

# MARKET SURVEY (JUNE 2010)

## H.R.M. OFFICES

### Scope

This survey included every office building with a total rentable area of 10,000 ft<sup>2</sup> or greater, available for rent in the Halifax Regional Municipality. A team of trained researchers collected rental, operating expense and vacancy data on 138 buildings with an aggregate rentable area of 10,294,966 ft<sup>2</sup>. The survey successfully collected information on 100% of the rental stock polled. Data analysis prior to June 2006 is based on information gathered by a similar but smaller survey conducted by Cushman & Wakefield LePage for PWGSC.

### Vacancy Rates

The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. 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, airconditioned space. Class C buildings make up the remainder of the office rental market. 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.

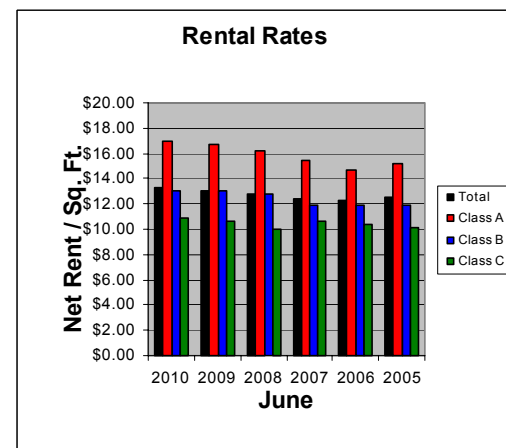
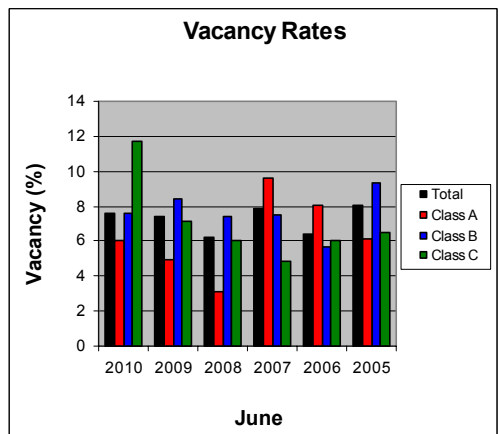
Halifax's office rental market is maintaining a healthy status quo: while the vacancy rate has increased from 7.43% in 2009, it remains below 8% for the fifth straight year. The current vacancy rates in Halifax Regional Municipality are: Class A 6.03%; Class B 7.63%; Class C 11.72%; Overall 7.63%. The current average net absolute rental rates per square foot are: Class A \$17.01; Class B \$13.06; Class C \$10.87; Overall \$13.28.

Our survey measured vacancy by geographic node. The overall vacancy rates by location are: Bedford 8.89%; Burnside 18.09%; Central Dartmouth 7.89%; Central Halifax 5.78%; Downtown Peripheral Halifax 8.33%; Suburban Halifax 6.18%; Sackville 1.72%.

We also included all the major centres in Atlantic Canada. Halifax sits in the middle of the pack. The overall vacancy rate by location is as follows: Greater Fredericton 5.62%; Greater Saint John 8.56%; Greater Moncton 9.70%; Greater St. John's 3.86%; Halifax Regional Municipality 7.63%; Greater Charlottetown 12.34%.

### Forecast (Next 12 months)

We anticipate that the overall vacancy rate will increase to 8.73% in the next year, driven by increases in supply of rental space outpacing increased demand. As landlords have a harder time finding tenants, the net absolute rent/ft<sup>2</sup> will fall slightly.



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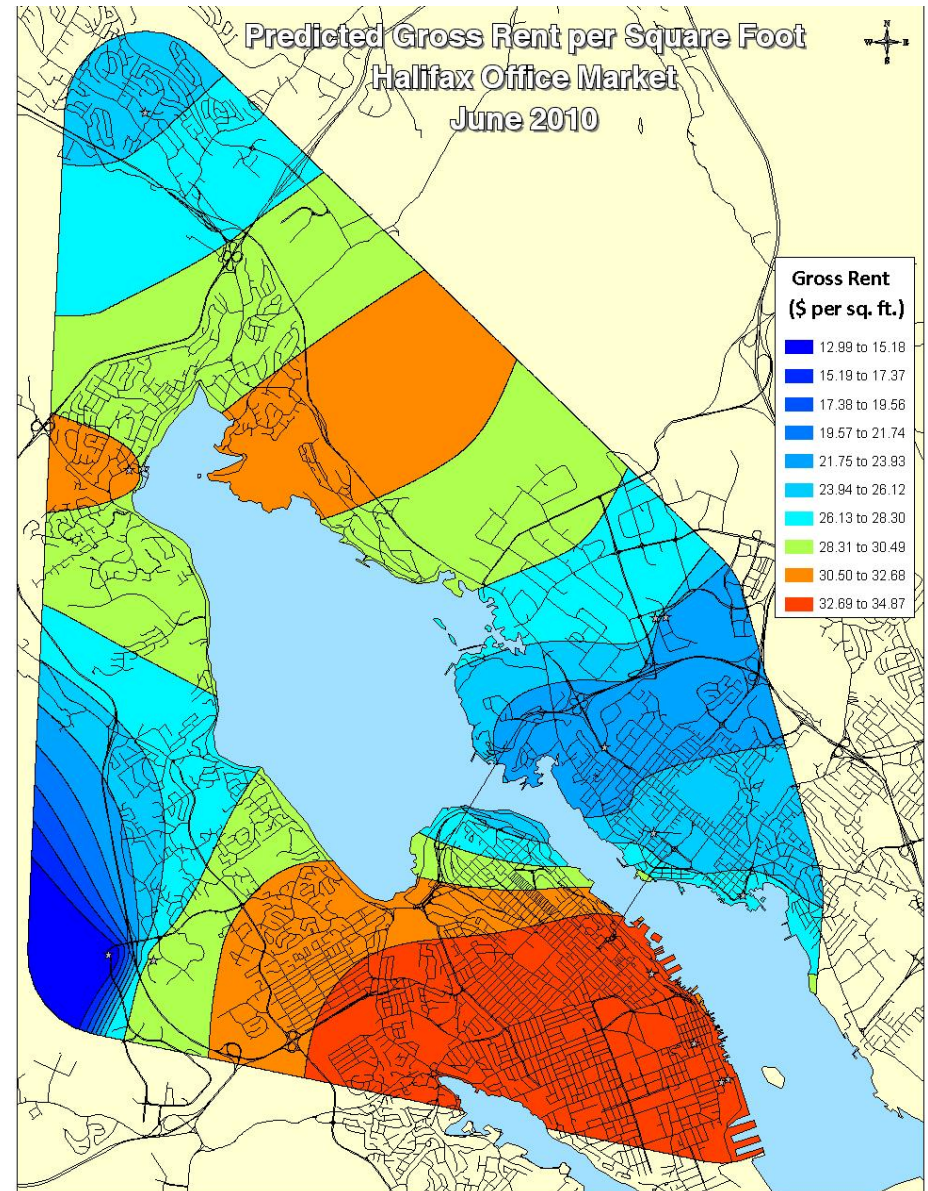
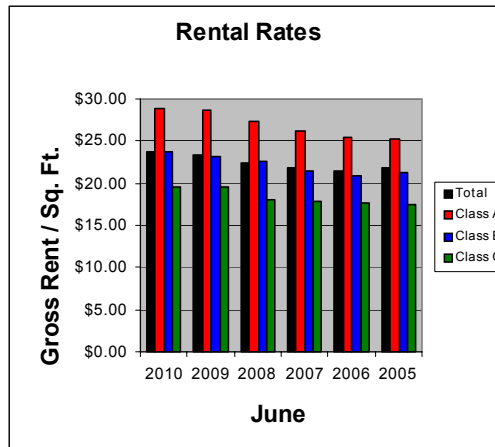
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### Gross Rent

Halifax Regional Municipality has the highest gross rent per square foot of all the major cities in Atlantic Canada, above even St. John's NL, which has a higher net rent per square foot. This means that renters in the city are paying a higher proportion of operating expenses and realty taxes than renters in the Newfoundland capital.

Our Economic Intelligence Unit took a look at the gross rent per square foot from a geographic point of view, and modelled the Predicted Gross Rent per Square Foot for Class A office space on a map of the city. The stars show the buildings while the colours show how much you might expect to pay for gross rent for office space in any given location, based on how much the nearest buildings are charging. The map includes only Class A buildings in order to create an "apples to apples" comparison, isolating location as much as possible as the predictor for price, and eliminating quality of space from the equation.



# MARKET SURVEY (JUNE 2010)

## H.R.M. WAREHOUSES

### Scope

This survey included every warehouse building with a total rentable area of 20,000 ft<sup>2</sup> or greater, available for rent in the Halifax Regional Municipality. A team of trained researchers collected rental, operating expense and vacancy data on 142 buildings with an aggregate rentable area of 7,378,503 ft<sup>2</sup>. The survey successfully collected information on 100% of the rental stock polled. Data analysis prior to June 2006 is based on information gathered by a similar but smaller survey conducted by Cushman & Wakefield LePage for PWGSC.

### Vacancy Rates

The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Vacancy rates prior to June 2006 are based on data collected by the Cushman & Wakefield LePage surveys, and employ heuristic algorithms which compensate for missing data. The vacancy rate in H.R.M. dropped 1.41 percentage points from the 2009 level. The current overall vacancy rate is 6.72%, down from 8.13% last year.

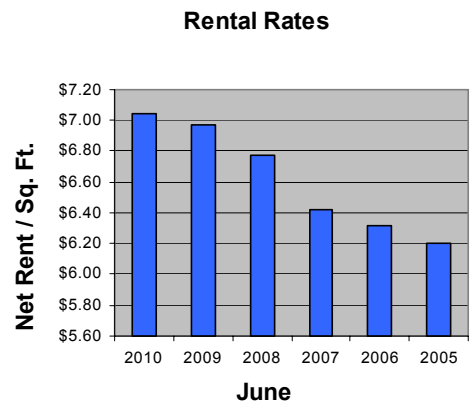
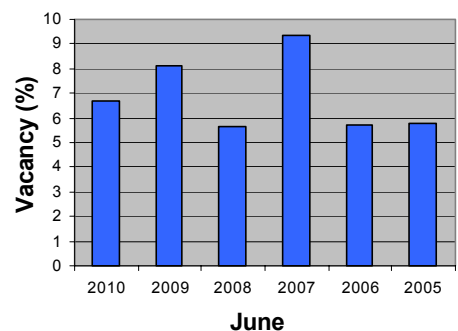
Our survey measured the vacancy rate by geographic node. The current vacancy rate in each of the following locations is: Atlantic Acres Industrial Park 4.42%; Bayers Lake Industrial Park 7.22%; Bedford 8.36%; Burnside/City of Lakes Industrial Park 7.00%; Central Halifax 4.52%; Ragged Lake Industrial Park 0%; Sackville Industrial Park 0%.

Our survey also measured rental rates. H.R.M. industrial properties have the highest net rental rate of all the major centres in the Maritimes. The overall average net rental rates by location are as follows: Greater Fredericton \$6.31; Greater Saint John \$5.38; Greater Moncton \$5.80; Greater St. John's \$8.18; Halifax Regional Municipality \$7.04; Greater Charlottetown \$6.00.

Our survey includes all the major centres in Atlantic Canada. The vacancy rate for H.R.M. sits in the middle of the range. The overall vacancy rate by location is as follows: Greater Fredericton 8.44%; Greater Saint John 4.80%; Greater Moncton 11.11%; Greater St. John's 4.08%; Halifax Regional Municipality 6.72%; Greater Charlottetown 5.66%.

### Forecast (Next 12 months)

We anticipate that the overall vacancy rate will fall to 5.74% from the current 6.72% as demand increases. There will be a slight corresponding increase in the net absolute rent/ft<sup>2</sup>.



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