

# MARKET SURVEY (DECEMBER 2016) 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 161 buildings with an aggregate rentable area of 11,964,534 ft.<sup>2</sup>. The survey successfully collected information on 98% 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

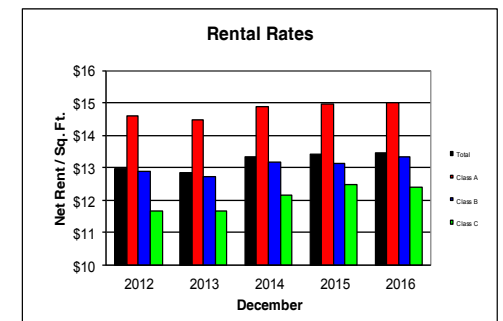
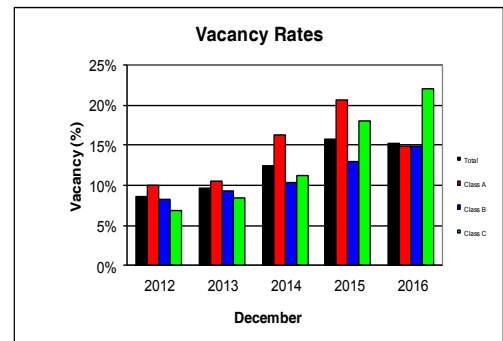
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. Our survey measured vacancy and rental rates by class of building. Class A buildings command the highest rents in their community and have distinctive design and lobbies. 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.

Demand for Halifax office buildings increased by 5.83% over the past year; the overall vacancy rate decreased from 15.83% in 2015 to 15.27% in 2016. The average net rental rate has decreased by 0.14%. Current average net absolute rental rates per square foot are: Class A \$17.14; Class B \$13.18; Class C \$10.94; Overall \$14.17.

Our survey includes five major centres in Atlantic Canada. The overall office vacancy rate by location is as follows: Greater Fredericton 9.54%; Greater Saint John 21.48%; Greater Moncton 13.70%; Greater St. John's 12.72%; Halifax Regional Municipality 15.27%; Greater Charlottetown 14.99%.

## Forecast (Next 12 months)

We anticipate that the overall vacancy rate will increase to 18.72% over the next year as new space is brought on stream. This large increase in supply is expected to be accompanied by stagnant demand for rental space, but we also predict a slight increase in overall net absolute rent per square foot despite the increased vacancy, due to the high quality of the new space coming to market.



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# MARKET SURVEY (DECEMBER 2016)

## 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 153 buildings with an aggregate rentable area of 7,828,412 ft.<sup>2</sup>. The survey successfully collected information on 98% 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

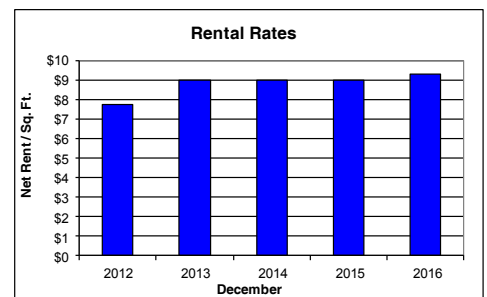
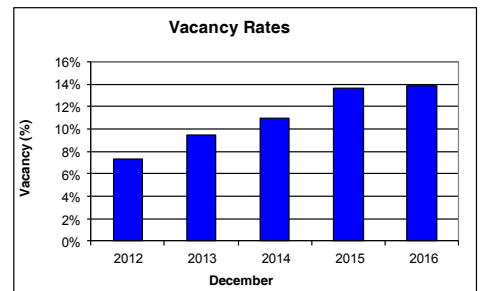
The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased. The vacancy rate in H.R.M. increased from 13.67% in 2015 to 13.85% in 2016, driven largely by increased vacancy in Burnside Industrial Park, the main supplier of warehouse space in H.R.M.

Our survey measured the vacancy rate by geographic node. The current vacancy rate in each of the following locations is: Atlantic Acres Industrial Park 21.95%; Bayers Lake Industrial Park 18.50%; Bedford 24.71% Burnside/City of Lakes Industrial Park 13.77%; Central Halifax 7.68%; Ragged Lake Industrial Park 13.72%; Sackville Industrial Park 0.00%.

Our survey also measured rental rates. Industrial properties in H.R.M. saw the overall net absolute rent/ft.<sup>2</sup> increase by 2.09% year over year, to \$7.80/ft.<sup>2</sup> in 2016. The average overall net rental rates/ft.<sup>2</sup> in each of the following locations are: Atlantic Acres Industrial Park \$7.80; Bayers Lake Industrial Park \$10.92; Bedford \$11.60; Burnside/City of Lakes Industrial Park \$7.36; Central Halifax \$8.36; Ragged Lake Industrial Park \$7.50; Sackville Industrial Park \$7.75.

### Forecast (Next 12 months)

We anticipate that the overall vacancy rate will decrease slightly to 13.23% from the current 13.85%. The net absolute rent/ft.<sup>2</sup> is expected to remain stable.



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