



MARKET SURVEY
HRM OFFICES & WAREHOUSES
JUNE 2019



Survey Scope: 165 office & 158 warehouse buildings
12,131,078 ft² of rental office space
8,029,847 ft² of rental warehouse space
expert researchers



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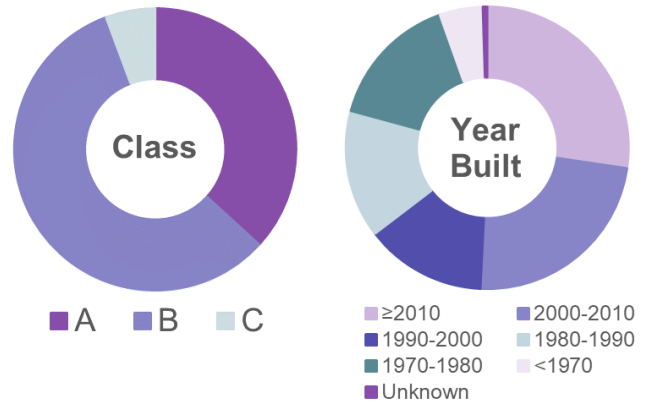
JUNE 2019 MARKET SURVEY

HRM OFFICES

Year at a Glance

	2018	2019	Change
Office Inventory (ft. ²)	12,046,489	12,131,078	↑ 84,589
Net Absorption (ft. ²)	541,486	129,285	↓ (412,201)
Vacancy Rate	15.09%	14.62%	↓ -0.47 pp
Avg. Net Rent/ft. ²	\$ 14.05	\$ 14.08	↑ 0.21%
Avg. RTCAM/ft. ²	\$ 12.50	\$ 12.85	↑ 2.80%
Avg. Gross Rent/ft. ²	\$ 26.68	\$ 26.89	↑ 0.79%

Overall Office Inventory



Supply & Demand Overview

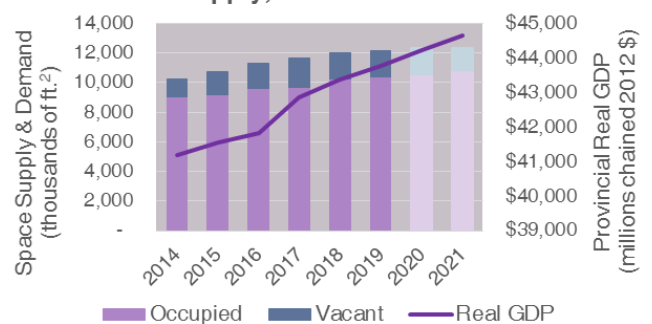
Greater Halifax's overall vacancy rate decreased year over year from 15.09% in June 2018 to 14.62% in 2019 and average net rents increased slightly from \$14.05 to \$14.08.

Demand is primarily driven by the growth of the provincial real (deflated) Gross Domestic Product. GDP projections indicate that 2020 will see GDP growth of 1.0%, leading to a 2.28% uptick in office space demand. This increased demand will be sufficient to outpace new supply coming to market, and we anticipate vacancy to drop to 13.94% over the next year.

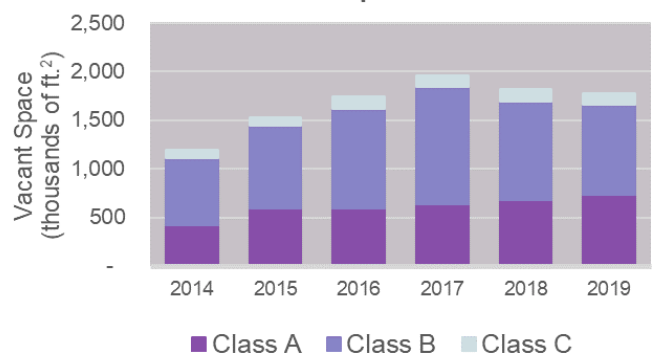
The survey measured vacancy and rents for three (3) building class types: Class A buildings, which command the highest rents and have distinctive design and lobbies; Class B buildings, which offer "no frills" modern, air conditioned space; and Class C buildings, which make up the remainder of the office rental market. In brief, their respective vacancy rates are: Class A 16.50%; Class B 13.19%; Class C 16.92%; and Overall 14.62%.

The vacancy rate and net rental rate are inversely correlated; empirical data generally indicates that a falling vacancy rate signals a rising net rental rate; whereas, a rising vacancy rate indicates that net rental rate increases will dampen or even fall. Current average net absolute rental rates per square foot are: Class A \$17.21; Class B \$12.93; Class C \$10.55; and Overall \$14.08.

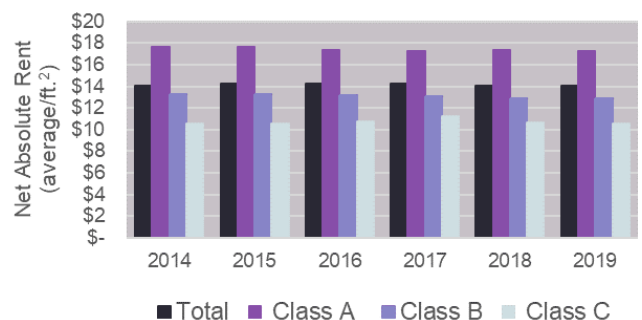
Supply, Demand & GDP



Vacant Space



Net Absolute Rent/ft.²

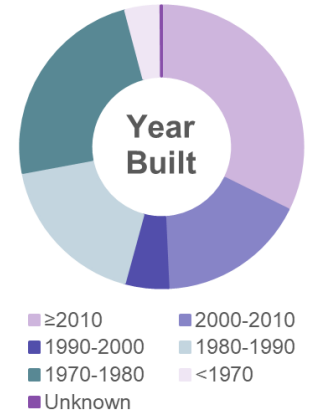
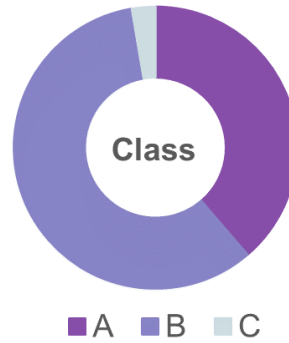


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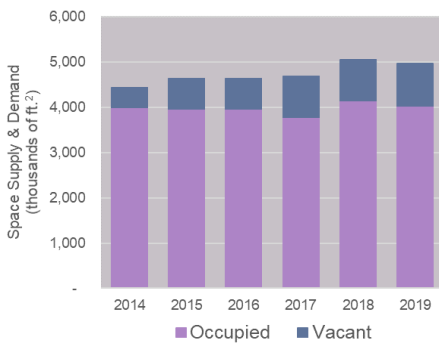
HALIFAX DOWNTOWN

Year at a Glance

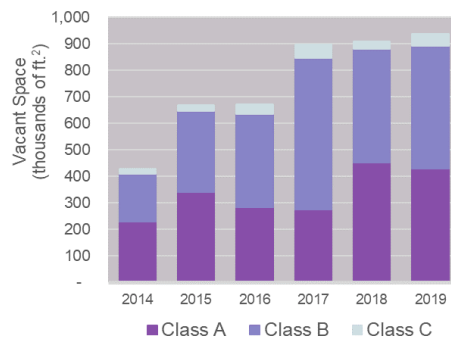
	2018	2019	Change
Office Inventory (ft. ²)	5,048,941	4,958,406	↓ (90,535)
Net Absorption (ft. ²)	366,029	(117,164)	↓ (483,193)
Vacancy Rate	18.03%	18.89%	↑ 0.86 pp
Avg. Net Rent/ft. ²	\$ 14.68	\$ 14.50	↓ -1.23%
Avg. RTCAM/ft. ²	\$ 13.78	\$ 14.20	↑ 3.05%
Avg. Gross Rent/ft. ²	\$ 28.51	\$ 28.64	↑ 0.46%



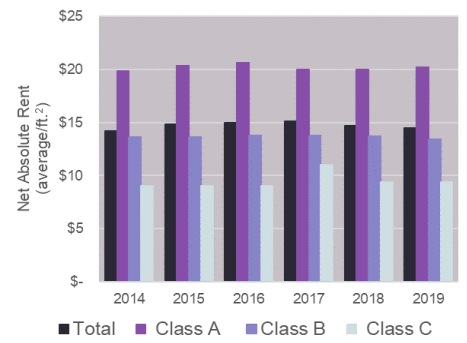
Supply & Demand



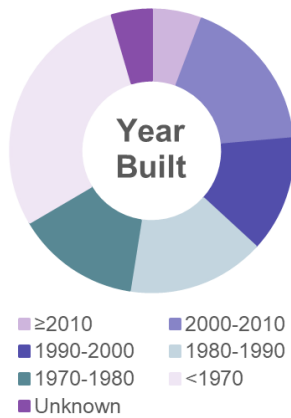
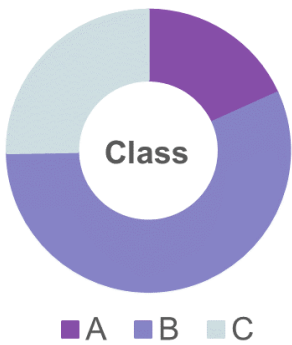
Vacant Space



Net Absolute Rent/ft.²



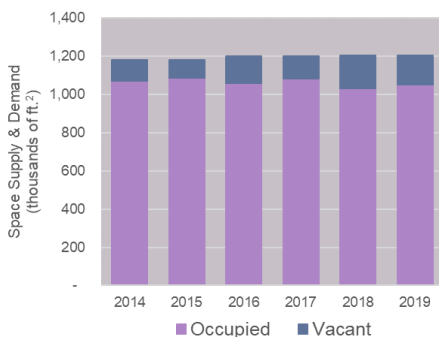
HALIFAX PERIPHERAL



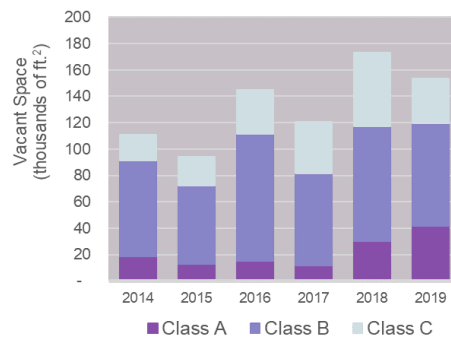
Year at a Glance

	2018	2019	Change
Office Inventory (ft. ²)	1,205,627	1,205,627	↔ - - -
Net Absorption (ft. ²)	(48,580)	19,745	↑ 68,325
Vacancy Rate	14.38%	12.74%	↓ -1.64 pp
Avg. Net Rent/ft. ²	\$ 14.44	\$ 14.67	↑ 1.59%
Avg. RTCAM/ft. ²	\$ 13.71	\$ 13.64	↓ -0.51%
Avg. Gross Rent/ft. ²	\$ 28.15	\$ 27.94	↓ -0.75%

Supply & Demand



Vacant Space



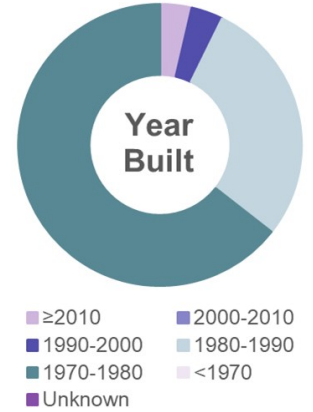
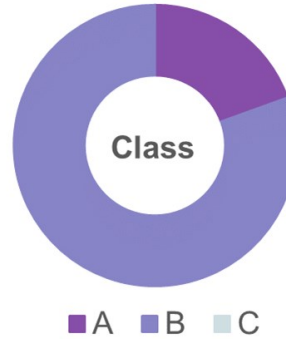
Net Absolute Rent/ft.²



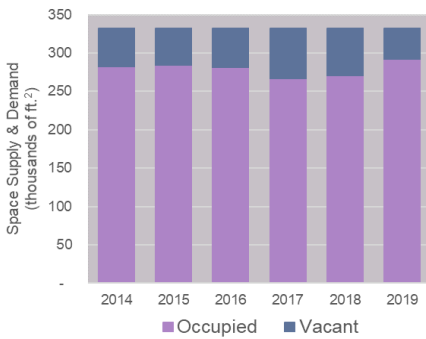
CENTRAL DARTMOUTH

Year at a Glance

	2018	2019	Change
Office Inventory (ft. ²)	332,221	332,221	↔ ---
Net Absorption (ft. ²)	3,982	21,763	↑ 17,781
Vacancy Rate	18.54%	11.99%	↓ -6.55 pp
Avg. Net Rent/ft. ²	\$ 10.42	\$ 10.42	↔ ---
Avg. RTCAM/ft. ²	\$ 9.76	\$ 9.76	↔ ---
Avg. Gross Rent/ft. ²	\$ 20.18	\$ 20.18	↔ ---



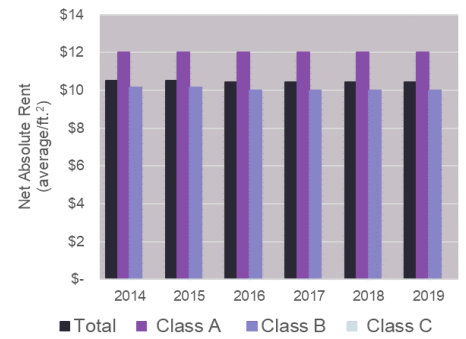
Supply & Demand



Vacant Space



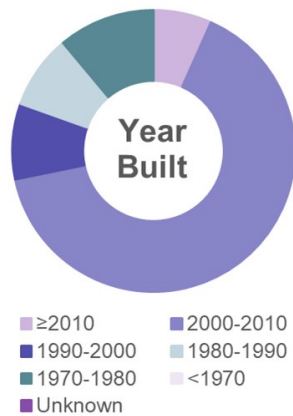
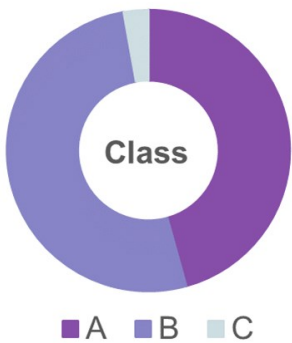
Net Absolute Rent/ft.²



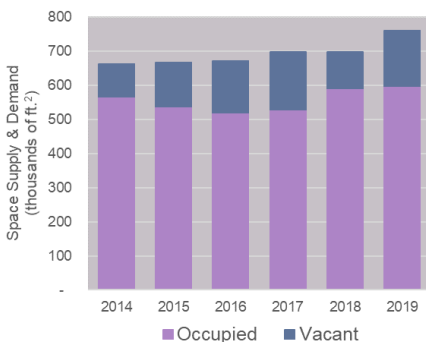
DARTMOUTH PERIPHERAL

Year at a Glance

	2018	2019	Change
Office Inventory (ft. ²)	697,404	759,553	↑ 62,149
Net Absorption (ft. ²)	63,403	6,960	↓ (56,443)
Vacancy Rate	15.29%	21.31%	↑ 6.02 pp
Avg. Net Rent/ft. ²	\$ 13.33	\$ 12.80	↓ -3.98%
Avg. RTCAM/ft. ²	\$ 10.38	\$ 11.09	↑ 6.84%
Avg. Gross Rent/ft. ²	\$ 24.53	\$ 24.19	↓ -1.39%



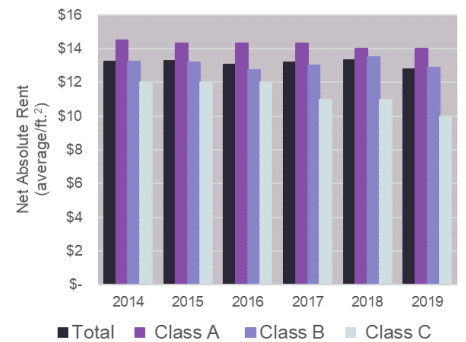
Supply & Demand



Vacant Space



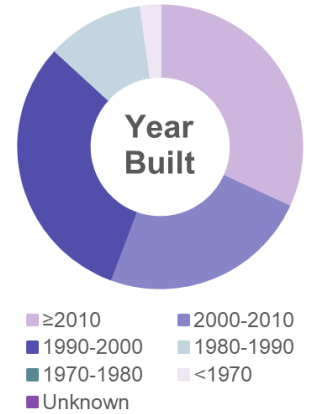
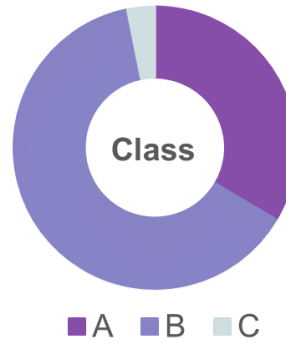
Net Absolute Rent/ft.²



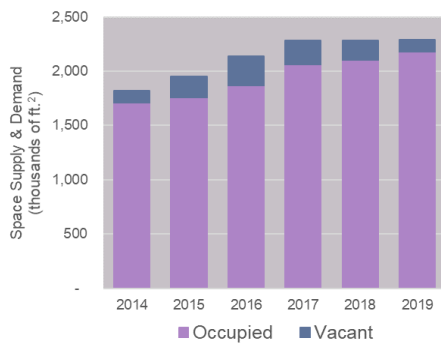
SUBURBAN HALIFAX

Year at a Glance

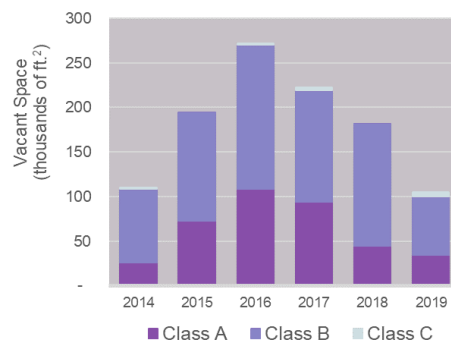
	2018	2019	Change
Office Inventory (ft. ²)	2,283,320	2,286,605	↑ 3,285
Net Absorption (ft. ²)	40,906	80,220	↑ 39,314
Vacancy Rate	7.97%	4.60%	↓ -3.37 pp
Avg. Net Rent/ft. ²	\$ 14.45	\$ 14.54	↑ 0.62%
Avg. RTCAM/ft. ²	\$ 11.73	\$ 12.33	↑ 5.12%
Avg. Gross Rent/ft. ²	\$ 26.53	\$ 26.78	↑ 0.94%



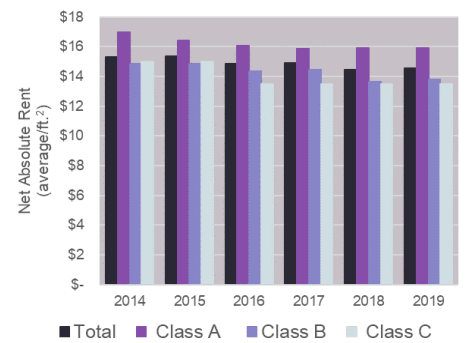
Supply & Demand



Vacant Space



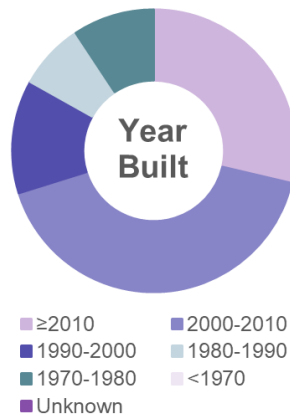
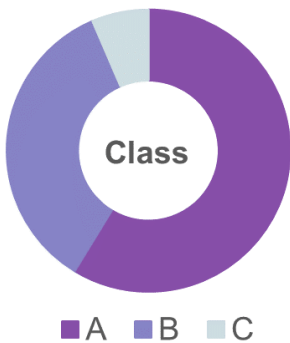
Net Absolute Rent/ft.²



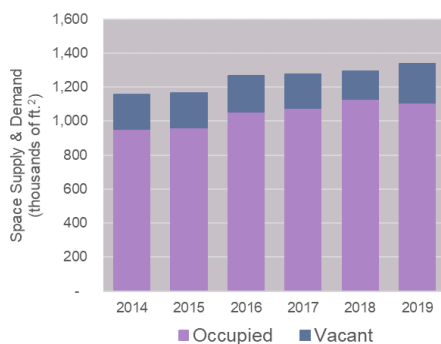
BURNSIDE/CITY OF LAKES & DARTMOUTH

Year at a Glance

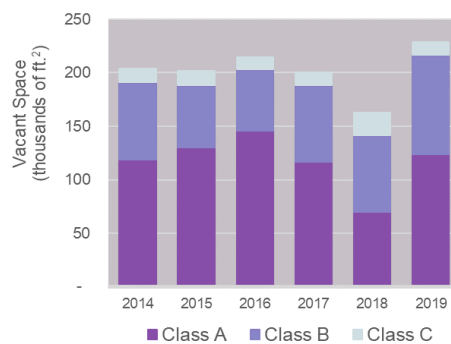
	2018	2019	Change
Office Inventory (ft. ²)	1,291,082	1,337,573	↑ 46,491
Net Absorption (ft. ²)	51,185	(19,144)	↓ (70,329)
Vacancy Rate	12.62%	17.09%	↑ 4.47 pp
Avg. Net Rent/ft. ²	\$ 14.00	\$ 14.00	↔ - - -
Avg. RTCAM/ft. ²	\$ 12.56	\$ 12.89	↑ 2.63%
Avg. Gross Rent/ft. ²	\$ 26.56	\$ 26.98	↑ 1.58%



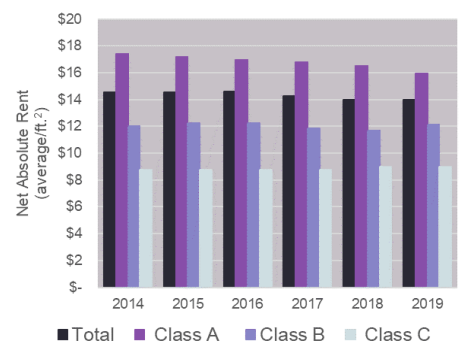
Supply & Demand



Vacant Space



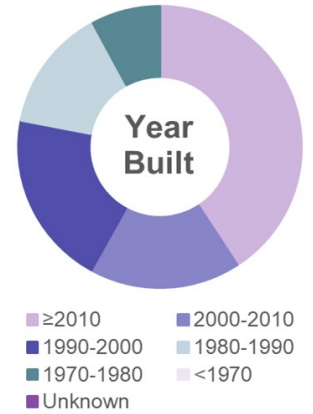
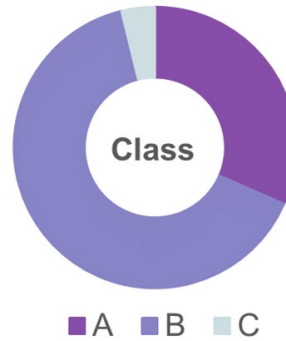
Net Absolute Rent/ft.²



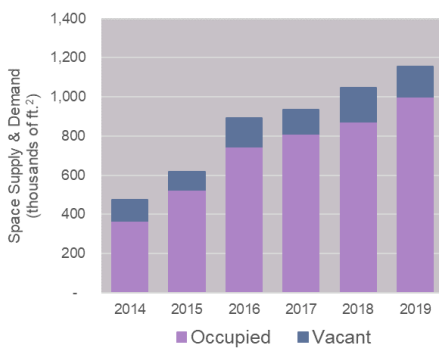
BEDFORD

Year at a Glance

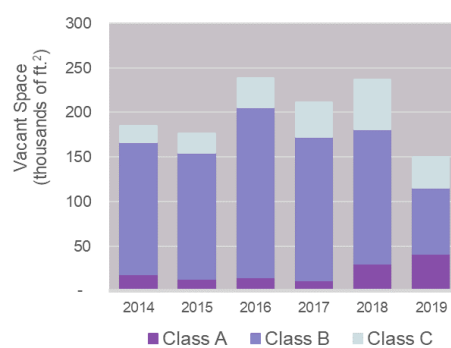
	2018	2019	Change
Office Inventory (ft. ²)	1,078,802	1,142,001	↑ 63,199
Net Absorption (ft. ²)	62,481	126,105	↑ 63,624
Vacancy Rate	18.97%	12.41%	↓ -6.56 pp
Avg. Net Rent/ft. ²	\$ 14.00	\$ 14.71	↑ 5.07%
Avg. RTCAM/ft. ²	\$ 12.21	\$ 12.71	↑ 4.10%
Avg. Gross Rent/ft. ²	\$ 26.21	\$ 27.60	↑ 5.30%



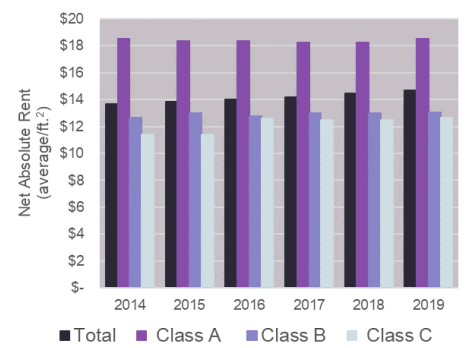
Supply & Demand



Vacant Space



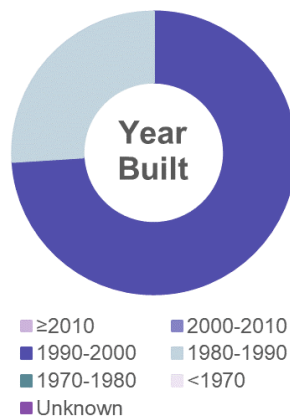
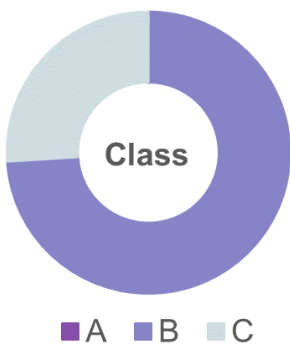
Net Absolute Rent/ft.²



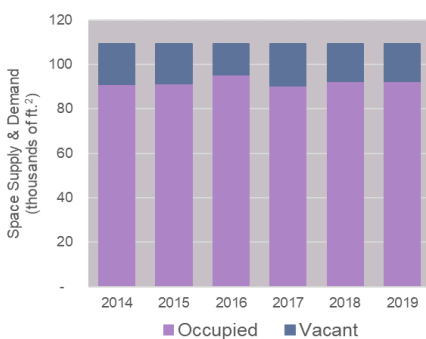
SACKVILLE

Year at a Glance

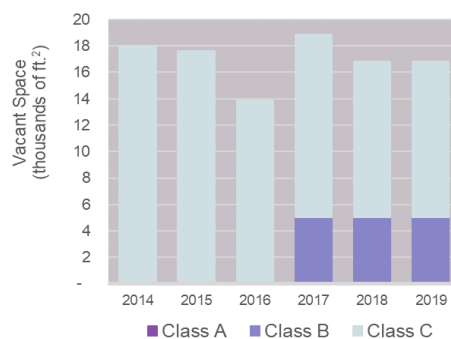
	2018	2019	Change
Office Inventory (ft. ²)	109,092	109,092	↔ ---
Net Absorption (ft. ²)	2,080	---	↓ (2,080)
Vacancy Rate	15.40%	15.40%	↔ ---
Avg. Net Rent/ft. ²	\$ 8.33	\$ 8.33	↔ ---
Avg. RTCAM/ft. ²	\$ 5.87	\$ 5.87	↔ ---
Avg. Gross Rent/ft. ²	\$ 14.21	\$ 14.21	↔ ---



Supply & Demand



Vacant Space



Net Absolute Rent/ft.²



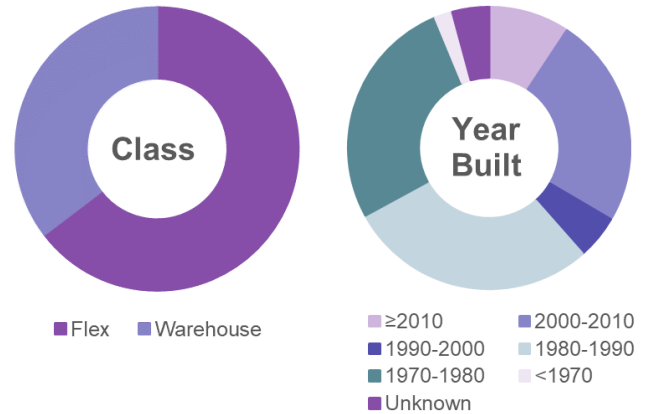
JUNE 2019 MARKET SURVEY

HRM WAREHOUSES

Year at a Glance

	2018	2019	Change
Inventory (ft. ²)	7,927,029	8,029,847	↑ 102,818
Net Absorption (ft. ²)	218,200	263,276	↑ 45,076
Vacancy Rate	11.62%	9.47%	↓ -2.15 pp
Avg. Net Rent/ft. ²	\$ 7.82	\$ 7.93	↑ 1.41%
Avg. RTCAM/ft. ²	\$ 5.26	\$ 5.34	↑ 1.52%
Avg. Gross Rent/ft. ²	\$ 13.02	\$ 13.28	↑ 2.00%

Overall Warehouse Inventory



Supply & Demand Overview

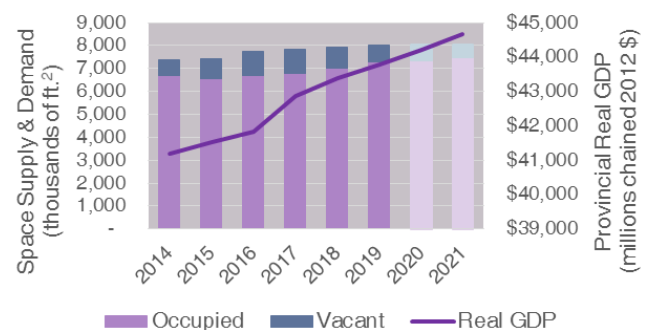
The Greater Halifax supply of rentable warehouse space increased 1.3% between 2018 and 2019, accompanied by an increase demand for rental space. Year over year, the overall vacancy rate decreased from 11.62% to 9.47%, while average net rents increased from \$7.82 to \$7.92 (1.41%).

Demand is primarily driven by the growth of the provincial real (deflated) Gross Domestic Product. GDP projections indicate that 2020 will see GDP growth of 1.0%, leading to a 1.39% uptick in warehouse space demand. With no significant additional supply being brought to market in the year ahead, we expect the vacancy rate to drop to 8.22% in the year ahead.

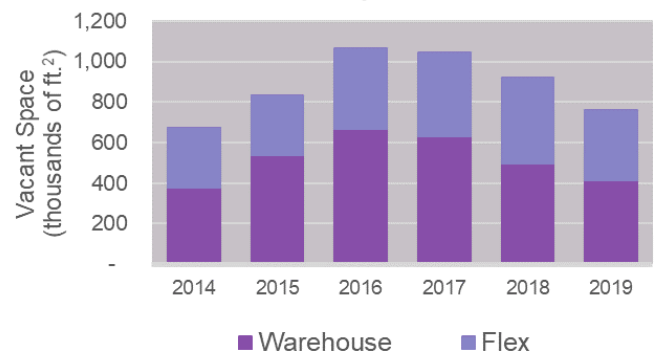
The survey measured vacancy rate and rental rates by geographic node. Accordingly, the current vacancy rate for each location is as follows: Atlantic Acres Industrial Park 7.22%; Bayers Lake Industrial Park 29.61%; Bedford 5.59%; Burnside/City of Lakes Industrial Park 8.86%; Central Halifax 4.95%; Ragged Lake Industrial Park 0.00%; and Sackville Industrial Park 0.00%.

The average overall net rental rates/ft.² for each location is as follows: Atlantic Acres Industrial Park \$7.80; Bayers Lake Industrial Park \$10.69; Bedford \$14.80; Burnside/City of Lakes Industrial Park \$7.39; Central Halifax \$8.58; Ragged Lake Industrial Park \$7.50; and Sackville Industrial Park \$7.75.

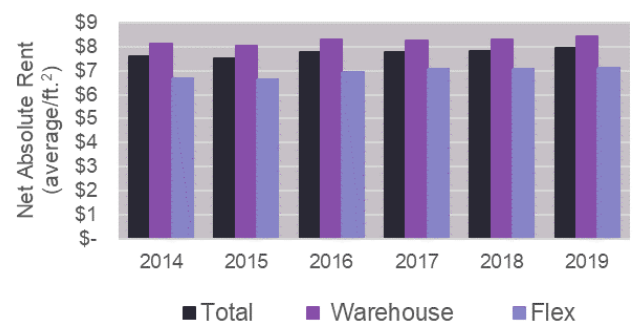
Supply, Demand & GDP



Vacant Space



Net Absolute Rent/ft.²

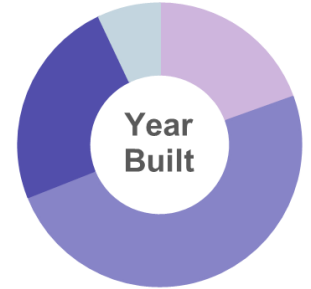
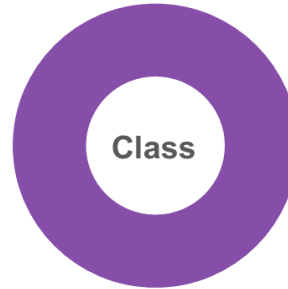


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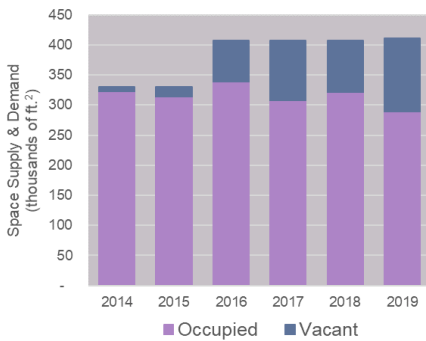
BAYERS LAKE INDUSTRIAL PARK

Year at a Glance

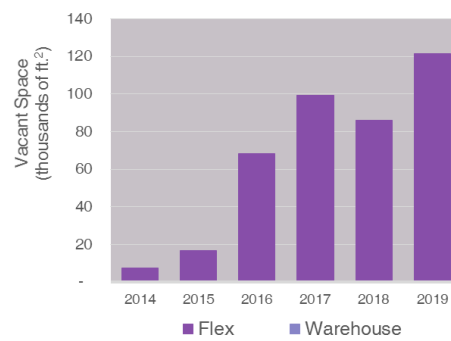
Warehouse	2018	2019	Change
Inventory (ft. ²)	407,019	410,300	↑ 3,281
Net Absorption (ft. ²)	13,212	(32,167)	↓ (45,379)
Vacancy Rate	21.14%	29.61%	↑ 8.47 pp
Avg. Net Rent/ft. ²	\$ 10.92	\$ 10.69	↓ -2.11%
Avg. RTCAM/ft. ²	\$ 6.51	\$ 6.79	↑ 4.30%
Avg. Gross Rent/ft. ²	\$ 17.43	\$ 17.47	↑ 0.23%



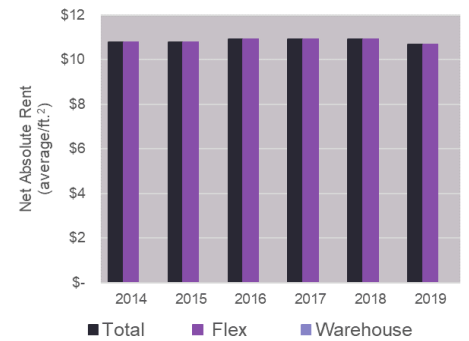
Supply & Demand



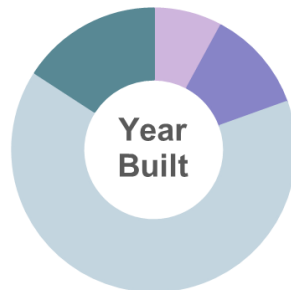
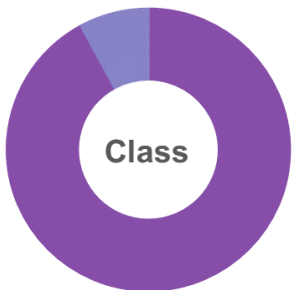
Vacant Space



Net Absolute Rent/ft.²



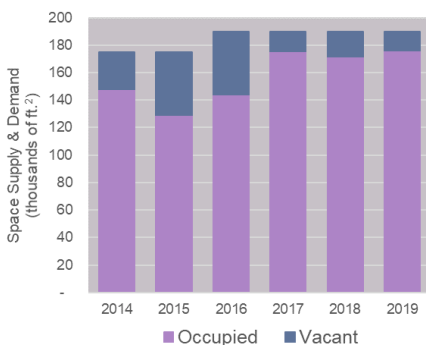
ATLANTIC ACRES



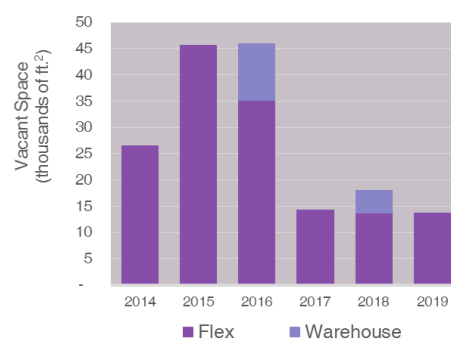
Year at a Glance

Warehouse	2018	2019	Change
Inventory (ft. ²)	189,615	189,615	↔ ---
Net Absorption (ft. ²)	(3,650)	4,300	↑ 7,950
Vacancy Rate	9.49%	7.22%	↓ -2.27 pp
Avg. Net Rent/ft. ²	\$ 7.80	\$ 7.80	↔ ---
Avg. RTCAM/ft. ²	\$ 4.08	\$ 4.05	↓ -0.74%
Avg. Gross Rent/ft. ²	\$ 11.88	\$ 11.85	↓ -0.25%

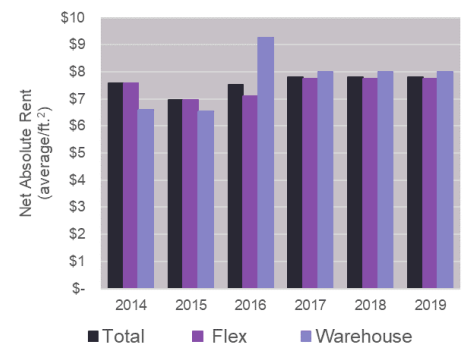
Supply & Demand



Vacant Space



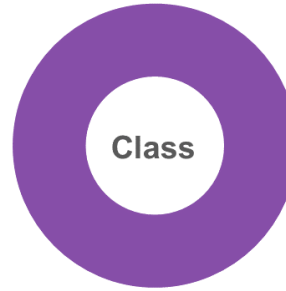
Net Absolute Rent/ft.²



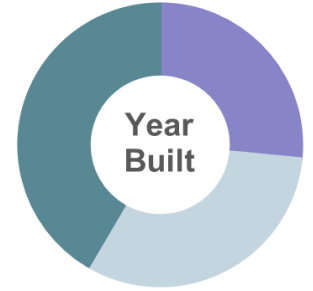
BEDFORD

Year at a Glance

Warehouse	2018	2019	Change
Inventory (ft. ²)	96,434	96,434	↔ ---
Net Absorption (ft. ²)	16,884	(363)	↓ (17,247)
Vacancy Rate	5.21%	5.59%	↑ 0.38 pp
Avg. Net Rent/ft. ²	\$ 11.60	\$ 14.80	↑ 27.59%
Avg. RTCAM/ft. ²	\$ 6.71	\$ 6.75	↑ 0.60%
Avg. Gross Rent/ft. ²	\$ 18.31	\$ 21.55	↑ 17.70%

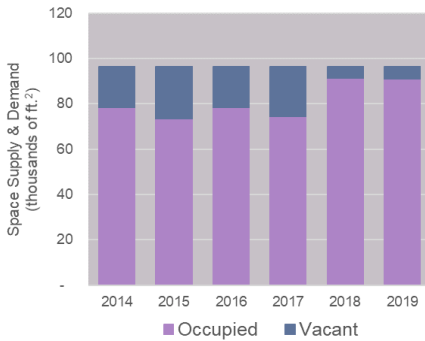


Flex Warehouse

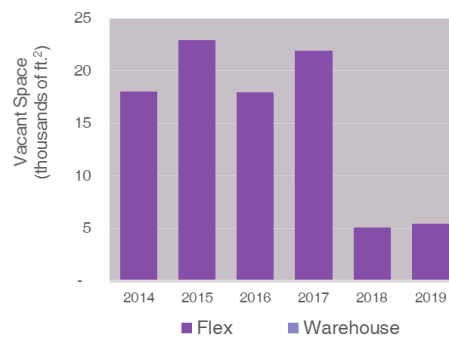


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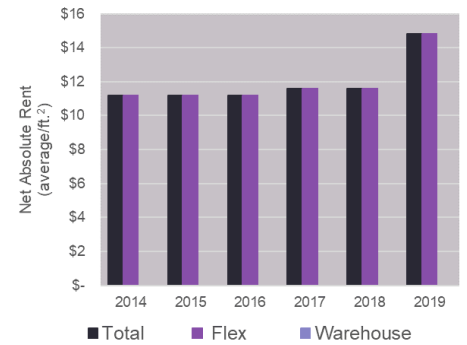
Supply & Demand



Vacant Space



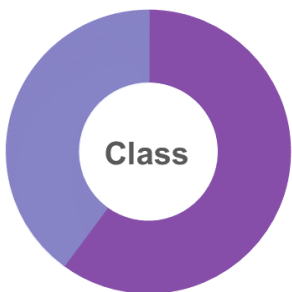
Net Absolute Rent/ft.²



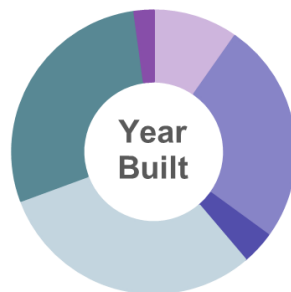
BURNSIDE/ CITY OF LAKES

Year at a Glance

Warehouse	2018	2019	Change
Inventory (ft. ²)	6,611,228	6,684,039	↑ 72,811
Net Absorption (ft. ²)	167,979	254,394	↑ 86,415
Vacancy Rate	11.70%	8.86%	↓ -2.84 pp
Avg. Net Rent/ft. ²	\$ 7.38	\$ 7.39	↑ 0.14%
Avg. RTCAM/ft. ²	\$ 5.14	\$ 5.22	↑ 1.56%
Avg. Gross Rent/ft. ²	\$ 12.45	\$ 12.64	↑ 1.53%

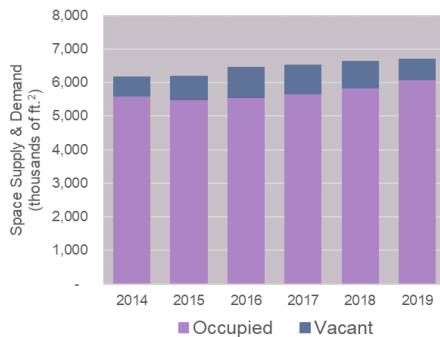


Flex Warehouse

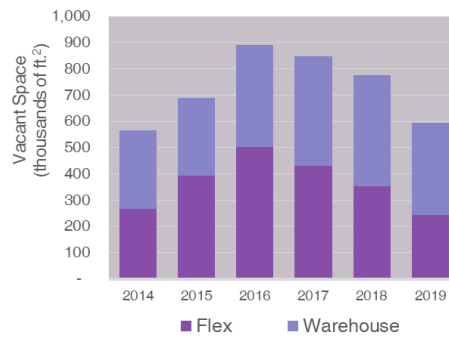


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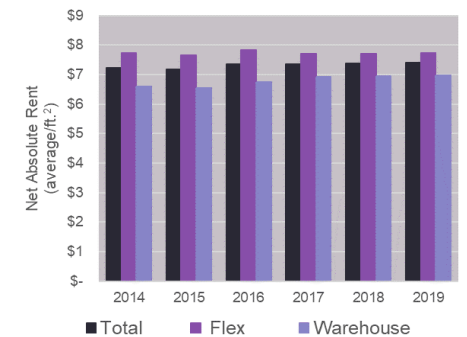
Supply & Demand



Vacant Space



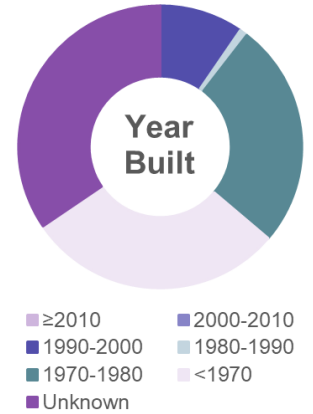
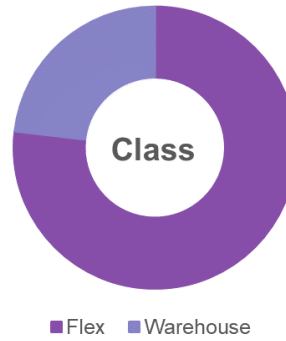
Net Absolute Rent/ft.²



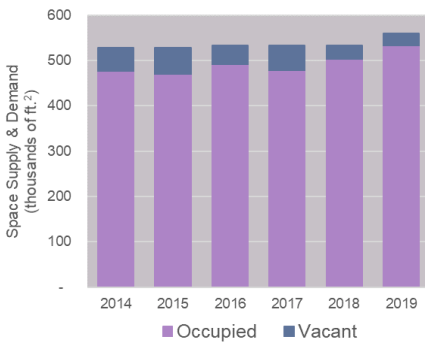
CENTRAL HALIFAX

Year at a Glance

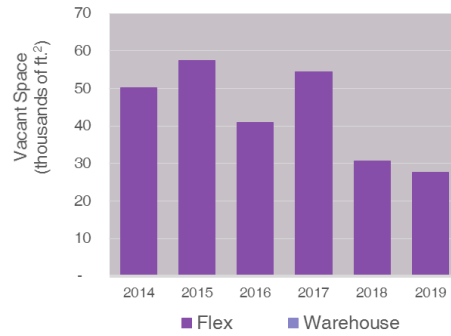
Warehouse	2018	2019	Change
Inventory (ft. ²)	533,236	559,962	↑ 26,726
Net Absorption (ft. ²)	23,775	29,762	↑ 5,987
Vacancy Rate	5.76%	4.95%	↓ -0.81 pp
Avg. Net Rent/ft. ²	\$ 8.54	\$ 8.58	↑ 0.47%
Avg. RTCAM/ft. ²	\$ 5.46	\$ 5.49	↑ 0.55%
Avg. Gross Rent/ft. ²	\$ 13.99	\$ 14.02	↑ 0.21%



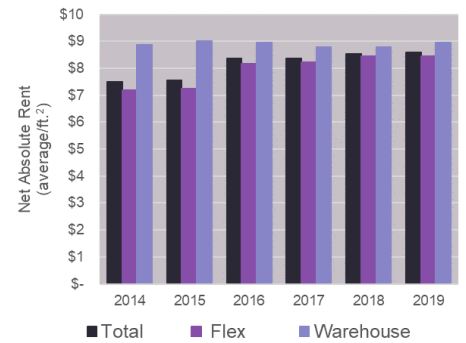
Supply & Demand



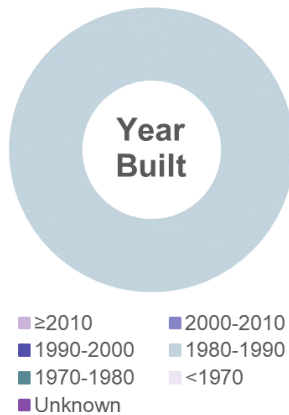
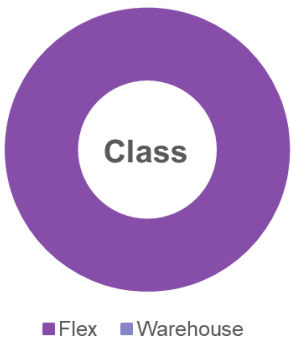
Vacant Space



Net Absolute Rent/ft.²



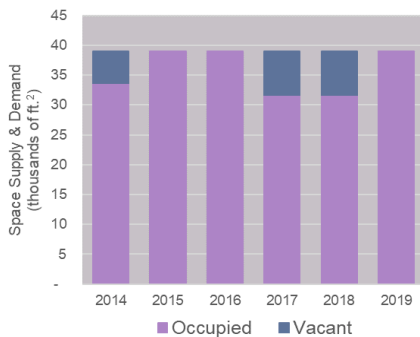
RAGGED LAKE INDUSTRIAL PARK



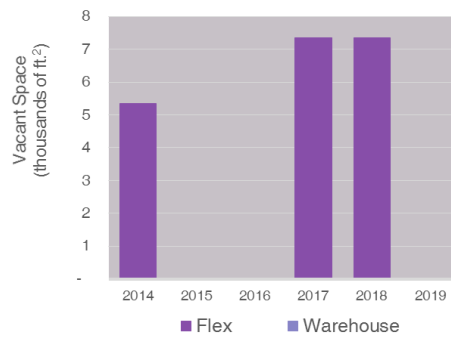
Year at a Glance

Warehouse	2018	2019	Change
Inventory (ft. ²)	39,000	39,000	↔ ---
Net Absorption (ft. ²)	---	7,350	↑ 7,350
Vacancy Rate	18.85%	0.00%	↓ -18.85 pp
Avg. Net Rent/ft. ²	\$ 7.50	\$ 7.50	↔ ---
Avg. RTCAM/ft. ²	\$ 4.83	\$ 5.05	↑ 4.55%
Avg. Gross Rent/ft. ²	\$ 12.33	\$ 12.55	↑ 1.78%

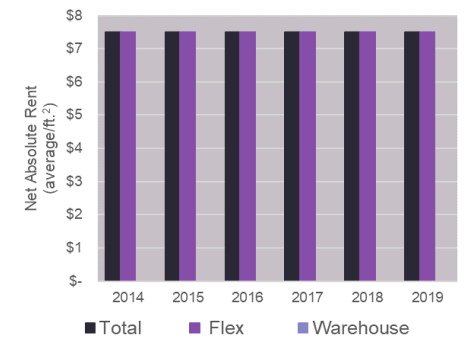
Supply & Demand



Vacant Space



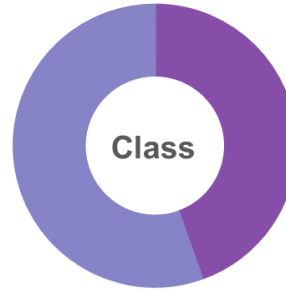
Net Absolute Rent/ft.²



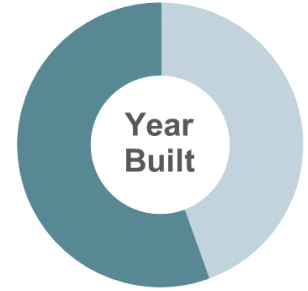
SACKVILLE

Year at a Glance

Warehouse	2018	2019	Change
Inventory (ft. ²)	50,497	50,497	↔ ---
Net Absorption (ft. ²)	---	---	↔ ---
Vacancy Rate	0.00%	0.00%	↔ ---
Avg. Net Rent/ft. ²	\$ 7.75	\$ 7.75	↔ ---
Avg. RTCAM/ft. ²	\$ 5.46	\$ 5.46	↔ ---
Avg. Gross Rent/ft. ²	\$ 13.46	\$ 13.46	↔ ---

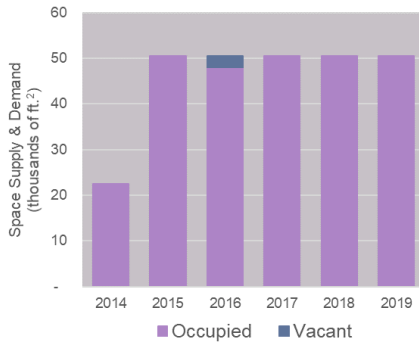


Flex Warehouse

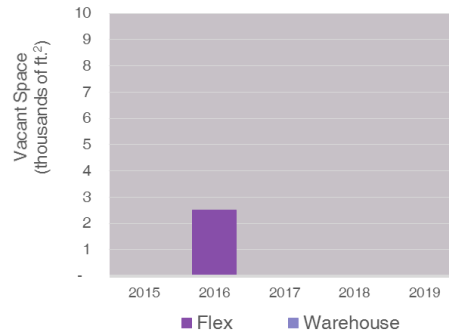


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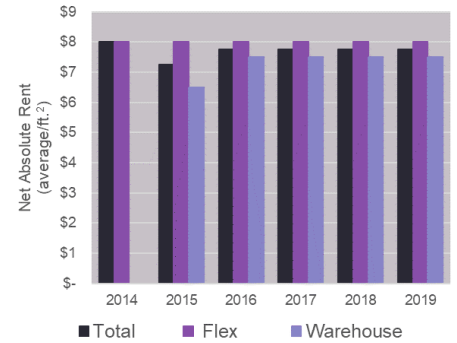
Supply & Demand



Vacant Space



Net Absolute Rent/ft.²



JUNE 2019 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 within the Greater Halifax area. A team of trained researchers collected rental, operating expense, and vacancy data on 165 office buildings with an aggregate rentable area of 12,131,078 ft.² and 158 warehouse buildings with an aggregate rentable area of 8,029,847 ft.². The survey successfully collected information on 91% 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.

ONE TEAM: SEVEN AREAS OF EXPERTISE

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B.Comm, DULE, MRICS, AACI
Vice President

COUNSELLING



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