

MARKET FUNDAMENTALS

	YOY Chg	Outlook
12.2% Vacancy Rate	▼	▼
105K YTD Net Absorption, SF	▲	▲
\$30.55 Asking Rent, PSF <i>(Overall, All Property Classes)</i>	▬	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
525K Nova Scotia Employment	▲	▲
6.1% Nova Scotia Unemployment Rate	▼	▼
6.7% Canada Unemployment Rate <i>Source: Statistics Canada</i>	▲	▲

ECONOMY

Halifax's economy in Q1 2025 showed moderate growth but faced infrastructure and economic challenges. Population growth of 2.4% strained housing and services. The Nova Scotia 2025-26 budget allocated \$2.3 billion for capital projects, cut HST to 14%, and raised healthcare spending by 8.0% to \$6 billion, but the province faces a \$697.5 million deficit. Businesses remain cautiously optimistic, wary of U.S. tariffs and political uncertainty. Workforce retention and rising costs also pose challenges. Despite these risks, government investments aim to sustain growth, but deficits and external factors could impact long-term stability.
(Sources: All Nova Scotia, Statistics Canada, RBC, TD Economics).

SUPPLY AND DEMAND

The overall vacancy rate for the Halifax office market decreased to 12.2% in Q1 2025, a quarter-over-quarter decrease of 60 basis points (bps). The Central submarket witnessed a slight increase in vacancy of 20 bps, while the rest of the submarkets posted a decrease in vacancy, with vacancy in the Bedford submarket decreasing by 220 bps QOQ.

Overall absorption in the Halifax market shifted into positive territory this quarter at close to 105k square feet (sf). All submarkets witnessed positive absorption, with the most significant totals being 35k sf in the Suburban Class A submarket and 14k sf in the Dartmouth Class A submarket. The considerable absorption in Dartmouth Class A office space is due to the Nova Scotia Health Authority occupying approximately 17k sf at 40-60 Alderney Drive in the Halifax- Central Business District, while 26k sf was posted at Purdy's Wharf Tower II due to various leases - notably Richardson Wealth expanding their office space by about 4k sf and O'keefe & Sullivan taking a lease for 2k sf of space. The remaining absorption was a result of space occupied by undisclosed tenants.

PRICING

The overall asking net rental rate in the Halifax office market increased slightly this quarter by \$0.04 to \$16.14 per square foot (psf).. This was due to the increase in the Central submarket, where the rent increased by \$0.10 QOQ, and the Suburban submarket, which increased by \$0.08 QOQ. The asking net rent in the Dartmouth and Bedford submarket remained stable from last quarter.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Halifax – Central Business District	6,020,230	22,652	854,681	14.2%	19,814	19,814	0	\$32.93	\$36.47
Halifax - Suburban	2,592,301	10,198	154,388	6.0%	35,691	35,691	0	\$29.34	\$30.89
Dartmouth	3,246,801	114,580	404,387	16.0%	26,439	26,439	0	\$28.86	\$30.21
Bedford	1,043,713	1,770	45,834	4.6%	23,195	23,195	0	\$29.40	\$32.72
Suburban Totals	6,882,815	126,548	594,411	10.5%	85,325	85,325	0	\$29.07	\$30.45
Halifax Totals	12,903,045	1,426,440	1,426,440	12.2%	105,139	105,139	0	\$30.55	\$32.76

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q1 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE*
Purdy's Wharf Tower II	Central Business District	Richardson Wealth	9,500	Direct/Expansion
Purdy's Wharf Tower II	Central Business District	O'keefe & Sullivan	2,000	Direct
Alderney Gate	Dartmouth	Nova Scotia Health Authority	16,702	Direct

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q1 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
NA				

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