



Contact: Alexandra Baird Allen
Tel: (902) 429-1811 Ext. 323
Email: abairdallen@turnerdrake.com
Website: www.turnerdrake.com

FOR IMMEDIATE RELEASE

HALIFAX HOT ON CALGARY'S HEELS Vacancy Rates Reach Unprecedented 16% in Halifax CBD

HALIFAX, NS (January 13, 2016) – Office vacancy in Halifax's Central Business District now rivals Calgary... that is the stunning conclusion reached by Turner Drake & Partners Ltd. as part of their Atlantic Canada December 2015 surveys. Overall office vacancy now hovers at around 16%, while Class A is a staggering 26%... and a third of Class C is now vacant!

The surveys are thought to be the most comprehensive ever conducted in the HRM: a team of trained researchers collected rental, operating expense and vacancy data for 306 office and warehouse buildings, some as small as 5,000 ft.², with an aggregate rentable area of over 19.2 million ft.².

Collapsing oil prices are the cause of Calgary's demise. Halifax's woes are self-inflicted; a municipal policy favouring its city-owned industrial parks encourages tenants to abandon the downtown in favour of cheaper space in more accessible locations. Canada Revenue Agency are the latest large space users to abandon the downtown: they are heading to the Bayer's Lake Industrial Park. Declining demand for office space in the CBD is now writ large in the vacancy rates: 26.29% of Class A space is now vacant, a jump from 18.85% in 2014...and that situation will worsen as new space such as the Nova Centre comes on stream next year. Class C space vacancy is an eye watering 32.66%, nearly double the 2014 rate of 18.30%. The outlier is Class B space, which saw a much lower rate of 9.71%, but likewise increased from 6.58% the previous year.

The overall vacancy rate continued to creep upward in the HRM in 2015, increasing 3.55 percentage points to 15.83%. The CBD houses 40% of the city's total rentable office space, but 41% of the city's vacant office space. Other areas, Bedford, Burnside/City of Lakes, and Peripheral Dartmouth, also show a higher proportion of vacant space that proportion of rentable area.

What will happen next? CBD Class A buildings will capture Class B occupants to repair their high vacancy rate. Class B buildings will then syphon demand from Class C buildings. Some buildings will be repurposed for residential use, be abandoned or demolished. Halifax CBD will continue to decline as the Atlantic Region's centre of commerce. None of this should come as any great surprise. In 2009, Turner Drake conducted a study for HRM and concluded that "if present trends persist Downtown Halifax will continue to decline as a business centre...hotel and residential development will increasingly dominate activity in the area."

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

-30-

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