



MARKET SURVEY
HRM OFFICES & WAREHOUSES
JUNE 2018



Survey Scope: 164 office & 157 warehouse buildings
12,117,281 ft.² of rental office space
7,966,770 ft.² of rental warehouse space
expert researchers



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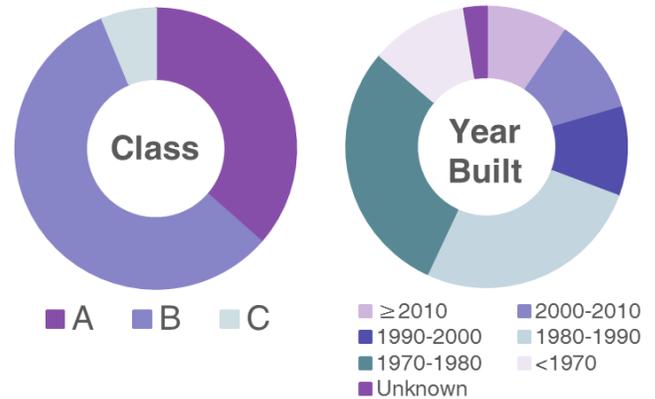
JUNE 2018 MARKET SURVEY

HRM OFFICES

Year at a Glance

| | 2017 | 2018 | Change |
|--------------------------------------|------------|------------|------------|
| Office Inventory (ft. ²) | 11,718,895 | 12,117,281 | ↑ 398,386 |
| Net Absorption (ft. ²) | 106,927 | 539,904 | ↑ 432,977 |
| Vacancy Rate | 16.97% | 15.25% | ↓ -1.73 pp |
| Avg. Net Rent/ft. ² | \$14.15 | \$13.97 | ↓ -1.27% |
| Avg. RTCAM/ft. ² | \$12.43 | \$12.42 | ↓ -0.08% |
| Avg. Gross Rent/ft. ² | \$26.48 | \$26.52 | ↑ 0.15% |

Overall Office Inventory



Supply & Demand Overview

The total amount of rentable office space in Greater Halifax increased 3.40% over last year, primarily due to new supply being added to the rental market. The overall vacancy rate decreased from 16.97% in 2017 to 15.25% in 2018 as net absorption outpaced the supply increase. The key driver of space demand is the growth in the provincial real (deflated) Gross Domestic Product. Our analysis of GDP projections indicates that 2018 will see GDP growth of 1.0%, leading to an uptick in demand for office space of 0.5%. This should be sufficient to accommodate the relatively small amount of new supply expected to enter the market in the next 12 months, the vacancy rate is expected to decrease slightly to 15.2%.

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 current vacancy rates by class are: Class A 15.60%; Class B 14.73%; Class C 17.93%; Overall 15.25%. 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. Current average net absolute rental rates per square foot are: Class A \$17.27; Class B \$12.89; Class C \$10.76; Overall \$13.97.

Supply, Demand & GDP



Vacant Space



Net Absolute Rent/ft.²

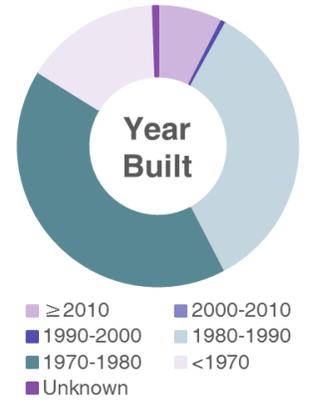
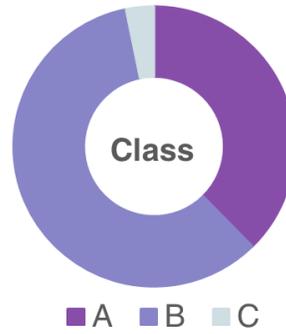


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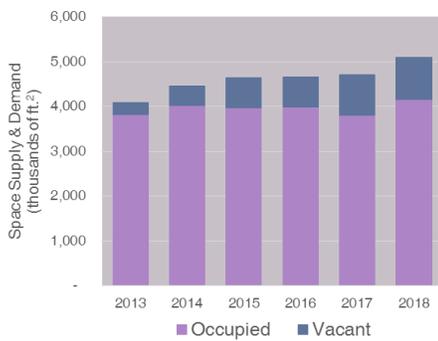
HALIFAX DOWNTOWN

Year at a Glance

| | 2017 | 2018 | Change |
|--------------------------------------|-----------|-----------|------------|
| Office Inventory (ft. ²) | 4,718,135 | 5,098,121 | ↑ 379,986 |
| Net Absorption (ft. ²) | (188,231) | 366,029 | ↑ 554,260 |
| Vacancy Rate | 19.53% | 18.35% | ↓ -1.18 pp |
| Avg. Net Rent/ft. ² | \$14.99 | \$14.59 | ↓ -2.67% |
| Avg. RTCAM/ft. ² | \$13.80 | \$13.65 | ↓ -1.09% |
| Avg. Gross Rent/ft. ² | \$28.79 | \$28.28 | ↓ -1.77% |



Supply & Demand



Vacant Space



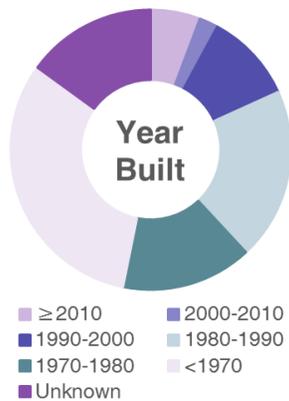
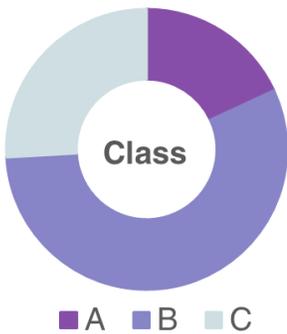
Net Absolute Rent/ft.²



HALIFAX PERIPHERAL

Year at a Glance

| | 2017 | 2018 | Change |
|--------------------------------------|-----------|-----------|------------|
| Office Inventory (ft. ²) | 1,211,849 | 1,215,849 | ↑ 4,000 |
| Net Absorption (ft. ²) | 23,817 | (48,580) | ↓ (72,397) |
| Vacancy Rate | 9.97% | 14.26% | ↑ 4.29 pp |
| Avg. Net Rent/ft. ² | \$14.03 | \$14.26 | ↑ 1.64% |
| Avg. RTCAM/ft. ² | \$13.47 | \$13.38 | ↓ -0.67% |
| Avg. Gross Rent/ft. ² | \$27.50 | \$27.63 | ↑ 0.47% |



Supply & Demand



Vacant Space



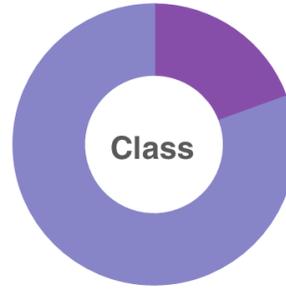
Net Absolute Rent/ft.²



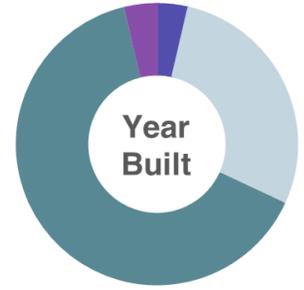
CENTRAL DARTMOUTH

Year at a Glance

| | 2017 | 2018 | Change |
|--------------------------------------|----------|---------|------------|
| Office Inventory (ft. ²) | 332,221 | 332,221 | ↔ --- |
| Net Absorption (ft. ²) | (15,338) | 3,982 | ⬆ 19,320 |
| Vacancy Rate | 19.74% | 18.54% | ⬇ -1.20 pp |
| Avg. Net Rent/ft. ² | \$10.42 | \$10.42 | ↔ 0.00% |
| Avg. RTCAM/ft. ² | \$9.94 | \$9.76 | ⬇ -1.81% |
| Avg. Gross Rent/ft. ² | \$20.36 | \$20.18 | ⬇ -0.88% |



■ A ■ B ■ C

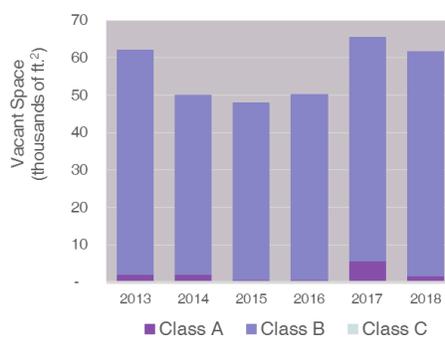


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Supply & Demand



Vacant Space



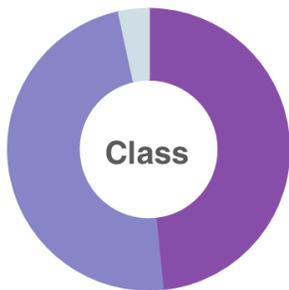
Net Absolute Rent/ft.²



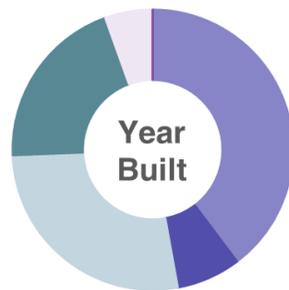
DARTMOUTH PERIPHERAL

Year at a Glance

| | 2017 | 2018 | Change |
|--------------------------------------|---------|---------|------------|
| Office Inventory (ft. ²) | 701,294 | 701,294 | ↔ --- |
| Net Absorption (ft. ²) | 6,029 | 58,561 | ⬆ 52,532 |
| Vacancy Rate | 24.14% | 15.79% | ⬇ -8.35 pp |
| Avg. Net Rent/ft. ² | \$12.82 | \$12.83 | ⬆ 0.08% |
| Avg. RTCAM/ft. ² | \$10.41 | \$10.60 | ⬆ 1.83% |
| Avg. Gross Rent/ft. ² | \$23.44 | \$24.31 | ⬆ 3.71% |



■ A ■ B ■ C

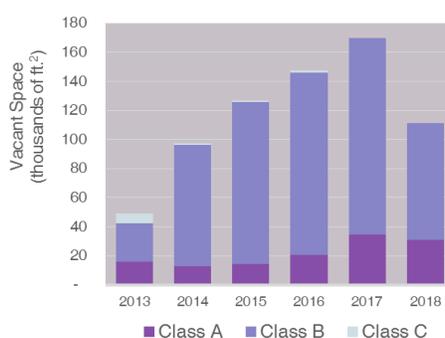


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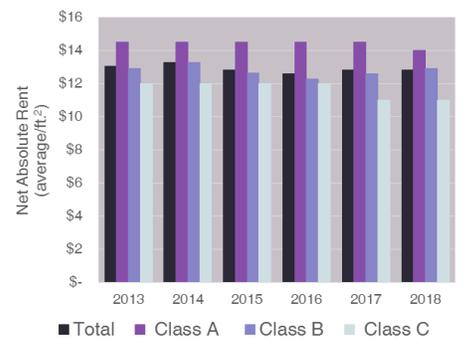
Supply & Demand



Vacant Space



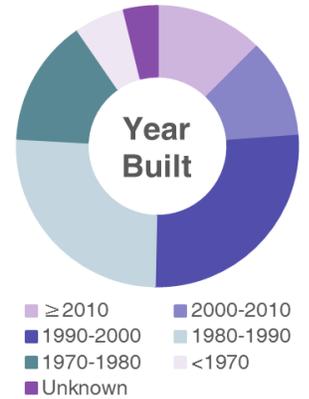
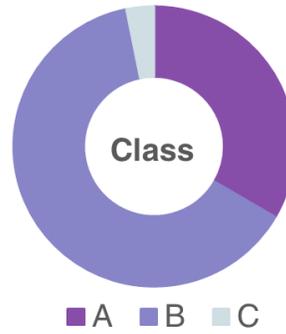
Net Absolute Rent/ft.²



SUBURBAN HALIFAX

Year at a Glance

| | 2017 | 2018 | Change |
|--------------------------------------|-----------|-----------|-------------|
| Office Inventory (ft. ²) | 2,283,164 | 2,283,320 | ↑ 156 |
| Net Absorption (ft. ²) | 194,481 | 40,906 | ↓ (153,575) |
| Vacancy Rate | 9.76% | 7.97% | ↓ -1.79 pp |
| Avg. Net Rent/ft. ² | \$14.88 | \$14.45 | ↓ -2.89% |
| Avg. RTCAM/ft. ² | \$11.45 | \$11.73 | ↑ 2.45% |
| Avg. Gross Rent/ft. ² | \$26.33 | \$26.53 | ↑ 0.76% |



Supply & Demand



Vacant Space



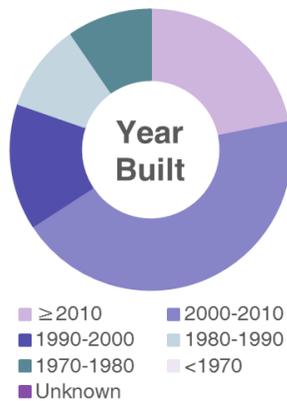
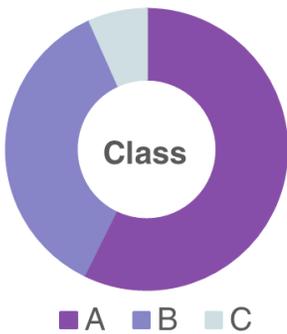
Net Absolute Rent/ft.²



BURNSIDE/CITY OF LAKES & DARTMOUTH CROSSING

Year at a Glance

| | 2017 | 2018 | Change |
|--------------------------------------|-----------|-----------|------------|
| Office Inventory (ft. ²) | 1,284,955 | 1,298,582 | ↑ 13,627 |
| Net Absorption (ft. ²) | 26,036 | 54,445 | ↑ 28,409 |
| Vacancy Rate | 15.85% | 12.54% | ↓ -3.31 pp |
| Avg. Net Rent/ft. ² | \$14.26 | \$14.00 | ↓ -1.82% |
| Avg. RTCAM/ft. ² | \$12.50 | \$12.43 | ↓ -0.56% |
| Avg. Gross Rent/ft. ² | \$26.23 | \$26.43 | ↑ 0.76% |



Supply & Demand



Vacant Space



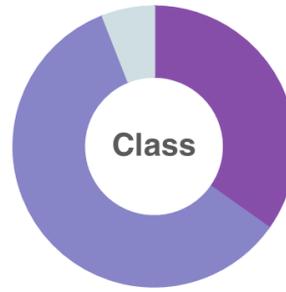
Net Absolute Rent/ft.²



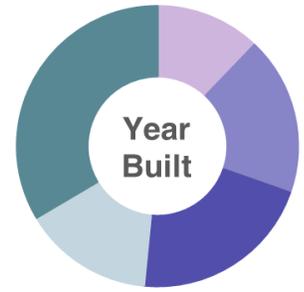
BEDFORD

Year at a Glance

| | 2017 | 2018 | Change |
|--------------------------------------|-----------|-----------|------------|
| Office Inventory (ft. ²) | 1,078,185 | 1,078,802 | ↑ 617 |
| Net Absorption (ft. ²) | 65,133 | 62,481 | ↓ (2,652) |
| Vacancy Rate | 24.72% | 18.97% | ↓ -5.75 pp |
| Avg. Net Rent/ft. ² | \$14.00 | \$14.00 | ↔ 0.00% |
| Avg. RTCAM/ft. ² | \$12.39 | \$12.21 | ↓ -1.45% |
| Avg. Gross Rent/ft. ² | \$26.39 | \$26.21 | ↓ -0.68% |



■ A ■ B ■ C



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Supply & Demand



Vacant Space



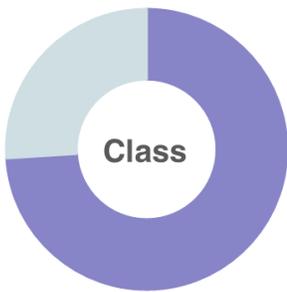
Net Absolute Rent/ft.²



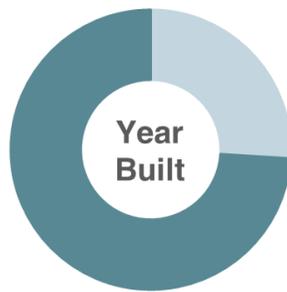
SACKVILLE

Year at a Glance

| | 2017 | 2018 | Change |
|--------------------------------------|---------|---------|------------|
| Office Inventory (ft. ²) | 109,092 | 109,092 | ↔ --- |
| Net Absorption (ft. ²) | (5,000) | 2,080 | ↑ 7,080 |
| Vacancy Rate | 17.31% | 15.40% | ↓ -1.91 pp |
| Avg. Net Rent/ft. ² | \$8.33 | \$8.33 | ↔ 0.00% |
| Avg. RTCAM/ft. ² | \$5.87 | \$5.87 | ↔ 0.00% |
| Avg. Gross Rent/ft. ² | \$14.21 | \$14.21 | ↔ 0.00% |



■ A ■ B ■ C



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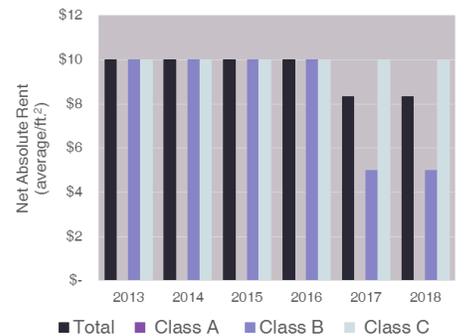
Supply & Demand



Vacant Space



Net Absolute Rent/ft.²



JUNE 2018 MARKET SURVEY

HRM WAREHOUSES

Year at a Glance

| Warehouse | 2017 | 2018 | Change |
|------------------------------------|-----------|-----------|------------|
| Inventory (ft. ²) | 7,870,561 | 7,966,770 | ↑ 96,209 |
| Net Absorption (ft. ²) | 84,456 | 257,941 | ↑ 173,485 |
| Vacancy Rate | 13.76% | 11.56% | ↓ -2.20 pp |
| Avg. Net Rent/ft. ² | \$7.77 | \$7.81 | ↑ 0.51% |
| Avg. RTCAM/ft. ² | \$5.23 | \$5.24 | ↑ 0.19% |
| Avg. Gross Rent/ft. ² | \$12.97 | \$12.99 | ↑ 0.15% |

Supply & Demand Overview

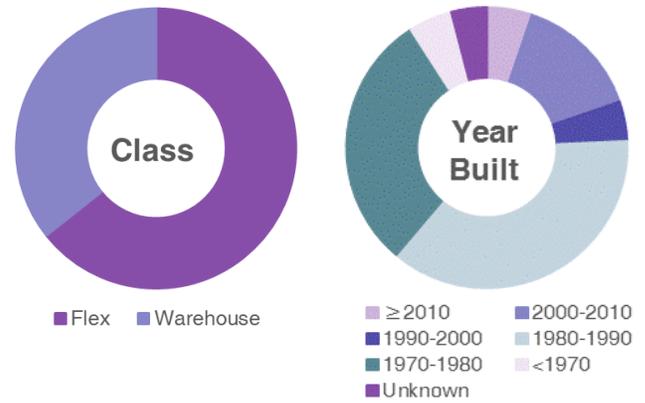
The total amount of rentable warehouse space in Greater Halifax increased 1.22% over last year, mainly due to new space coming to market in Burnside. The overall vacancy rate decreased from 13.76% in 2017 to 11.56% in 2018. The key driver of space demand is the growth in the provincial real (deflated) Gross Domestic Product. Our analysis of GDP projections indicates that 2018 will see GDP growth of 1.0%, leading to an uptick in demand for warehouse space of 0.5%. The vacancy rate is expected to drop slightly to 11.2%.

Our survey measured the vacancy rate by geographic node. The current vacancy rate in each of the following locations is: Atlantic Acres Industrial Park 9.49%; Bayers Lake Industrial Park 21.14%; Bedford 5.21% Burnside/City of Lakes Industrial Park 11.63%; Central Halifax 5.76%; Ragged Lake Industrial Park 18.85%; Sackville Industrial Park 0.00%.

Our survey also measured rental rates. Industrial properties in H.R.M saw the overall net absolute rent/ft.² increase by 0.51% year over year, to \$7.81/ft.² in 2018. The average overall net rental rates per square foot 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 \$8.54; Ragged Lake Industrial Park \$7.50; Sackville Industrial Park \$7.75.

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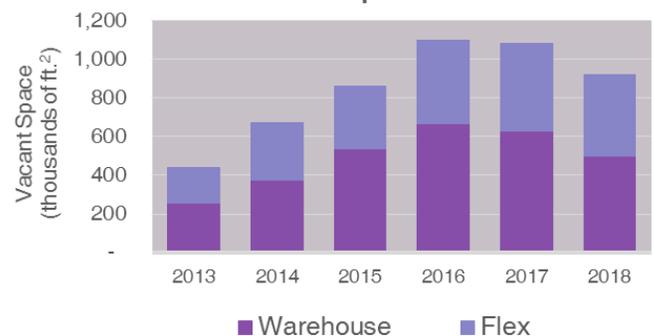
Overall Warehouse Inventory



Supply, Demand & GDP



Vacant Space



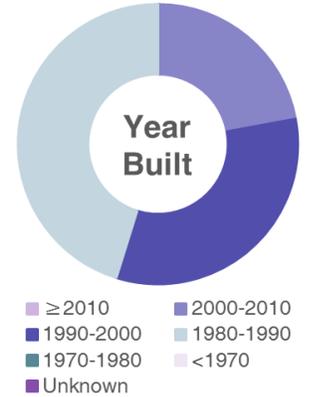
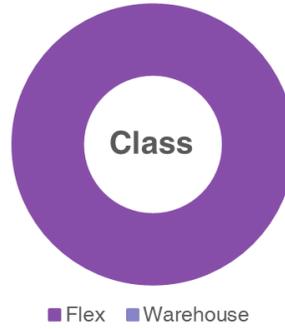
Net Absolute Rent/ft.²



BAYERS LAKE INDUSTRIAL PARK

Year at a Glance

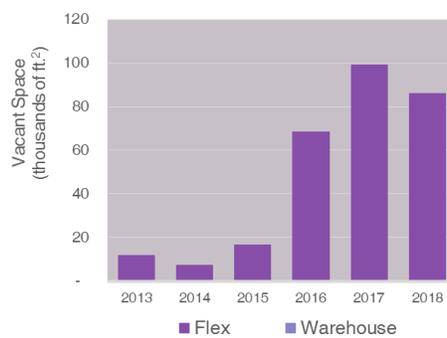
| Warehouse | 2017 | 2018 | Change |
|------------------------------------|----------|---------|------------|
| Inventory (ft. ²) | 407,019 | 407,019 | ↔ --- |
| Net Absorption (ft. ²) | (30,880) | 13,212 | ↑ 44,092 |
| Vacancy Rate | 24.39% | 21.14% | ↓ -3.25 pp |
| Avg. Net Rent/ft. ² | \$10.92 | \$10.92 | ↔ 0.00% |
| Avg. RTCAM/ft. ² | \$6.21 | \$6.51 | ↑ 4.83% |
| Avg. Gross Rent/ft. ² | \$17.13 | \$17.43 | ↑ 1.75% |



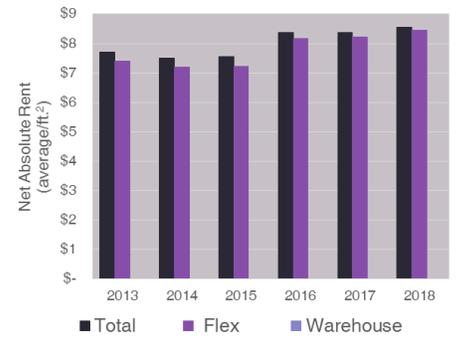
Supply & Demand



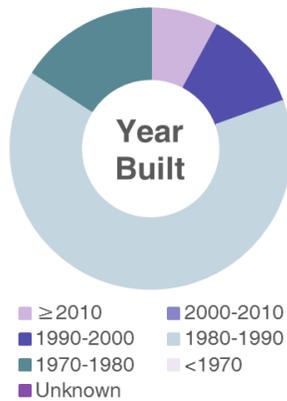
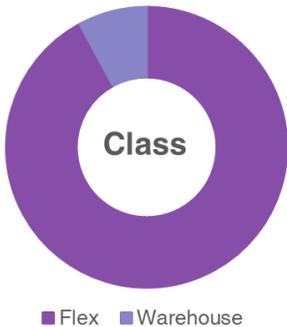
Vacant Space



Net Absolute Rent/ft.²



ATLANTIC ACRES



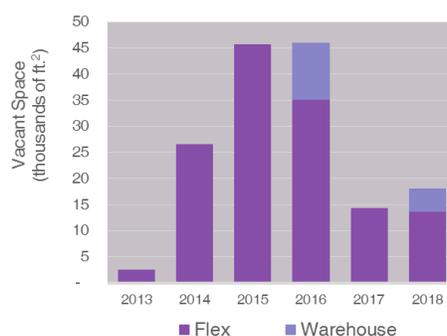
Year at a Glance

| Warehouse | 2017 | 2018 | Change |
|------------------------------------|---------|---------|------------|
| Inventory (ft. ²) | 189,615 | 189,615 | ↔ --- |
| Net Absorption (ft. ²) | 31,574 | (3,650) | ↓ (35,224) |
| Vacancy Rate | 7.57% | 9.49% | ↑ 1.92 pp |
| Avg. Net Rent/ft. ² | \$7.80 | \$7.80 | ↔ 0.00% |
| Avg. RTCAM/ft. ² | \$4.05 | \$4.08 | ↑ 0.74% |
| Avg. Gross Rent/ft. ² | \$11.85 | \$11.88 | ↑ 0.25% |

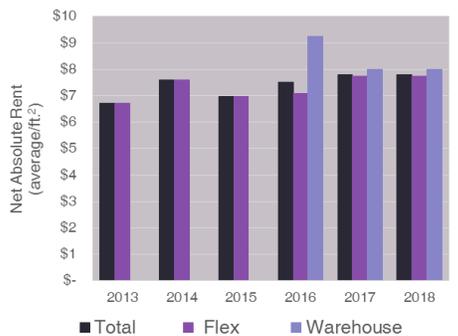
Supply & Demand



Vacant Space



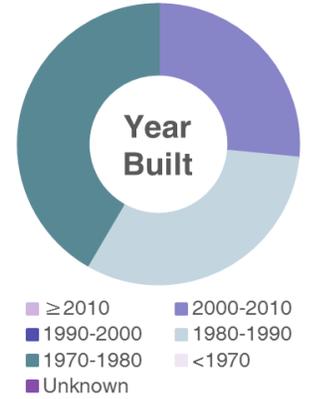
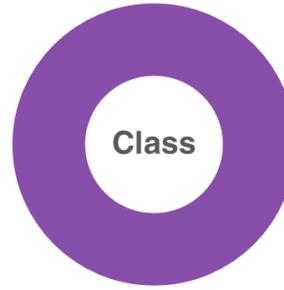
Net Absolute Rent/ft.²



BEDFORD

Year at a Glance

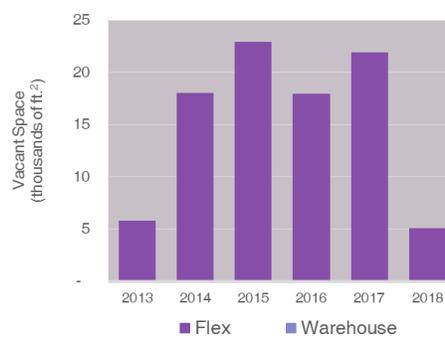
| Warehouse | 2017 | 2018 | Change |
|------------------------------------|---------|---------|-------------|
| Inventory (ft. ²) | 96,434 | 96,434 | ↔ --- |
| Net Absorption (ft. ²) | (3,951) | 16,884 | ↑ 20,835 |
| Vacancy Rate | 22.72% | 5.21% | ↓ -17.51 pp |
| Avg. Net Rent/ft. ² | \$11.60 | \$11.60 | ↔ 0.00% |
| Avg. RTCAM/ft. ² | \$7.01 | \$6.71 | ↓ -4.28% |
| Avg. Gross Rent/ft. ² | \$18.61 | \$18.31 | ↓ -1.61% |



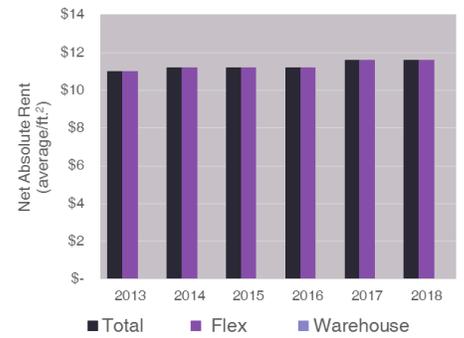
Supply & Demand



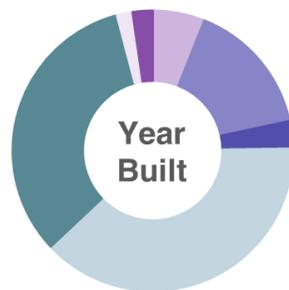
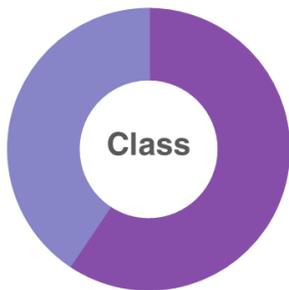
Vacant Space



Net Absolute Rent/ft.²



BURNSIDE/ CITY OF LAKES



Year at a Glance

| Warehouse | 2017 | 2018 | Change |
|------------------------------------|-----------|-----------|-------------|
| Inventory (ft. ²) | 6,554,760 | 6,650,969 | ↑ 96,209 |
| Net Absorption (ft. ²) | 106,111 | 207,720 | ↑101,609 pp |
| Vacancy Rate | 13.51% | 11.63% | ↓ -1.87 pp |
| Avg. Net Rent/ft. ² | \$7.33 | \$7.36 | ↓ 0.41% |
| Avg. RTCAM/ft. ² | \$5.12 | \$5.12 | ↔ 0.00% |
| Avg. Gross Rent/ft. ² | \$12.41 | \$12.41 | ↔ 0.00% |

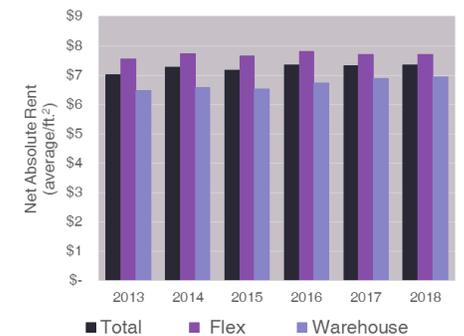
Supply & Demand



Vacant Space



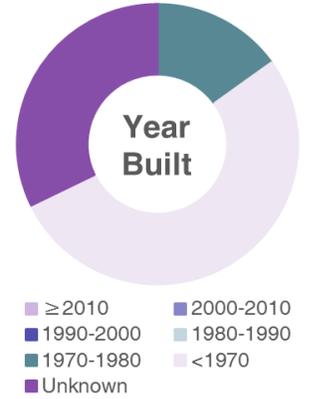
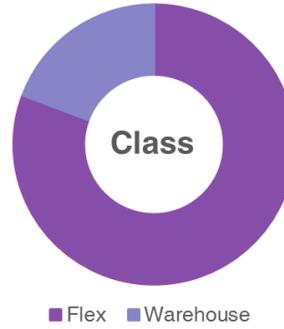
Net Absolute Rent/ft.²



CENTRAL HALIFAX

Year at a Glance

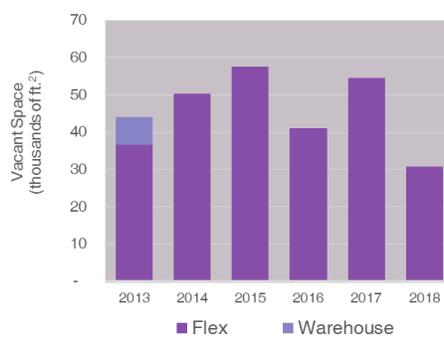
| Warehouse | 2017 | 2018 | Change |
|------------------------------------|----------|---------|------------|
| Inventory (ft. ²) | 533,236 | 533,236 | ↔ --- |
| Net Absorption (ft. ²) | (13,548) | 23,775 | ↑ 37,323 |
| Vacancy Rate | 10.22% | 5.76% | ↓ -4.46 pp |
| Avg. Net Rent/ft. ² | \$8.36 | \$8.54 | ↑ 2.15% |
| Avg. RTCAM/ft. ² | \$5.44 | \$5.46 | ↑ 0.37% |
| Avg. Gross Rent/ft. ² | \$13.80 | \$13.99 | ↑ 1.38% |



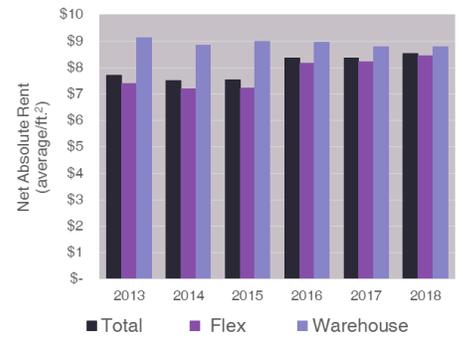
Supply & Demand



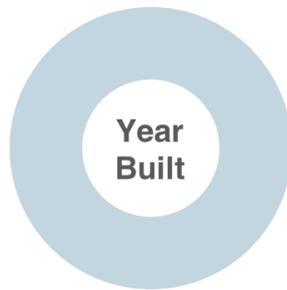
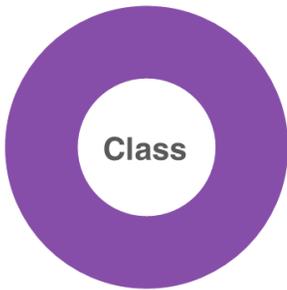
Vacant Space



Net Absolute Rent/ft.²



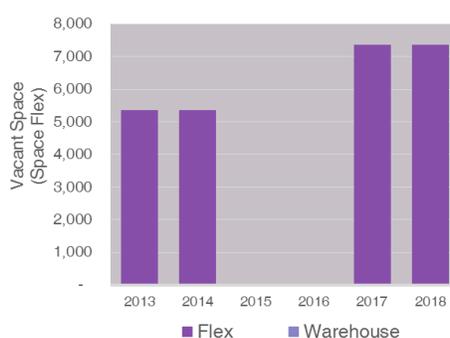
RAGGED LAKE INDUSTRIAL PARK



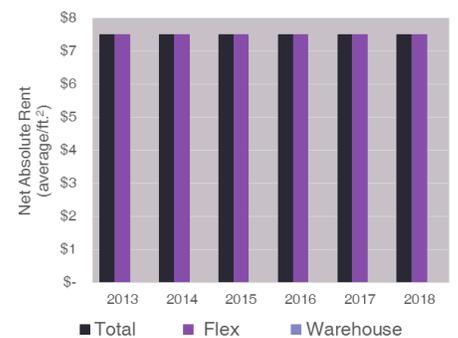
Year at a Glance

| Warehouse | 2017 | 2018 | Change |
|------------------------------------|---------|---------|-----------|
| Inventory (ft. ²) | 39,000 | 39,000 | ↔ --- |
| Net Absorption (ft. ²) | (7,350) | --- | ↑ 7,350 |
| Vacancy Rate | 18.85% | 18.85% | ↔ 0.00 pp |
| Avg. Net Rent/ft. ² | \$7.50 | \$7.50 | ↔ 0.00% |
| Avg. RTCAM/ft. ² | \$4.83 | \$4.83 | ↔ 0.00% |
| Avg. Gross Rent/ft. ² | \$12.33 | \$12.33 | ↔ 0.00% |

Vacant Space



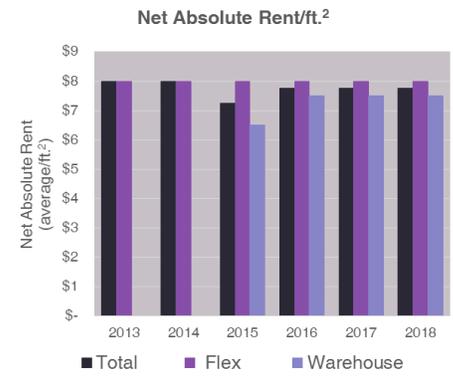
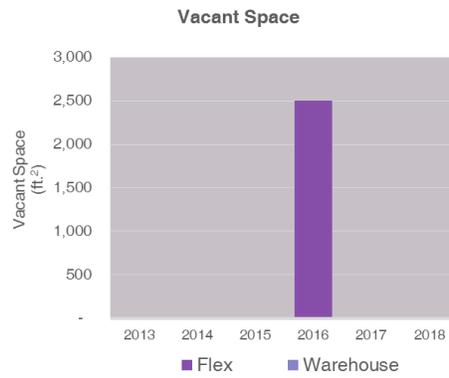
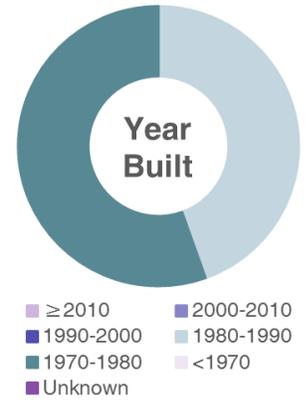
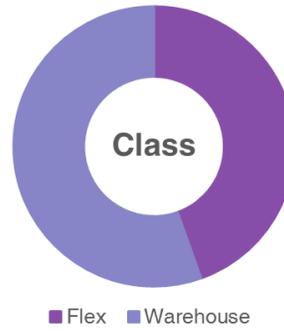
Net Absolute Rent/ft.²



SACKVILLE

Year at a Glance

| Warehouse | 2017 | 2018 | Change |
|------------------------------------|---------|---------|-----------|
| Inventory (ft. ²) | 50,497 | 50,497 | ↔ --- |
| Net Absorption (ft. ²) | 2,500 | --- | ↓ (2,500) |
| Vacancy Rate | 0.00% | 0.00% | ↔ 0.00 pp |
| Avg. Net Rent/ft. ² | \$7.75 | \$7.75 | ↔ 0.00% |
| Avg. RTCAM/ft. ² | \$5.46 | \$5.46 | ↔ 0.00% |
| Avg. Gross Rent/ft. ² | \$13.46 | \$13.46 | ↔ 0.00% |



JUNE 2018 MARKET SURVEY

HRM OFFICES & WAREHOUSES

Survey Overview

This survey included every office & warehouse building with a total rentable area of 5,000 ft.² or greater, available for rent in the Greater Halifax area. A team of trained researchers collected rental, operating expense and vacancy data on 164 office buildings with an aggregate rentable area of 12,117,281 ft.² and 157 warehouse buildings with an aggregate rentable area of 7,966,770 ft.². The survey successfully collected information on 90% of the rental stock polled. The results flow from what we believe is the most comprehensive survey of office and warehouse space ever undertaken in Greater Halifax.

Glossary

Inventory/Supply: The total rentable area of office space in the rental market, occupied or vacant.

Building Class:

Office Class - This is the industry definition common to this particular marketplace.

Class A - These office buildings command the highest rents, have “presence” by virtue of their distinctive design and lobbies, are air-conditioned and sprinklered. They are regarded as “prestige” buildings in their marketplace and are usually the most modern buildings. They typically include the leading firms of lawyers and accountants, together with regional or head offices for banks, financial institutions and other major companies, as their tenants.

Class B - These are “second tier” office buildings in terms of rents. They are usually older than Class A buildings and lack “presence”. They are air conditioned and are usually sprinklered. They are regarded as offering modern, but not “prestige” office accommodation in their marketplace. Typically they were built over 20 years ago. Tenants usually include second tier firms of lawyers and accountants, together with a wide selection of private sector companies, provincial and local government agencies.

Class C - These include all office buildings not classed as “A” or “B”.

Class W - Distribution warehouse

Class F - Flex space. This type of space may be used for retail or office use as an alternative to pure warehousing and is typically located at the entrance to a business park in an area with high traffic exposure.

Income & Expense Data:

Net Absolute Rent - This is often referred to as “AAA” or “Base” rent and does not include Realty or Business Occupancy Taxes, Common Area Maintenance (CAM), or any other services such as Electricity, Cleaning or Heating.

Current Realty Taxes - These are the Realty Taxes (not the Business Occupancy Taxes) currently paid by the Landlord and which are recovered from the Tenant usually as part of the Service Rent.

Current CAM - This is the additional amount recovered by the Landlord from the Tenant to cover the operating and maintenance costs of the building including the tenant suites. Common Area Maintenance (CAM) typically includes fire insurance, repairs and maintenance, cleaning (common areas plus often the tenant suites), electricity (common areas plus often the tenant suites), heating and air conditioning (common areas plus often the tenant suites), water, garbage removal, snow clearing, elevator maintenance, management, security, etc. It, together with the Realty Taxes, is recovered by the Landlord from the Tenant as “Service Rent”, if the Tenant has a “net absolute” lease.

Total Realty Taxes + CAM (RTCAM) - This is the total of the Realty Taxes and CAM, and is often recovered from the tenant as “Service Rent”.

Total Gross Rent - This is the total rent recovered from the Tenant by the Landlord and is the total of the Base (Net Absolute Rent) plus the Service Rent (Realty Taxes + CAM).

Vacancy Rate - The vacancy rate excludes any space available for sub-lease: it is the total amount of space which is vacant and not currently leased.

Absorption - This is the amount of additional space absorbed by the market during that period. It is the incremental market demand.