



MARKET SURVEY

HRM OFFICES & WAREHOUSES

DECEMBER 2020



Survey Scope: 168 office & 162 warehouse buildings
12,207,086 ft.² of rental office space
8,149,347 ft.² of rental warehouse space
expert researchers



Real Estate Counsellors, Brokers and Valuers

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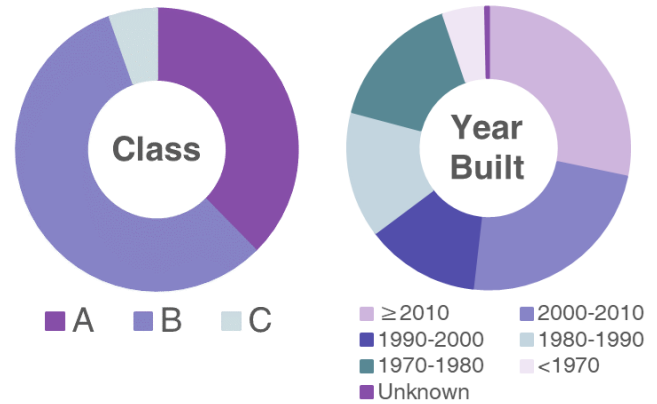
DEC. 2020 MARKET SURVEY

HRM OFFICES

Year at a Glance

	2019	2020	Change
Office Inventory (ft. ²)	11,947,711	12,207,086	↑ 259,375
Net Absorption (ft. ²)	(203,680)	324,052	↑ 527,732
Vacancy Rate	14.87%	14.02%	↓ -0.85 pp
Avg. Net Rent/ft. ²	\$14.09	\$14.32	↑ 1.63%
Avg. RTCAM/ft. ²	\$12.99	\$12.77	↓ -1.69%
Avg. Gross Rent/ft. ²	\$27.03	\$27.09	↑ 0.22%

Overall Office Inventory

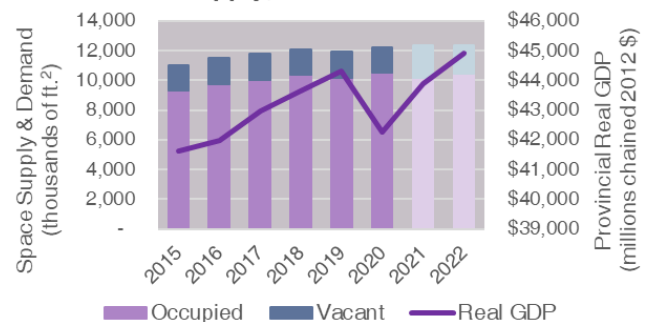


Supply & Demand Overview

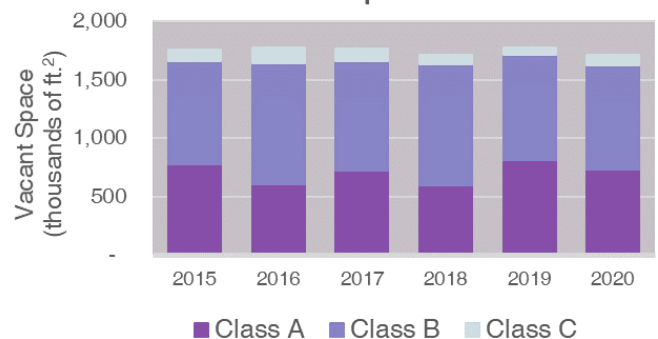
The total amount of rentable office space in Greater Halifax increased 2.17% over last year, due to new space coming to market, including office space in Queen's Marquee on the Halifax Waterfront. The overall vacancy rate dropped from 14.87% in 2019 to 14.02% in 2020. The key driver of space demand is the growth in the provincial real (deflated) Gross Domestic Product. Our analysis of GDP projections indicates that GDP change for 2020 will fall in the region of -4.6%, leading to drop in demand for office space of 2.79%. In combination with additional supply being brought to market, the vacancy rate is expected to climb to 17%.

Our survey measured vacancy and rental rates by class of building. Class A buildings command the highest rents in their community and have distinctive design and lobbies. Class B buildings offer "no frills" modern, air conditioned space. Class C buildings make up the remainder of the office rental market. The current vacancy rates by class are: Class A 15.89%; Class B 12.84%; Class C 13.52%; Overall 14.02%. 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 \$17.69; Class B \$12.96; Class C \$10.56; Overall \$14.32.

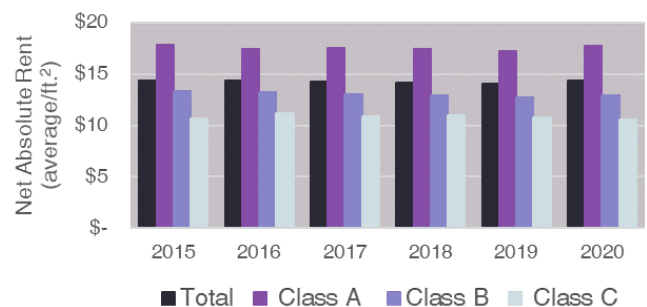
Supply, Demand & GDP



Vacant Space



Net Absolute Rent/ft.²

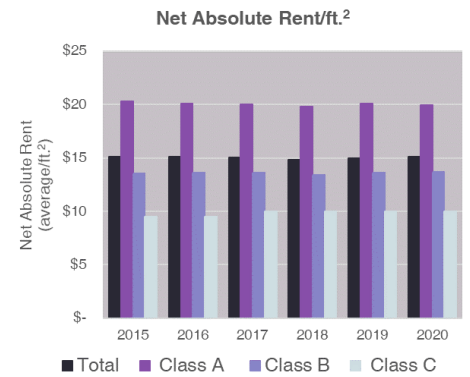
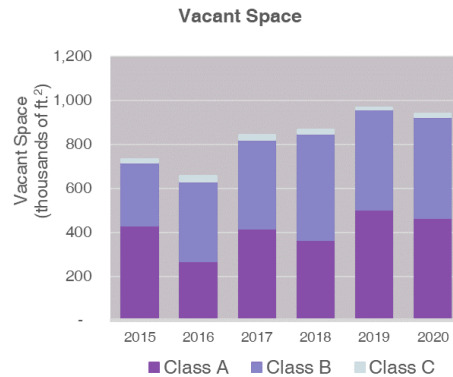
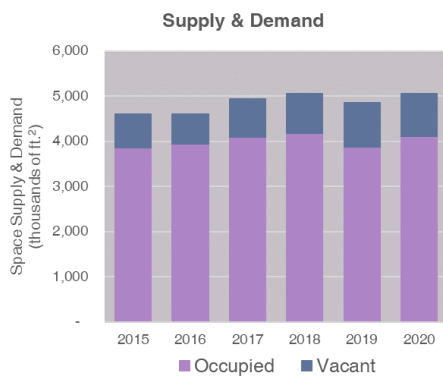
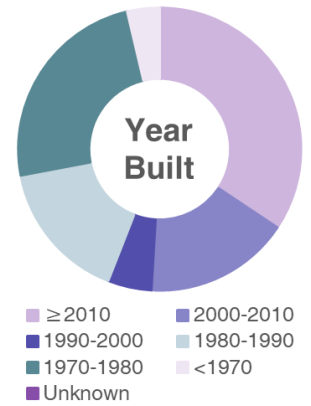
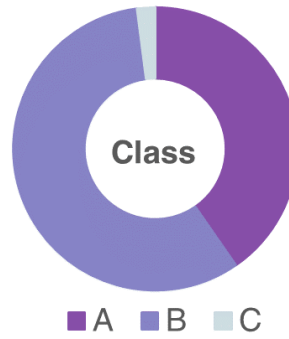


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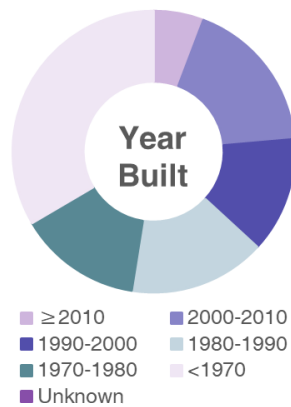
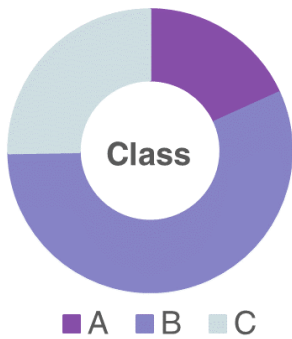
HALIFAX DOWNTOWN

Year at a Glance

	2019	2020	Change
Office Inventory (ft. ²)	4,848,156	5,063,721	↑ 215,565
Net Absorption (ft. ²)	(301,214)	242,818	↑ 544,032
Vacancy Rate	19.98%	18.59%	↓ -1.39 pp
Avg. Net Rent/ft. ²	\$14.95	\$15.13	↑ 1.20%
Avg. RTCAM/ft. ²	\$14.21	\$14.31	↑ 0.70%
Avg. Gross Rent/ft. ²	\$29.11	\$29.12	↑ 0.03%

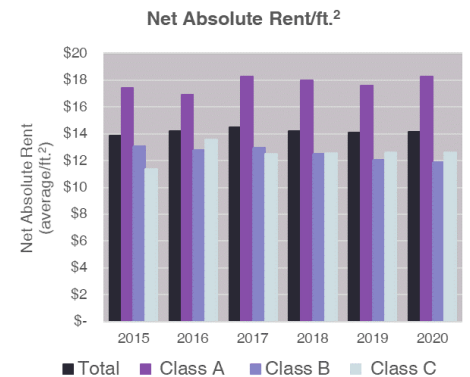
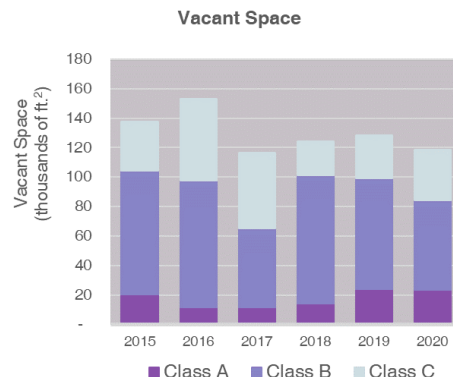
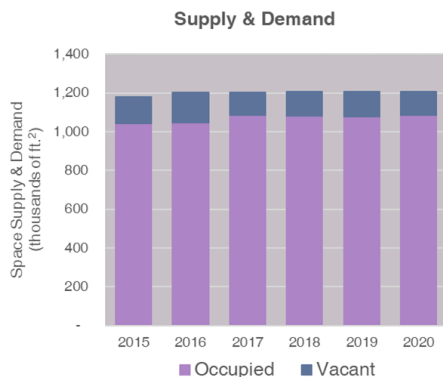


HALIFAX PERIPHERAL



Year at a Glance

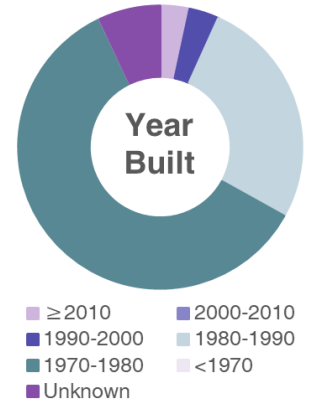
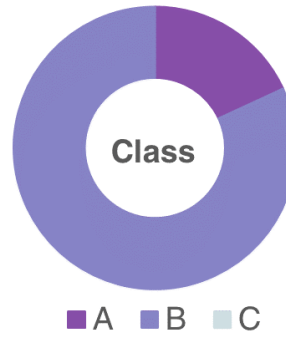
	2019	2020	Change
Office Inventory (ft. ²)	1,205,627	1,205,627	↔ - - -
Net Absorption (ft. ²)	(4,467)	10,049	↑ 14,516
Vacancy Rate	10.67%	9.84%	↓ -0.83 pp
Avg. Net Rent/ft. ²	\$14.10	\$14.17	↑ 0.50%
Avg. RTCAM/ft. ²	\$13.69	\$12.78	↓ -6.65%
Avg. Gross Rent/ft. ²	\$27.42	\$27.61	↑ 0.69%



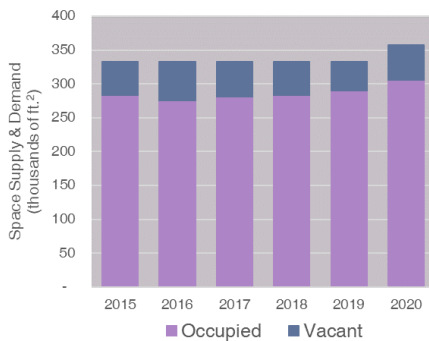
CENTRAL DARTMOUTH

Year at a Glance

	2019	2020	Change
Office Inventory (ft. ²)	332,221	357,221	↑ 25,000
Net Absorption (ft. ²)	7,193	15,479	↑ 8,286
Vacancy Rate	12.64%	14.43%	↑ 1.78 pp
Avg. Net Rent/ft. ²	\$10.42	\$11.18	↑ 7.29%
Avg. RTCAM/ft. ²	\$ 9.72	\$ 9.71	↓ -0.10%
Avg. Gross Rent/ft. ²	\$20.13	\$20.89	↑ 3.78%



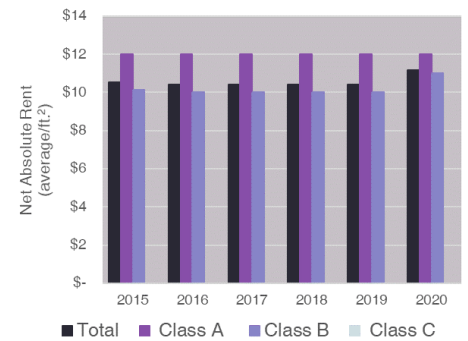
Supply & Demand



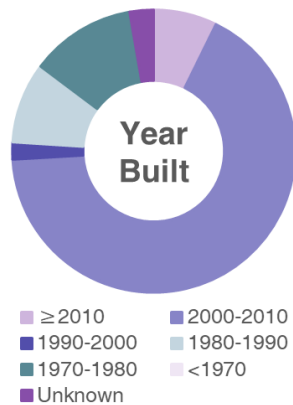
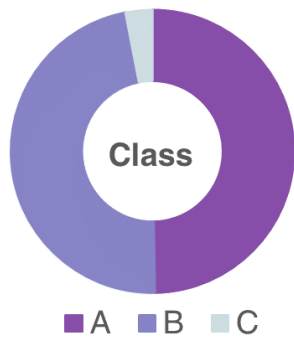
Vacant Space



Net Absolute Rent/ft.²



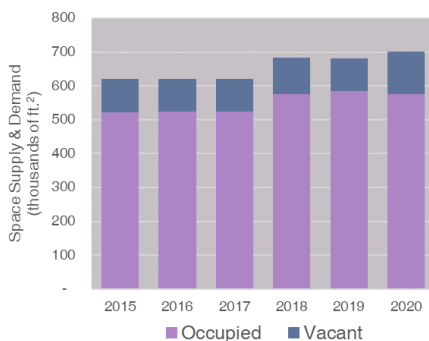
DARTMOUTH PERIPHERAL



Year at a Glance

	2019	2020	Change
Office Inventory (ft. ²)	679,061	698,061	↑ 19,000
Net Absorption (ft. ²)	8,789	(9,783)	↓ (18,572)
Vacancy Rate	13.48%	17.23%	↑ 3.76 pp
Avg. Net Rent/ft. ²	\$12.04	\$12.97	↑ 7.72%
Avg. RTCAM/ft. ²	\$11.27	\$11.49	↑ 1.95%
Avg. Gross Rent/ft. ²	\$23.77	\$24.42	↑ 2.73%

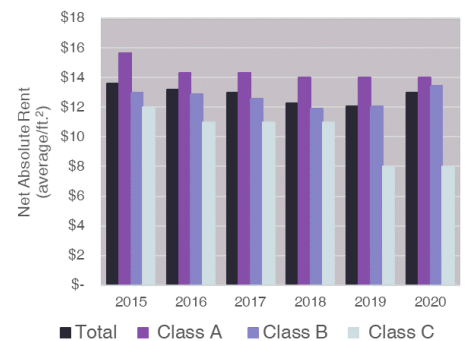
Supply & Demand



Vacant Space



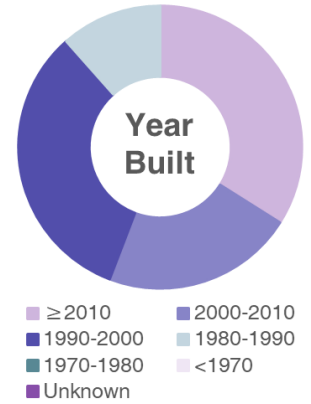
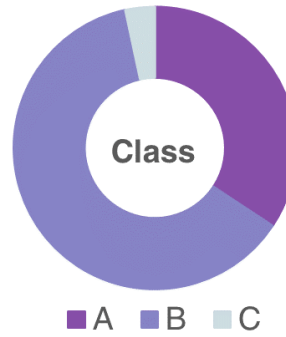
Net Absolute Rent/ft.²



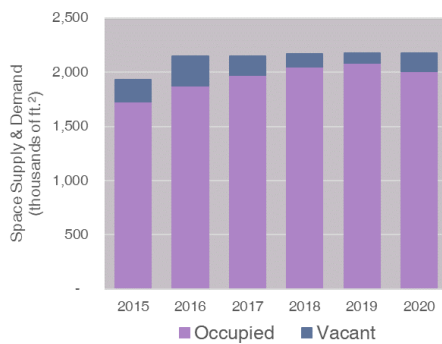
SUBURBAN HALIFAX

Year at a Glance

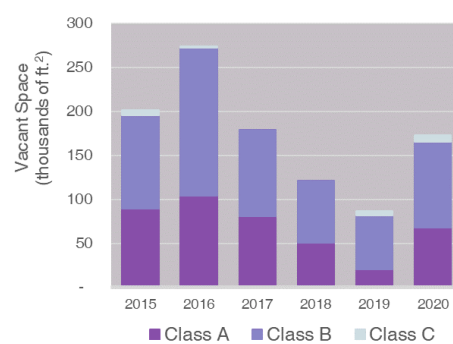
	2019	2020	Change
Office Inventory (ft. ²)	2,175,955	2,179,045	↑ 3,090
Net Absorption (ft. ²)	40,741	(83,203)	↓ (123,944)
Vacancy Rate	4.00%	7.95%	↑ 3.95 pp
Avg. Net Rent/ft. ²	\$14.88	\$15.04	↓ 1.08%
Avg. RTCAM/ft. ²	\$13.09	\$12.72	↓ -2.83%
Avg. Gross Rent/ft. ²	\$27.96	\$27.76	↓ -0.72%



Supply & Demand



Vacant Space



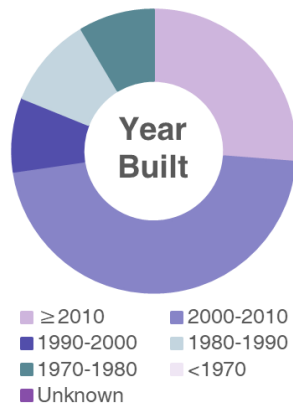
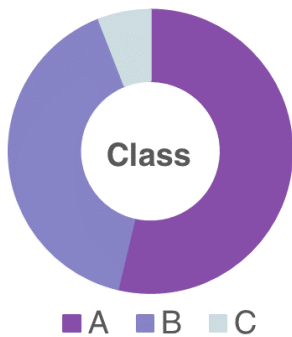
Net Absolute Rent/ft.²



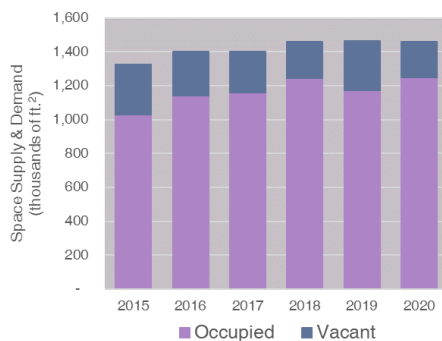
BURNSIDE/CITY OF LAKES & DARTMOUTH CROSSING

Year at a Glance

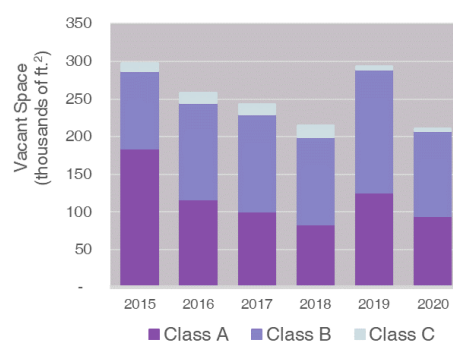
	2019	2020	Change
Office Inventory (ft. ²)	1,465,347	1,462,067	↓ (3,280)
Net Absorption (ft. ²)	(75,857)	80,130	↑ 155,987
Vacancy Rate	20.09%	14.43%	↓ -5.66 pp
Avg. Net Rent/ft. ²	\$13.98	\$14.50	↑ 3.72%
Avg. RTCAM/ft. ²	\$12.99	\$12.79	↓ -1.54%
Avg. Gross Rent/ft. ²	\$26.96	\$27.29	↑ 1.22%



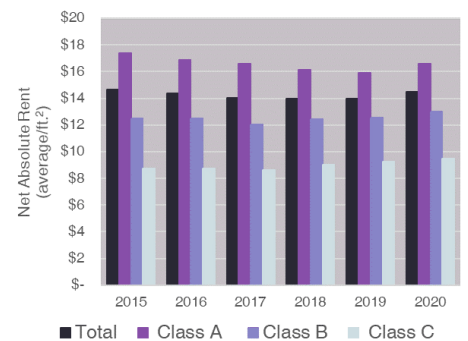
Supply & Demand



Vacant Space



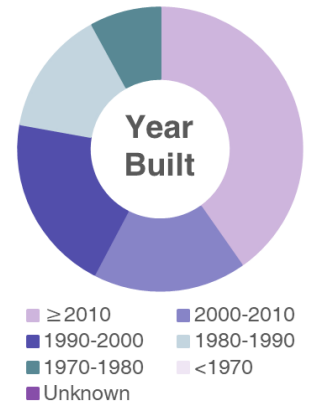
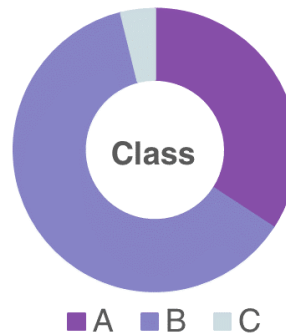
Net Absolute Rent/ft.²



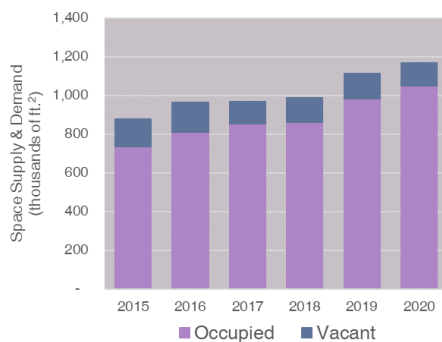
BEDFORD

Year at a Glance

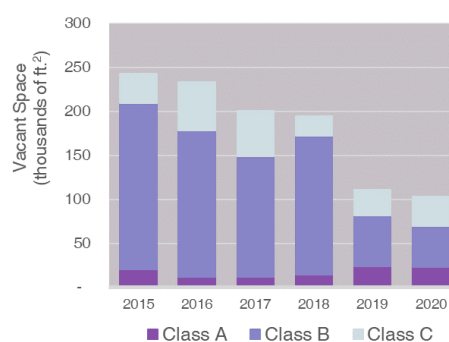
	2019	2020	Change
Office Inventory (ft. ²)	1,132,252	1,132,252	↔ ---
Net Absorption (ft. ²)	120,935	65,842	↓ (55,093)
Vacancy Rate	13.07%	7.26%	↓ -5.82 pp
Avg. Net Rent/ft. ²	\$14.47	\$14.20	↓ -1.87%
Avg. RTCAM/ft. ²	\$12.42	\$12.15	↓ -2.17%
Avg. Gross Rent/ft. ²	\$27.15	\$26.36	↓ -2.91%



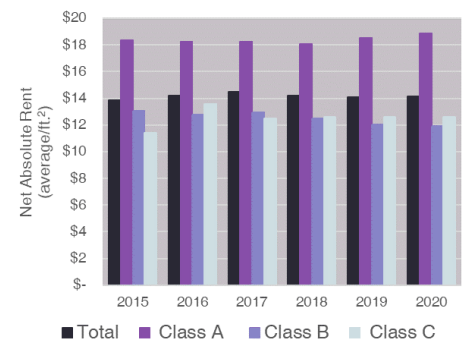
Supply & Demand



Vacant Space



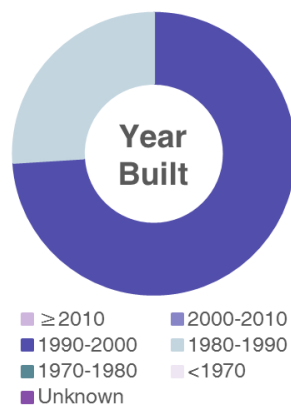
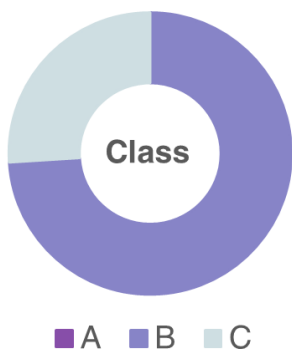
Net Absolute Rent/ft.²



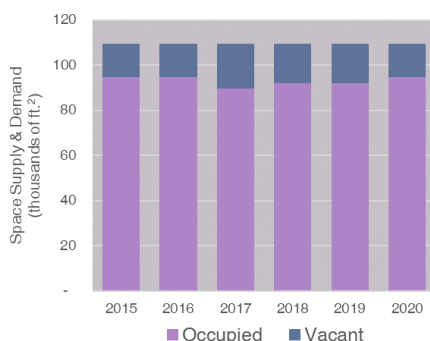
SACKVILLE

Year at a Glance

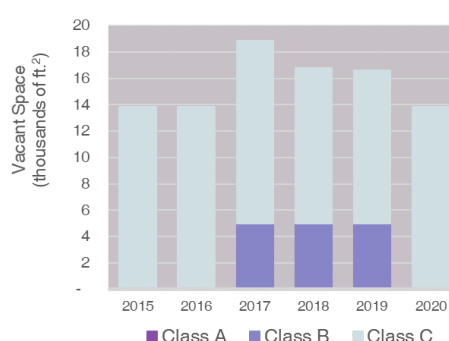
	2019	2020	Change
Office Inventory (ft. ²)	109,092	109,092	↔ ---
Net Absorption (ft. ²)	200	2,720	↑ 2,520
Vacancy Rate	15.22%	12.725	↓ -2.49 pp
Avg. Net Rent/ft. ²	\$ 8.33	\$ 8.33	↔ 0%
Avg. RTCAM/ft. ²	\$ 6.22	\$ 6.29	↑ 1.13%
Avg. Gross Rent/ft. ²	\$14.55	\$14.62	↑ 0.48%



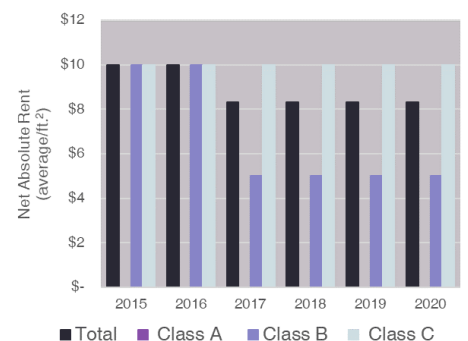
Supply & Demand



Vacant Space



Net Absolute Rent/ft.²



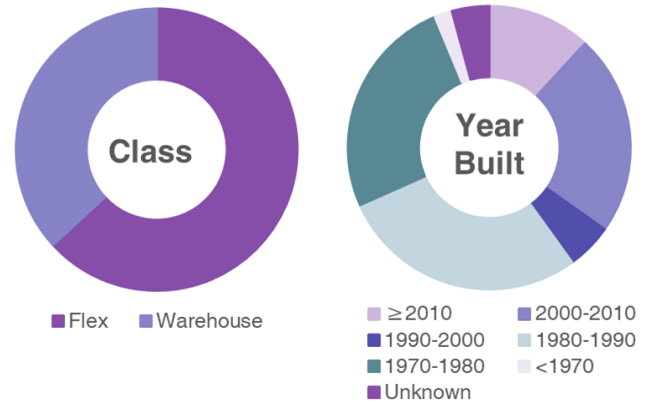
DEC. 2020 MARKET SURVEY

HRM WAREHOUSES

Year at a Glance

Warehouse	2019	2020	Change
Inventory (ft. ²)	7,975,003	8,149,347	↑ 174,344
Net Absorption (ft. ²)	249,941	120,130	↓ (129,811)
Vacancy Rate	8.45%	8.94%	↑ 0.48 pp
Avg. Net Rent/ft. ²	\$ 8.00	\$ 8.12	↑ 1.50%
Avg. RTCAM/ft. ²	\$ 5.24	\$ 5.27	↑ 0.57%
Avg. Gross Rent/ft. ²	\$13.29	\$13.37	↑ 0.60%

Overall Warehouse Inventory



Supply & Demand Overview

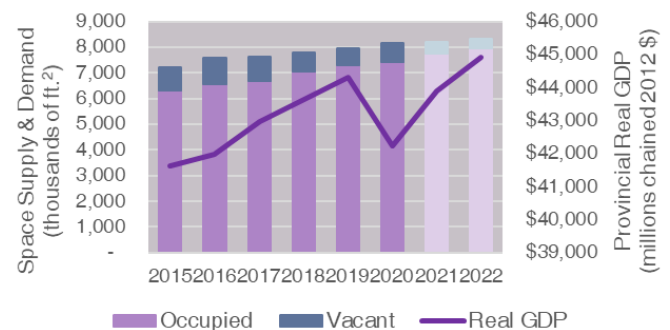
The total amount of rentable warehouse space in Greater Halifax increased 2.2% over last year. The overall vacancy rate crept up from 8.45% in 2019 to 8.94% in 2020, with incremental demand falling short of additions to supply. The key driver of space demand is the growth in the provincial real (deflated) Gross Domestic Product. Our analysis of GDP projections indicates that 2021 will see GDP grow by 3.9%, leading to an uptick in demand for office space of 4.48%. With limited additional supply being brought to market in the year ahead, the vacancy rate is expected to decline to 5.63%.

Our survey measured the vacancy rate by geographic node. The current vacancy rate in each of the following locations is: Atlantic Acres Industrial Park 0.00%; Bayers Lake Industrial Park 26.50%; Bedford 0.00% Burnside/City of Lakes Industrial Park 8.33%; Central Halifax 5.05%; Ragged Lake Industrial Park 13.85%; Sackville Industrial Park 0.00%; Woodside Industrial Park 11.43%.

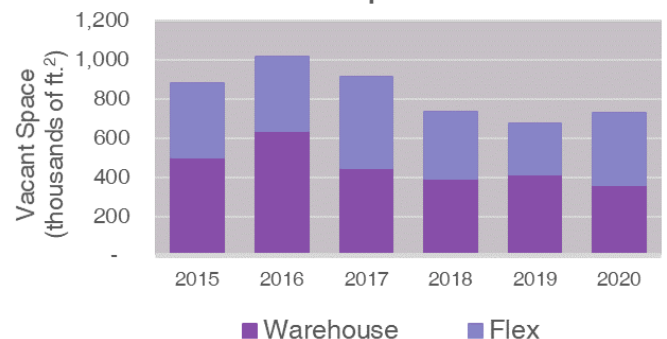
Our survey also measured rental rates. Industrial properties in HRM saw the overall net absolute rent/ft.² increase by 1.5% year over year, to \$8.12/ft.² in 2020. The average overall net rental rates/ft.² in each of the following locations are: Atlantic Acres IP \$8.00; Bayers Lake IP \$10.89; Bedford \$12.00; Burnside/City of Lakes IP \$7.67; Central Halifax \$8.86; Ragged Lake IP \$7.50; Sackville IP \$8.00; Woodside IP \$10.00.

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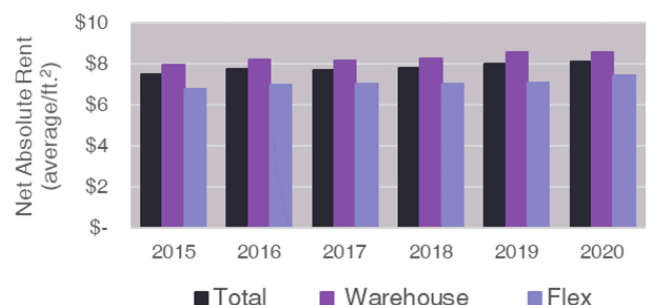
Supply, Demand & GDP



Vacant Space



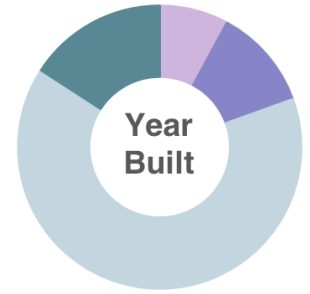
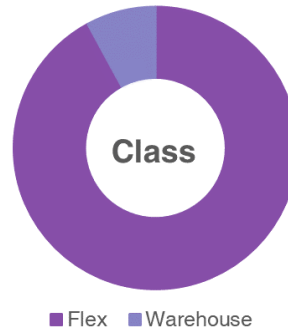
Net Absolute Rent/ft.²



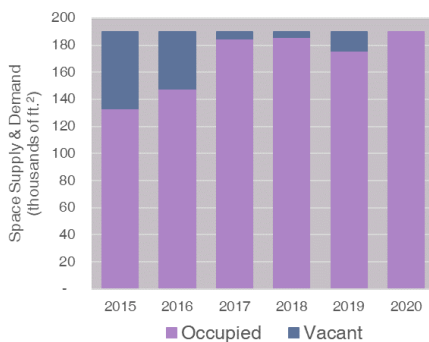
ATLANTIC ACRES

Year at a Glance

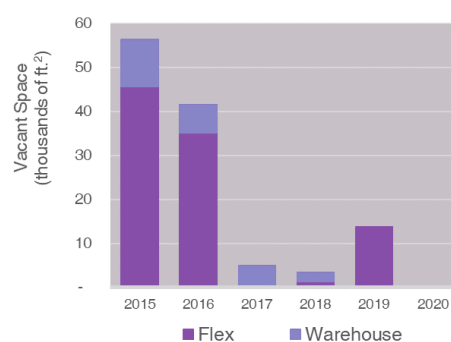
Warehouse	2019	2020	Change
Inventory (ft. ²)	189,615	189,615	---
Net Absorption (ft. ²)	(10,247)	13,697	↑ 23,944
Vacancy Rate	7.22%	0.00%	↓ 7.22 pp
Avg. Net Rent/ft. ²	\$ 7.80	\$ 8.00	↑ 2.56%
Avg. RTCAM/ft. ²	\$ 5.24	\$ 5.27	↑ 0.57%
Avg. Gross Rent/ft. ²	\$13.29	\$13.37	↑ 0.60%



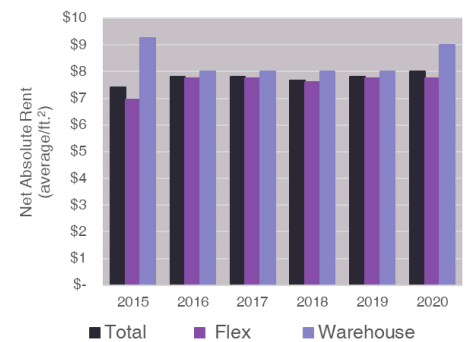
Supply & Demand



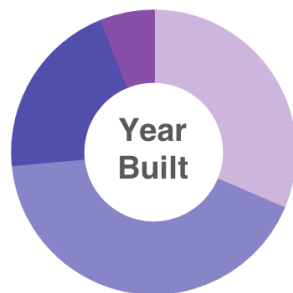
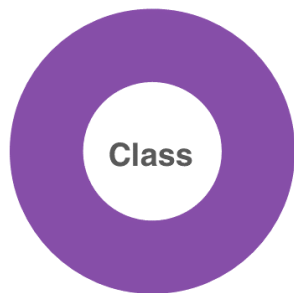
Vacant Space



Net Absolute Rent/ft.²



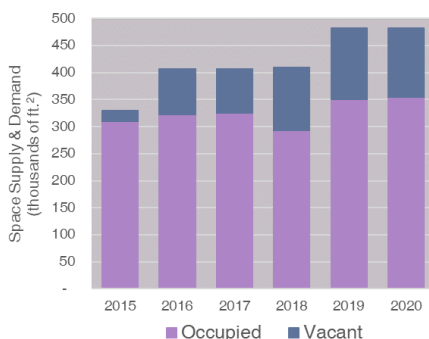
BAYERS LAKE INDUSTRIAL PARK



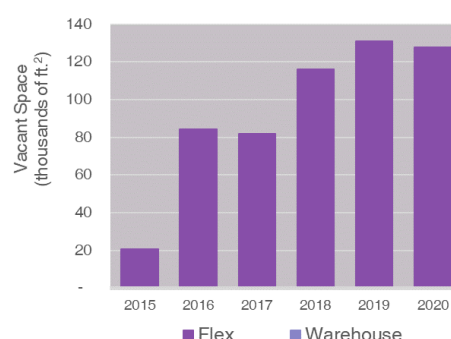
Year at a Glance

Warehouse	2019	2020	Change
Inventory (ft. ²)	481,886	482,140	↑ 254
Net Absorption (ft. ²)	57,959	3,374	↓ (54,585)
Vacancy Rate	27.16%	26.50%	↓ -0.66 pp
Avg. Net Rent/ft. ²	\$10.84	\$10.89	↑ 0.46%
Avg. RTCAM/ft. ²	\$ 6.83	\$ 6.84	↑ 0.15%
Avg. Gross Rent/ft. ²	\$17.67	\$17.73	↑ 0.34%

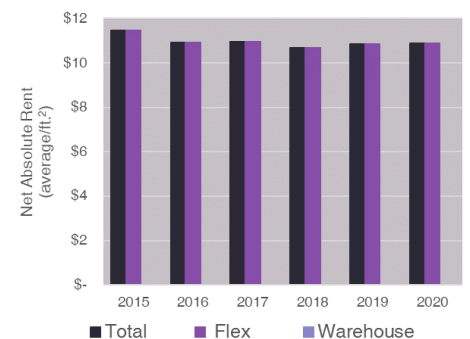
Supply & Demand



Vacant Space



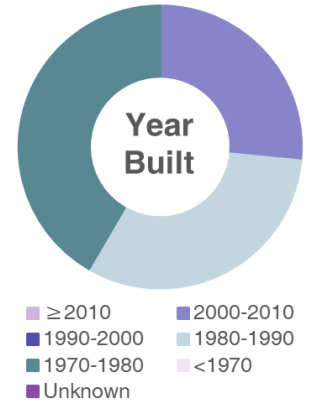
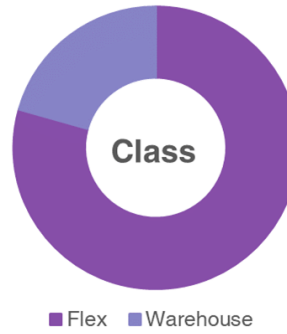
Net Absolute Rent/ft.²



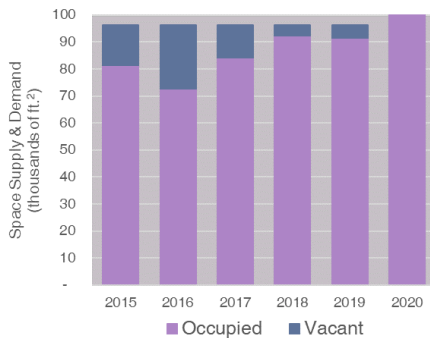
BEDFORD

Year at a Glance

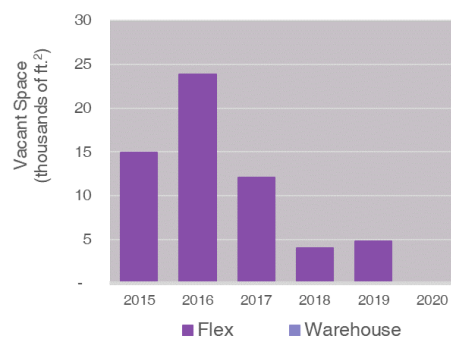
Warehouse	2019	2020	Change
Inventory (ft. ²)	96,434	121,434	↑ 25,000
Net Absorption (ft. ²)	(787)	29,828	↑ 30,615
Vacancy Rate	5.01%	0.00%	↓ -5.01 pp
Avg. Net Rent/ft. ²	\$14.80	\$12.00	↓ -18.92%
Avg. RTCAM/ft. ²	\$ 6.75	\$ 7.08	↑ 4.89%
Avg. Gross Rent/ft. ²	\$21.55	\$19.88	↓ -7.75%



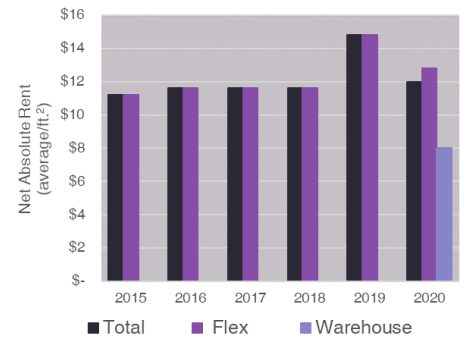
Supply & Demand



Vacant Space



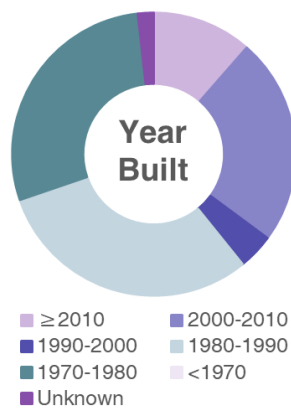
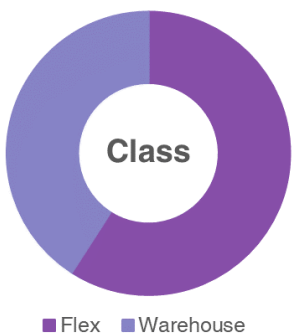
Net Absolute Rent/ft.²



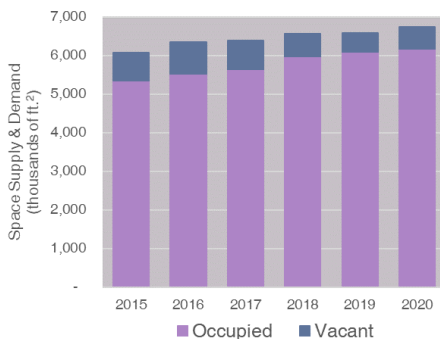
BURNSIDE / CITY OF LAKES

Year at a Glance

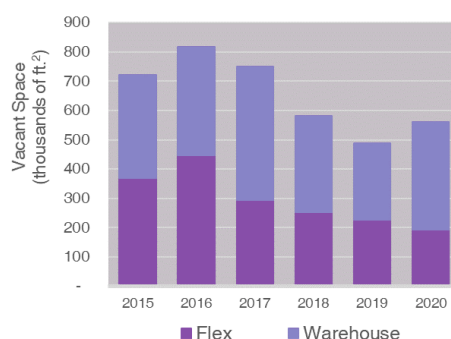
Warehouse	2019	2020	Change
Inventory (ft. ²)	6,587,848	6,736,938	↑ 149,090
Net Absorption (ft. ²)	117,951	77,308	↓ (40,643)
Vacancy Rate	7.73%	8.33%	↑ 0.90 pp
Avg. Net Rent/ft. ²	\$ 7.42	\$ 7.67	↑ 3.37%
Avg. RTCAM/ft. ²	\$ 5.17	\$ 5.15	↑ -0.39%
Avg. Gross Rent/ft. ²	\$12.60	\$12.82	↑ 1.75%



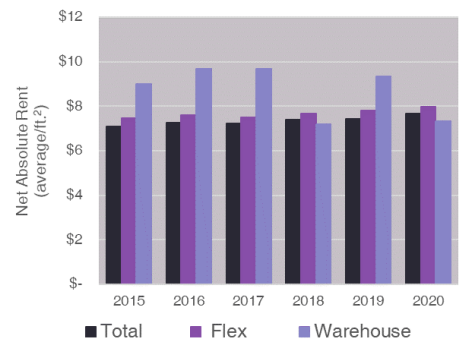
Supply & Demand



Vacant Space



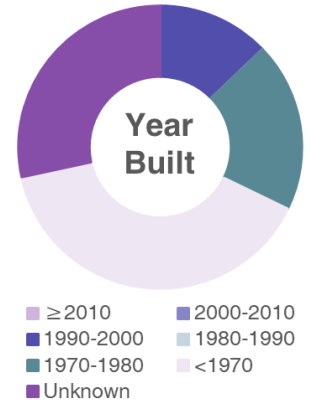
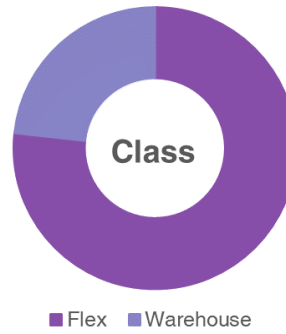
Net Absolute Rent/ft.²



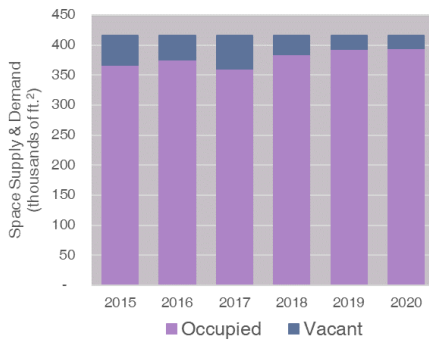
CENTRAL HALIFAX

Year at a Glance

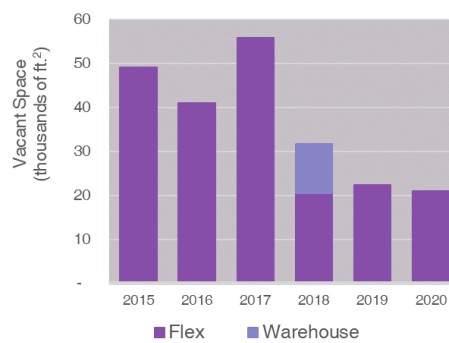
Warehouse	2019	2020	Change
Inventory (ft. ²)	416,027	416,027	↔ ---
Net Absorption (ft. ²)	9,369	1,323	↓ (8,046)
Vacancy Rate	5.37%	5.05%	↓ -0.32 pp
Avg. Net Rent/ft. ²	\$ 8.86	\$ 8.86	↔ ---
Avg. RTCAM/ft. ²	\$ 5.33	\$ 5.52	↑ 3.56%
Avg. Gross Rent/ft. ²	\$14.18	\$14.37	↑ 1.34%



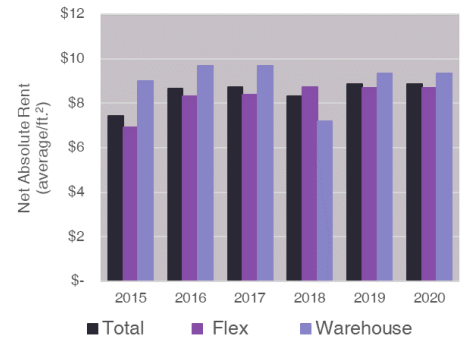
Supply & Demand



Vacant Space



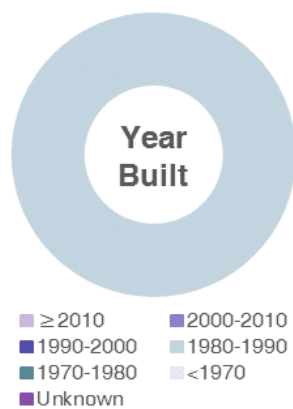
Net Absolute Rent/ft.²



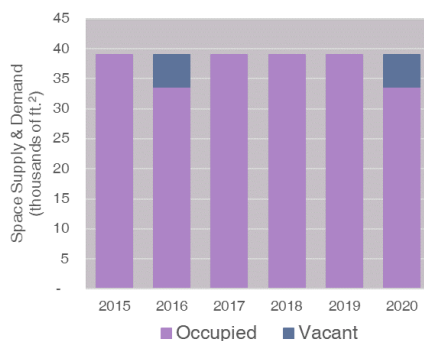
RAGGED LAKE INDUSTRIAL PARK

Year at a Glance

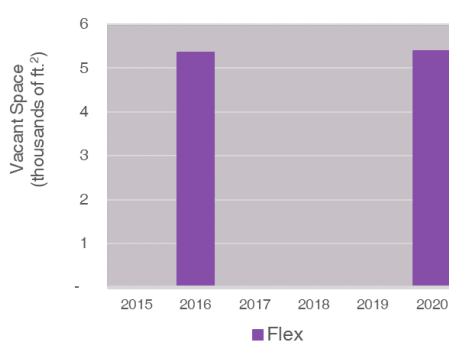
Warehouse	2019	2020	Change
Inventory (ft. ²)	39,000	39,000	↔ ---
Net Absorption (ft. ²)	---	(5,400)	↓ (5,400)
Vacancy Rate	0.00%	13.85%	↑ 13.85 pp
Avg. Net Rent/ft. ²	\$ 7.50	\$ 7.50	↔ ---
Avg. RTCAM/ft. ²	\$ 5.05	\$ 5.05	↔ ---
Avg. Gross Rent/ft. ²	\$12.55	\$12.55	↔ ---



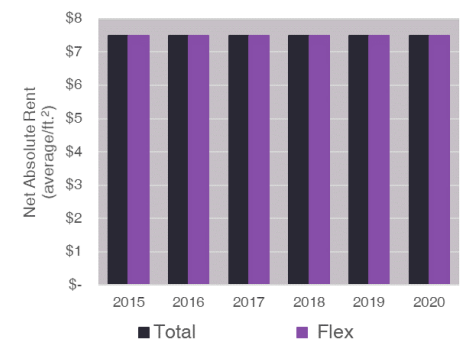
Supply & Demand



Vacant Space



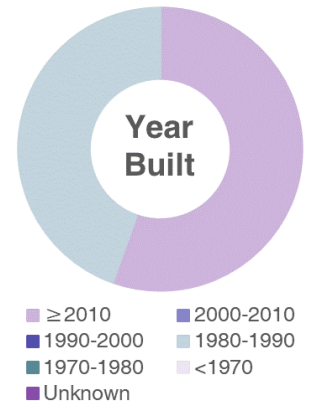
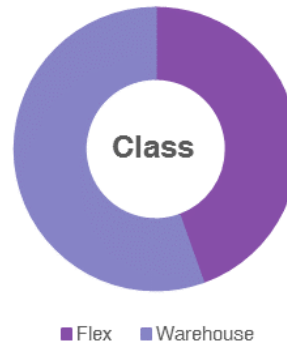
Net Absolute Rent/ft.²



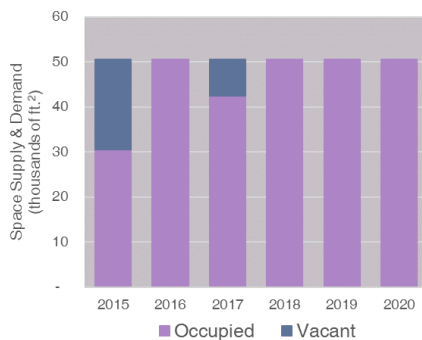
SACKVILLE

Year at a Glance

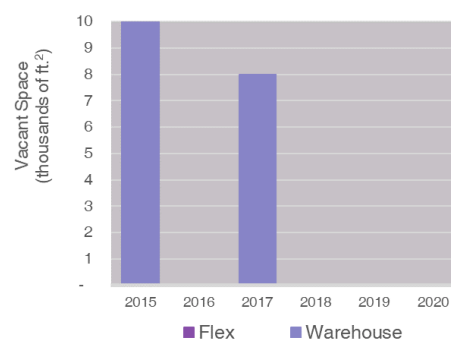
Warehouse	2019	2020	Change
Inventory (ft. ²)	50,497	50,497	↔ ---
Net Absorption (ft. ²)	---	---	↔ ---
Vacancy Rate	0.00%	0.00%	↔ ---
Avg. Net Rent/ft. ²	\$ 7.75	\$ 8.00	↑ 3.23%
Avg. RTCAM/ft. ²	\$ 5.46	\$ 5.46	↔ ---
Avg. Gross Rent/ft. ²	\$13.46	\$10.48	↓ -22.14%



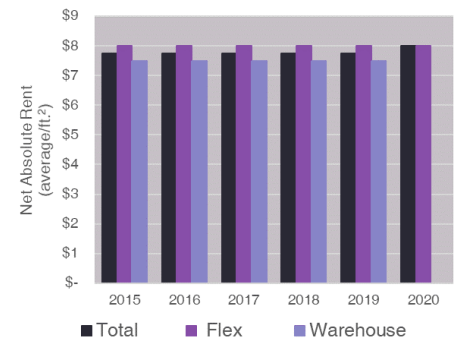
Supply & Demand



Vacant Space



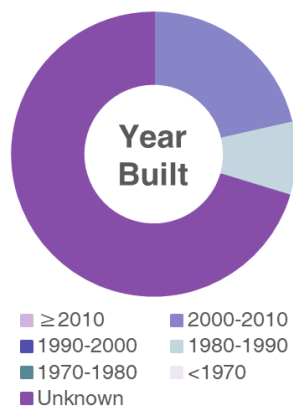
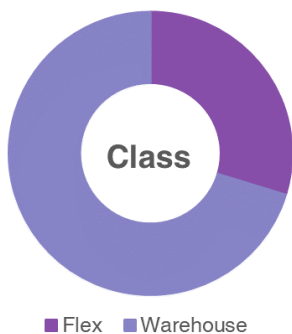
Net Absolute Rent/ft.²



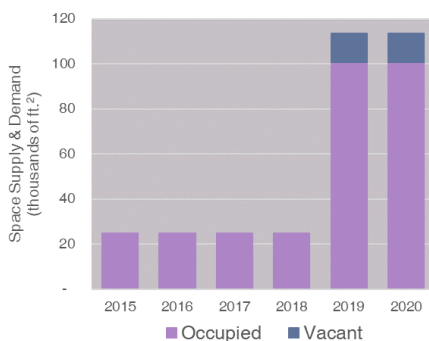
WOODSIDE INDUSTRIAL PARK

Year at a Glance

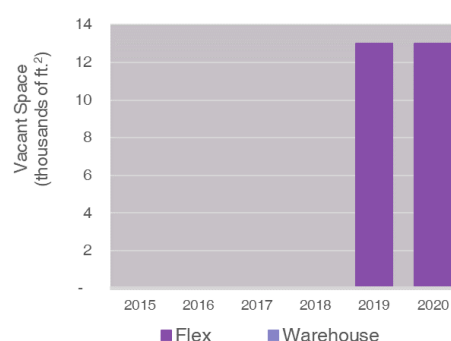
Warehouse	2019	2020	Change
Inventory (ft. ²)	113,696	113,696	↔ ---
Net Absorption (ft. ²)	75,696	---	↓ (75,696)
Vacancy Rate	11.43%	11.43%	↔ ---
Avg. Net Rent/ft. ²	\$10.00	\$10.00	↔ ---
Avg. RTCAM/ft. ²	\$ 3.67	\$ 4.31	↑ 17.44%
Avg. Gross Rent/ft. ²	\$15.00	\$15.16	↑ 1.07%



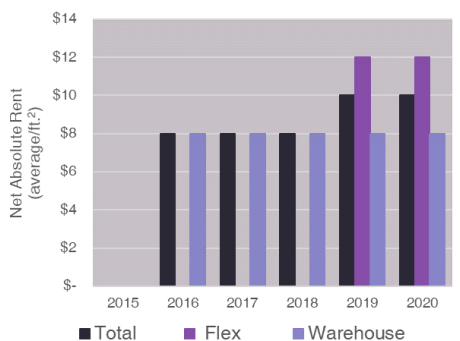
Supply & Demand



Vacant Space



Net Absolute Rent/ft.²



DEC. 2020 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).



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