

# MARKET SURVEY (DECEMBER 2013) 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 150 buildings with an aggregate rentable area of 10,912,076 ft.<sup>2</sup>. The survey successfully collected information on 92% of the rental stock polled. The following results flow from what we believe is the most comprehensive survey of office space ever undertaken in Greater Halifax.

## Vacancy Rates

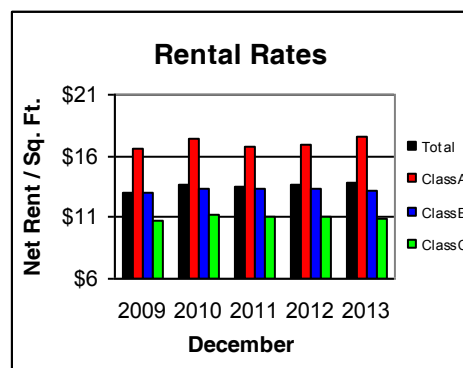
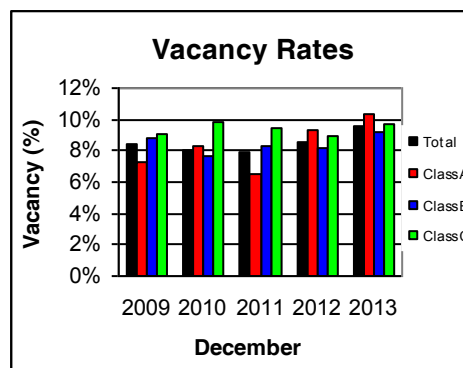
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Our survey measured vacancy and rental rates by class of building. Class A buildings command the highest rents in their community and have distinctive design and lobbies. Class B buildings offer “no frills” modern, air conditioned 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 showed some weakness over the past year; the overall vacancy rate increased from 8.55% in 2012 to 9.55% in 2013. Despite this increase in vacancy the average net rental rate has slightly increased, due primarily to an increase in Class A net rental rates. Current average net absolute rental rates per square foot are: Class A \$17.56; Class B \$13.17; Class C \$10.83; Overall \$13.75.

Our survey includes all the major centres in Atlantic Canada. The overall office vacancy rate by location is as follows: Greater Fredericton 7.33%; Greater Saint John 21.17%; Greater Moncton 9.25%; Greater St. John's 5.46%; Halifax Regional Municipality 10.28%; Greater Charlottetown 14.77%.

## Forecast (Next 12 months)

We anticipate that the overall vacancy rate will continue to increase, rising to 12.94% over the next year as new space is brought on stream. This large increase in supply is expected to be accompanied by a slight decrease in demand for rental space, resulting in modest decreases in the net absolute rent/ft.<sup>2</sup>.



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# MARKET SURVEY (DECEMBER 2013) H.R.M. WAREHOUSE

## 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 147 buildings with an aggregate rentable area of 7,635,111 ft.<sup>2</sup>. The survey successfully collected information on 93% of the rental stock polled. The following results flow from what we believe is the most comprehensive survey of warehouse space ever undertaken in Greater Halifax.

## 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. The vacancy rate in H.R.M. increased from 7.22% in 2012 to 9.79%, driven largely by increased vacancy in Atlantic Acres and Bayers Lake Industrial Parks.

Our survey measured the vacancy rate by geographic node. The current vacancy rate in each of the following locations is: Atlantic Acres Industrial Park 33.92%; Bayers Lake Industrial Park 21.93%; Bedford 3.48%; Burnside/City of Lakes Industrial Park 8.40%; Central Halifax 6.16%; Sackville Industrial Park 0%.

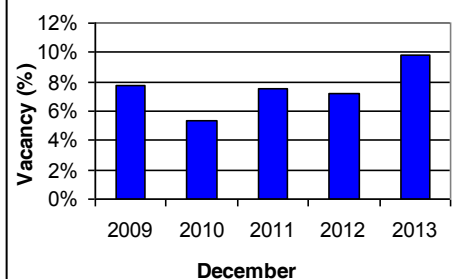
Our survey also measured rental rates. Industrial properties in H.R.M. saw overall net absolute rent/ft.<sup>2</sup> increase by 0.93% year over year. The average overall net rental rates/ft.<sup>2</sup> in each of the following locations are: Atlantic Acres Industrial Park \$6.97; Bayers Lake Industrial Park \$11.16; Bedford \$11.10; Burnside/City of Lakes Industrial Park \$7.08; Central Halifax \$7.71; Sackville Industrial Park \$11.00.

Our survey includes all the major centres in Atlantic Canada. The overall warehouse vacancy rate by location is as follows: Greater Fredericton 13.85%; Greater Saint John 18.49%; Greater Moncton 11.93%; Greater St. John's 5.00%; Halifax Regional Municipality 9.79%; Greater Charlottetown 24.51% .

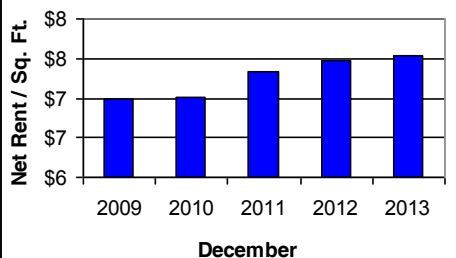
## Forecast (Next 12 months)

We anticipate that the overall vacancy rate will decrease slightly to 9.16% from the current 9.79% alongside a similarly slight increase in demand. The moderate decrease in vacancy and increase in demand is expected to trigger an increase in the overall net absolute rent/ft.<sup>2</sup> of 2.50%.

**Vacancy Rates**



**Rental Rates**



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