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## **HALIFAX CAPTURES MAJORITY OF DEMAND FOR OFFICE & INDUSTRIAL SPACE IN ATLANTIC CANADA But will vacancy rates increase?**

Halifax is capturing a whopping 49% of the demand for office and industrial space in Atlantic Canada, but increases in the supply of space available will drive vacancy rates up slightly during the next year. That is the conclusion from the latest of twelve rental 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 288 buildings, some as small as 5,000 square feet, with an aggregate rentable area of over 17.0 million square feet.

Halifax's office rental market is maintaining a healthy status quo: the overall vacancy rate dropped slightly from 8.36% in 2009 to 7.96% in 2010. Class B office space represents the lowest vacancy rates in the office market coming in at 7.67% down from 8.34% in 2009: however it had the lowest overall net rent increase of 2.39%. The overall increase in net rental rates from 2009 is 4.27%, of which Class C office space had the highest increase of 5.87%. The average rental rate in the Halifax office market now sits at \$13.69/ft<sup>2</sup>. Turner Drake anticipates the overall office vacancy rate will increase to 9.04% in the next year, driven by increases in supply of rental space outpacing the increased demand.

Halifax's industrial market looks positive with the lowest vacancy rate in over five years sitting at 5.39%. The net rental rate in the Halifax industrial market now averages \$7.02/ft<sup>2</sup>, increasing by only a mere 0.57% from 2009. Turner Drake anticipates that the overall vacancy rate will rise to 5.58% from the current 5.39% as supply increases. Despite the predicted increase in the vacancy rate, a slight increase in net rent is expected.

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.

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