



# MARKET SURVEY

## HRM OFFICES & WAREHOUSES

DECEMBER 2018



Survey Scope: 167 office & 158 warehouse buildings  
12,406,752 ft.<sup>2</sup> of rental office space  
8,006,096 ft.<sup>2</sup> of rental warehouse space  
expert researchers



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# DEC. 2018 MARKET SURVEY

## HRM OFFICES

### Year at a Glance

	2017	2018	Change
Office Inventory (ft. <sup>2</sup> )	11,975,102	12,406,752	↑ 431,650
Net Absorption (ft. <sup>2</sup> )	194,980	506,466	↑ 311,486
Vacancy Rate	14.99%	13.86%	↓ - 1.12 pp
Avg. Net Rent/ft. <sup>2</sup>	\$14.16	\$14.00	↓ - 1.13%
Avg. RTCAM/ft. <sup>2</sup>	\$12.34	\$12.48	↑ 1.13%
Avg. Gross Rent/ft. <sup>2</sup>	\$26.47	\$26.53	↑ 0.23%

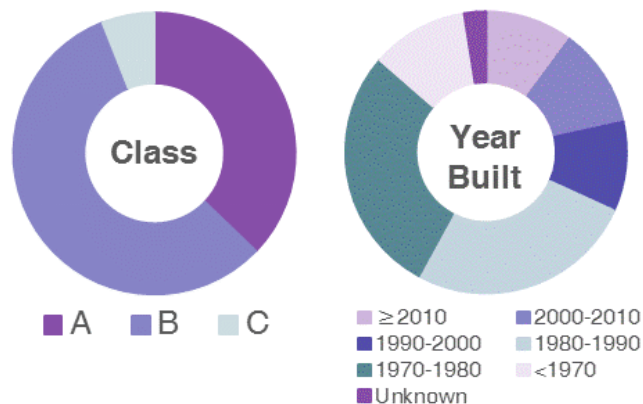
### Supply & Demand Overview

The total amount of rentable office space in Greater Halifax increased 3.60% over last year, due in part to newly renovated space being added back into the market. The overall vacancy rate decreased from 14.99% in 2017 to 13.86% 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 2019 will see GDP growth of 0.9%, leading to an uptick in demand for office space of 0.4%. This will not be enough to keep pace with the additional supply being brought to market. The vacancy rate is expected to climb to 14.6%.

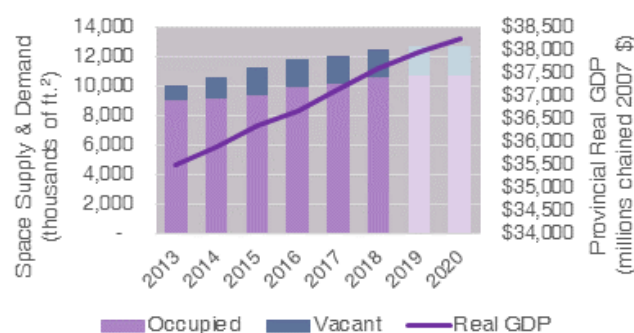
Our survey measured vacancy and rental rates by class of building. Class A buildings command the highest rents in their community and have distinctive design and lobbies. Class B buildings offer “no frills” modern, air conditioned space. Class C buildings make up the remainder of the office rental market. The current vacancy rates by class are: Class A 13.22%; Class B 14.32%; Class C 13.54%; Overall 13.86%. 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 \$17.20; Class B \$12.88; Class C \$10.82; Overall \$14.00.

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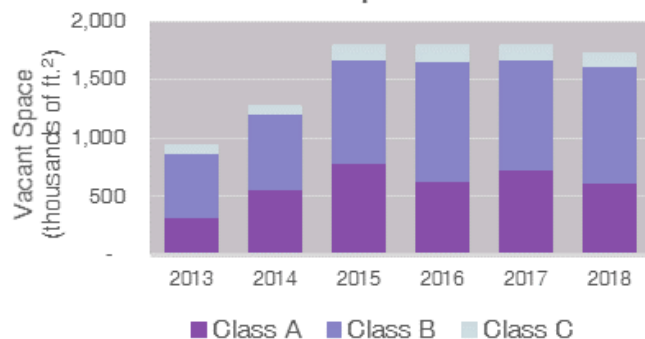
### Overall Office Inventory



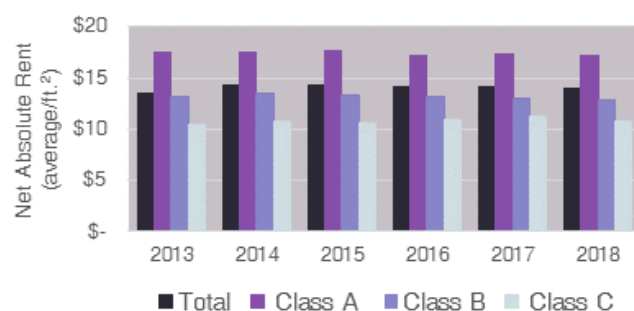
### Supply, Demand & GDP



### Vacant Space



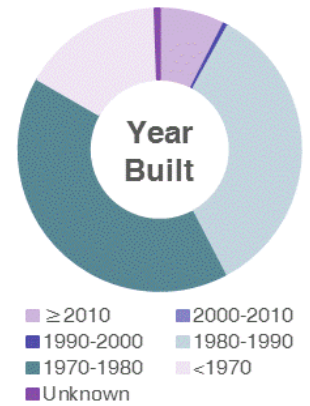
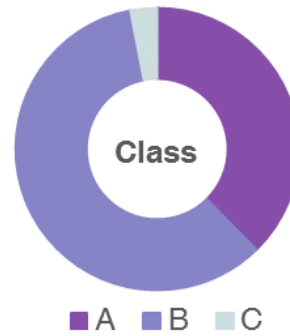
### Net Absolute Rent/ft.<sup>2</sup>



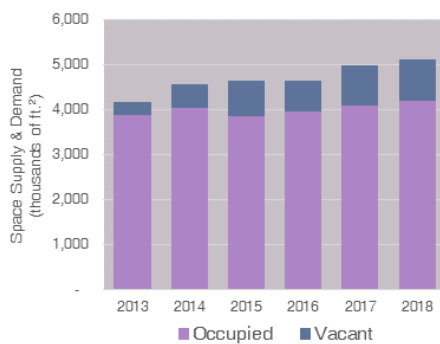
# HALIFAX DOWNTOWN

## Year at a Glance

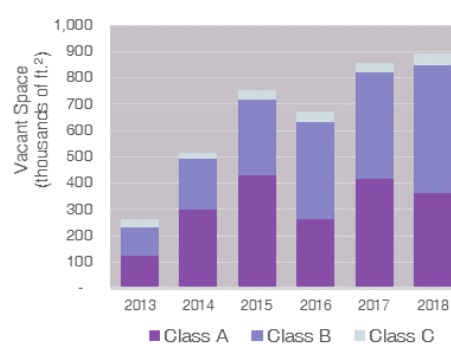
	2017	2018	Change
Office Inventory (ft. <sup>2</sup> )	4,973,290	5,100,660	↑ 127,370
Net Absorption (ft. <sup>2</sup> )	151,490	92,871	↓ (58,619)
Vacancy Rate	17.19%	17.44%	↑ 0.25 pp
Avg. Net Rent/ft. <sup>2</sup>	\$14.97	\$14.47	↓ - 3.34%
Avg. RTCAM/ft. <sup>2</sup>	\$13.90	\$13.97	↑ 0.50%
Avg. Gross Rent/ft. <sup>2</sup>	\$28.87	\$28.43	↓ - 1.52%



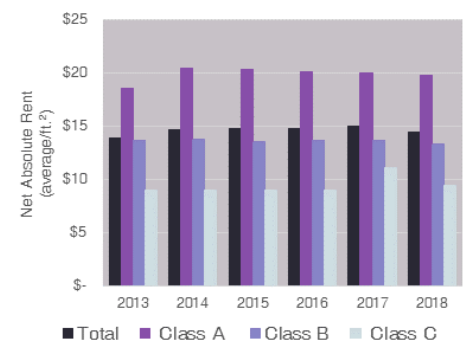
Supply & Demand



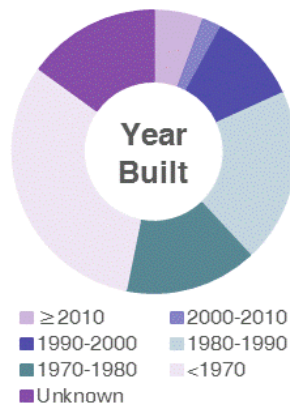
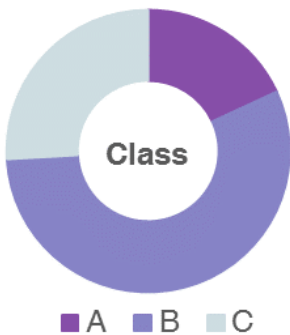
Vacant Space



Net Absolute Rent/ft.<sup>2</sup>



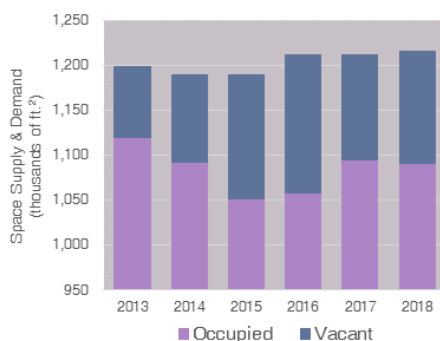
# HALIFAX PERIPHERAL



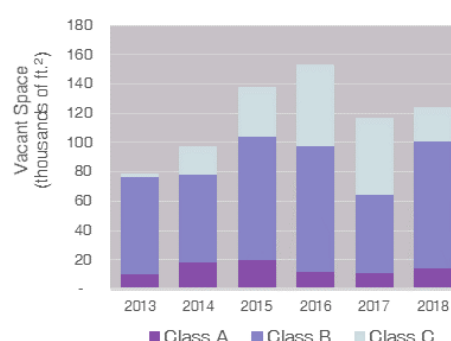
## Year at a Glance

	2017	2018	Change
Office Inventory (ft. <sup>2</sup> )	1,211,849	1,215,849	↑ 4,000
Net Absorption (ft. <sup>2</sup> )	36,813	(3,841)	↓ (40,654)
Vacancy Rate	9.60%	10.21%	↑ 0.61 pp
Avg. Net Rent/ft. <sup>2</sup>	\$14.30	\$14.03	↓ - 1.89%
Avg. RTCAM/ft. <sup>2</sup>	\$13.36	\$13.28	↓ - 0.60%
Avg. Gross Rent/ft. <sup>2</sup>	\$27.65	\$27.31	↓ - 1.23%

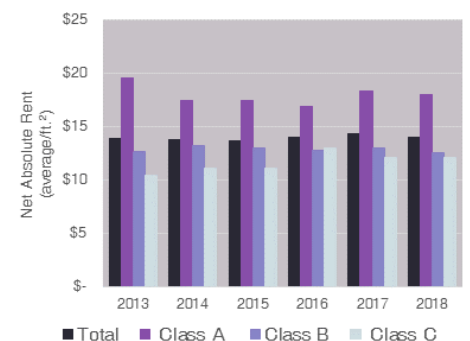
Supply & Demand



Vacant Space



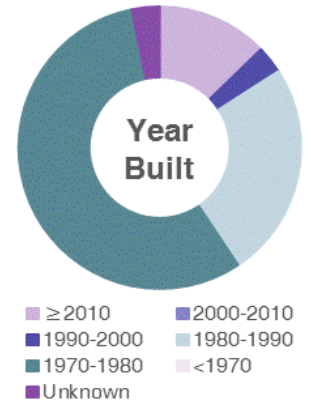
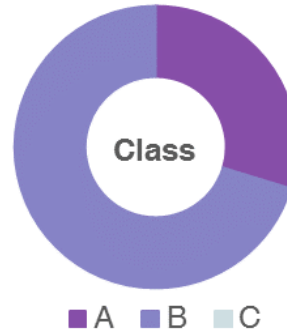
Net Absolute Rent/ft.<sup>2</sup>



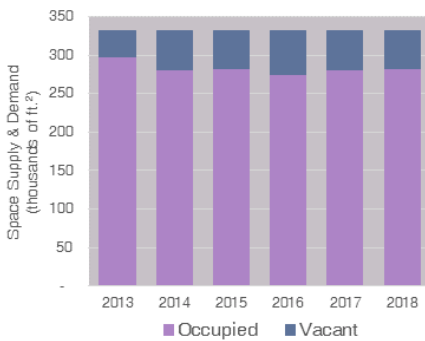
# CENTRAL DARTMOUTH

## Year at a Glance

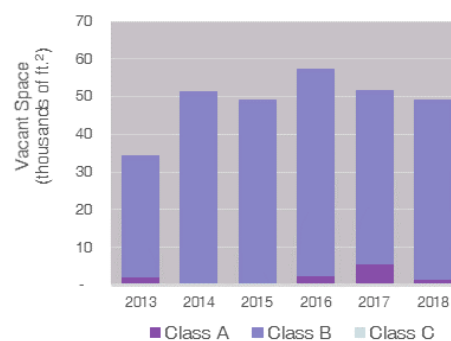
	2017	2018	Change
Office Inventory (ft. <sup>2</sup> )	332,221	332,221	↔ - - -
Net Absorption (ft. <sup>2</sup> )	5,550	2,440	↓ (3,110)
Vacancy Rate	15.54%	14.81%	↓ - 0.73 pp
Avg. Net Rent/ft. <sup>2</sup>	\$10.42	\$10.42	↔ 0.00%
Avg. RTCAM/ft. <sup>2</sup>	\$9.91	\$9.64	↓ - 2.72%
Avg. Gross Rent/ft. <sup>2</sup>	\$20.33	\$20.05	↓ - 1.38%



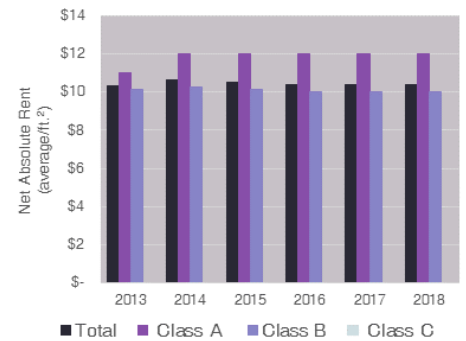
### Supply & Demand



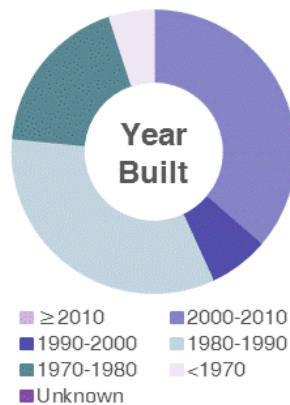
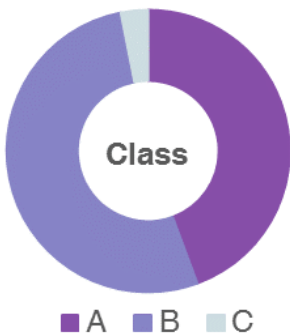
### Vacant Space



### Net Absolute Rent/ft.<sup>2</sup>



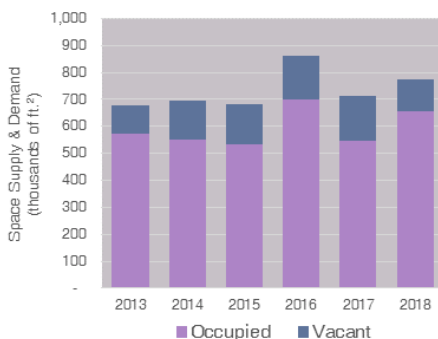
# DARTMOUTH PERIPHERAL



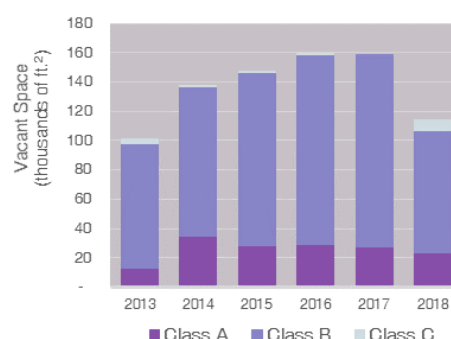
## Year at a Glance

	2017	2018	Change
Office Inventory (ft. <sup>2</sup> )	708,794	773,151	↑ 64,357
Net Absorption (ft. <sup>2</sup> )	(149,910)	108,771	↑ 258,681
Vacancy Rate	22.38%	14.77%	↓ - 7.61 pp
Avg. Net Rent/ft. <sup>2</sup>	\$12.92	\$12.33	↓ - 4.57%
Avg. RTCAM/ft. <sup>2</sup>	\$9.65	\$9.96	↑ 3.21%
Avg. Gross Rent/ft. <sup>2</sup>	\$23.39	\$23.06	↓ - 1.41%

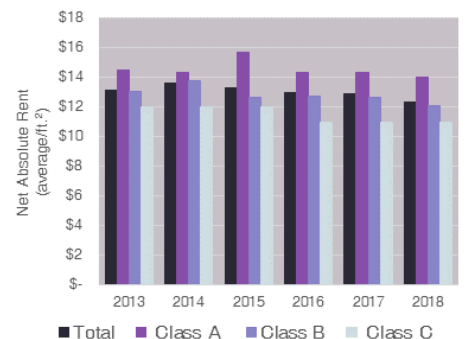
### Supply & Demand



### Vacant Space



### Net Absolute Rent/ft.<sup>2</sup>

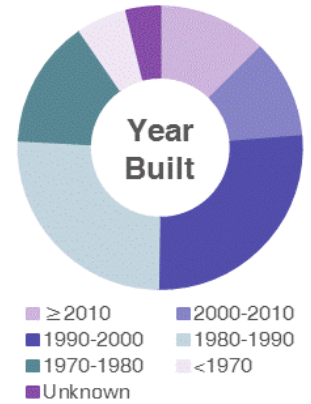
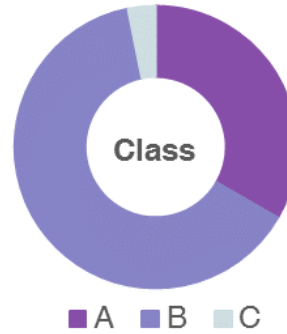




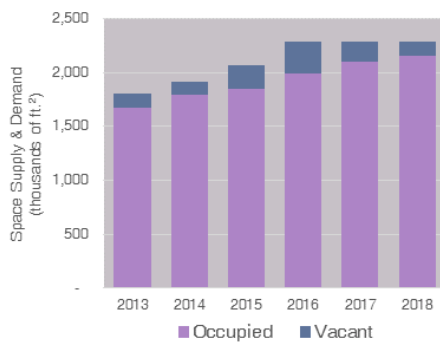
# SUBURBAN HALIFAX

## Year at a Glance

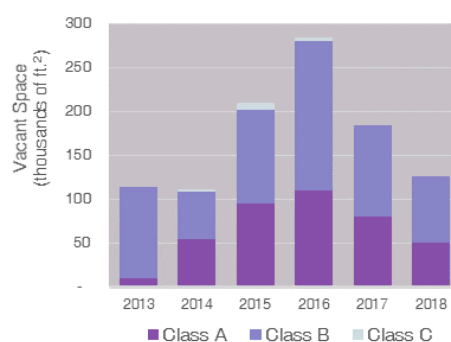
	2017	2018	Change
Office Inventory (ft. <sup>2</sup> )	2,284,141	2,280,205	↓ (3,936)
Net Absorption (ft. <sup>2</sup> )	100,757	53,354	↓ (47,403)
Vacancy Rate	8.02%	5.52%	↓ - 2.50 pp
Avg. Net Rent/ft. <sup>2</sup>	\$14.83	\$14.93	↑ 0.67%
Avg. RTCAM/ft. <sup>2</sup>	\$11.61	\$11.92	↑ 2.67%
Avg. Gross Rent/ft. <sup>2</sup>	\$26.43	\$26.91	↑ 1.82%



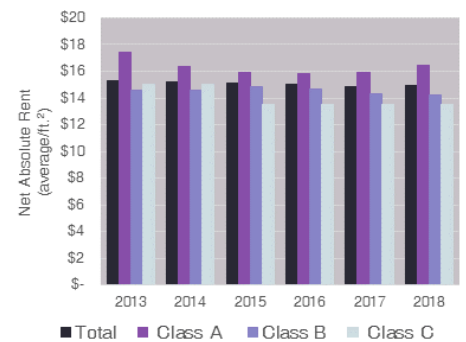
Supply & Demand



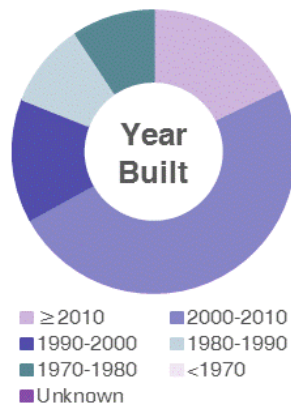
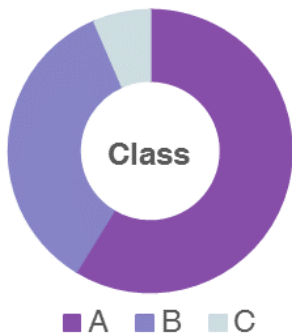
Vacant Space



Net Absolute Rent/ft.<sup>2</sup>



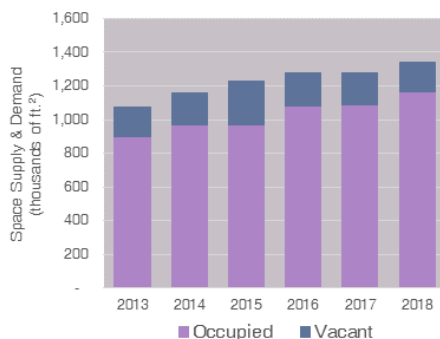
## BURNSIDE/CITY OF LAKES & DARTMOUTH CROSSING



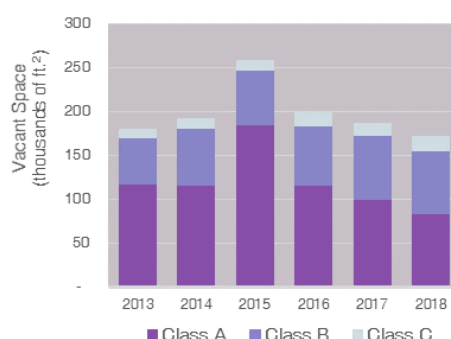
## Year at a Glance

	2017	2018	Change
Office Inventory (ft. <sup>2</sup> )	1,277,530	1,337,573	↑ 60,043
Net Absorption (ft. <sup>2</sup> )	12,615	74,550	↑ 61,935
Vacancy Rate	14.58%	12.84%	↓ - 1.74 pp
Avg. Net Rent/ft. <sup>2</sup>	\$14.08	\$14.07	↓ - 0.07%
Avg. RTCAM/ft. <sup>2</sup>	\$12.48	\$12.63	↑ 1.20%
Avg. Gross Rent/ft. <sup>2</sup>	\$26.04	\$26.81	↑ 2.96%

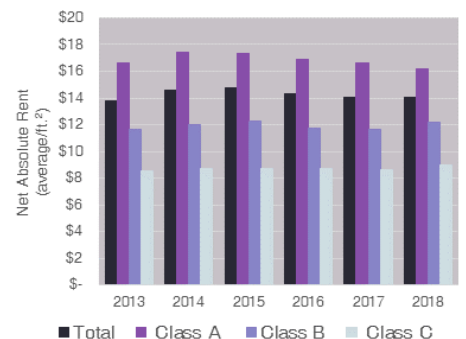
Supply & Demand



Vacant Space



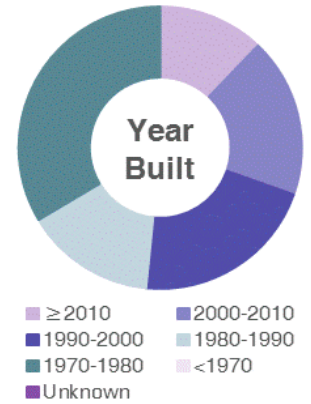
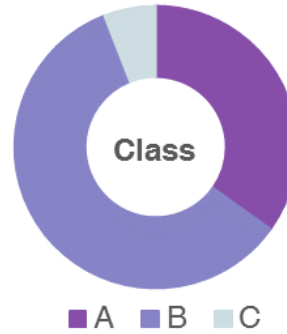
Net Absolute Rent/ft.<sup>2</sup>



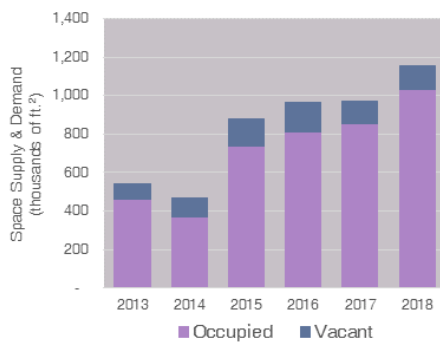
# BEDFORD

## Year at a Glance

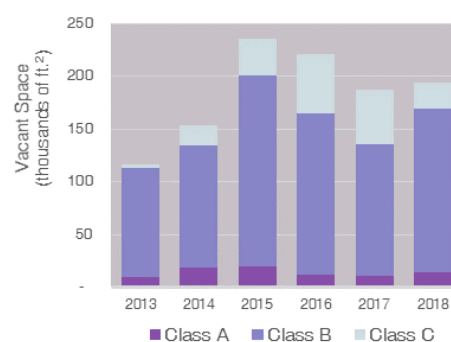
	2017	2018	Change
Office Inventory (ft. <sup>2</sup> )	1,078,185	1,258,001	↑ 179,816
Net Absorption (ft. <sup>2</sup> )	42,665	176,241	↑ 133,576
Vacancy Rate	20.88%	18.18%	↓ - 2.70 pp
Avg. Net Rent/ft. <sup>2</sup>	\$14.11	\$14.39	↑ 1.98%
Avg. RTCAM/ft. <sup>2</sup>	\$12.13	\$12.32	↑ 1.57%
Avg. Gross Rent/ft. <sup>2</sup>	\$26.24	\$26.57	↑ 1.26%



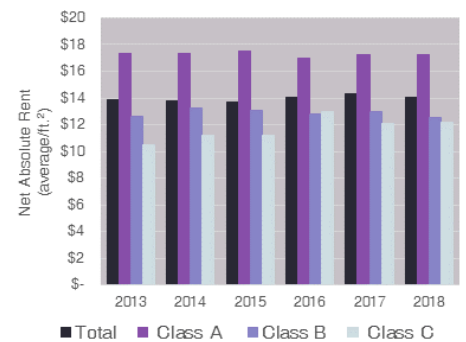
Supply & Demand



Vacant Space



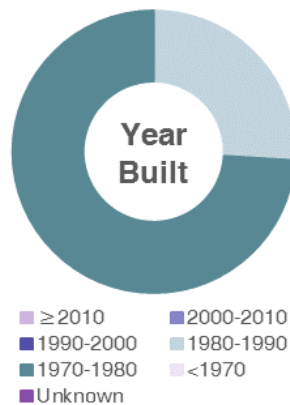
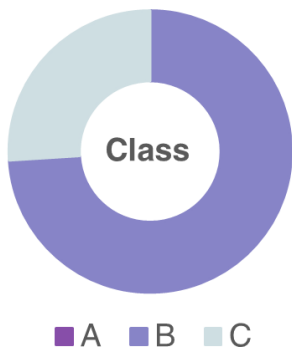
Net Absolute Rent/ft.<sup>2</sup>



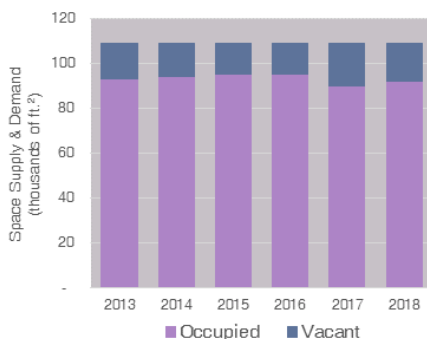
# SACKVILLE

## Year at a Glance

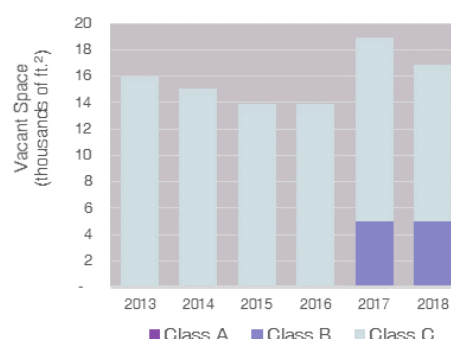
	2017	2018	Change
Office Inventory (ft. <sup>2</sup> )	109,092	109,092	↔ - - -
Net Absorption (ft. <sup>2</sup> )	(5,000)	2,080	↑ 7,080
Vacancy Rate	17.31%	15.40%	↓ - 1.91 pp
Avg. Net Rent/ft. <sup>2</sup>	\$8.33	\$8.33	↔ 0.00%
Avg. RTCAM/ft. <sup>2</sup>	\$5.87	\$6.35	↑ 8.18%
Avg. Gross Rent/ft. <sup>2</sup>	\$14.21	\$14.69	↑ 3.38%



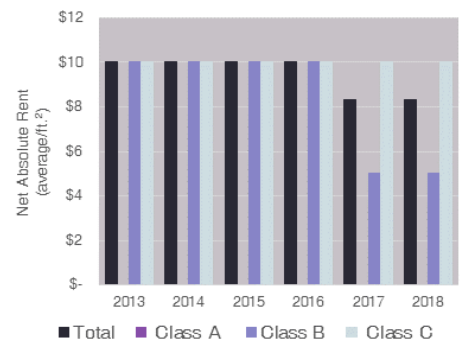
Supply & Demand



Vacant Space



Net Absolute Rent/ft.<sup>2</sup>



# DEC. 2018 MARKET SURVEY

## HRM WAREHOUSES

### Year at a Glance

Warehouse	2017	2018	Change
Inventory (ft. <sup>2</sup> )	7,830,776	8,006,096	↑ 175,320
Net Absorption (ft. <sup>2</sup> )	147,303	349,322	↑ 202,019
Vacancy Rate	12.22%	9.78%	↓ - 2.44 pp
Avg. Net Rent/ft. <sup>2</sup>	\$7.75	\$7.81	↑ 0.77%
Avg. RTCAM/ft. <sup>2</sup>	\$5.31	\$5.24	↓ - 1.34%
Avg. Gross Rent/ft. <sup>2</sup>	\$12.94	\$13.07	↑ 1.00%

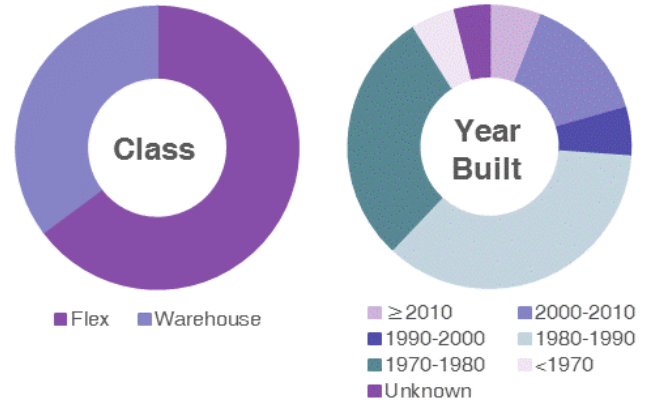
### Supply & Demand Overview

The total amount of rentable warehouse space in Greater Halifax increased 2.24% over last year, mainly due to new space coming to market in Burnside. The overall vacancy rate decreased from 12.22% in 2017 to 9.78% 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 2019 will see GDP growth of 0.9%, leading to an uptick in demand for warehouse space of 0.4%. The vacancy rate is expected to drop to 9.4%.

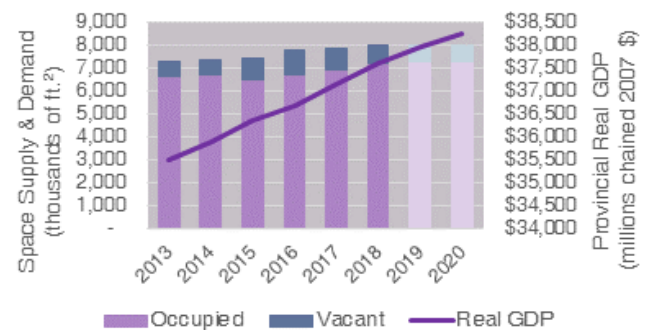
Our survey measured the vacancy rate by geographic node. The current vacancy rate in each of the following locations is: Atlantic Acres Industrial Park 1.82%; Bayers Lake Industrial Park 28.35%; Bedford 4.19% Burnside/City of Lakes Industrial Park 9.35%; Central Halifax 6.39%; Ragged Lake Industrial Park 0.00%; 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 0.77% year over year, to \$7.81/ft.<sup>2</sup> in 2018. The average overall net rental rates per square foot in each of the following locations are: Atlantic Acres Industrial Park \$7.68; Bayers Lake Industrial Park \$10.69; Bedford \$11.60; Burnside/City of Lakes Industrial Park \$7.44; Central Halifax \$8.05; Ragged Lake Industrial Park \$7.50; Sackville Industrial Park \$7.75.

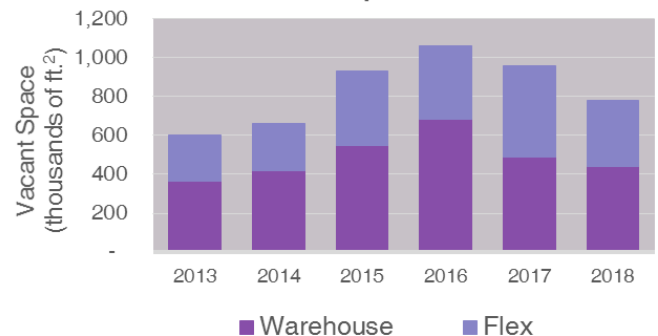
### Overall Warehouse Inventory



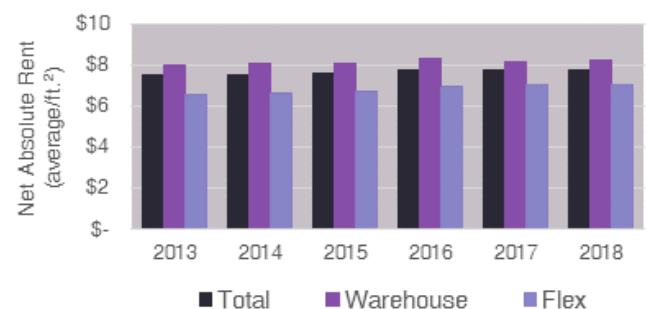
### Supply, Demand & GDP



### Vacant Space



### Net Absolute Rent/ft.<sup>2</sup>

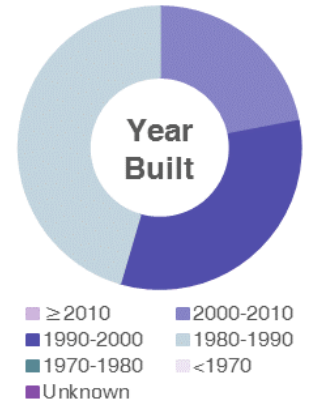


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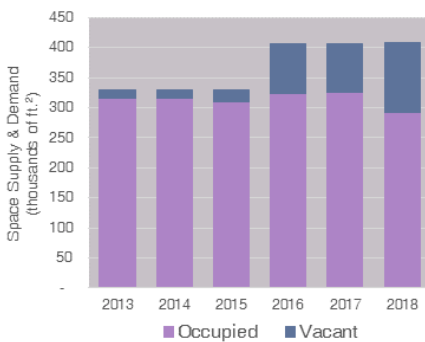
# BAYERS LAKE INDUSTRIAL PARK

## Year at a Glance

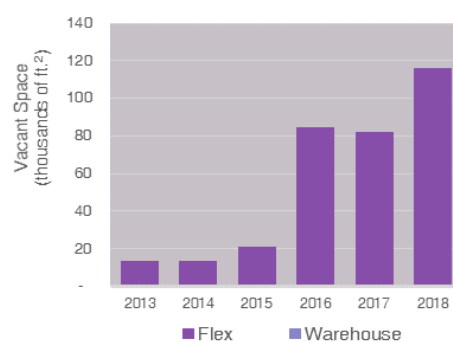
Warehouse	2017	2018	Change
Inventory (ft. <sup>2</sup> )	407,019	408,991	↑ 1,972
Net Absorption (ft. <sup>2</sup> )	2,063	(31,931)	↓ (33,994)
Vacancy Rate	20.16%	28.35%	↑ 8.19 pp
Avg. Net Rent/ft. <sup>2</sup>	\$10.94	\$10.69	↓ - 2.29%
Avg. RTCAM/ft. <sup>2</sup>	\$6.02	\$6.61	↑ 9.80%
Avg. Gross Rent/ft. <sup>2</sup>	\$16.96	\$17.30	↑ 2.00%



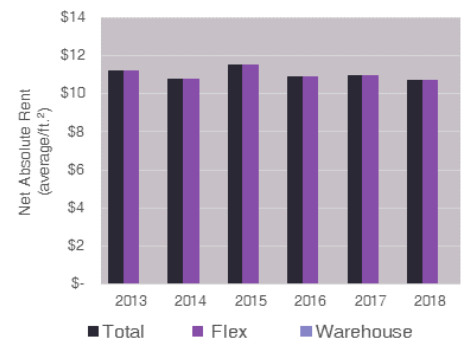
Supply & Demand



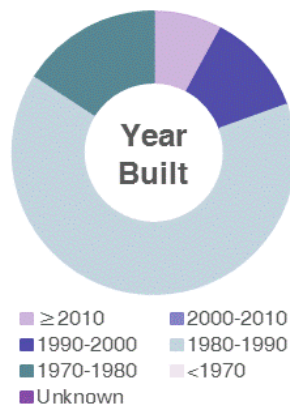
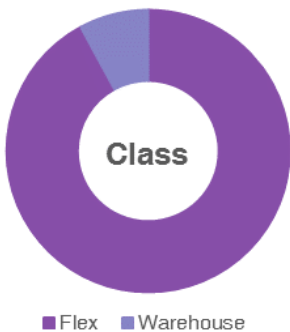
Vacant Space



Net Absolute Rent/ft.<sup>2</sup>



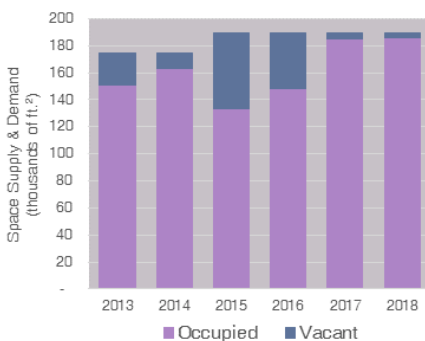
# ATLANTIC ACRES



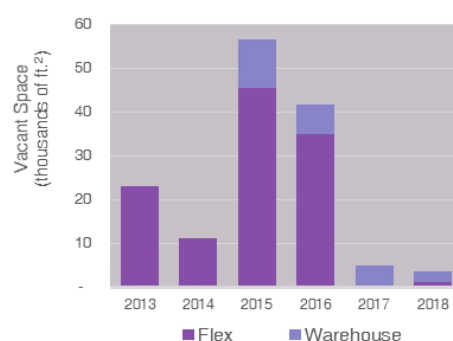
## Year at a Glance

Warehouse	2017	2018	Change
Inventory (ft. <sup>2</sup> )	189,615	189,615	↔ - - -
Net Absorption (ft. <sup>2</sup> )	36,671	1,500	↓ (35,171)
Vacancy Rate	2.61%	1.82%	↓ - 0.79 pp
Avg. Net Rent/ft. <sup>2</sup>	\$7.80	\$7.68	↓ - 1.54%
Avg. RTCAM/ft. <sup>2</sup>	\$4.05	\$4.45	↑ 9.88%
Avg. Gross Rent/ft. <sup>2</sup>	\$11.85	\$12.13	↑ 2.36%

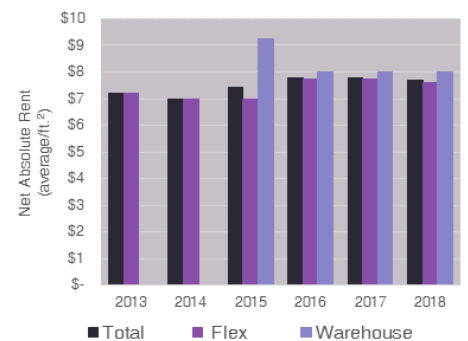
Supply & Demand



Vacant Space



Net Absolute Rent/ft.<sup>2</sup>

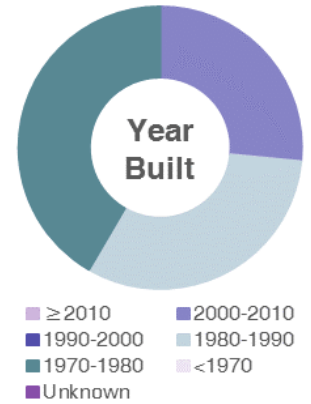
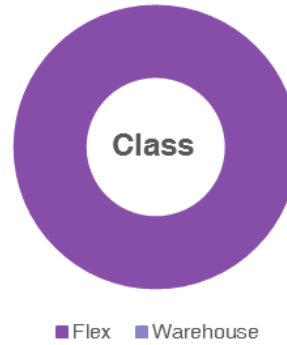




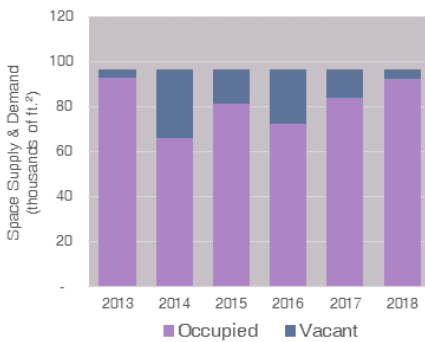
# BEDFORD

## Year at a Glance

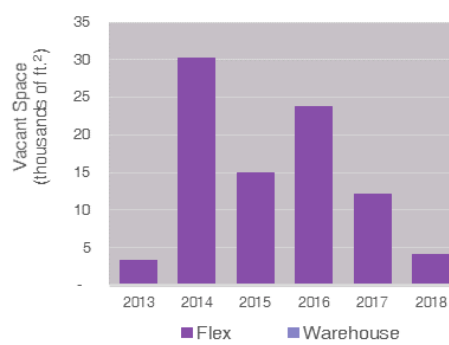
Warehouse	2017	2018	Change
Inventory (ft. <sup>2</sup> )	96,434	96,434	↔ ---
Net Absorption (ft. <sup>2</sup> )	11,763	8,029	↓ (3,734)
Vacancy Rate	12.52%	4.19%	↓ - 8.33 pp
Avg. Net Rent/ft. <sup>2</sup>	\$11.60	\$11.60	↔ 0.00%
Avg. RTCAM/ft. <sup>2</sup>	\$6.92	\$6.74	↓ - 2.60%
Avg. Gross Rent/ft. <sup>2</sup>	\$18.52	\$18.34	↓ - 0.97%



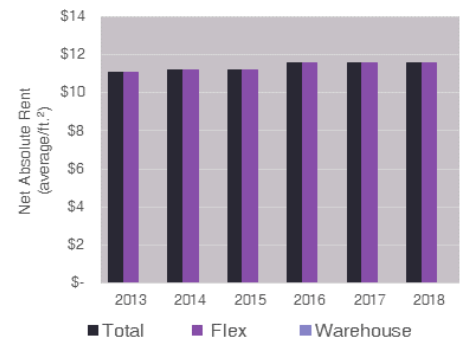
Supply & Demand



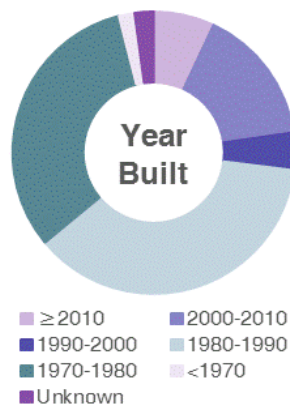
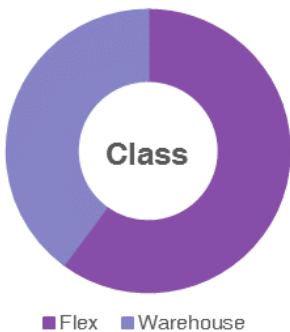
Vacant Space



Net Absolute Rent/ft.<sup>2</sup>



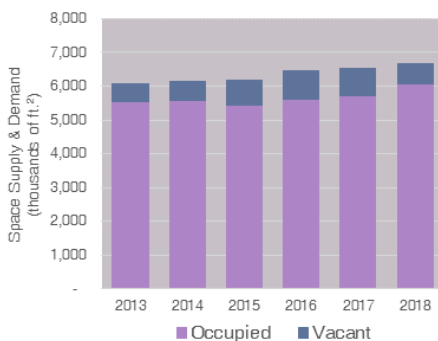
# BURNSIDE/ CITY OF LAKES



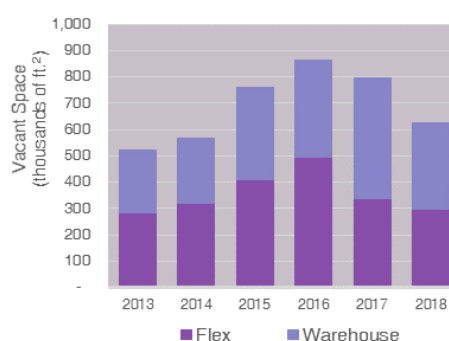
## Year at a Glance

Warehouse	2017	2018	Change
Inventory (ft. <sup>2</sup> )	6,514,975	6,683,153	↑ 168,178
Net Absorption (ft. <sup>2</sup> )	114,377	337,079	↑ 222,702
Vacancy Rate	12.18%	9.35%	↓ - 2.83 pp
Avg. Net Rent/ft. <sup>2</sup>	\$7.30	\$7.44	↑ 1.92%
Avg. RTCAM/ft. <sup>2</sup>	\$5.16	\$5.09	↓ - 1.36%
Avg. Gross Rent/ft. <sup>2</sup>	\$12.37	\$12.56	↑ 1.54%

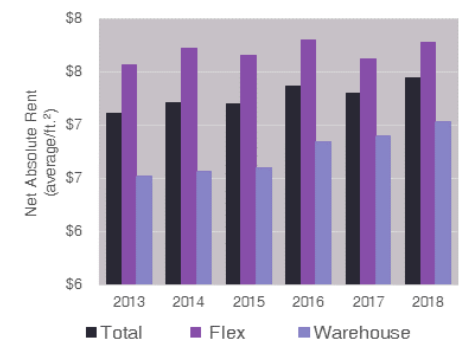
Supply & Demand



Vacant Space



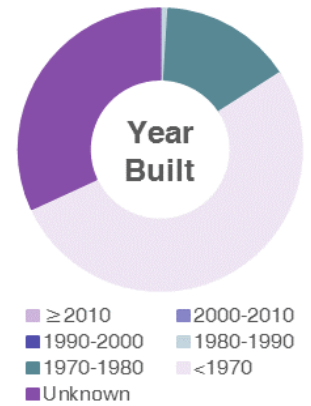
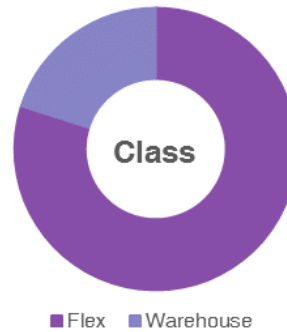
Net Absolute Rent/ft.<sup>2</sup>



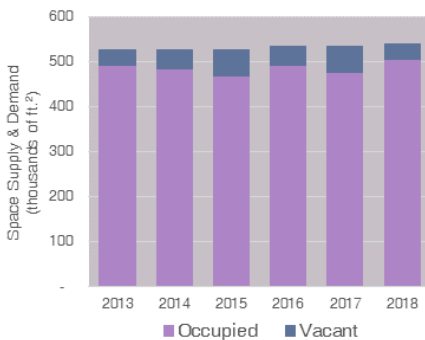
# CENTRAL HALIFAX

## Year at a Glance

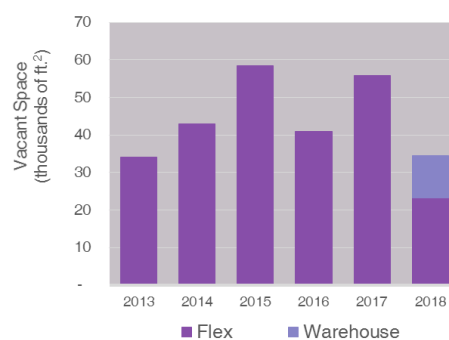
Warehouse	2017	2018	Change
Inventory (ft. <sup>2</sup> )	533,236	538,406	↑ 5,170
Net Absorption (ft. <sup>2</sup> )	(14,921)	26,645	↑ 41,566
Vacancy Rate	10.48%	6.39%	↓ - 4.09 pp
Avg. Net Rent/ft. <sup>2</sup>	\$8.36	\$8.05	↓ - 3.71%
Avg. RTCAM/ft. <sup>2</sup>	\$6.11	\$5.58	↓ - 8.67%
Avg. Gross Rent/ft. <sup>2</sup>	\$14.47	\$13.62	↓ - 5.87%



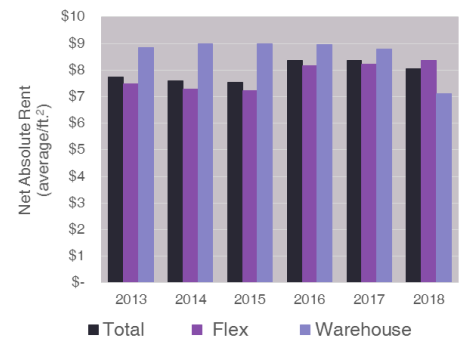
Supply & Demand



Vacant Space



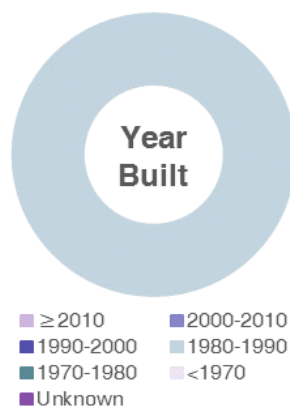
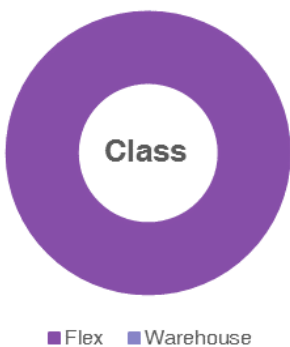
Net Absolute Rent/ft.<sup>2</sup>



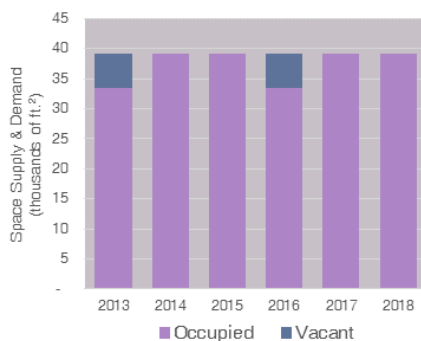
# RAGGED LAKE INDUSTRIAL PARK

## Year at a Glance

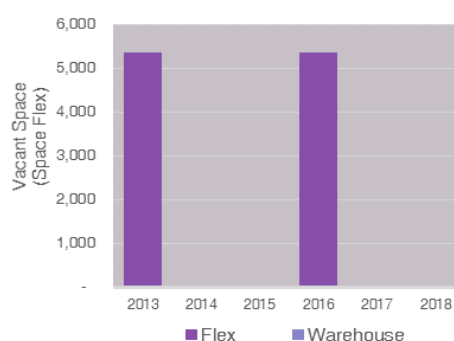
Warehouse	2017	2018	Change
Inventory (ft. <sup>2</sup> )	39,000	39,000	↔ ---
Net Absorption (ft. <sup>2</sup> )	5,350	---	N/A
Vacancy Rate	0.00%	0.00%	↔ 0.00 pp
Avg. Net Rent/ft. <sup>2</sup>	\$7.50	\$7.50	↔ 0.00%
Avg. RTCAM/ft. <sup>2</sup>	\$4.83	\$4.83	↔ 0.00%
Avg. Gross Rent/ft. <sup>2</sup>	\$12.33	\$12.33	↔ 0.00%



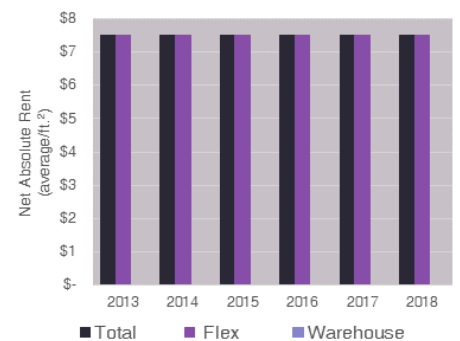
Supply & Demand



Vacant Space



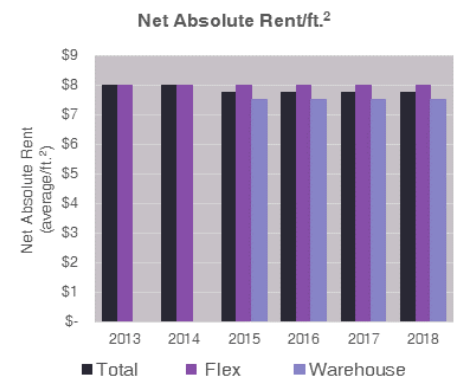
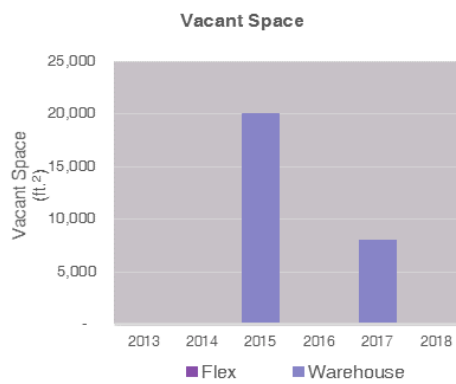
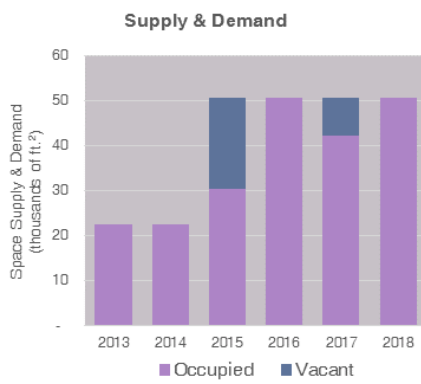
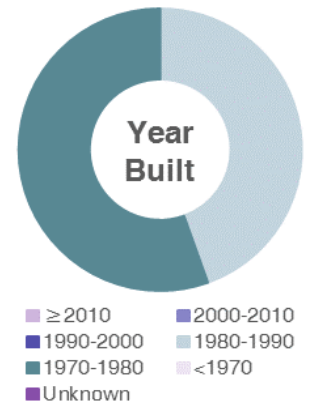
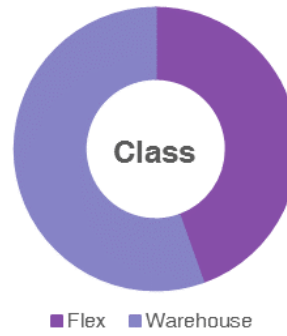
Net Absolute Rent/ft.<sup>2</sup>



# SACKVILLE

## Year at a Glance

Warehouse	2017	2018	Change
Inventory (ft. <sup>2</sup> )	50,497	50,497	—
Net Absorption (ft. <sup>2</sup> )	(8,000)	8,000	↑ 16,000
Vacancy Rate	15.84%	0.00%	↓ - 15.84 pp
Avg. Net Rent/ft. <sup>2</sup>	\$7.75	\$7.75	—
Avg. RTCAM/ft. <sup>2</sup>	\$5.46	\$5.46	—
Avg. Gross Rent/ft. <sup>2</sup>	N/A	\$13.46	N/A



# DEC. 2018 MARKET SURVEY

## HRM OFFICES & WAREHOUSES

### Survey Overview

This survey included every office & warehouse building with a total rentable area of 5,000 ft.<sup>2</sup> or greater, available for rent in the Greater Halifax area. A team of trained researchers collected rental, operating expense and vacancy data on 167 office buildings with an aggregate rentable area of 12,406,752 ft.<sup>2</sup> and 158 warehouse buildings with an aggregate rentable area of 8,006,096 ft.<sup>2</sup>. The survey successfully collected information on 92% 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.