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HALIFAX'S DOWNTOWN IS DYING

The opportunity to revitalize our downtown is rapidly closing

The overall office market in Halifax weakened somewhat over the past year, and the city's Central Business District continues to be the hardest hit, especially for Class A office space. The vacancy rate for Class A space in the CBD increased from 8.21% to 9.08%, while net rent/ft.² increased slightly from \$17.63/ft.² to \$18.07/ft.². Demand continues to follow new supply out of the heart of the city to the suburbs; denuding the downtown core of tenants. That is the conclusion from the latest of fifteen rental surveys recently conducted by Atlantic Canada real estate counsellors, Turner Drake & Partners Ltd.

The surveys are thought to be the most comprehensive ever conducted in Greater Halifax: a team of trained researchers collected rental, operating expense and vacancy data for 300 office and industrial buildings, including buildings as small as 5,000 square feet with an aggregate rentable area of over 18.4 million square feet.

Halifax's CBD houses only 41% of the city's total office rentable area; however a whopping 34% of the city's total vacancy is located there. The vacancy rate in the CBD sits at 7.08%, with Class A vacancy at 9.08%, much higher than other sub-markets such as Burnside/City of Lakes (7.35%) and Suburban and Downtown Peripheral Halifax (7.03% and 4.84%, respectively). Halifax CBD is the predominant supplier of rental office space in the municipality, yet the vacancy rate reveals that office tenants are drawn away from the downtown core to space outside the CBD, attracted by accessible parking, new buildings and lower net rents: the average net rent for CBD Class A space is \$18.07/ft.², while Suburban Halifax is \$17.25/ft.², Downtown Peripheral lies at \$14.50/ft.², and Burnside/City of Lakes at \$16.61/ft.². But successful cities are built on vibrant downtowns: the window of opportunity to revive the heart of Halifax is quickly closing. It is past time to reverse the attrition and rebuild our city from within.

Turner Drake & Partners Ltd. is a multi-disciplinary firm of real estate consultants offering valuation, property tax, counselling, economic intelligence, and Lasercad™ space measurement advice, throughout Atlantic Canada; together with brokerage (sales and leasing) services in Nova Scotia, New Brunswick and Prince Edward Island.

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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.