



Non-Owner Occupied Market Report For Six-Months Ended, June 2021

Halifax | Industrial

MARKET TRENDS

Vacancy Rate



This Period
6.3%



Previous Period
9.0%

Avg. Net Rent PSF



This Period
\$8.39



Previous Period
\$8.12

Net Absorption

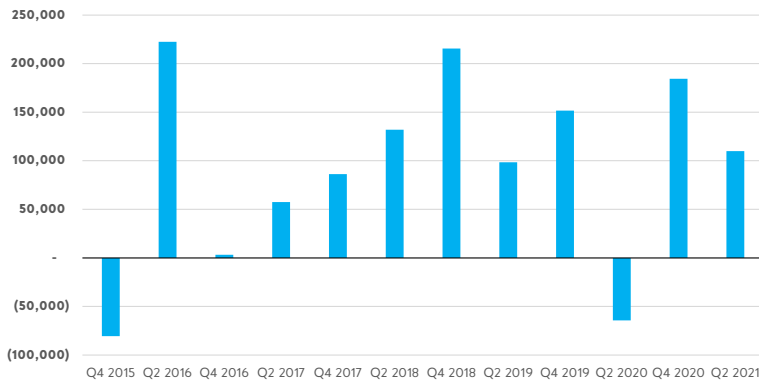


This Period
164,869 sf



Previous Period
184,447 sf

Halifax Net Absorption (SF)



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

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

MARKET OVERVIEW

The Halifax Industrial Market experienced a strong start to 2021 with overall vacancy dropping 268 basis points and net rents rising \$0.27 from year-end 2020.

After a minor blip in early 2020 due to COVID-19, Halifax posted another period of positive net absorption, this time for +164,869 square feet.

"Halifax is seeing a trend similar to the rest of the country and continent with strong growth in the industrial market influenced significantly by changes in logistics caused by COVID-19" says Brunswick Brokers' President, Paul Moore.

Representing 82% of the total market, Burnside's vacancy rate dropped 324 basis points to its lowest on record while net rents increased \$0.43, the biggest rise on record. Despite a 163,917 square foot loss of supply, Burnside still noted positive net absorption of 62,887 square feet after a strong period of leasing.

Bayers Lake and Ragged Lake were the only other parks to record a decrease in vacancy for the period while Bedford and Halifax Central noted increases.

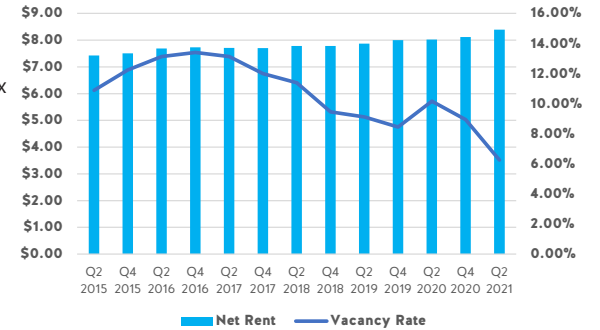
With the exception of Woodside, Sackville and Bayers Lake, every industrial locale reported an increase in net rents, the most significant of which was Ragged Lake, jumping from \$7.50 per square foot to \$10.00.

MARKET OUTLOOK

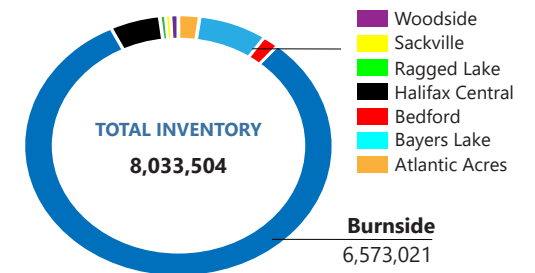
The Halifax industrial market continues to see increases in demand for warehouse space while the supply struggles to keep pace. Tenants are struggling to meet their needs as outdated, older buildings with low ceiling heights make up the bulk of the available inventory.

Amazon's January purchase of 180 Thornhill Drive, a large 215,000 square foot factory built in the 1980s, was seen as an atypical choice for Amazon who typically opts for custom-tailored warehouses. This highlights the situation in the Halifax industrial market today - tenants have limited options and are finding it increasingly difficult to find space that sufficiently meets their needs.

Halifax Vacancy Rate vs. Average Net Rent



Market Share by Submarket (SF)



This trend is expected to continue until new industrial land opportunities in Burnside are made available.

A total of 610 develop-ready acres of space has been approved to be added to Burnside - 325 acres of which will hit the market in the next 2 years. This will include the extension of Burnside Drive which will connect to the new expansion of Highway 107 - the new arterial under construction between Bedford and the Burnside.

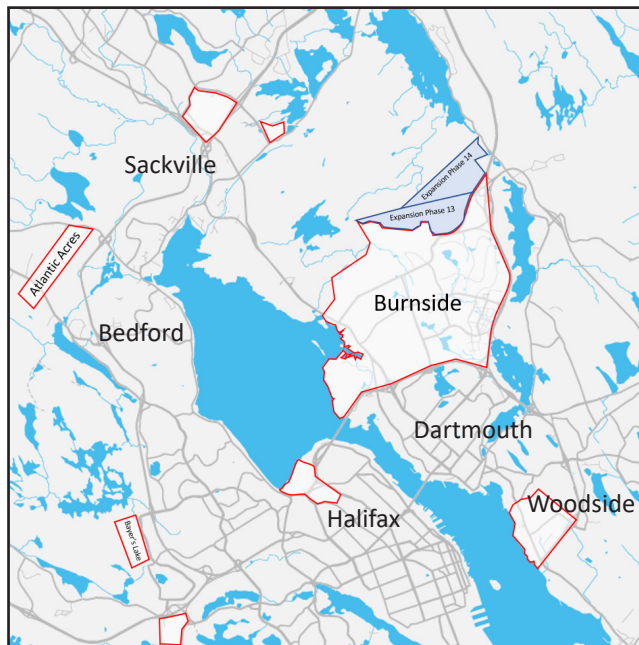
"We see the growth continuing in the future driven by new patterns in logistics along with strong economic fundamentals present in the region" says Paul Moore.

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	VACANT SPACE (SF)	VACANCY RATE	CURRENT PERIOD NET ABSORPTION (SF)	12-MONTH NET ABSORPTION (SF)	UNDER CONSTRUCTION (SF)	CONSTRUCTION COMPLETIONS (SF)	WEIGHTED AVG. NET RENT	WEIGHTED AVG. GROSS RENT
Atlantic Acres	189,615	0	0.00%	0	15,847	0	0	\$8.40	\$12.64
Bayers Lake	588,115	122,098	20.76%	111,637	85,958	0	0	\$10.20	\$16.63
Bedford	121,434	4,453	3.67%	(4,453)	25,627	0	0	\$13.61	\$20.25
Burnside	6,573,021	334,480	5.09%	62,887	218,642	21,803	0	\$8.10	\$13.76
Halifax Central	416,027	27,269	6.55%	(6,246)	(8,402)	0	0	\$9.06	\$14.83
Ragged Lake	39,000	1,356	3.48%	4,044	14,644	0	0	\$10.00	\$15.05
Sackville	47,497	0	0.00%	(3,000)	(3,000)	0	0	\$5.00	\$13.45
Woodside	58,795	13,000	22.11%	0	0	0	0	\$8.00	\$12.61
TOTAL MARKET	8,033,504	502,656	6.26%	164,869	349,316	21,803	0	\$8.39	\$14.26

MARKET ACTIVITY

PROPERTY	TYPE	SUBMARKET	TENANT	SELLER	BUYER	SF	PRICE / RATE
1 Duck Pond Road	Sale	Bayers Lake	N/A	1 Duck Pond Portfolio Inc.	PROREIT	105,975	Part of 5 Building Transaction
180 Thornhill Drive	Sale	Burnside	N/A	O'Regans Properties	Amazon Canada	215,000	\$15,350,000
30 Akerley Boulevard	Lease	Burnside	Undisclosed Tenant	N/A	N/A	40,000	\$6.00 psf (net)
315 Wilkinson Avenue	Lease	Burnside	William F. White	N/A	N/A	20,000	\$11.25 PSF (net)



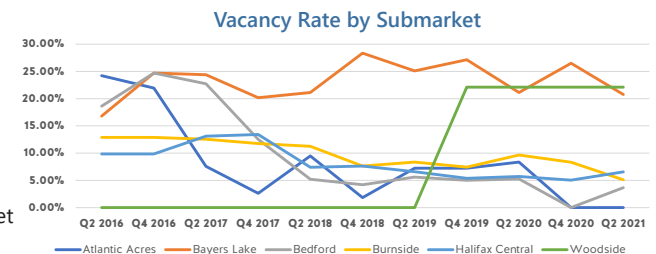
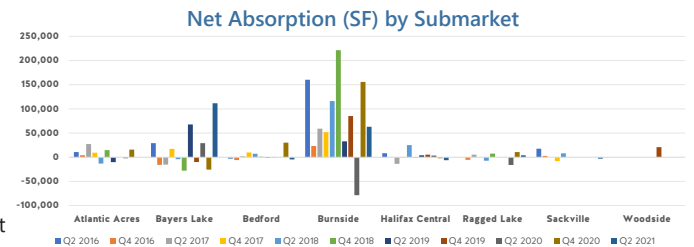
Burnside recorded a few notable leasing transactions including 40,000 square feet at 30 Akerley Boulevard to an undisclosed tenant and 32,000 square feet at 315 Wilkinson Avenue, 20,000 of which was leased by William F. White - originally located at 180 Thornhill Drive.

Bayers Lake led the way in net absorption, posting +111,637 square feet this period. This was driven by PROREIT's purchase of 1 Duck Pond Road, a fully-leased 106,000 square foot warehouse. Bayers Lake also saw a net rent decrease of \$0.69 and a 576 basis point decrease in vacancy rate after a number of transaction in the year, the most significant of which was 6,800 square feet being leased at 102 Chain Lake Drive.

Despite little activity, Bedford, Ragged Lake and Woodside all noted sharp changes in net rents. Bedford increased \$1.61, Ragged Lake went up \$2.50 and Woodside decreased \$2.00. Bedford's vacancy rate increased 367 basis points while Ragged Lake's decreased 1037 basis points as 4,000 square feet at 10 Ragged Lake Boulevard were leased.

Although vacancy in Woodside is 22%, inventory and sample size are small - contributing to the dramatic vacancy rate. Woodside, overall, has a very strong owner occupied presence.

Atlantic Acres experienced no activity this period but still posted a sharp rent increase, up \$0.40 - its biggest jump since year-end 2015. Halifax Central's vacancy rate increased slightly to 6.55% as 3,300 square feet was vacated at 2021 Brunswick Street and 8,000 square feet at 3600 Strawberry Hill Street. Net rents increased \$0.30 for the period.



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

Population Growth



YoY Change
+2.1%



2021 Forecast
457,963

NS Unemployment Rate



2020 Rate
8.7%



2021 Forecast
8.2%

GDP Growth



2020 Rate
-3.5%



2021 Forecast
+4.9%

A harsh third wave of COVID-19 in April and May resulted in strict restrictions, heavily impacting economic growth - highlighted by a 4.8% decline in employment during that time. However, the Conference Board of Canada forecasts 10,180 jobs will be created in the back half of 2021.

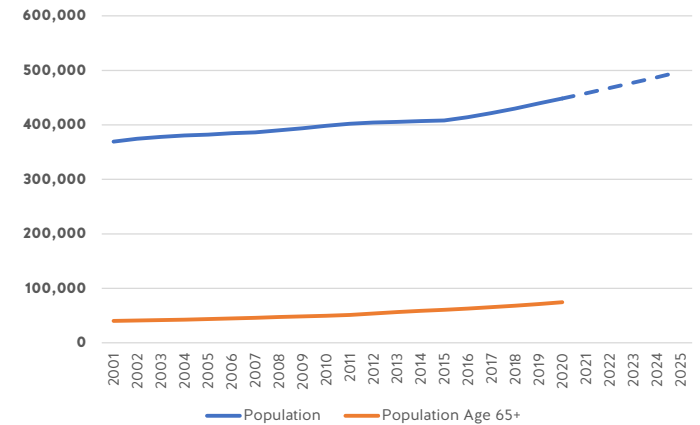
Momentum began to pick up once again in June as the province unveiled its reopening plan. The manufacturing and construction sector especially have seen significant growth over the last year and can expect even more in Q3 and Q4 2021.

Single family housing starts are up 17% and are expected to reach near record levels by the end of the year while average sale prices have increased 28% year-over-year.

The Conference Board of Canada reported that Halifax's GDP fell 3.5% in 2020 - the second smallest contraction among their benchmark cities. They forecast the city's GDP to increase 4.6% by the end of 2021 assuming the vaccine roll-out continues its current pace.

Halifax has clearly cemented itself as the 'place to be' in the Atlantic Region. In 2020, the city welcomed 9,000 new residents, 60% of which were under the age of 30, a growth rate of 2.1% - behind only Oshawa. Current projections suggest Halifax will exceed 550,000 residents by 2031.

Halifax Population (2001-2025)



Source: Statistics Canada, TD Economics, The Conference Board of Canada, Canadian Real Estate Association

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