

# MARKET SURVEY (DECEMBER 2010) H.R.M. OFFICES

## Scope

This survey included every office building with a total rentable area of 5,000 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 146 buildings with an aggregate rentable area of 10,570,022 ft.<sup>2</sup>. The survey successfully collected information on 97% 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.

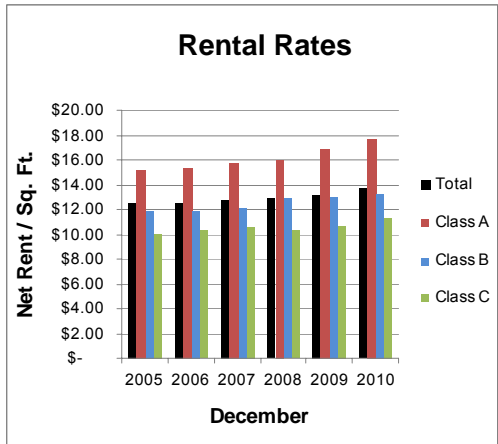
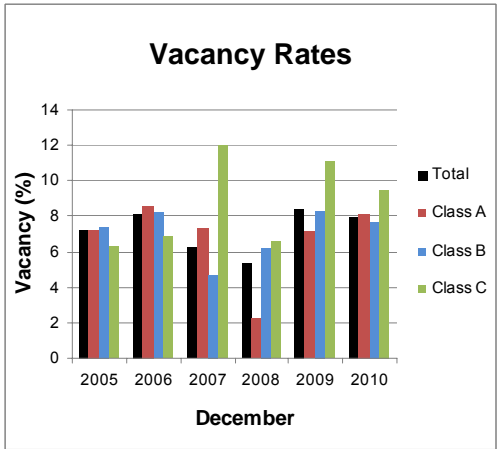
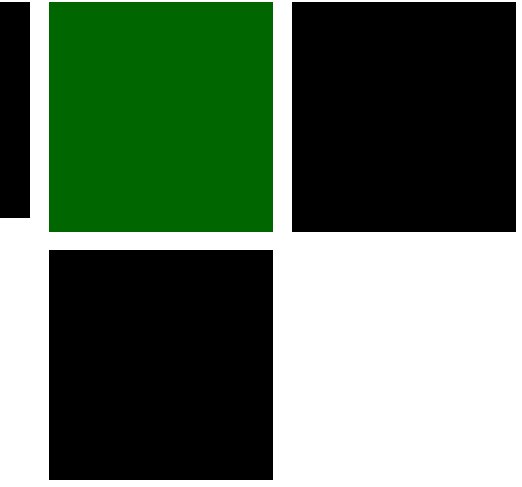
Halifax’s office rental market is maintaining a healthy status quo: the vacancy rate dropped slightly from 8.36% in 2009 to 7.96% in 2010. The current vacancy rates in Halifax Regional Municipality are: Class A 8.15%; Class B 7.67%; Class C 9.52%; Overall 7.96%. The current average net absolute rental rates per square foot are: Class A \$17.70; Class B \$13.30; Class C \$11.37; Overall \$13.69.

Our survey measured vacancy by geographic node. The overall vacancy rates by location are: Bedford 9.58%; Burnside 15.48%; Central Dartmouth 8.69%; Peripheral Dartmouth 5.53%; Central Halifax 6.92%; Downtown Peripheral Halifax 7.10%; Suburban Halifax 7.06%; Sackville 9.31%.

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 6.07%; Greater Saint John 8.23%; Greater Moncton 11.14%; Greater St. John’s 3.80%; Halifax Regional Municipality 7.96%; Greater Charlottetown 11.76%.

## Forecast (Next 12 months)

We anticipate that the overall vacancy rate will increase to 9.04% in the next year, driven by increases in supply of rental space outpacing increased demand.



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# MARKET SURVEY (DECEMBER 2010) H.R.M. WAREHOUSES

## Scope

This survey included every warehouse building with a total rentable area of 5,000 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 97% 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 2.38 percentage points from the 2009 level. The current overall vacancy rate is 5.39%, down from 7.77% last year.

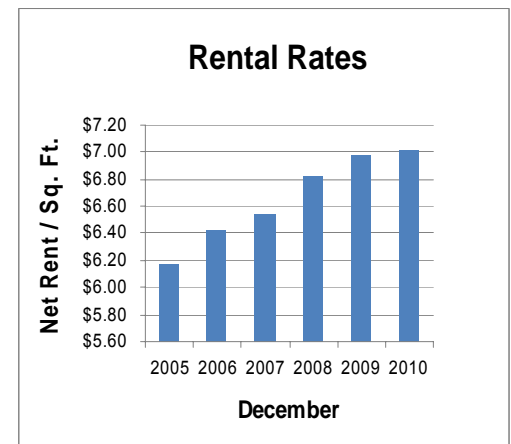
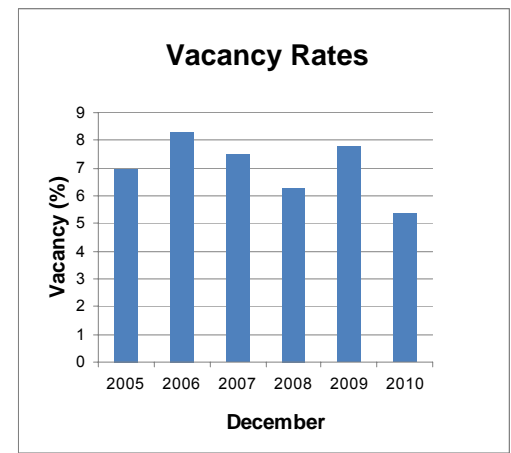
Our survey measured the vacancy rate by geographic node. The current vacancy rate in each of the following locations is: Atlantic Acres Industrial Park 3.22%; Bayers Lake Industrial Park 4.54%; Bedford 2.95%; Burnside/City of Lakes Industrial Park 5.57%; Central Halifax 6.08%; Ragged Lake Industrial 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 \$6.33; Greater Saint John \$6.11; Greater Moncton \$6.04; Greater St. John's \$8.65; Halifax Regional Municipality \$7.02; Greater Charlottetown \$6.00.

Our survey includes all the major centres in Atlantic Canada. The vacancy rate for H.R.M. is below average when compared to other Atlantic Canadian Cities. The overall vacancy rate by location is as follows: Greater Fredericton 13.11%; Greater Saint John 13.75%; Greater Moncton 8.81%; Greater St. John's 4.39%; Halifax Regional Municipality 5.39%; Greater Charlottetown 21.30%.

## Forecast (Next 12 months)

We anticipate that the overall vacancy rate will rise to 5.58% from the current 5.39% as supply increases. Despite this increase in vacancy, a slight increase in the net absolute rent/ft<sup>2</sup> is predicted.



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