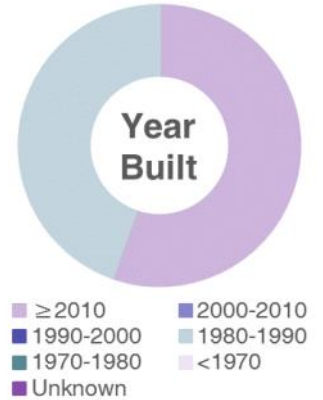
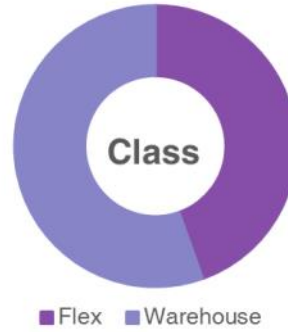
Net Absolute Rent/ft.²



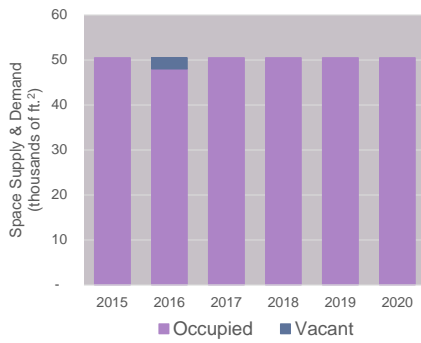
SACKVILLE

Year at a Glance

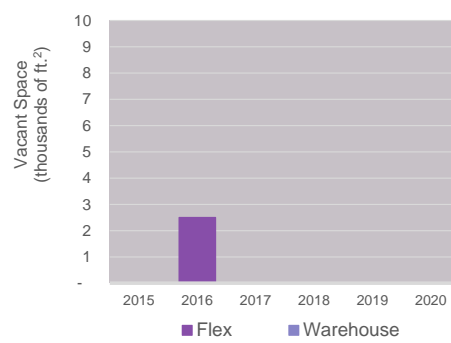
Warehouse	2019	2020	Change
Inventory (ft. ²)	50,497	50,497	↔ ---
Net Absorption (ft. ²)	---	---	↔ ---
Vacancy Rate	0.00%	0.00%	↔ ---
Avg. Net Rent/ft. ²	\$ 7.75	\$ 7.75	↔ ---
Avg. RTCAM/ft. ²	\$ 5.46	\$ 5.46	↔ ---
Avg. Gross Rent/ft. ²	\$13.46	\$13.46	↔ ---



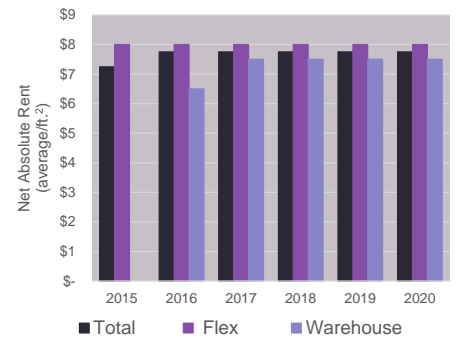
Supply & Demand



Vacant Space



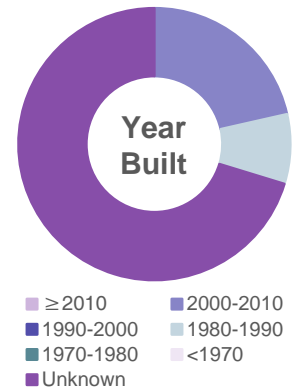
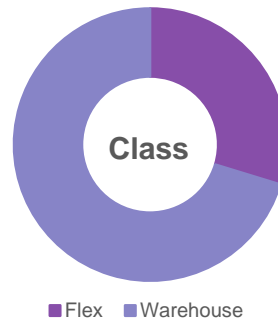
Net Absolute Rent/ft.²



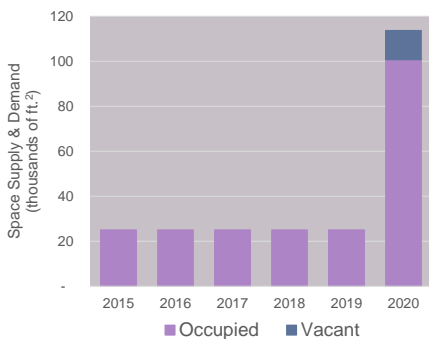
WOODSIDE

Year at a Glance

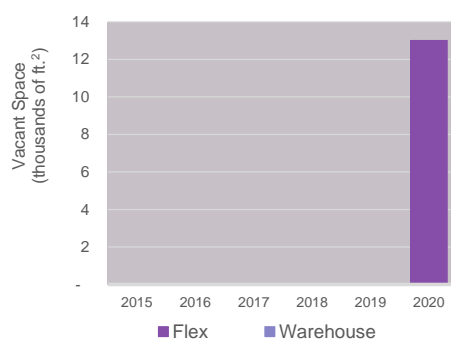
Warehouse	2019	2020	Change
Inventory (ft. ²)	25,000	113,696	↑ 88,696
Net Absorption (ft. ²)	---	75,696	↑ 75,696
Vacancy Rate	0.00%	11.43%	↑ 11.43 pp
Avg. Net Rent/ft. ²	\$ 8.00	\$ 8.00	↔ ---
Avg. RTCAM/ft. ²	\$ 4.33	\$ 3.25	↓ -24.94%
Avg. Gross Rent/ft. ²	\$12.33	\$12.61	↑ 2.27%



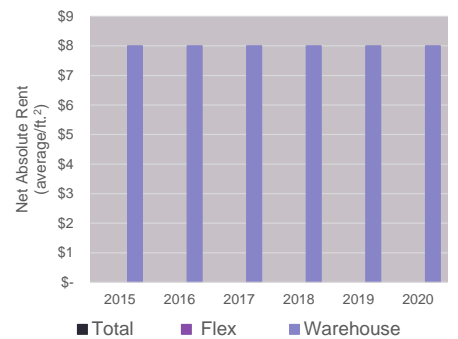
Supply & Demand



Vacant Space



Net Absolute Rent/ft.²



JUNE 2020 MARKET SURVEY

HRM OFFICES & WAREHOUSES

Glossary

Inventory/Supply: The total rentable area of office space in the rental market, occupied or vacant.

Vacancy Rate - The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased.

Absorption - This is the amount of additional space absorbed by the market during that period. It is the incremental market demand.

Building Class:

Office Class - This is the industry definition common to this particular marketplace.

Class A - These office buildings command the highest rents, have “presence” by virtue of their distinctive design and lobbies, are air-conditioned and sprinklered. They are regarded as “prestige” buildings in their marketplace and are usually the most modern buildings. They typically include the leading firms of lawyers and accountants, together with regional or head offices for banks, financial institutions and other major companies, as their tenants.

Class B - These are “second tier” office buildings in terms of rents. They are usually older than Class A buildings and lack “presence”. They are air conditioned and are usually sprinklered. They are regarded as offering modern, but not “prestige” office accommodation in their marketplace. Typically they were built over 20 years ago. Tenants usually include second tier firms of lawyers and accountants, together with a wide selection of private sector companies, provincial and local government agencies.

Class C - These include all office buildings not classed as “A” or “B”.

Class W - Distribution warehouse

Class F - Flex space. This type of space may be used for retail or office use as an alternative to pure warehousing and is typically located at the entrance to a business park in an area with high traffic exposure.

Income & Expense Data:

Net Absolute Rent - This is often referred to as “AAA” or “Base” rent and does not include Realty or Business Occupancy Taxes, Common Area Maintenance (CAM), or any other services such as Electricity, Cleaning or Heating.

Current Realty Taxes - These are the Realty Taxes (not the Business Occupancy Taxes) currently paid by the Landlord and which are recovered from the Tenant usually as part of the Service Rent.

Current CAM - This is the additional amount recovered by the Landlord from the Tenant to cover the operating and maintenance costs of the building including the tenant suites. Common Area Maintenance (CAM) typically includes fire insurance, repairs and maintenance, cleaning (common areas plus often the tenant suites), electricity (common areas plus often the tenant suites), heating and air conditioning (common areas plus often the tenant suites), water, garbage removal, snow clearing, elevator maintenance, management, security, etc. It, together with the Realty Taxes, is recovered by the Landlord from the Tenant as “Service Rent”, if the Tenant has a “net absolute” lease.

Total Realty Taxes + CAM (RTCAM) - This is the total of the Realty Taxes and CAM, and is often recovered from the tenant as “Service Rent”.

Total Gross Rent - This is the total rent recovered from the Tenant by the Landlord and is the total of the Base (Net Absolute Rent) plus the Service Rent (Realty Taxes + CAM).

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