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INDUSTRIAL VACANCY RATES UP ACROSS HRM

Vacancy in Bayers Lake Industrial Park more than doubles.

The overall vacancy rate for warehouse space in Halifax Regional Municipality jumped from 9.86% in 2014 to 13.12% in 2015, driven by the decrease in demand for industrial space in a teetering economy. That is the conclusion from the latest of nineteen 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 148 warehouse buildings with a total rentable area of 5,000 ft.² or greater available for rent, with an aggregate rentable area of over 7.69 million ft.². The survey successfully collected information on 95% of the rental stock polled.

The biggest increase in vacancy rates for warehouse space were in Bayers Lake and Atlantic Acres Industrial Parks. The vacancy rate in Bayers Lake more than doubled over the past twelve months from 9.93% in 2014 to 22.45% in 2015. As for Atlantic Acres, the vacancy increased 8.35 percentage points from 35.42% to a whopping 43.77%. However, the overall increase in the vacancy rate was driven by falling demand in the city's largest supplier of industrial space, Burnside/City of Lake Industrial Park, which accounted for 75% of the decrease in demand for space. The parks' vacancy rate rose 2.6 percentage points to 11.57%. No new warehouse space brought to market over the past year, so this rise in vacancy can be largely attributed to the falling economy and depressed oil prices driving demand for warehouse space down.

As vacancy and rental rates are inversely related, the rising overall vacancy contributed to the decreasing overall net absolute rent/ft.². Industrial properties in HRM saw the overall net absolute rent/ft.² decrease by 0.53% year over year. The average overall net rental rates/ft.² in each of the following locations are: Atlantic Acres Industrial Park \$6.77; Bayers Lake Industrial Park \$10.59; Bedford \$11.20; Burnside/City of Lakes Industrial Park \$7.16; Central Halifax \$7.55; Ragged Lake Industrial Park \$7.50; Sackville Industrial Park \$9.50. We anticipate that the overall vacancy rate for industrial space in HRM will increase slightly to 13.42% in the year ahead, driven by a further slight decrease in demand. This is expected to result in the overall net absolute rental rate remaining unchanged.

Turner Drake & Partners Ltd. is a multi-disciplinary firm of real estate consultants offering valuation, property tax, counselling, planning, 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.