

Halifax, Nova Scotia

Industrial Q2 2024

	YoY Chg	12-Mo. Forecast
6.1% Vacancy Rate	▲	▼
-104,992 Net Absorption, SF	▼	▲
\$9.58 Weighted Net Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q2 2024

	YoY Chg	12-Mo. Forecast
279.9K Halifax Employment	▲	▲
5.8% Halifax Unemployment Rate	▲	▼
6.4% Canada Unemployment Rate	▲	▲

Source: Statistics Canada

ECONOMIC OVERVIEW

The headwinds affecting Nova Scotia's growth are expected to persist in the first half of 2024, but the Bank of Canada's decision to reduce interest rates is likely to boost household spending and investment in the second half of the year. In fact, the market has already seen the start of this, prompting a slight upward revision of the 2023 growth forecast from 0.6% to 0.8% in 2023. A strong household sector and an anticipated uptick in capital expenditures are likely to be the dominant forces pulling up growth to 1.2% in 2024. Industry-based real GDP growth decelerated to a sub-trend pace of 1.3% last year, weighed down by declining output in construction and manufacturing. Fortunately, these sectors are likely poised for significant turnarounds this year, contributing to an improved growth forecast for 2024. Additionally, manufacturing and investment in new buildings have seen year-on-year increases. Increasing rents have underpinned a powerful gain in purpose-built rental construction. Moreover, the government's decision to drop the provincial portion of the HST imposed on these types of projects should add more fuel moving forward. However, population growth is slowing, which might impact consumption. Despite this, consumer spending is expected to remain robust due to strong hiring, wage growth, and anticipated tax cuts in the latest budget

(Sources: Statistics Canada, RBC, TD Economics)

SUPPLY AND DEMAND

Vacancy in the Halifax industrial market reached 6.1% in the second quarter of 2024, an increase of 120 basis points (bps) from last quarter. While almost all submarkets remained either stable or posted a slight increase in vacancy compared to last quarter, the overall increase was driven by multiple movements in the Burnside submarket.

Overall absorption in Halifax's industrial market saw a significant decline compared to last quarter, from 14k square feet (sf) to negative 104k sf. While almost all submarkets saw some negative absorption this quarter, the driving force behind the change was softening in the Burnside submarket where close to 62k sf of space was put on the market at 10 Vidito Drive as Trebley Warehousing Ltd. prepares to move to their new building currently under construction. Another contribution to the negative absorption was at 130 John Savage Avenue where an undisclosed tenant left 20,595 sf of space that is now available for sublease.

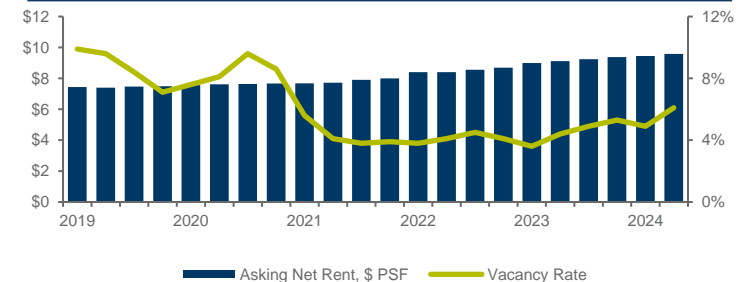
PRICING

Halifax's industrial market posted a \$9.58 per square foot (psf) overall average net asking rent this quarter, a slight increase of \$0.12 psf compared to last quarter as all markets either remained stable or posted slightly higher net rents. The Halifax submarket saw the largest increase quarter-over-quarter of \$0.97 psf bringing it to \$9.20 psf, while the Burnside and Atlantic Acres submarkets increased by \$0.07 psf and \$0.06 psf to \$9.43 psf and \$11.25 psf, respectively.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & NET ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT	OVERALL WEIGHTED AVG ADD. RENT	OVERALL WEIGHTED AVG GROSS RENT
Atlantic Acres Industrial Park	289,080	39,176	13.6%	13,697	13,697	0	0	\$11.25	\$5.37	\$16.62
Bayers Lake	249,739	13,686	5.5%	-4,807	-4,807	37,584	0	\$9.88	\$8.01	\$17.89
Bedford	94,819	6,433	6.8%	-6,433	-6,433	0	0	\$17.56	\$8.73	\$26.28
Burnside	7,844,829	476,060	6.1%	-106,139	-84,374	130,400	0	\$9.43	\$6.25	\$15.68
Halifax	493,711	7,654	1.6%	-1,310	-3,878	0	0	\$9.20	\$6.40	\$15.60
Ragged Lake Business Park	36,000	0	0.0%	0	0	0	0	\$9.88	\$8.01	\$17.89
Sackville	27,300	4,800	17.6%	0	-4,800	0	0	\$7.35	\$5.64	\$13.00
HALIFAX TOTALS	9,035,478	547,809	6.1%	-104,992	-90,595	167,984	0	\$9.58	\$6.30	\$15.88

*Renewals not included in leasing statistics

KEY LEASE TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	TENANT	RSF	TYPE*
44 Orion Court	Dartmouth	Undisclosed	3,250	Direct

KEY SALES TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE
37 Fielding Avenue	Dartmouth	Pioneer Metal Worx Limited	36,925	\$5,500,000.00

BILL MACAVOY

Managing Director

+1 902 425 1872 / bmacavoy@cwatlantic.com**SUZIE TAYLOR**

Research Coordinator

+1 506 387 6925/ staylor@cwatlantic.com**cwatlantic.com****A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION**

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