



MARKET SURVEY
HRM OFFICES & WAREHOUSES
DECEMBER 2019



Survey Scope: 165 office & 163 warehouse buildings
12,048,861 ft.² of rental office space
8,156,556 ft.² of rental warehouse space
expert researchers



Real Estate Counsellors, Brokers and Valuers

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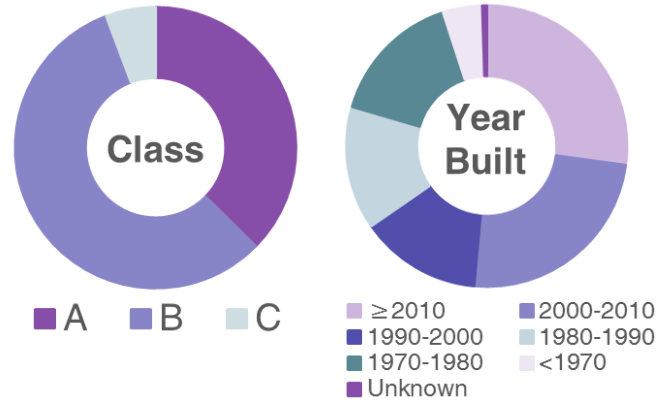
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DEC. 2019 MARKET SURVEY HRM OFFICES

Year at a Glance

	2018	2019	Change
Office Inventory (ft. ²)	12,192,165	12,048,861	↓ - 143,304
Net Absorption (ft. ²)	351,630	- 213,572	↓ - 565,202
Vacancy Rate	13.90%	14.65%	↑ 0.75 pp
Avg. Net Rent/ft. ²	\$14.04	\$14.07	↑ 0.21%
Avg. RTCAM/ft. ²	\$12.55	\$12.90	↑ 2.79%
Avg. Gross Rent/ft. ²	\$26.66	\$26.93	↑ 1.01%

Overall Office Inventory



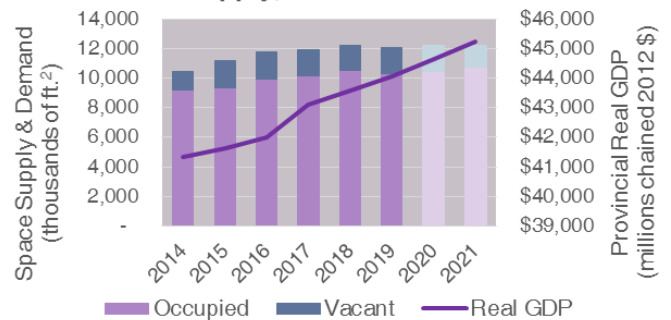
Supply & Demand Overview

The total amount of rentable office space in Greater Halifax decreased -1.18% over last year as some space was converted to owner occupation and some removed for redevelopment. The overall vacancy rate increased from 13.90% in 2018 to 14.65% in 2019, and net absorption declined year over year. The key driver of space demand is the growth in the provincial real (deflated) Gross Domestic Product. Our analysis of GDP projections indicate that 2020 will see GDP growth of 1.3%, leading to an uptick in demand for office space of 2.32%. The vacancy rate will decrease to 13.67%.

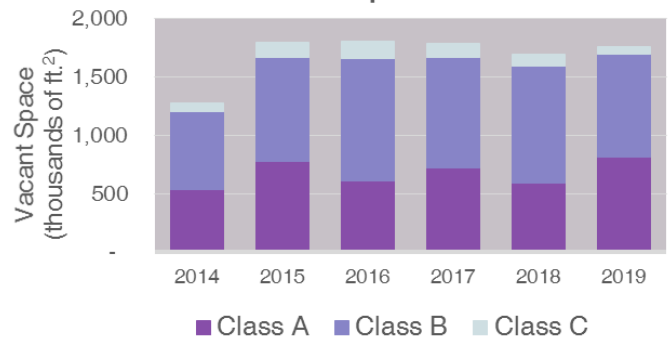
Our survey measured vacancy and rental rates by class of building. Class A buildings command the highest rents in their community and have distinctive design and lobbies. Class B buildings offer “no frills” modern, air conditioned space. Class C buildings make up the remainder of the office rental market. The current vacancy rates by class are: Class A 18.01%; Class B 12.92%; Class C 9.78%; Overall 14.65%.

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 \$17.08; Class B \$12.78; Class C \$10.76; Overall \$14.07.

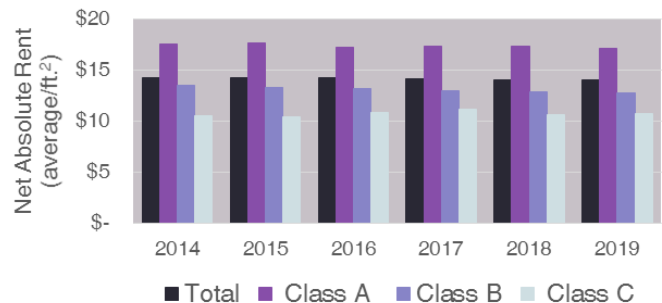
Supply, Demand & GDP



Vacant Space



Net Absolute Rent/ft.²

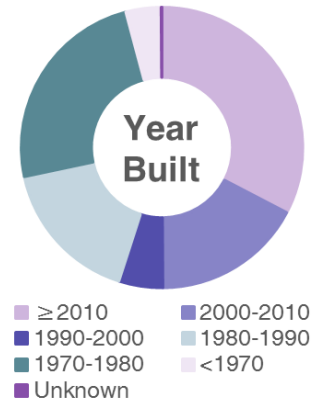
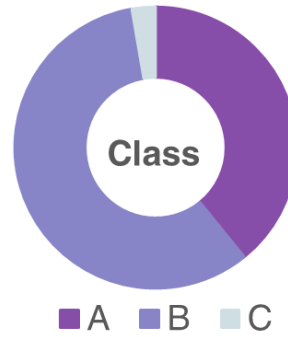


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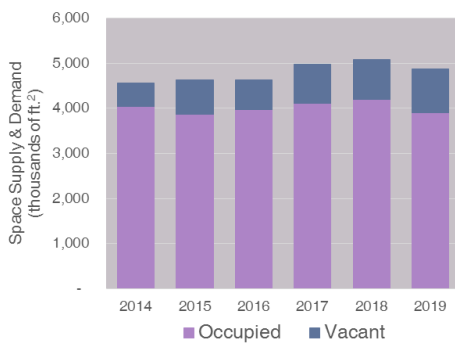
HALIFAX DOWNTOWN

Year at a Glance

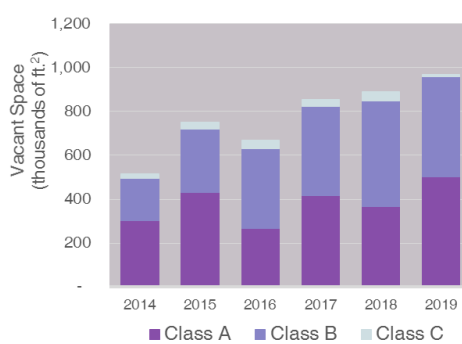
	2018	2019	Change
Office Inventory (ft. ²)	5,078,060	4,877,114	↓ - 200,946
Net Absorption (ft. ²)	70,271	- 279,875	↓ - 350,146
Vacancy Rate	17.52%	19.86%	↑ 2.34 pp
Avg. Net Rent/ft. ²	\$14.47	\$14.95	↑ 3.32%
Avg. RTCAM/ft. ²	\$13.97	\$14.21	↑ 1.72%
Avg. Gross Rent/ft. ²	\$28.43	\$29.11	↑ 2.39%



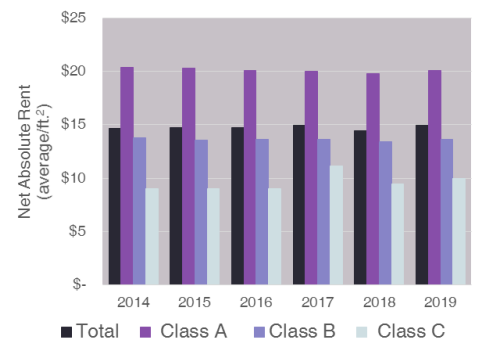
Supply & Demand



Vacant Space



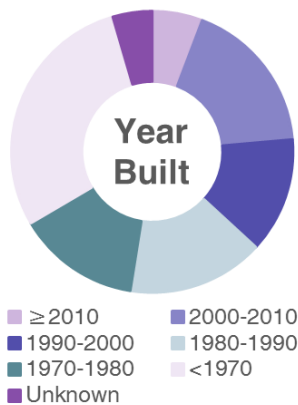
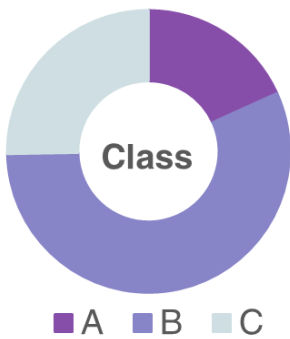
Net Absolute Rent/ft.²



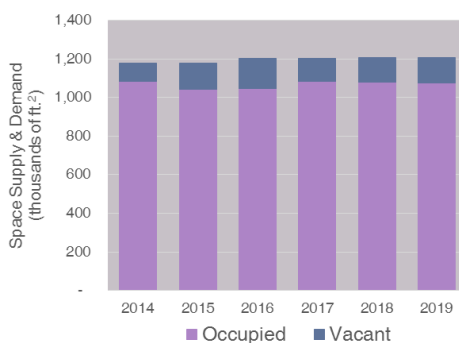
HALIFAX PERIPHERAL

Year at a Glance

	2018	2019	Change
Office Inventory (ft. ²)	1,205,627	1,205,627	↔ - - -
Net Absorption (ft. ²)	- 3,841	- 4,467	↓ - 626
Vacancy Rate	10.30%	10.67%	↑ 0.37 pp
Avg. Net Rent/ft. ²	\$14.20	\$14.10	↓ - 0.70%
Avg. RTCAM/ft. ²	\$13.61	\$13.69	↑ 0.59%
Avg. Gross Rent/ft. ²	\$27.82	\$27.42	↓ - 1.44%



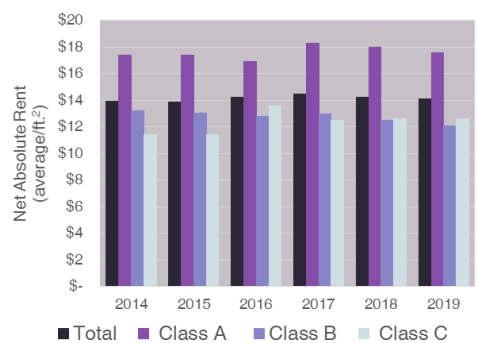
Supply & Demand



Vacant Space



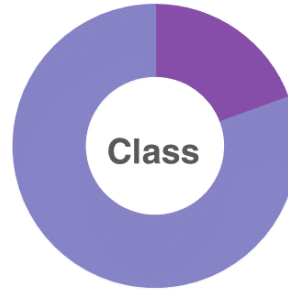
Net Absolute Rent/ft.²



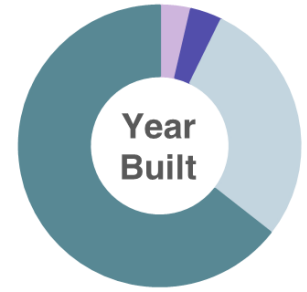
CENTRAL DARTMOUTH

Year at a Glance

	2018	2019	Change
Office Inventory (ft. ²)	332,221	332,221	↔ ---
Net Absorption (ft. ²)	2,440	7,193	↑ 4,753
Vacancy Rate	14.81%	12.64%	↓ - 2.17 pp
Avg. Net Rent/ft. ²	\$10.42	\$10.42	↔ ---
Avg. RTCAM/ft. ²	\$9.64	\$9.72	↑ 0.83%
Avg. Gross Rent/ft. ²	\$20.05	\$20.13	↑ 0.40%

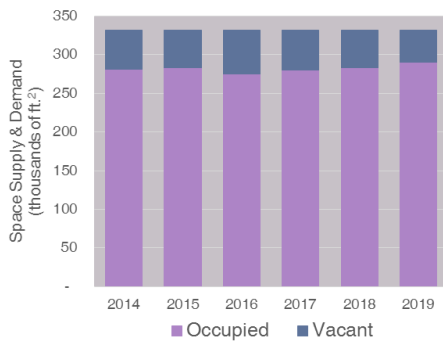


■ A ■ B ■ C

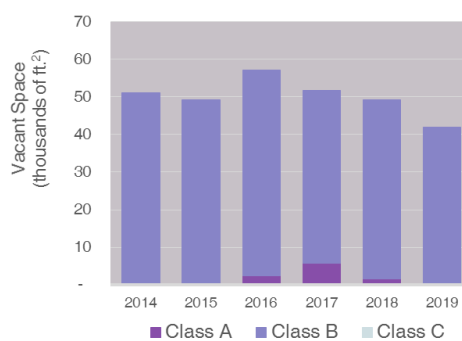


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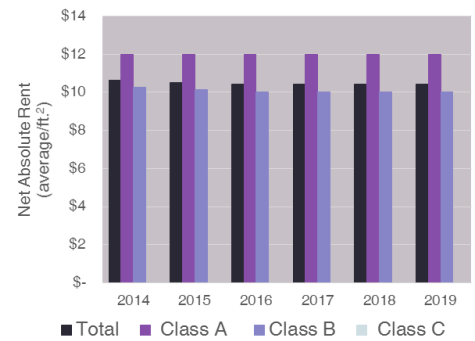
Supply & Demand



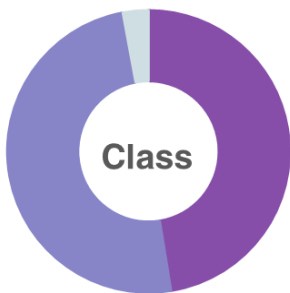
Vacant Space



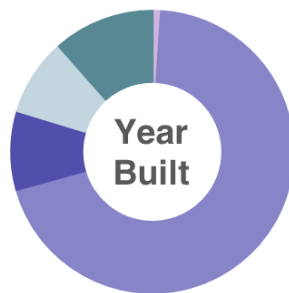
Net Absolute Rent/ft.²



DARTMOUTH PERIPHERAL



■ A ■ B ■ C

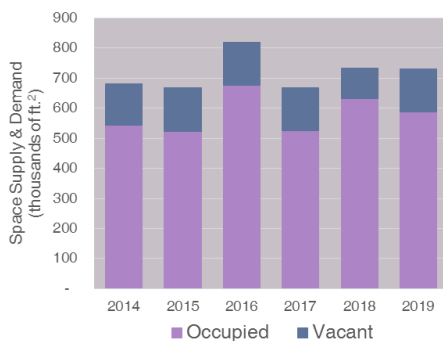


■ ≥2010 ■ 2000-2010
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 ■ 1970-1980 ■ <1970
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Year at a Glance

	2018	2019	Change
Office Inventory (ft. ²)	733,561	731,353	↓ - 2,208
Net Absorption (ft. ²)	104,939	- 43,211	↓ - 148,150
Vacancy Rate	14.01%	19.66%	↑ 5.65 pp
Avg. Net Rent/ft. ²	\$12.05	\$12.04	↓ - 0.08%
Avg. RTCAM/ft. ²	\$9.53	\$11.27	↑ 18.26%
Avg. Gross Rent/ft. ²	\$22.51	\$23.77	↑ 5.60%

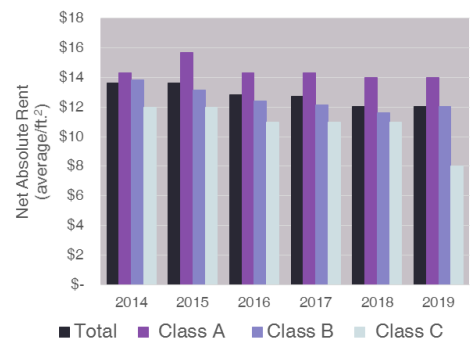
Supply & Demand



Vacant Space



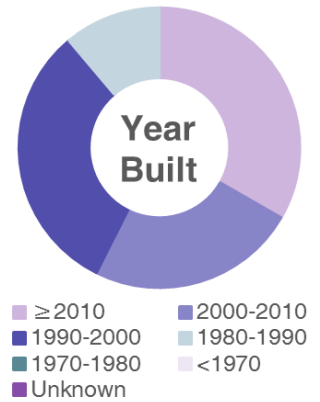
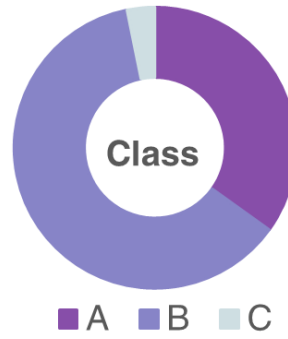
Net Absolute Rent/ft.²



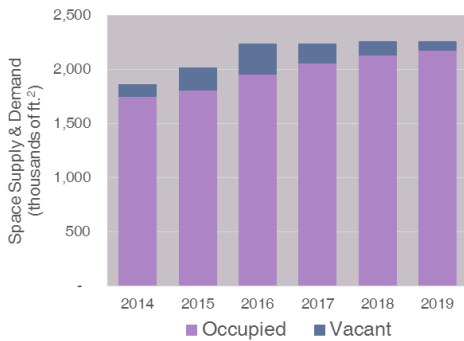
SUBURBAN HALIFAX

Year at a Glance

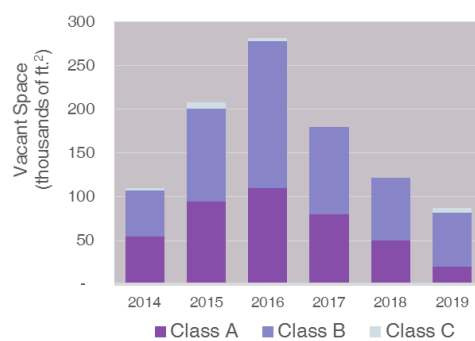
	2018	2019	Change
Office Inventory (ft. ²)	2,253,455	2,259,855	↑ 6,400
Net Absorption (ft. ²)	76,990	40,741	↓ - 36,249
Vacancy Rate	5.38%	3.85%	↓ - 1.53 pp
Avg. Net Rent/ft. ²	\$15.18	\$14.69	↓ - 3.23%
Avg. RTCAM/ft. ²	\$11.99	\$12.51	↑ 4.34%
Avg. Gross Rent/ft. ²	\$27.22	\$27.20	↓ - 0.07%



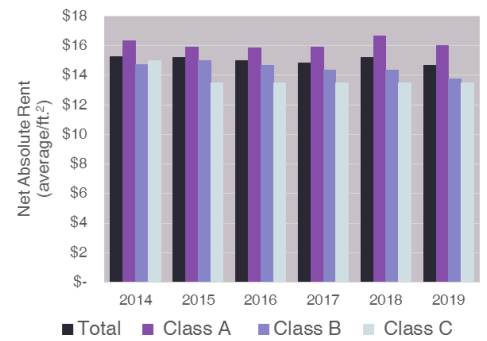
Supply & Demand



Vacant Space



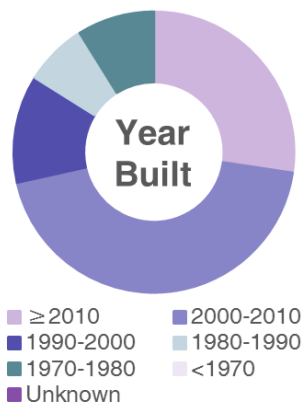
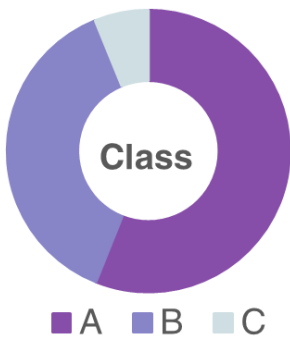
Net Absolute Rent/ft.²



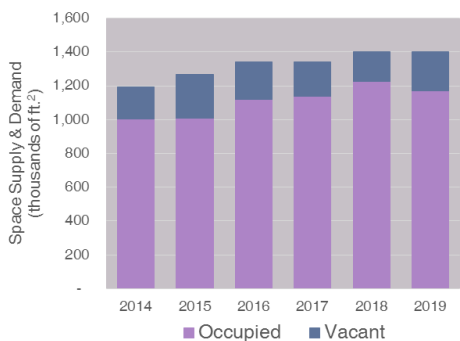
BURNSIDE/CITY OF LAKES & DARTMOUTH CROSSING

Year at a Glance

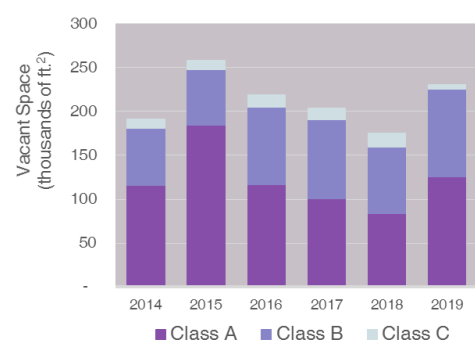
	2018	2019	Change
Office Inventory (ft. ²)	1,401,347	1,401,347	↔ - - -
Net Absorption (ft. ²)	88,550	- 55,088	↓ - 143,638
Vacancy Rate	12.50%	16.44%	↑ 3.93 pp
Avg. Net Rent/ft. ²	\$14.06	\$14.01	↓ - 0.36%
Avg. RTCAM/ft. ²	\$12.84	\$13.05	↑ 1.64%
Avg. Gross Rent/ft. ²	\$27.02	\$27.06	↑ 0.15%



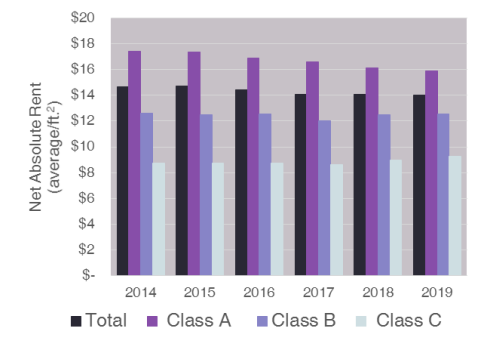
Supply & Demand



Vacant Space



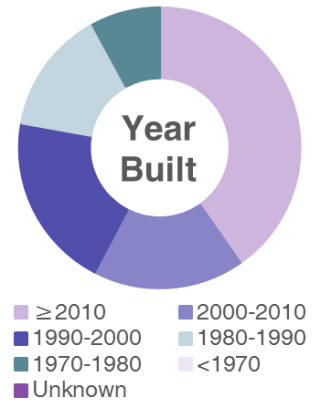
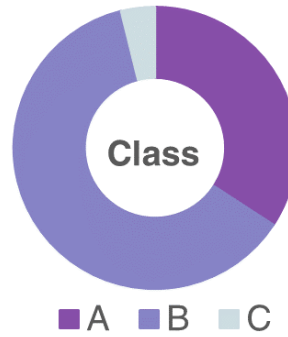
Net Absolute Rent/ft.²



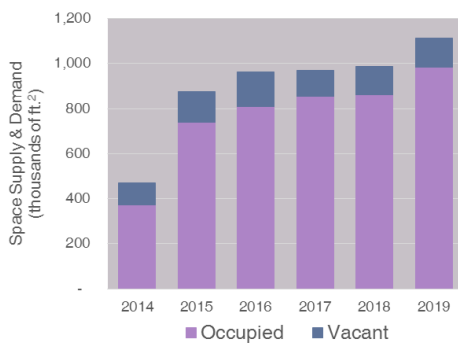
BEDFORD

Year at a Glance

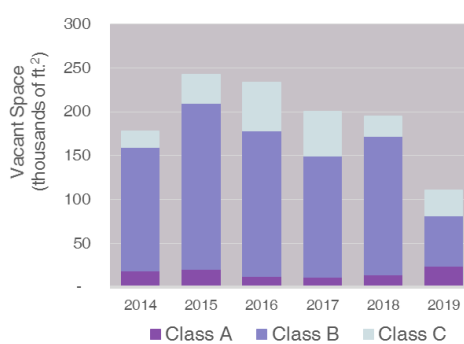
	2018	2019	Change
Office Inventory (ft. ²)	1,078,802	1,132,252	↑ 53,450
Net Absorption (ft. ²)	10,201	120,935	↑ 110,734
Vacancy Rate	19.98%	13.07%	↓ - 6.90 pp
Avg. Net Rent/ft. ²	\$14.13	\$14.47	↑ 2.41%
Avg. RTCAM/ft. ²	\$12.07	\$12.42	↑ 2.90%
Avg. Gross Rent/ft. ²	\$26.20	\$27.15	↑ 3.63%



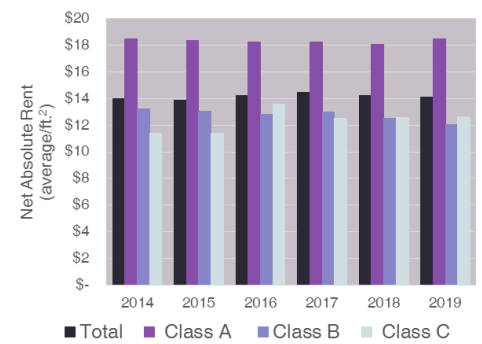
Supply & Demand



Vacant Space



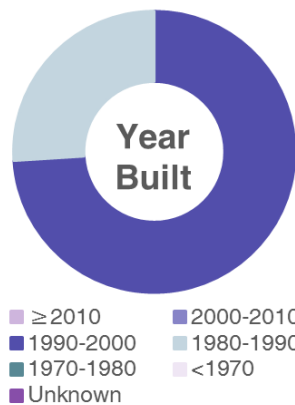
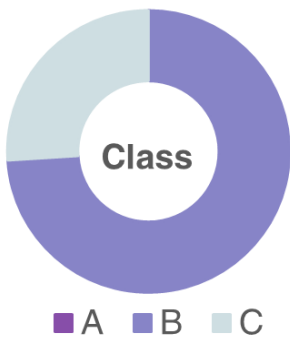
Net Absolute Rent/ft.²



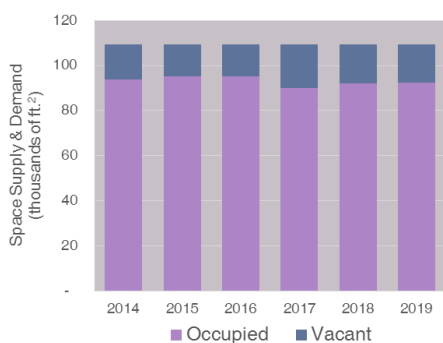
SACKVILLE

Year at a Glance

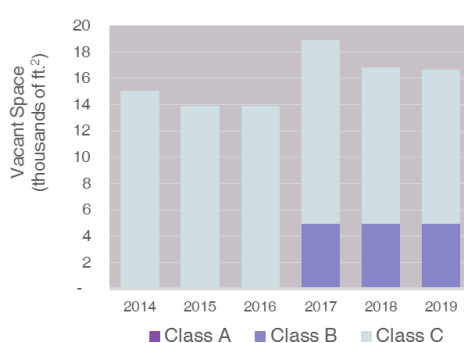
	2018	2019	Change
Office Inventory (ft. ²)	109,092	109,092	↔ ---
Net Absorption (ft. ²)	2,080	200	↓ - 1,880
Vacancy Rate	15.40%	15.22%	↓ - 0.18 pp
Avg. Net Rent/ft. ²	\$8.33	\$8.33	↔ ---
Avg. RTCAM/ft. ²	\$6.35	\$6.22	↓ - 2.05%
Avg. Gross Rent/ft. ²	\$14.69	\$14.55	↓ - 0.95%



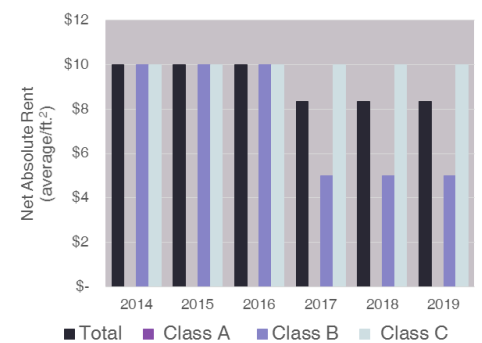
Supply & Demand



Vacant Space



Net Absolute Rent/ft.²



DEC. 2019 MARKET SURVEY

HRM WAREHOUSES

Year at a Glance

Warehouse	2018	2019	Change
Inventory (ft. ²)	7,933,515	8,156,556	↑ 223,041
Net Absorption (ft. ²)	352,017	261,353	↓ - 90,664
Vacancy Rate	9.79%	9.05%	↓ - 0.74 pp
Avg. Net Rent/ft. ²	\$7.79	\$8.02	↑ 2.95%
Avg. RTCAM/ft. ²	\$5.14	\$5.29	↑ 2.92%
Avg. Gross Rent/ft. ²	\$12.95	\$13.37	↑ 3.24%

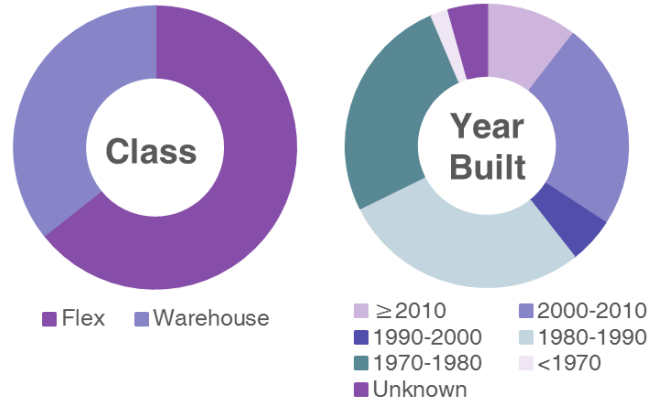
Supply & Demand Overview

The total amount of rentable warehouse space in Greater Halifax increased 2.81% over last year, mainly due to new space coming online. The overall vacancy rate decreased from 9.79% in 2018 to 9.05% in 2019. The key driver of space demand is the growth in the provincial real (deflated) Gross Domestic Product. Our analysis of GDP projections indicates that 2020 will see GDP growth of 1.3%, leading to an uptick in demand for warehouse space of 2.04%. The vacancy rate is expected to drop to 8.64%.

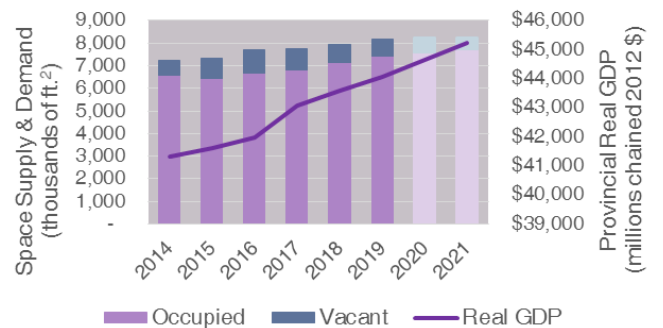
Our survey measured the vacancy rate by geographic node. The current vacancy rate in each of the following locations is: Atlantic Acres Industrial Park 7.22%; Bayers Lake Industrial Park 27.16%; Bedford 5.01% Burnside/City of Lakes Industrial Park 8.32%; Central Halifax 4.19%; Ragged Lake Industrial 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.² increase by 2.95% year over year, to \$8.02/ft.² in 2019. The average overall net rental rates per square foot in each of the following locations were: Atlantic Acres Industrial Park \$7.80; Bayers Lake Industrial Park \$10.84; Bedford \$14.80; Burnside/City of Lakes Industrial Park \$7.47; Central Halifax \$8.44; Ragged Lake Industrial Park \$7.50; Sackville Industrial Park \$7.75.

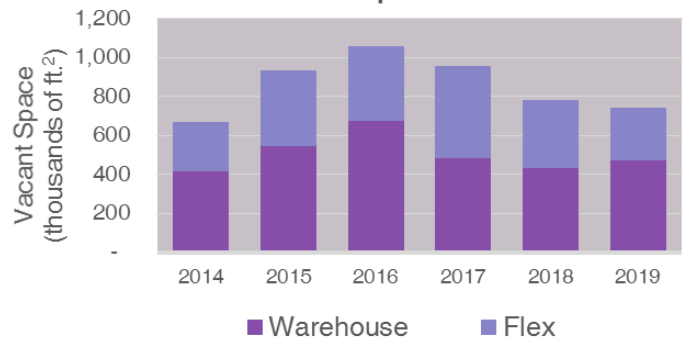
Overall Warehouse Inventory



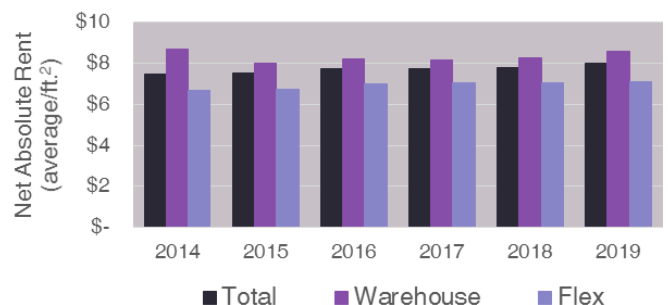
Supply, Demand & GDP



Vacant Space



Net Absolute Rent/ft.²

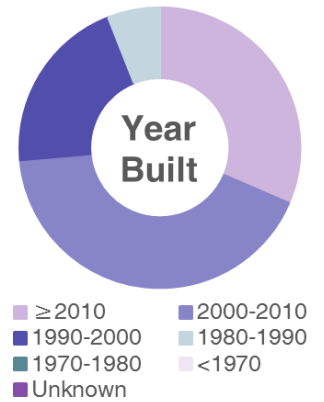


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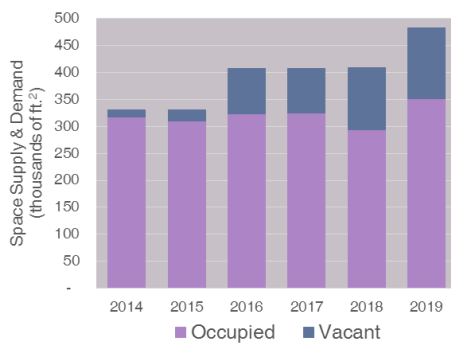
BAYERS LAKE INDUSTRIAL PARK

Year at a Glance

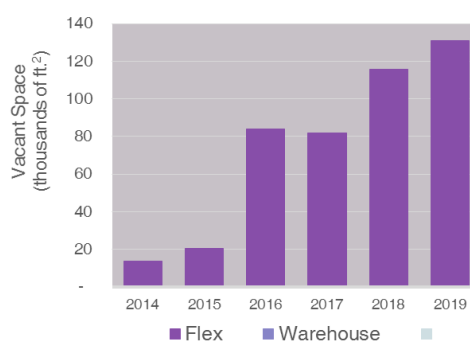
Warehouse	2018	2019	Change
Inventory (ft. ²)	408,991	481,886	↑ 72,895
Net Absorption (ft. ²)	- 31,931	57,959	↑ 89,890
Vacancy Rate	28.35%	27.16%	↓ - 1.19 pp
Avg. Net Rent/ft. ²	\$10.69	\$10.84	↑ 1.40%
Avg. RTCAM/ft. ²	\$6.61	\$6.83	↑ 3.33%
Avg. Gross Rent/ft. ²	\$17.30	\$17.67	↑ 2.14%



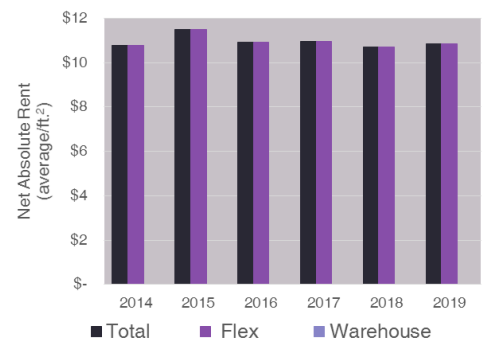
Supply & Demand



Vacant Space



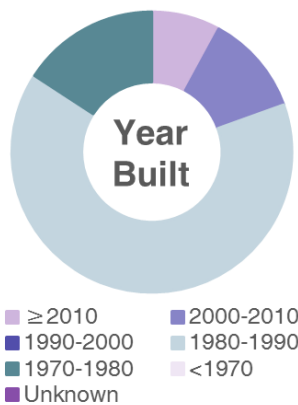
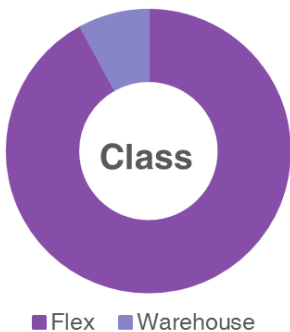
Net Absolute Rent/ft.²



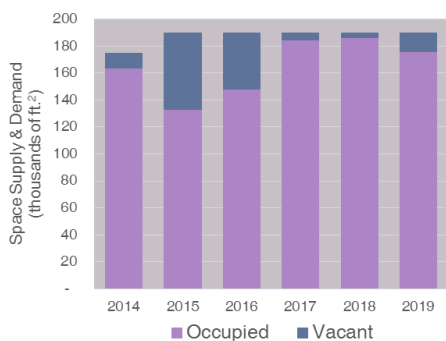
ATLANTIC ACRES

Year at a Glance

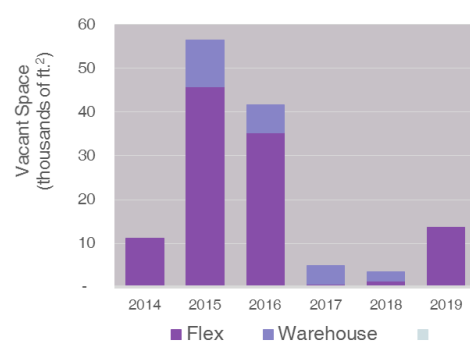
Warehouse	2018	2019	Change
Inventory (ft. ²)	189,615	189,615	↔ ---
Net Absorption (ft. ²)	1,500	- 10,247	↓ - 11,747
Vacancy Rate	1.82%	7.22%	↑ 5.40 pp
Avg. Net Rent/ft. ²	\$7.68	\$7.80	↑ 1.56%
Avg. RTCAM/ft. ²	\$4.45	\$4.05	↓ - 8.99%
Avg. Gross Rent/ft. ²	\$12.13	\$11.85	↓ - 2.31%



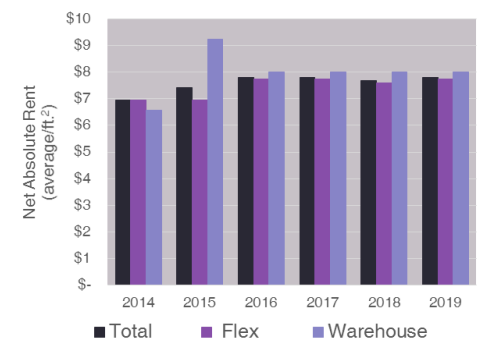
Supply & Demand



Vacant Space



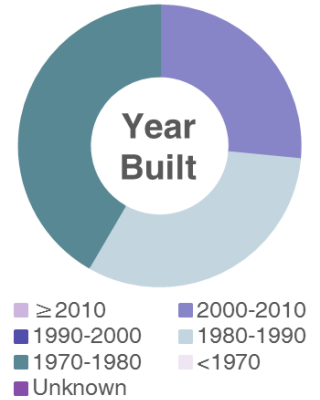
Net Absolute Rent/ft.²



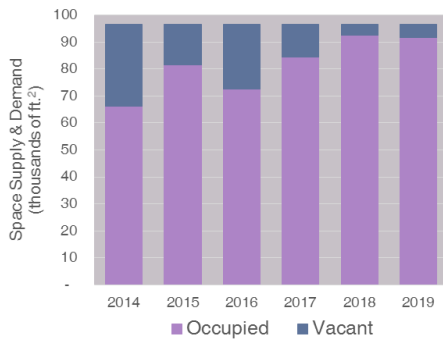
BEDFORD

Year at a Glance

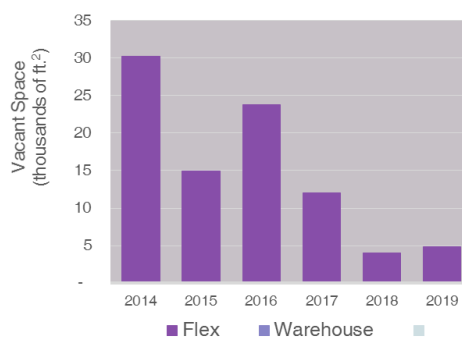
Warehouse	2018	2019	Change
Inventory (ft. ²)	96,434	96,434	↔ ---
Net Absorption (ft. ²)	8,029	- 787	↓ - 8,816
Vacancy Rate	4.19%	5.01%	↑ 0.82 pp
Avg. Net Rent/ft. ²	\$11.60	\$14.80	↑ 27.59%
Avg. RTCAM/ft. ²	\$6.74	\$6.75	↑ 0.15%
Avg. Gross Rent/ft. ²	\$18.34	\$21.55	↑ 17.50%



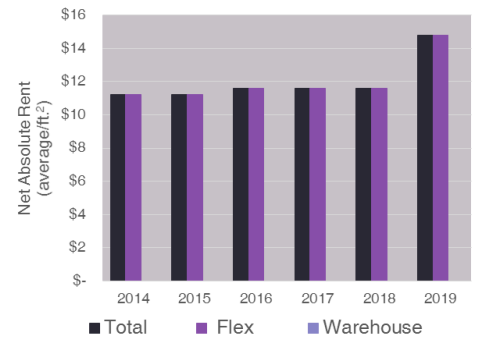
Supply & Demand



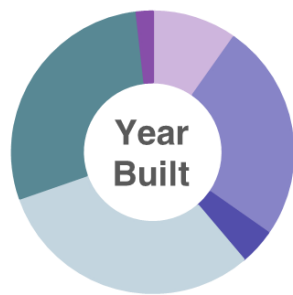
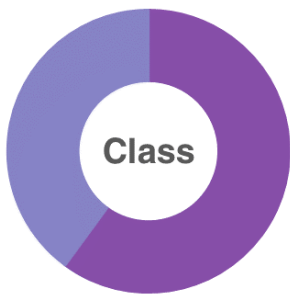
Vacant Space



Net Absolute Rent/ft.²



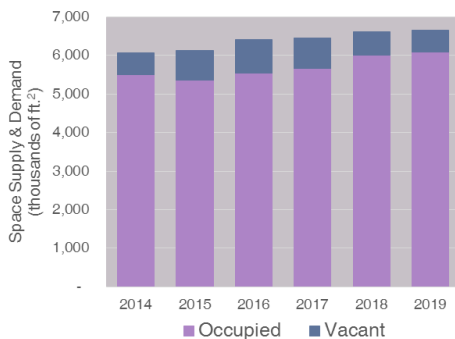
BURNSIDE / CITY OF LAKES



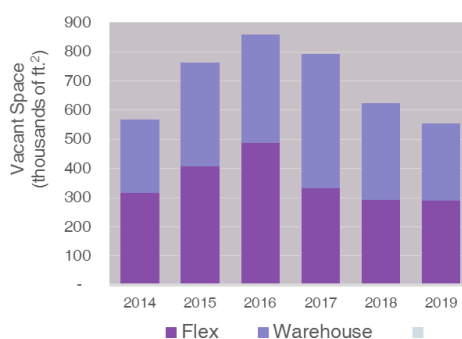
Year at a Glance

Warehouse	2018	2019	Change
Inventory (ft. ²)	6,622,579	6,651,848	↑ 29,269
Net Absorption (ft. ²)	337,079	97,182	↓ - 239,897
Vacancy Rate	9.38%	8.32%	↓ - 1.06 pp
Avg. Net Rent/ft. ²	\$7.42	\$7.47	↑ 0.67%
Avg. RTCAM/ft. ²	\$4.97	\$5.23	↑ 5.23%
Avg. Gross Rent/ft. ²	\$12.42	\$12.70	↑ 2.25%

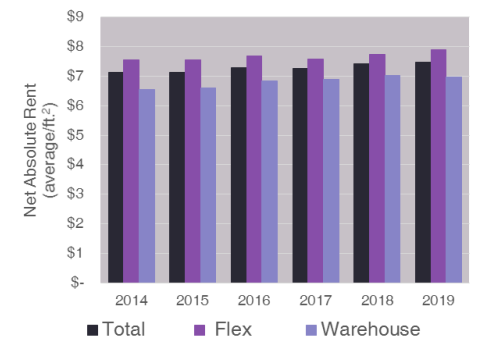
Supply & Demand



Vacant Space



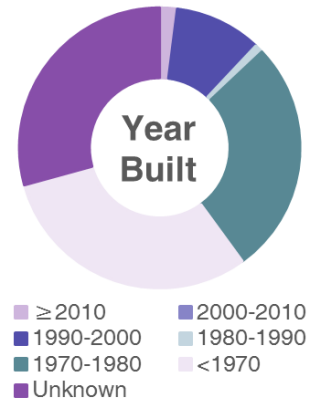
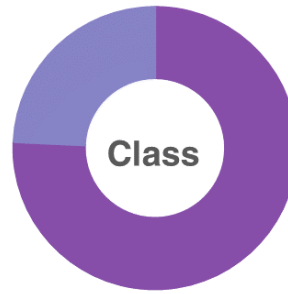
Net Absolute Rent/ft.²



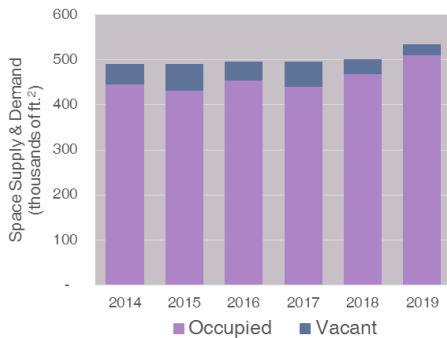
CENTRAL HALIFAX

Year at a Glance

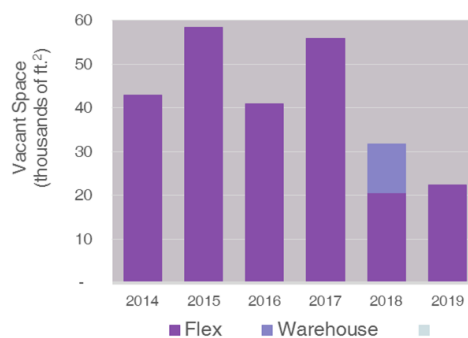
Warehouse	2018	2019	Change
Inventory (ft. ²)	501,399	533,580	↑ 32,181
Net Absorption (ft. ²)	29,340	41,550	↑ 12,210
Vacancy Rate	6.33%	4.19%	↓ - 2.14 pp
Avg. Net Rent/ft. ²	\$8.01	\$8.44	↑ 5.37%
Avg. RTCAM/ft. ²	\$5.38	\$5.51	↑ 2.42%
Avg. Gross Rent/ft. ²	\$13.40	\$13.93	↑ 3.96%



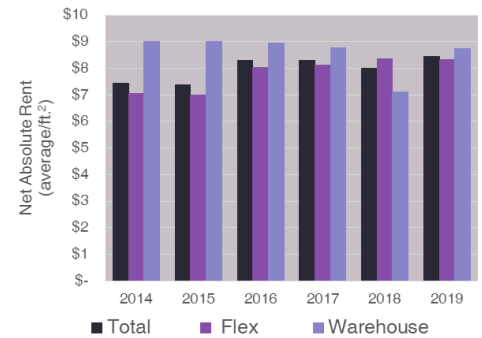
Supply & Demand



Vacant Space



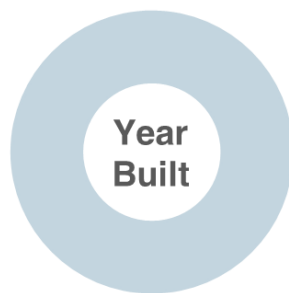
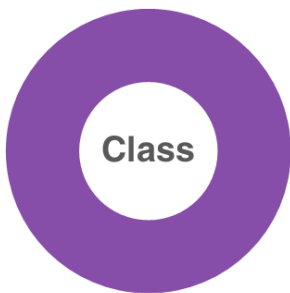
Net Absolute Rent/ft.²



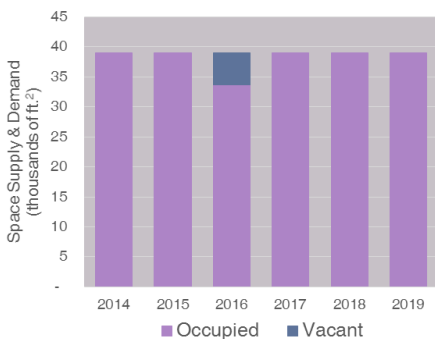
RAGGED LAKE INDUSTRIAL PARK

Year at a Glance

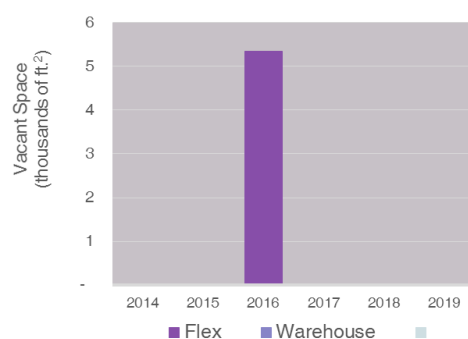
Warehouse	2018	2019	Change
Inventory (ft. ²)	39,000	39,000	↔ ---
Net Absorption (ft. ²)	0	0	↔ ---
Vacancy Rate	0.00%	0.00%	↔ ---
Avg. Net Rent/ft. ²	\$7.50	\$7.50	↔ ---
Avg. RTCAM/ft. ²	\$4.83	\$5.05	↑ 4.55%
Avg. Gross Rent/ft. ²	\$12.33	\$12.55	↑ 1.78%



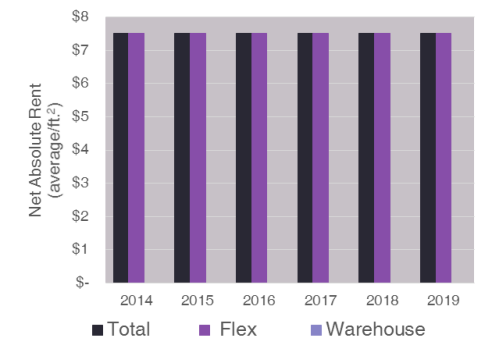
Supply & Demand



Vacant Space



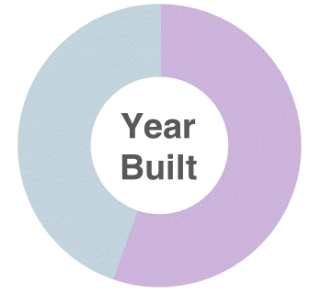
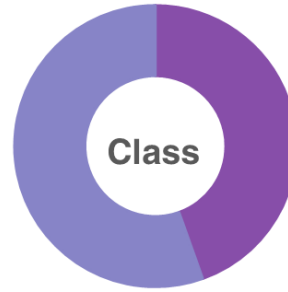
Net Absolute Rent/ft.²



SACKVILLE

Year at a Glance

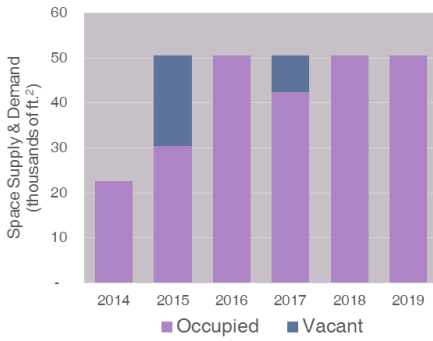
Warehouse	2018	2019	Change
Inventory (ft. ²)	50,497	50,497	↔ ---
Net Absorption (ft. ²)	8,000	0	↓ - 8,000
Vacancy Rate	0.00%	0.00%	↔ ---
Avg. Net Rent/ft. ²	\$7.75	\$7.75	↔ ---
Avg. RTCAM/ft. ²	\$5.46	\$5.46	↔ ---
Avg. Gross Rent/ft. ²	\$13.46	\$13.46	↔ ---



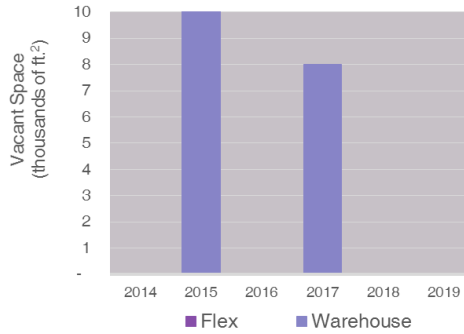
Flex Warehouse

≥2010 1990-2000 1970-1980 <1970 Unknown

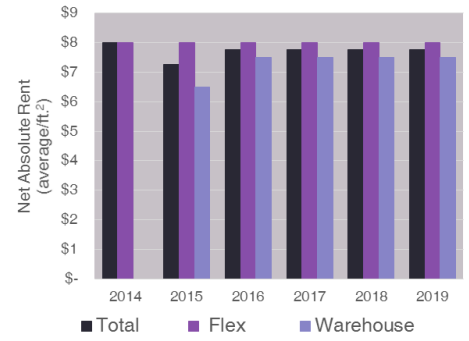
Supply & Demand



Vacant Space



Net Absolute Rent/ft.²



DEC. 2019 MARKET SURVEY

HRM OFFICES & WAREHOUSES

Glossary

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

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.

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).

ONE TEAM: SEVEN AREAS OF EXPERTISE

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Vice President

COUNSELLING



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