

MARKET TRENDS

Vacancy Rate



6 Month Change
(0.14%)

Total Vacancy Rate
3.82%

Avg. Net Rent



6 Month Change
\$0.42

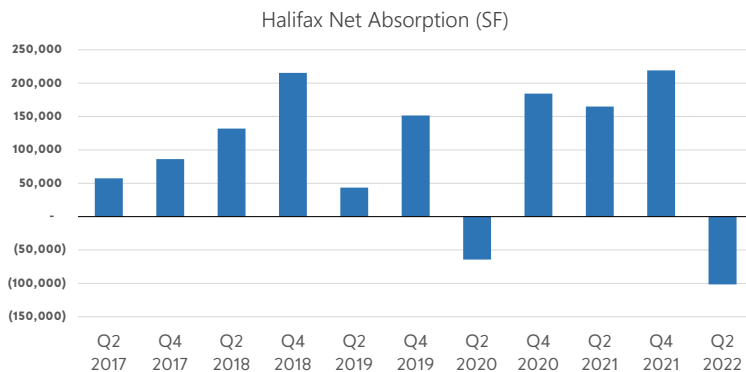
Total Avg. Net Rent
\$9.18

Net Absorption



Previous Period
219,187 sf

Current Period
(101,591) 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 posted another strong period as vacancy decreased by 14 basis points and average net rents rose by \$0.42 from year-end 2021, the most significant average rent increase in recent record.

Negative net absorption of 101,591 square feet was recorded during this period, the first negative figure since the onset of the pandemic. Mainly, the slight decrease can be attributed to the negative 117,599 square foot change in overall market supply.

Activity in Burnside remained relatively flat this period as vacancy increased by 17 basis points to 4.05%, while average net rents increased a considerable \$0.61. Additionally, the locale noted a negative 104,369 square foot change in supply resulting in the increased vacancy rate as leasing activity in the market remained relatively stagnant.

Bedford and Burnside Industrial Parks both recorded increased vacancy, posting rate increases of 248 and 17 basis points, respectively. Conversely, all other locales experienced decreased vacancy this period, with Halifax Central dropping by 356 basis points to a rate of 1.53%, an all-time low.

“As with many industrial markets across the country, Halifax is becoming increasingly competitive. We expect to see continued increases in net rental rates until the market has sufficient new supply,” says Brunswick Brokers’ President, Paul Moore.

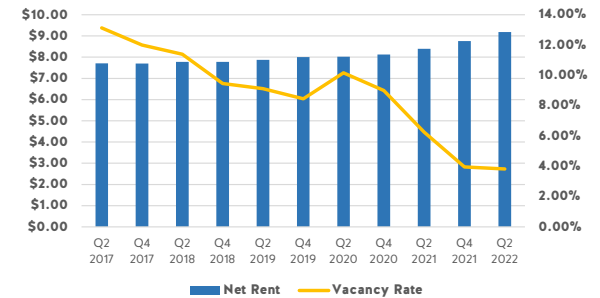
MARKET OUTLOOK

Demand far exceeds the supply of quality industrial facilities available for lease. As the average net rental rate increased by 5% in just six months, significant upward pressure on rental rates will be challenging for tenants for some time. Until new supply is added, the current outlook is that of an exceedingly landlord-centric market.

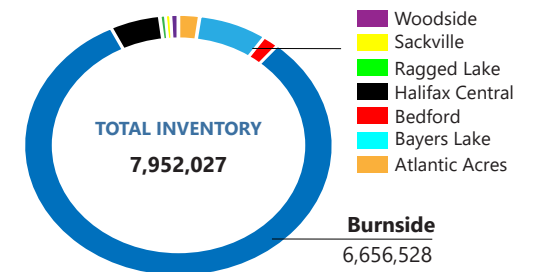
Like many industrial markets across the country, investors are racing to purchase land to build industrial product. In most cases, we’re seeing owner-occupier developments as vacant space remains scarce across all locales.

Amazon has abandoned plans to purchase and develop a large plot of land in one of Burnside’s expansion areas.

Halifax Vacancy Rate vs. Average Net Rent



Market Share by Submarket (SF)



The disappointing news in Halifax is not the only example, as Amazon has rescinded plans to develop in other Canadian markets. For instance, as pandemic restrictions eased during this period, in-person retail increased, resulting in less demand for distribution centres in remote cities.

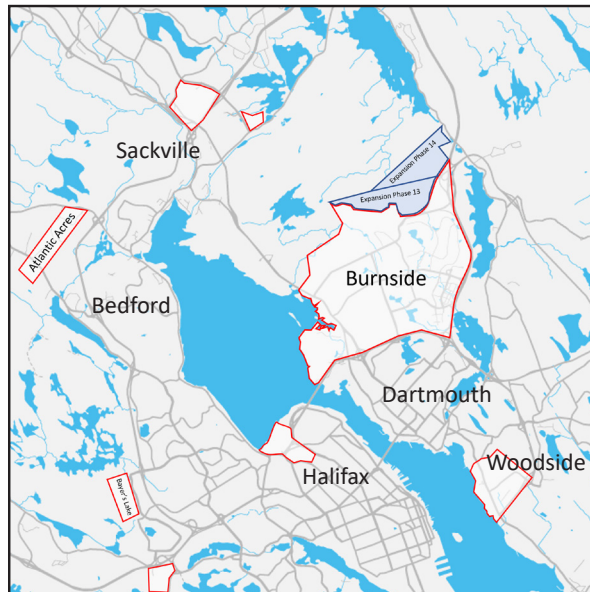
Once complete, phases 13 and 14 of the Burnside expansion project will add much-needed availability to the submarket currently sitting at 6,656,528 square feet of gross leasable area. Like many industrial parks, lots sell well before completion as companies and developers fight to secure their spot in Atlantic Canada’s most prominent industrial park.

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	214,615	7,085	0.00%	17,915	-7,085	0	0	\$8.23	\$14.36
Bayers Lake	436,361	16,276	3.73	2,904	24,686	0	0	\$10.97	\$17.39
Bedford	96,204	4,426	4.60%	(27,084)	-203	0	0	\$15.20	\$22.18
Burnside	6,656,528	269,337	4.05%	(111,551)	224,488	0	0	\$8.87	\$14.80
Halifax Central	416,027	6,359	1.53%	14,869	20,910	0	0	\$9.31	\$15.38
Ragged Lake	39,000	0	0.00%	1,356	1,356	0	0	\$8.50	\$16.56
Sackville	47,497	0	0.00%	0	0	0	0	\$7.75	\$11.57
Woodside	45,795	0	0.00%	0	0	0	0	\$8.00	\$12.61
TOTAL MARKET	7,952,027	303,483	3.82%	(101,591)	264,152	0	0	\$9.18	\$15.16

MARKET ACTIVITY

PROPERTY	SUBMARKET	TENANT/OWNER	Area	Price	TYPE
PROREIT & Crestpoint	Darmouth	N/A	3,100,000 sf	\$227,000,000	Sale
34 Cutler Avenue	Burnside	Sunbelt Rentals	N/A	N/A	Sale
261 Brownlow Avenue	Burnside	Hiesta	12,584 sf	\$2,800,000	Sale
36 Ramona Court	Burnside	Green Line hose & Fittings	15,908 sf	N/A	Lease
12-26 Borden Avenue	Burnside	Benjamin Moore Paints	12,988 sf	N/A	Lease

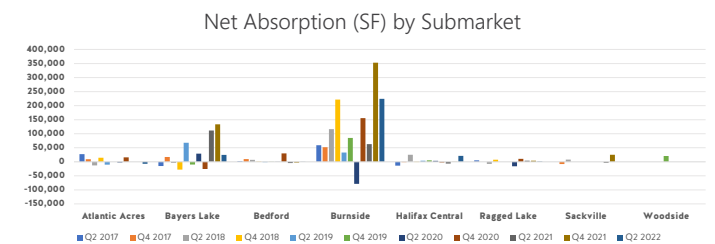
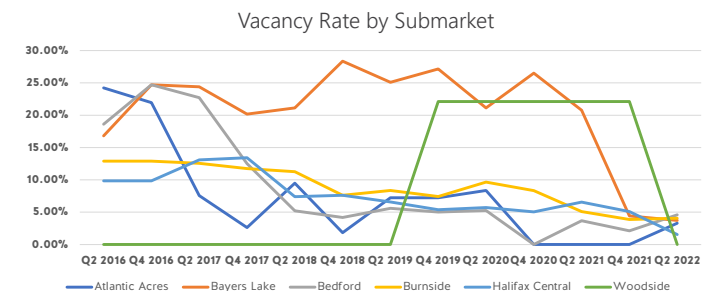


Leasing remained relatively flat during this period as absorption totals did not change much, thanks to a lack of industrial supply. Nonetheless, a few key lease transactions occurred in the market, specifically in Burnside.

Green Line Hose & Fittings took 15,908 square feet at 36 Ramona Court as the newly constructed industrial retail plaza is now 100% leased. Additionally, Benjamin Moore Paints leased 12,988 square feet at 12-26 Borden Avenue.

A major sale was recorded this period as PROREIT and Crestpoint have joined forces on a portfolio representing 3,100,00 square feet across 41 industrial properties in Halifax, Nova Scotia and 1 property in Moncton, New Brunswick, amassing \$227,000,000 of industrial assets.

Other notable transactions included Sunbelt Rentals purchasing 34 Cutler Avenue in May and Hiesta taking 12,584 square feet off the market at 261 Brownlow Avenue. Both deals took place in Dartmouth's Burnside Industrial Park, making up 84% of the market this period.



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

Population Growth

2016		2021
426,932		465,703

Unemployment Rate

Jun-21		Jun-22
8.6%		4.6%

GDP Growth

2021 Rate		2022 Forecast
6.0%		2.6%

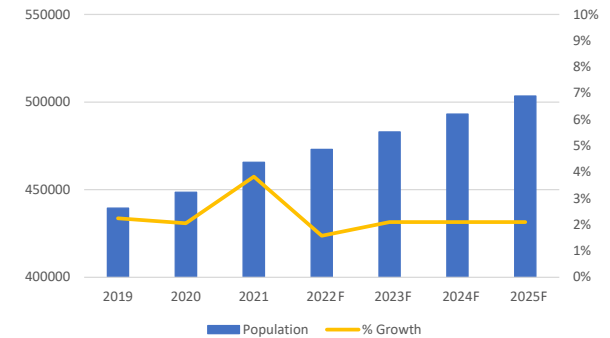
The Halifax economy exceeded expectations in 2021 as real GDP grew by 6.0%, 140 bps more than The Conference Board of Canada originally predicted. However, GDP is expected to grow by a much lower rate of 2.6% in 2022.

According to 2021 census information, Halifax grew by 9.1% since 2016 to 465,703 people. Population growth is expected to continue into 2022 as inter-provincial migration persists.

The residential real estate market continues to stay hot in Halifax as housing starts totaled 390 in June. Despite rising inflation and construction costs, supply shortages have kept builders busy. Contrary to many other Canadian cities, average home prices continued to climb in Q1 and Q2, currently at \$506,639.

Phase I of the Cogswell Interchange Redevelopment is underway in Halifax's downtown. The project aims to create a new street grid in the underused area, and once complete, the redevelopment will result in mixed-use properties with potential density of 2,500 people. Inflation and rising construction costs have increased the costs of the project, now estimated at \$122 million.

Population Growth (2019 - 2025)



Source: Statistics Canada, Conference Board of Canada, TD Economics, Canada Mortgage and Housing Corporation, CBC, CREA

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