



MARKET SURVEY

HRM OFFICES & WAREHOUSES

JUNE 2023



Survey Scope: 165 office & 158 warehouse buildings
11,850,977 ft.² of rental office space
7,961,115 ft.² of rental warehouse space
expert researchers



Real Estate Counsellors, Brokers and Valuers

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JUNE 2023 MARKET SURVEY

HRM OFFICES

Year at a Glance

	2022	2023	Change
Office Inventory (ft. ²)	11,942,343	11,850,977	↓ 91,366
Net Absorption (ft. ²)	162,985	(171,652)	↓ (334,637)
Vacancy Rate	13.95%	14.73%	↑ 0.78 pp
Avg. Net Rent/ft. ²	\$15.18	\$15.22	↑ 0.26%
Avg. RTCAM/ft. ²	\$12.68	\$12.70	↑ 0.16%
Avg. Gross Rent/ft. ²	\$28.12	\$28.36	↑ 0.85%

Supply & Demand Overview

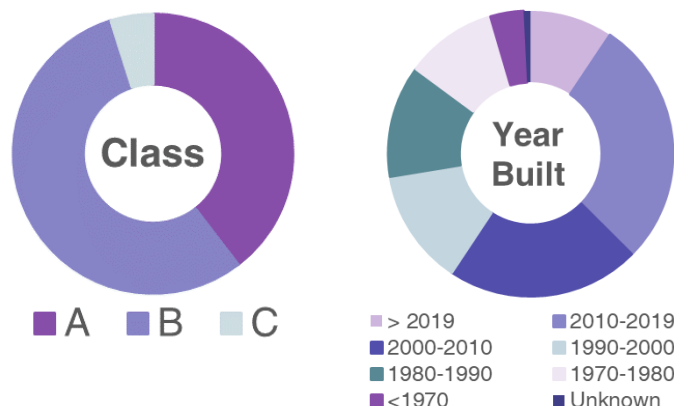
The total amount of rentable office space in Greater Halifax decreased 0.77% over last year. The overall vacancy rate increased from 13.95% in 2022 to 14.73% in 2023. The key driver of space demand is the growth in the provincial real (deflated) Gross Domestic Product. Our analysis of GDP projections indicate that 2024 will see a GDP increase of 1.2%, with space demand increasing 0.80%. The vacancy rate is projected to decrease to 14.04%.

The current vacancy rates by class are: Class A 16.08%; Class B 13.95%; Class C 11.47%; Overall 14.73%. 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.

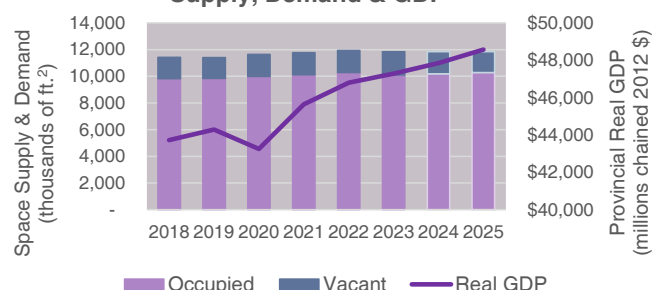
Current average net absolute rental rates per square foot are: Class A \$18.17; Class B \$13.87; Class C \$11.62; Overall \$15.22. The vacancy rate and net rental rate are inversely correlated: empirical data indicates that generally a falling vacancy rate portends a rising net rental rate, while a rising vacancy rate indicates that net rental rate increases will moderate or even fall.

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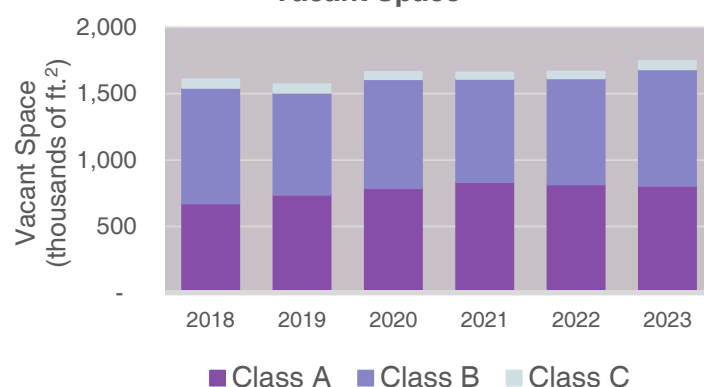
Overall Office Inventory



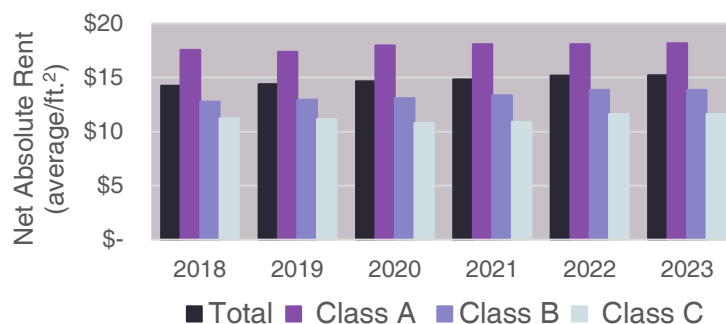
Supply, Demand & GDP



Vacant Space



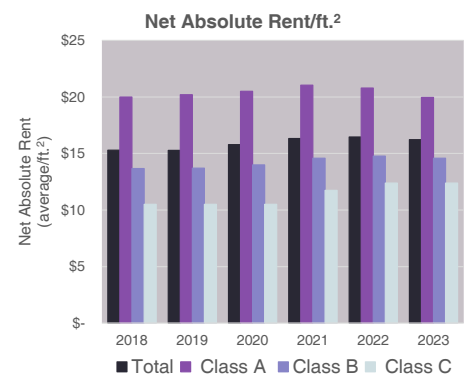
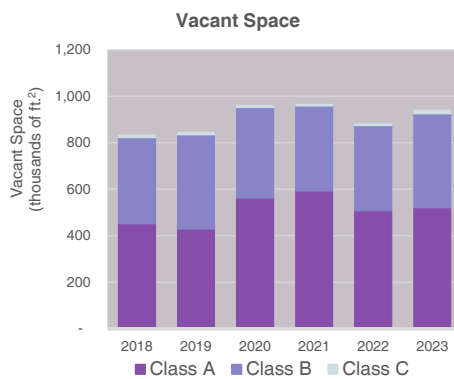
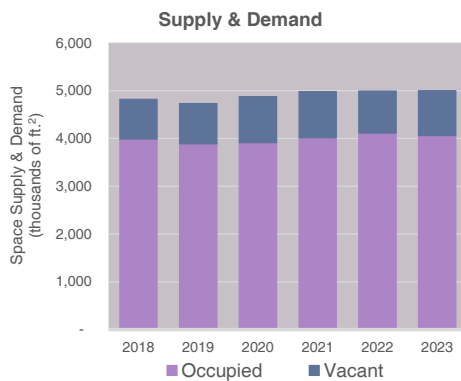
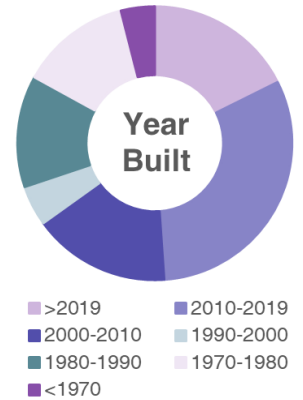
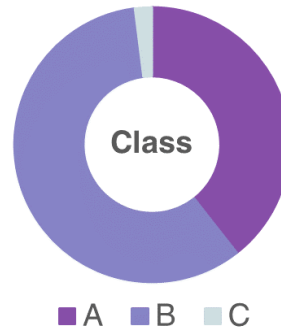
Net Absolute Rent/ft.²



HALIFAX DOWNTOWN

Year at a Glance

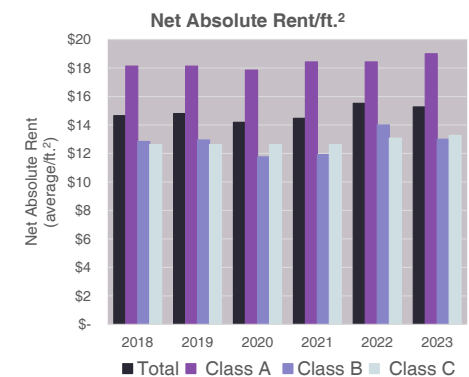
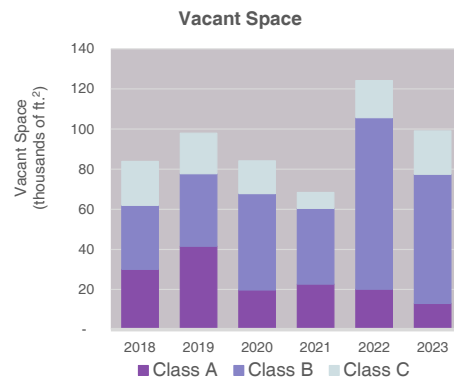
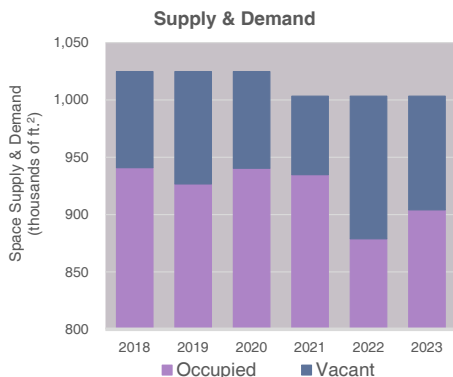
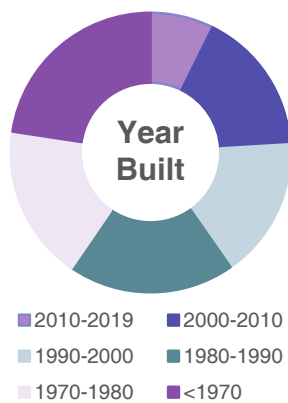
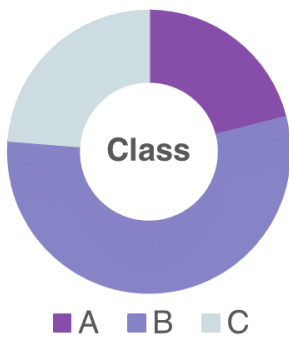
	2022	2023	Change
Office Inventory (ft. ²)	4,995,130	5,001,211	↑ 6,081
Net Absorption (ft. ²)	96,449	(52,220)	↓ (148,669)
Vacancy Rate	17.65%	18.79%	↑ 1.14 pp
Avg. Net Rent/ft. ²	\$16.46	\$16.22	↓ 1.46%
Avg. RTCAM/ft. ²	\$13.60	\$13.76	↑ 1.18%
Avg. Gross Rent/ft. ²	\$30.14	\$29.87	↓ 0.90%



HALIFAX PERIPHERAL

Year at a Glance

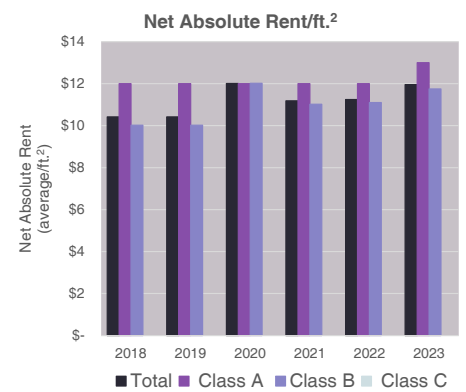
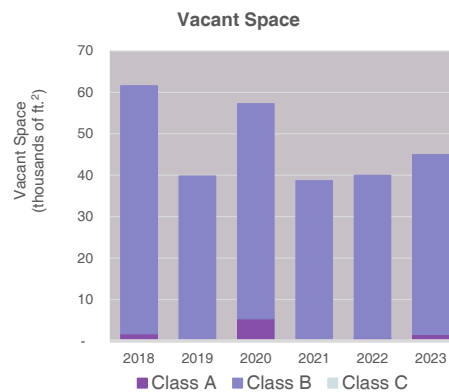
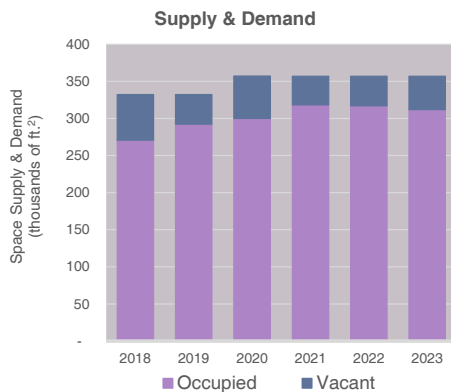
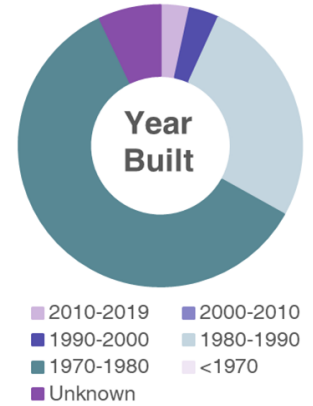
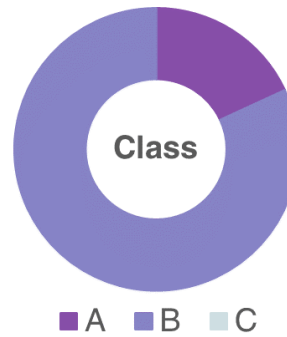
	2022	2023	Change
Office Inventory (ft. ²)	1,003,210	1,003,210	↔ - - -
Net Absorption (ft. ²)	(55,810)	25,095	↑ 80,905
Vacancy Rate	12.38%	9.88%	↓ 2.50 pp
Avg. Net Rent/ft. ²	\$15.52	\$15.27	↓ 1.61%
Avg. RTCAM/ft. ²	\$13.33	\$13.40	↑ 0.53%
Avg. Gross Rent/ft. ²	\$28.29	\$29.02	↑ 2.58%



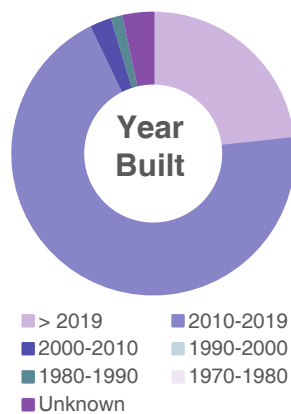
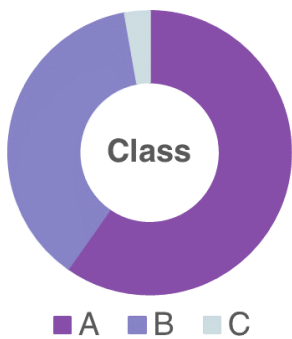
CENTRAL DARTMOUTH

Year at a Glance

	2022	2023	Change
Office Inventory (ft. ²)	356,863	356,863	↔ - - -
Net Absorption (ft. ²)	(1,299)	(4,969)	↓ (3,670)
Vacancy Rate	11.20%	12.59%	↑ 1.39 pp
Avg. Net Rent/ft. ²	\$11.25	\$11.96	↑ 6.31%
Avg. RTCAM/ft. ²	\$10.28	\$10.51	↑ 2.24%
Avg. Gross Rent/ft. ²	\$21.53	\$22.47	↑ 4.37%

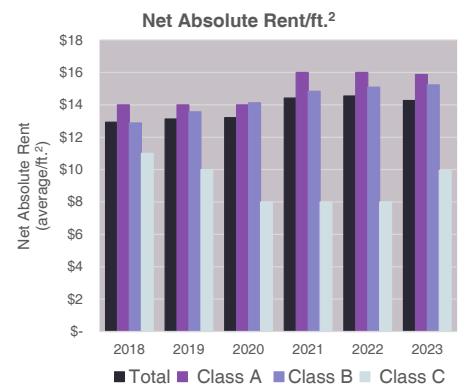
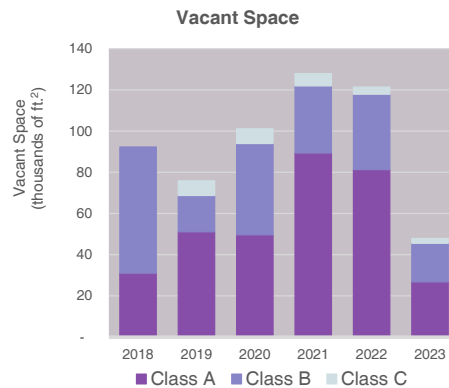
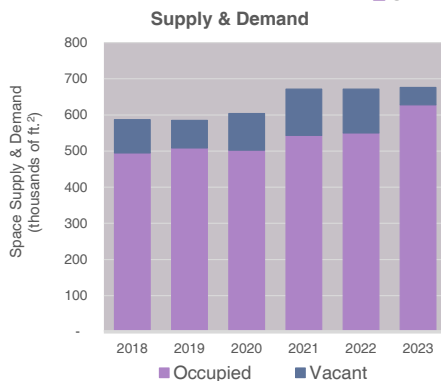


DARTMOUTH PERIPHERAL



Year at a Glance

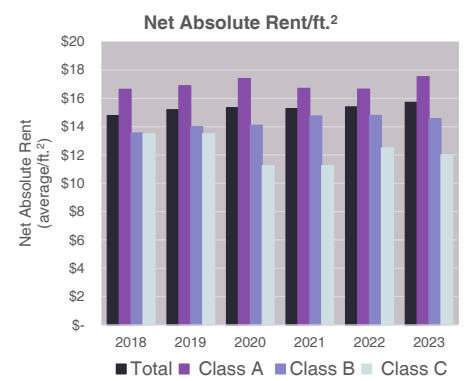
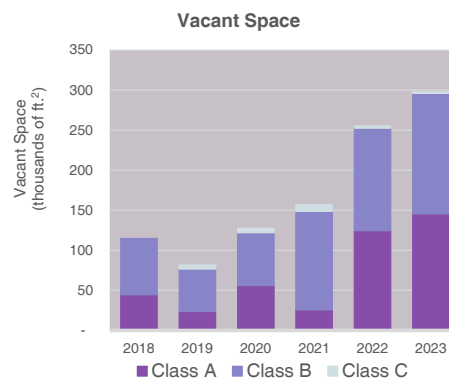
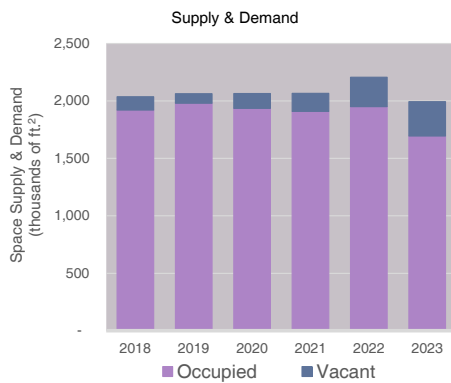
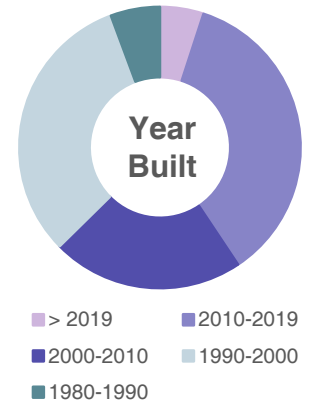
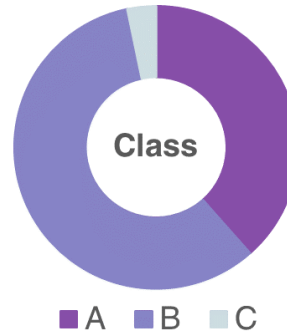
	2022	2023	Change
Office Inventory (ft. ²)	671,575	675,870	↑ 4,295
Net Absorption (ft. ²)	6,459	77,827	↑ 71,368
Vacancy Rate	18.08%	7.09%	↓ 10.99 pp
Avg. Net Rent/ft. ²	\$14.55	\$14.27	↓ 1.92%
Avg. RTCAM/ft. ²	\$10.46	\$10.56	↑ 0.96%
Avg. Gross Rent/ft. ²	\$27.82	\$26.50	↓ 4.74%



SUBURBAN HALIFAX

Year at a Glance

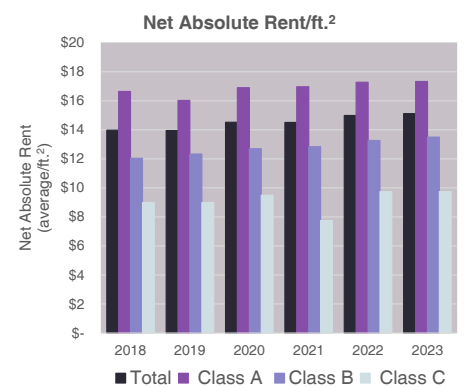
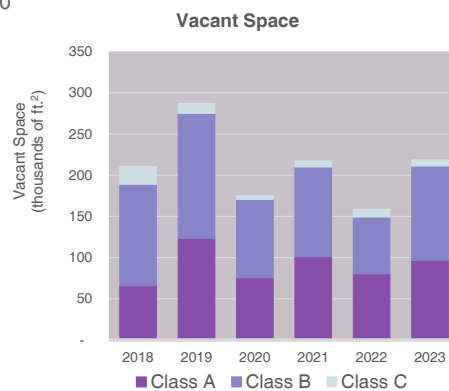
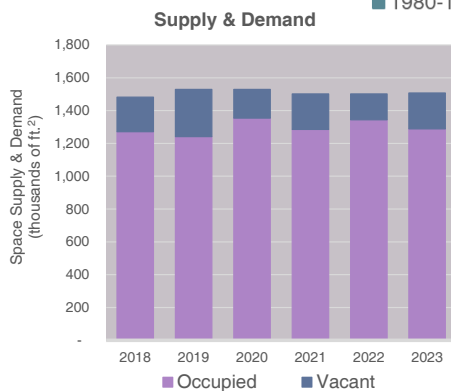
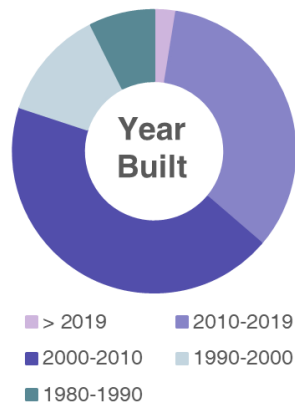
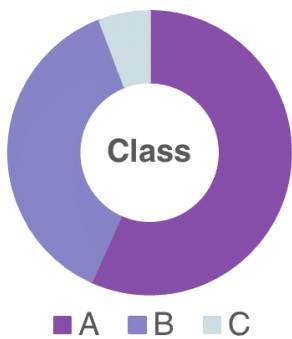
	2022	2023	Change
Office Inventory (ft. ²)	2,205,597	1,993,244	↓ 212,353
Net Absorption (ft. ²)	41,159	(254,682)	↓ (295,841)
Vacancy Rate	11.58%	14.93%	↑ 3.35 pp
Avg. Net Rent/ft. ²	\$15.40	\$15.71	↑ 2.01%
Avg. RTCAM/ft. ²	\$12.70	\$12.40	↓ 2.36%
Avg. Gross Rent/ft. ²	\$28.82	\$29.61	↑ 2.74%



BURNSIDE/CITY OF LAKES & DARTMOUTH CROSSING

Year at a Glance

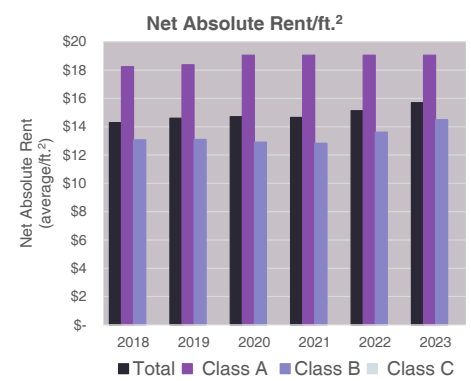
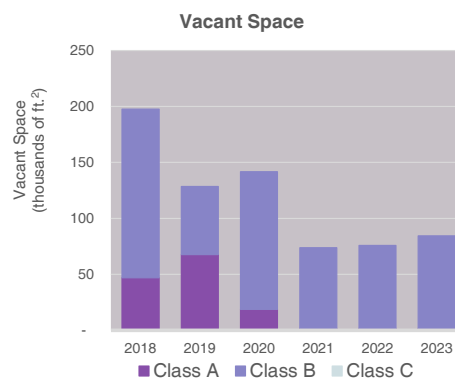
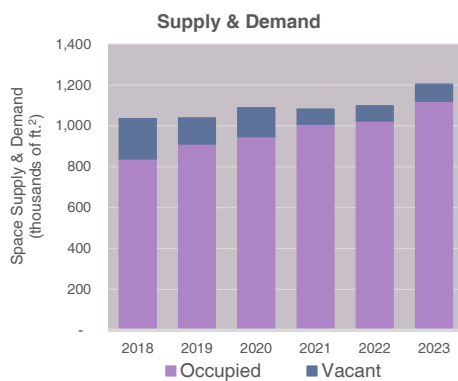
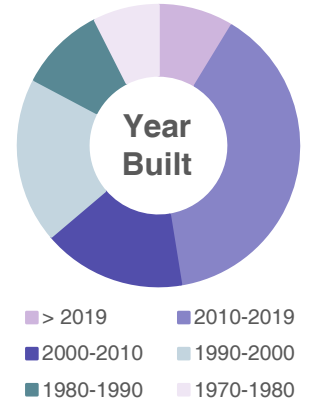
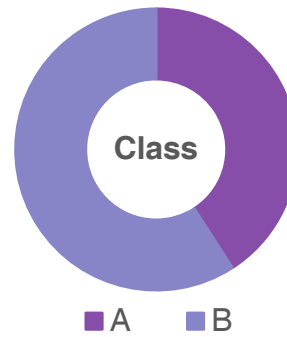
	2022	2023	Change
Office Inventory (ft. ²)	1,501,883	1,507,494	↑ 5,611
Net Absorption (ft. ²)	58,613	(54,334)	↓ (112,947)
Vacancy Rate	10.56%	14.50%	↑ 3.94 pp
Avg. Net Rent/ft. ²	\$14.98	\$15.11	↑ 0.87%
Avg. RTCAM/ft. ²	\$12.81	\$13.21	↑ 3.12%
Avg. Gross Rent/ft. ²	\$27.79	\$28.32	↑ 1.91%



BEDFORD

Year at a Glance

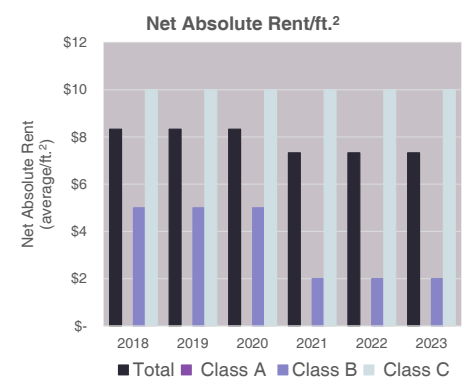
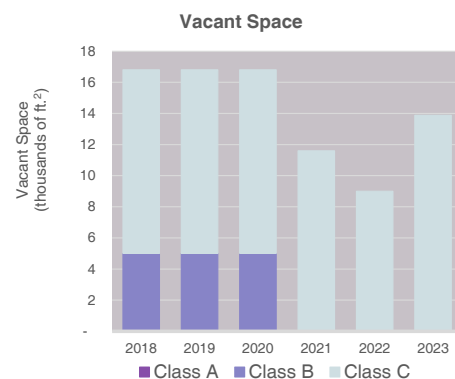
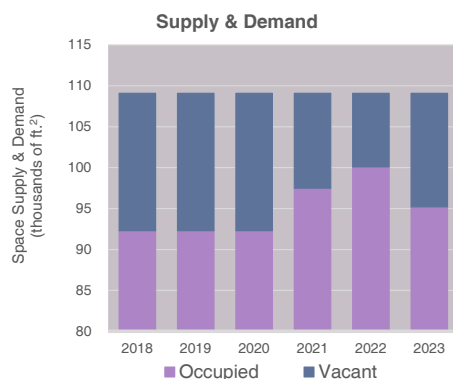
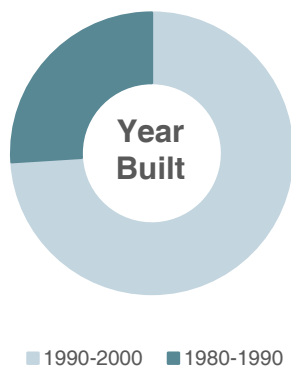
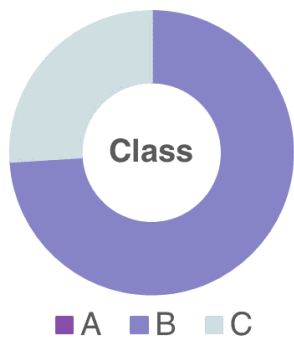
	2022	2023	Change
Office Inventory (ft. ²)	1,098,993	1,203,993	↑ 105,000
Net Absorption (ft. ²)	14,814	96,511	↑ 81,697
Vacancy Rate	6.90%	7.00%	↑ 0.10 pp
Avg. Net Rent/ft. ²	\$15.13	\$15.70	↑ 3.77%
Avg. RTCAM/ft. ²	\$12.74	\$12.14	↓ 4.71%
Avg. Gross Rent/ft. ²	\$27.91	\$28.31	↑ 1.43%



SACKVILLE

Year at a Glance

	2022	2023	Change
Office Inventory (ft. ²)	109,092	109,092	↔ ---
Net Absorption (ft. ²)	2,600	(4,880)	↓ 7,480
Vacancy Rate	8.25%	12.72%	↑ 4.47 pp
Avg. Net Rent/ft. ²	\$ 7.33	\$ 7.33	↔ ---
Avg. RTCAM/ft. ²	\$ 7.40	\$ 7.40	↔ ---
Avg. Gross Rent/ft. ²	\$14.73	\$14.73	↔ ---



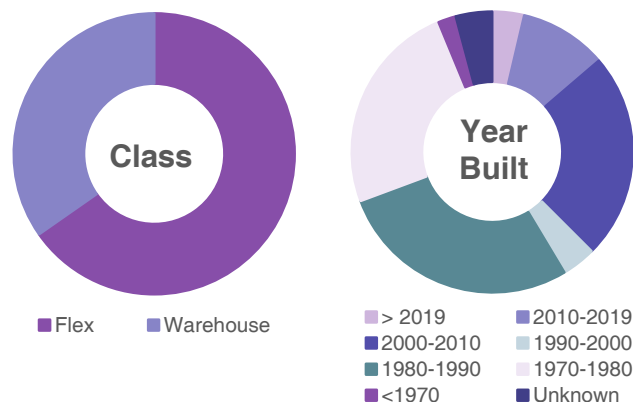
JUNE 2023 MARKET SURVEY

HRM WAREHOUSES

Year at a Glance

Warehouse	2022	2023	Change
Inventory (ft. ²)	7,897,227	7,961,115	↑ 63,888
Net Absorption (ft. ²)	269,435	33,791	↓ (235,644)
Vacancy Rate	3.78%	4.12%	↑ 0.34 pp
Avg. Net Rent/ft. ²	\$ 9.20	\$ 9.60	↑ 4.35%
Avg. RTCAM/ft. ²	\$ 5.84	\$ 6.28	↑ 7.53%
Avg. Gross Rent/ft. ²	\$15.20	\$16.05	↑ 5.59%

Overall Warehouse Inventory



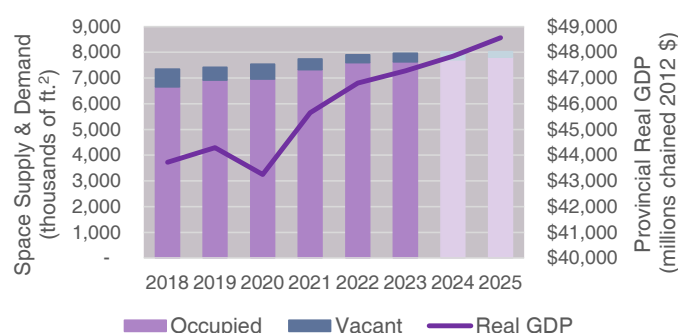
Supply & Demand Overview

The total amount of rentable warehouse space in Greater Halifax increased 0.81% over last year, with new space coming online in Burnside. The overall vacancy rate increased from 3.78% in 2022 to 4.12% in 2023, effectively full occupancy. The key driver of space demand is the growth in the provincial real (deflated) Gross Domestic Product. Our analysis of GDP projections indicates that 2023 will see a GDP increase of 1.2%, with demand for warehouse space increasing 1.06%. We expect that new space will be brought to market, maintaining the vacancy rate in the region of 3.77%.

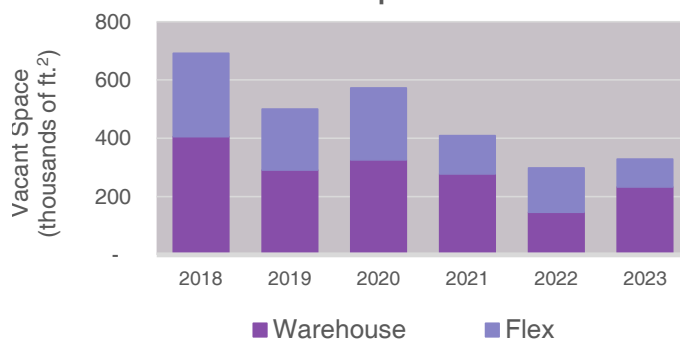
The current vacancy rate in each of the following areas is: Atlantic Acres Industrial Park 0.98%; Bayers Lake Industrial Park 5.36%; Bedford 9.89%; Burnside/City of Lakes Industrial Park 4.23%; Central Halifax 2.81%; Ragged Lake Industrial Park 0.00%; Sackville Industrial Park 0.00%; Woodside Industrial Park 0.00%.

Industrial properties in H.R.M. saw the overall net absolute rent/ft.² increase by 4.35% year over year, to \$9.60/ft.² in 2023. The average overall net rental rates per square foot in each of the following locations were: Atlantic Acres Industrial Park \$9.64; Bayers Lake Industrial Park \$11.01; Bedford \$16.40; Burnside/City of Lakes Industrial Park \$9.50; Central Halifax \$9.83; Ragged Lake Industrial Park \$9.50; Sackville Industrial Park \$7.75; Woodside \$11.00.

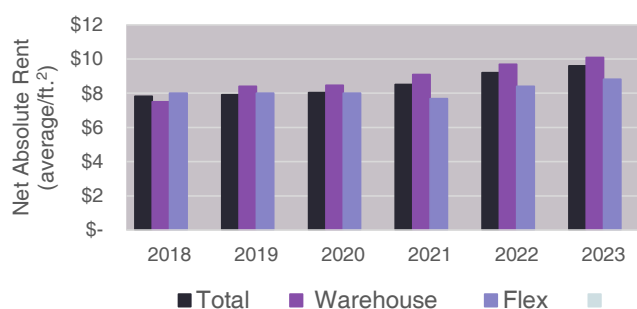
Supply, Demand & GDP



Vacant Space



Net Absolute Rent/ft.²

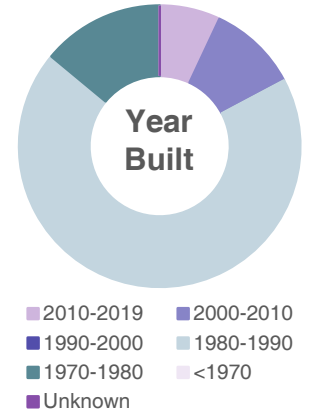
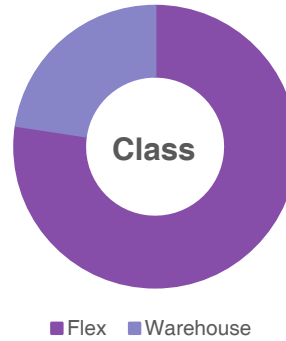


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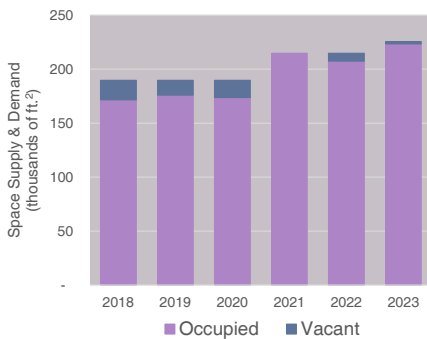
ATLANTIC ACRES

Year at a Glance

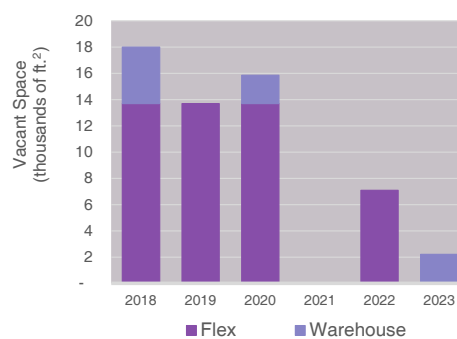
Warehouse	2022	2023	Change
Inventory (ft. ²)	214,615	225,598	↑ 10,983
Net Absorption (ft. ²)	(7,085)	15,853	↑ 22,938
Vacancy Rate	3.30%	0.98%	↓ 2.32 pp
Avg. Net Rent/ft. ²	\$ 8.23	\$ 9.64	↑ 17.13%
Avg. RTCAM/ft. ²	\$ 6.12	\$ 6.22	↑ 1.63%
Avg. Gross Rent/ft. ²	\$14.36	\$15.86	↑ 10.45%



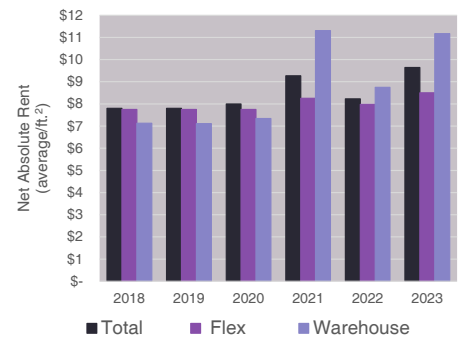
Supply & Demand



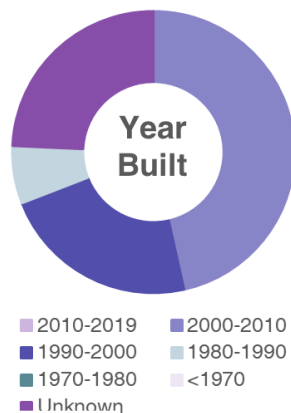
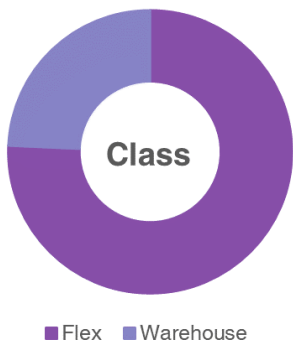
Vacant Space



Net Absolute Rent/ft.²



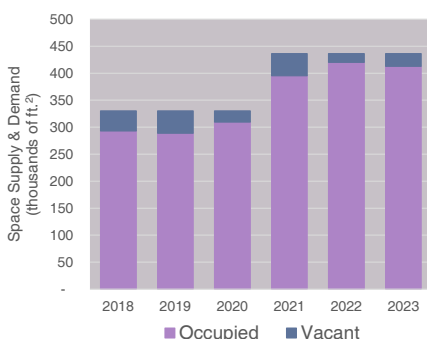
BAYERS LAKE INDUSTRIAL PARK



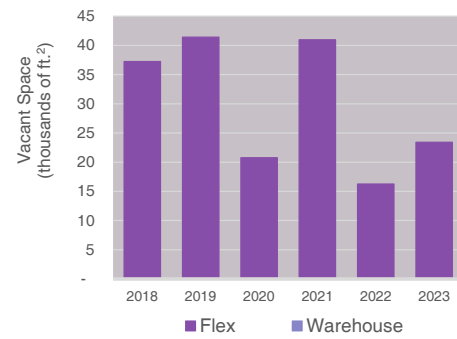
Year at a Glance

Warehouse	2022	2023	Change
Inventory (ft. ²)	436,361	436,361	↔ ---
Net Absorption (ft. ²)	24,686	(7,132)	↓ (31,818)
Vacancy Rate	3.73%	5.36%	↑ 1.63 pp
Avg. Net Rent/ft. ²	\$10.97	\$11.01	↑ 0.36%
Avg. RTCAM/ft. ²	\$ 6.42	\$ 6.83	↑ 6.39%
Avg. Gross Rent/ft. ²	\$17.39	\$17.83	↑ 2.53%

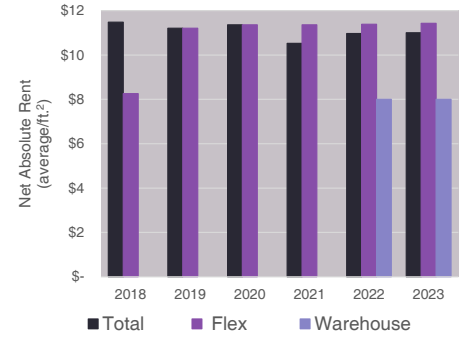
Supply & Demand



Vacant Space



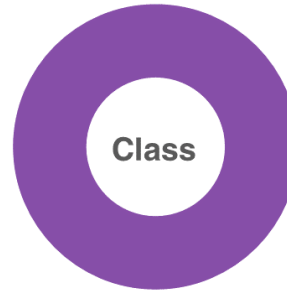
Net Absolute Rent/ft.²



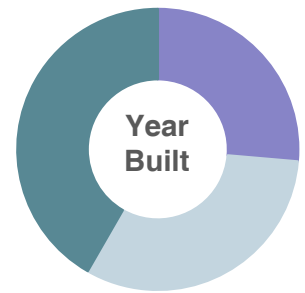
BEDFORD

Year at a Glance

Warehouse	2022	2023	Change
Inventory (ft. ²)	96,204	96,204	↔ ---
Net Absorption (ft. ²)	(203)	(5,087)	↓ (4,884)
Vacancy Rate	4.60%	9.89%	↑ 5.29 pp
Avg. Net Rent/ft. ²	\$15.20	\$16.40	↑ 7.89%
Avg. RTCAM/ft. ²	\$ 6.98	\$ 8.06	↑ 15.47%
Avg. Gross Rent/ft. ²	\$22.18	\$24.46	↑ 10.28%

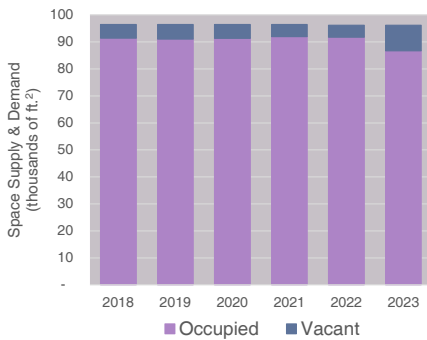


Flex Warehouse

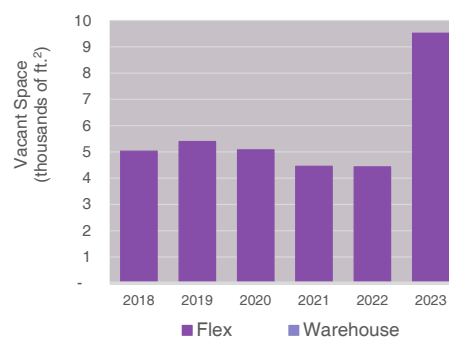


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1980-1990 1970-1980 <1970
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Supply & Demand

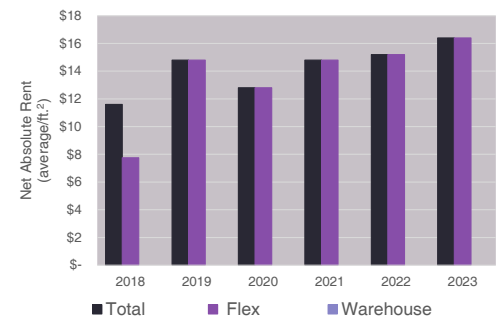


Vacant Space



Flex Warehouse

Net Absolute Rent/ft.²

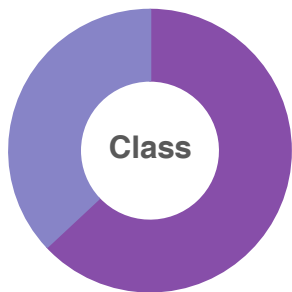


Total Flex Warehouse

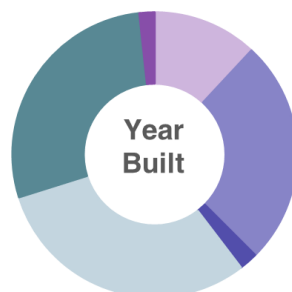
BURNSIDE / CITY OF LAKES

Year at a Glance

Warehouse	2022	2023	Change
Inventory (ft. ²)	6,601,728	6,654,633	↑ 52,905
Net Absorption (ft. ²)	229,771	35,474	↓ (194,297)
Vacancy Rate	4.00%	4.23%	↑ 0.23 pp
Avg. Net Rent/ft. ²	\$ 8.90	\$ 9.19	↑ 3.26%
Avg. RTCAM/ft. ²	\$ 5.80	\$ 6.18	↑ 6.55%
Avg. Gross Rent/ft. ²	\$14.85	\$15.55	↑ 4.71%

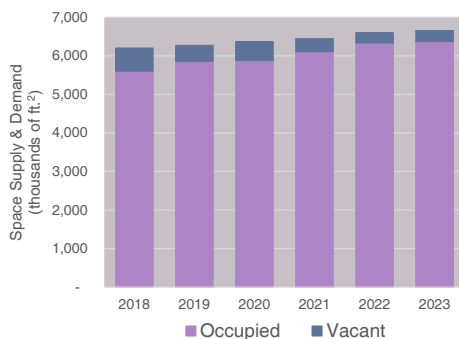


Flex Warehouse



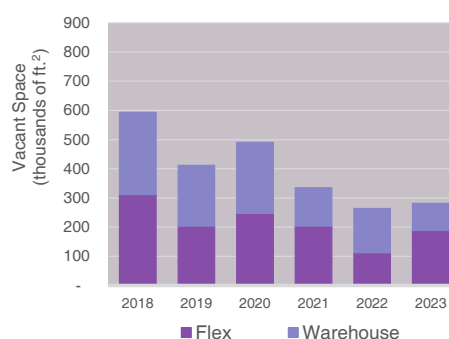
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Supply & Demand



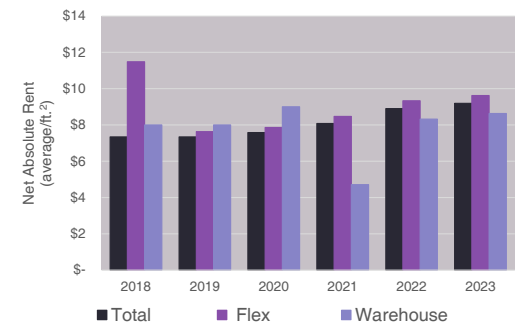
Occupied Vacant

Vacant Space



Flex Warehouse

Net Absolute Rent/ft.²

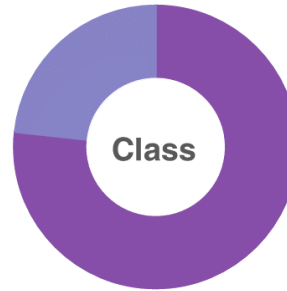


Total Flex Warehouse

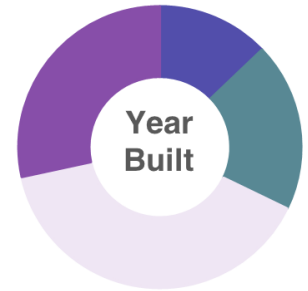
CENTRAL HALIFAX

Year at a Glance

Warehouse	2022	2023	Change
Inventory (ft. ²)	416,027	416,027	↔ ---
Net Absorption (ft. ²)	20,910	(5,317)	↓ (26,227)
Vacancy Rate	1.53%	2.81%	↑ 1.28 pp
Avg. Net Rent/ft. ²	\$ 9.31	\$ 9.83	↑ 5.59%
Avg. RTCAM/ft. ²	\$ 6.08	\$ 6.63	↑ 9.05%
Avg. Gross Rent/ft. ²	\$15.38	\$16.45	↑ 6.96%

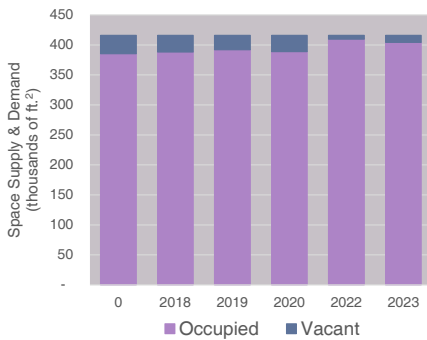


Flex Warehouse

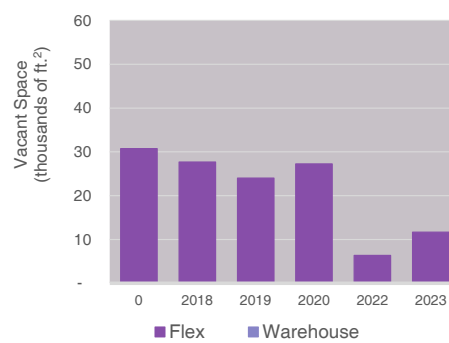


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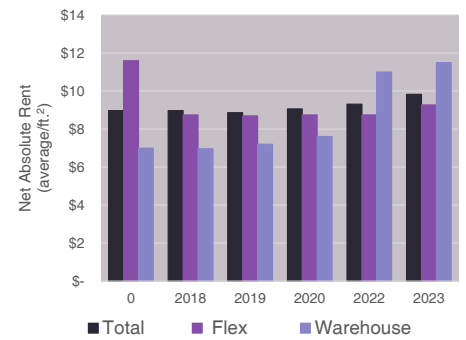
Supply & Demand



Vacant Space



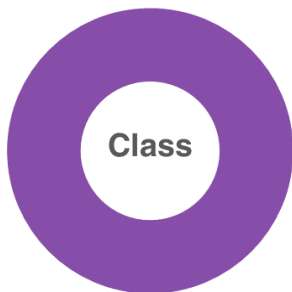
Net Absolute Rent/ft.²



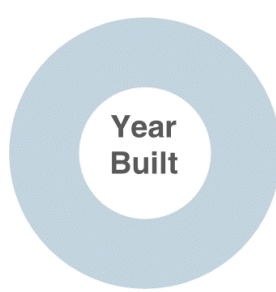
RAGGED LAKE INDUSTRIAL PARK

Year at a Glance

Warehouse	2022	2023	Change
Inventory (ft. ²)	39,000	39,000	↔ ---
Net Absorption (ft. ²)	1,356	---	↓ (1,356)
Vacancy Rate	0.00%	0.00%	↔ ---
Avg. Net Rent/ft. ²	\$ 8.50	\$ 9.50	↑ 11.76%
Avg. RTCAM/ft. ²	\$ 8.06	\$ 8.90	↑ 10.42%
Avg. Gross Rent/ft. ²	\$16.56	\$18.40	↑ 11.11%

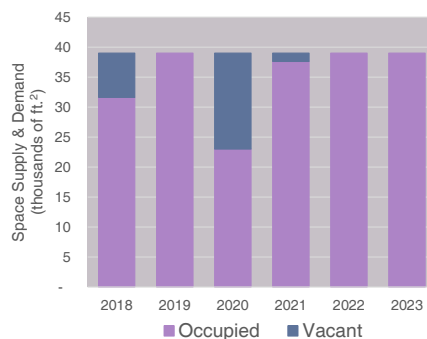


Flex Warehouse

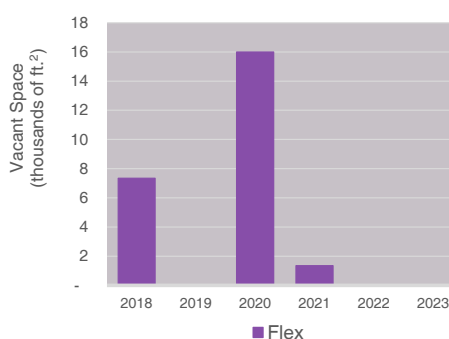


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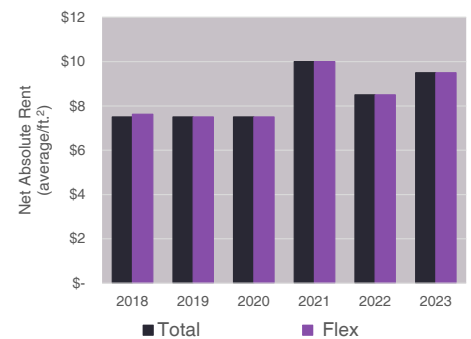
Supply & Demand



Vacant Space



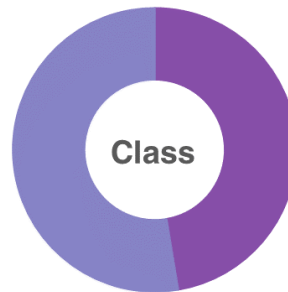
Net Absolute Rent/ft.²



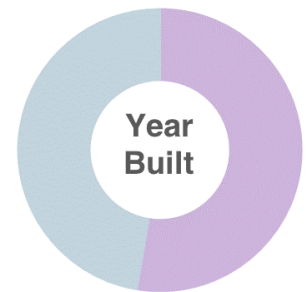
SACKVILLE

Year at a Glance

Warehouse	2022	2023	Change
Inventory (ft. ²)	47,497	47,497	↔ ---
Net Absorption (ft. ²)	---	---	↔ ---
Vacancy Rate	0.00%	0.00%	↔ ---
Avg. Net Rent/ft. ²	\$ 7.75	\$ 7.75	↔ ---
Avg. RTCAM/ft. ²	\$ 3.82	\$ 4.13	↑ 8.12%
Avg. Gross Rent/ft. ²	\$11.57	\$11.88	↑ 2.68%

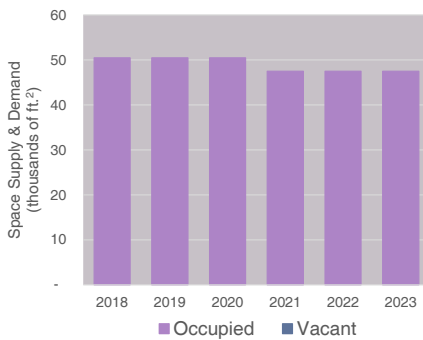


Flex Warehouse

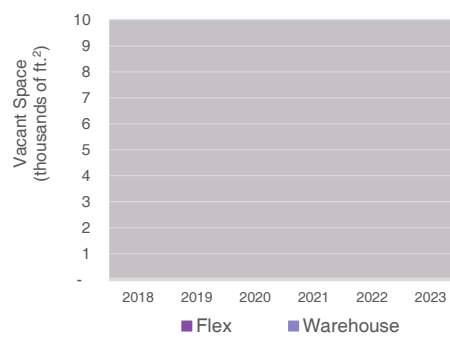


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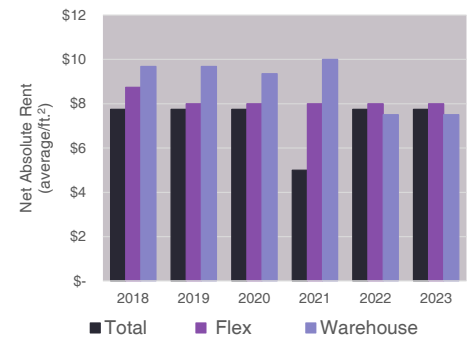
Supply & Demand



Vacant Space



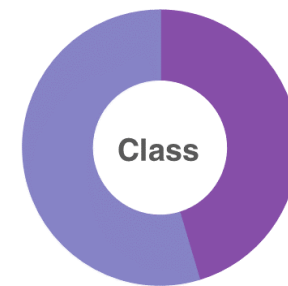
Net Absolute Rent/ft.²



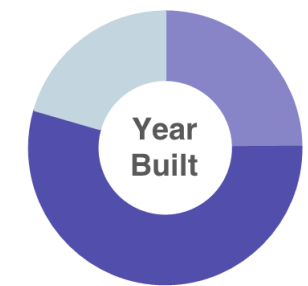
WOODSIDE

Year at a Glance

Warehouse	2022	2023	Change
Inventory (ft. ²)	45,795	45,795	↔ ---
Net Absorption (ft. ²)	-	-	↔ ---
Vacancy Rate	0.00%	0.00%	↔ ---
Avg. Net Rent/ft. ²	\$ 8.00	\$11.00	↑ 37.50%
Avg. RTCAM/ft. ²	\$ 3.66	\$ 5.94	↑ 62.30%
Avg. Gross Rent/ft. ²	\$12.61	\$18.78	↑ 48.93%

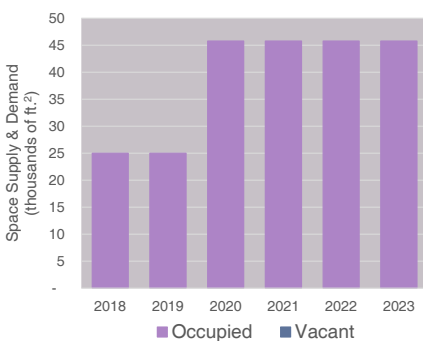


Flex Warehouse



2010-2019 2000-2010
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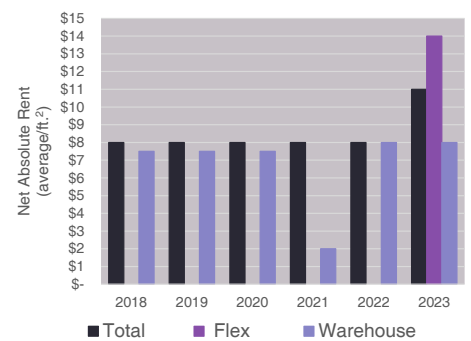
Supply & Demand



Vacant Space



Net Absolute Rent/ft.²



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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