

Non-Owner Occupied Market Report For Six-Months Ended, Q2 2023

Halifax | Industrial

MARKET TRENDS

Vacancy Rate



6 Month Change
0.32%

Total Vacancy Rate
4.09%

Avg. Net Rent



6 Month Change
\$0.17

Total Avg. Net Rent
\$9.56

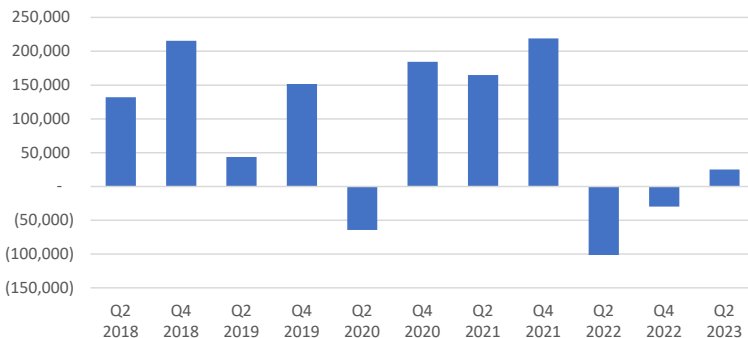
Net Absorption



Previous Period
(29,717) sf

Current Period
25,023 sf

Halifax Net Absorption (SF)



Sources: Turner Drake & Partners Ltd. supplemented by Brunswick Brokers Research, AllNovaScotia

Note: Statistics in this report track non-owner occupied buildings only.

MARKET OVERVIEW

Recently, the Halifax Industrial market witnessed an increase in vacancy, marking the first such rise since before the pandemic. The vacancy rate has climbed by 32 basis points, reaching 4.09%.

The Halifax Industrial market currently boasts an average net rental rate of \$9.56 per square foot, showing a period-over-period increase of \$0.17. This upward trend reflects the market's strength and attractiveness to tenants. Additionally, the average common area maintenance (CAM) and taxes amount to \$6.46 per square foot, contributing to the overall appeal of the market. It is worth noting that the average gross rental rate has surpassed \$16.00 per square foot, reaching \$16.02 per square foot, the first occurrence on recent record.

The Burnside Industrial Park experienced a sharp increase in vacancy rates this period as the rate now stands at 4.22%, a 124 basis point increase. The net rental rate for this area is \$9.19 per square foot, with a gross rent figure of \$15.55 per square foot.

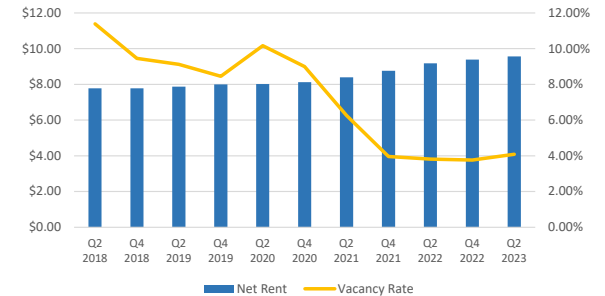
For a second straight reporting period, Bedford and Burnside industrial parks were the only locales to record increased vacancy. In contrast, all other locales experienced decreased or relatively flat vacancy rates.

MARKET OUTLOOK

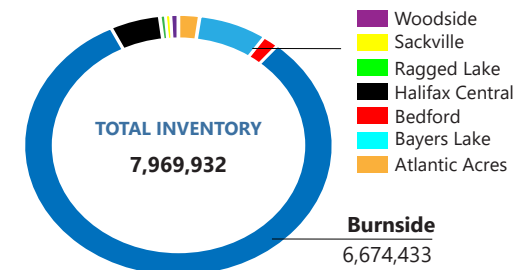
New industrial buildings in the Burnside Industrial Park are achieving rents ranging from \$16.00 to \$17.00 per square foot and it can be expected to increase further as available space remains at an all-time low. With its strategic location, excellent infrastructure, and access to transportation networks, the Burnside Industrial Park offers a favorable business environment, attracting companies looking for modern and efficient industrial facilities. The pricing of these new buildings reflects the ongoing growth and development in the industrial sector within the Burnside Industrial Park.

As the supply of industrial space, particularly in Burnside, continues to dwindle, landlords are renewing leases with

Halifax Vacancy Rate vs. Average Net Rent



Market Share by Submarket (SF)



existing industrial tenants at rental rates that exceed the currently reported average of \$9.56 per square foot. This trend reflects the growing scarcity of available properties and the increasing demand in the market

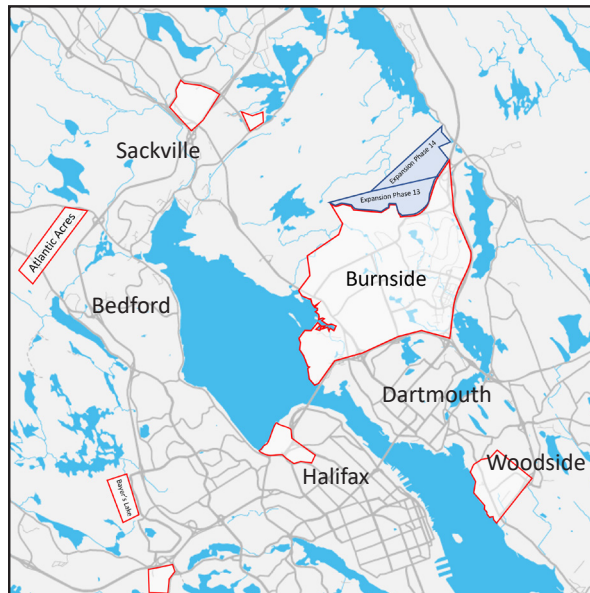
Exciting news for the Halifax Industrial market as Phase 13-1 of the Burnside Industrial Park expansion is set for sale in mid-September through an auction-style bid process. This expansion sprawls across 115 acres and offers lots ranging from 3 to 17 acres for potential buyers. The upcoming phases, 13-2 and 13-3, are expected to follow suite soon. As the largest industrial park east of Montreal and north of Boston, the Burnside Industrial Park expansion will undoubtedly attract a wealth of investors and businesses to the Halifax region.

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	VACANT SPACE (SF)	VACANCY RATE	12-MONTH NET ABSORPTION (SF)	UNDER CONSTRUCTION (SF)	CONSTRUCTION COMPLETIONS (SF)	WEIGHTED AVG. NET RENT	WEIGHTED AVG. GROSS RENT
Atlantic Acres	214,615	0	0.00%	7,085	0	0	\$8.67	\$15.09
Bayers Lake	436,361	23,408	5.36%	(7,132)	0	0	\$11.01	\$17.83
Bedford	96,204	9,513	9.89%	(5,087)	0	0	\$16.40	\$24.46
Burnside	6,674,433	281,485	4.22%	35,474	44,000 SF	52,602 SF	\$9.19	\$15.55
Halifax Central	416,027	11,676	2.81%	(5,317)	0	0	\$9.83	\$16.45
Ragged Lake	39,000	0	0.00%	0	0	0	\$9.50	\$18.40
Sackville	47,497	0	0.00%	0	0	0	\$7.75	\$11.88
Woodside	45,795	0	0.00%	0	0	0	\$11.00	\$18.78
TOTAL MARKET	7,969,932	326,082	4.09%	25,023	44,000 SF	52,602 SF	\$9.56	\$16.02

SIGNIFICANT TRANSACTIONS

PROPERTY	SUBMARKET	TENANT/OWNER	Area	Price	TYPE
117 Cutler Avenue	Dartmouth	N/A	+/- 13,922 SF	\$4,900,000	Sale
Atlantic Street	Dartmouth	UHaul	13.60 Acres	\$9,900,000	Sale

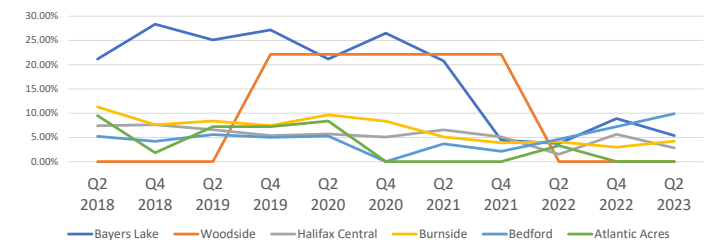


The Halifax Industrial market witnessed an impressive recent sale with the transaction of 117 Cutler Avenue. The property was sold for a price of \$4,900,000, surpassing the asking price by \$200,000. It is noteworthy that Cutler Avenue played a pivotal role in the Burnside Phase 12 expansion which is now all sold or under deposit. The highly anticipated Phase 13-1 expansion will bring another round of much need industrial land to the market.

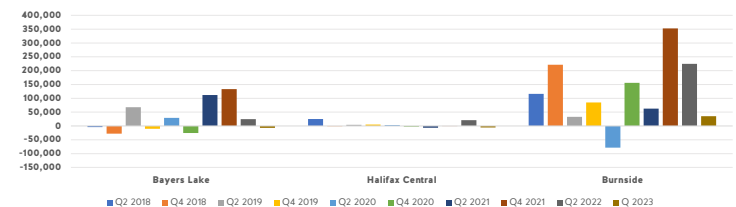
Another significant transaction took place on Atlantic Street in Dartmouth, as Uhaul Canada acquired the property for a reported \$9,900,000 in November of 2022, as confirmed by Property Valuation Services. Spanning across 13.60 acres, the property changed hands in this noteworthy deal, signaling a significant investment in the Dartmouth area by Uhaul Canada.

During this period, the leasing market in Halifax has seen a welcome addition of 52,602 square feet of available industrial space with 320 Higney Avenue emerging into the market. The property's appeal is evident as two out of the three available units have already been leased, a testament to the high demand for industrial space in the area. Notably, the property offers impressive clear heights of 39', offering businesses ample vertical space for efficient and versatile industrial operations.

Vacancy Rate by Submarket



Net Absorption (SF) by Submarket



Sources: Turner Drake & Partners Ltd. supplemented by Brunswick Brokers Research
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ECONOMIC OVERVIEW

Population Growth

2016
426,932



2021
465,703

Unemployment Rate

Jun-22
4.4%



Jun-23
5.7%

GDP Growth

2022 Rate
3.3%



2023 Forecast
3.2%

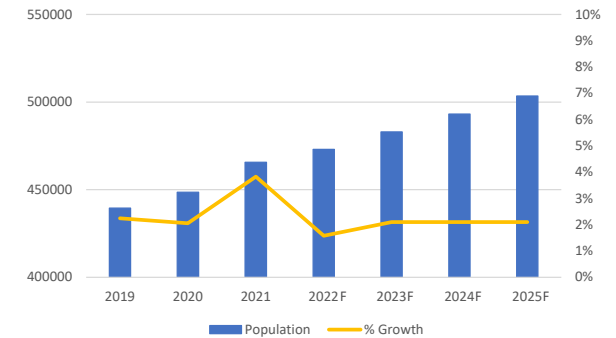
Source: Statistics Canada, Conference Board of Canada, Halifax Partnership (HFX Index 2023), CTV News

According to recent reports, Halifax's economy has experienced strong GDP growth within the past year despite economic challenges, showcasing resilience and growth in several key areas. The city's real GDP increased by 3.3% in 2022, reaching \$21.5 billion, demonstrating a robust economic recovery Halifax's GDP growth is expected to continue, with a projected growth rate of 3.2% in 2023. This positive GDP growth reflects the city's economic strength and potential for further development.

In terms of population, Halifax has seen remarkable growth, even amidst the pandemic. The city's population has been steadily increasing, contributing to its economic expansion. With this growth in population, the real estate market in Halifax has experienced supply shortages, leading to a hot residential real estate market. The real estate sector has played a significant role in Halifax's economic growth, attracting investment and contributing to the overall prosperity of the region.

Furthermore, an essential infrastructure project in Halifax is the Cogswell interchange redevelopment. The Cogswell interchange project aims to transform a significant downtown interchange into a vibrant and accessible community space. The construction of the new interchange is progressing as planned currently in the later stages of the first of three phases, with a target completion for fall of 2025. The project is expected to provide significant economic and social benefits to the area, including job creation and enhanced connectivity within the city.

Population Growth (2019 - 2025)



Brunswick Brokers Limited

100 Main Street
Suite 2033
Dartmouth, NS B2X 1R5

Paul Moore
President
pmoore@bbrokers.ca
(506) 645-8488

Troy Nesbitt
Vice President
tnesbitt@bbrokers.ca
(506) 349-5670

Steve Morrison
Senior Advisor
smorrison@bbrokers.ca
(902) 450-5767

Connor Carson
Marketing & Research
Associate
ccarson@bbrokers.ca
(506) 647-5093

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