Q3 2023

Halifax

Industrial Market Report

Net Absorption

This Quarter	Q1 Absorption
30K SF	202K SF
12-Month Absorption	3-Year Quarterly Avg.
288K SF	64K SF

Vacancy

This Quarter	Year-over-Year
3.19%	▲ 105 bps

Asking Gross Rent

This Quarter*	Year-over-Year
$21.82 PSF	▲ 22%

Development

Under Construction	New Supply
930K SF	102K SF

**Weighted Average*
Colliers International (Nova Scotia) Inc.

Market Outlook

During Q3 2023, 220 industrial rental properties were surveyed, totaling approximately 9.3 million square feet. Owner-occupied premises are not included in Colliers' market statistics.

During this quarter, just over 100,000 square feet of new inventory was added to the market, with even more currently planned or under construction. There are four major properties scheduled to be completed before the end of the year. Three are in the Burnside market, totaling 225,602 square feet, and one in the Bayers Lake area, bringing in an additional 188,000 square feet. Looking past the end of the year, new construction shifts focus from the Burnside area to the Bayers Lake area, with the new Bayers Lake Industrial Centre from Skyline bringing in an additional 400,000 square feet.

During this quarter, the strong demand for industrial space has softened slightly, with vacancy rates increasing from 2.4% in Q1 to 3.2% in Q3. This is the first time in over two years that the vacancy rate has been above 3%, last recorded in Q2'21 at 3.14%. All three sub-markets, Burnside, Bayers Lake, and Bedford/ Sackville, have seen a year-over-year increase in vacancy rates, with Burnside seeing the highest increase of 140 basis points. With the increasing vacancies, especially with the amount of new construction available for pre-leasing, tenants have a wider array of choices for new construction spaces. Older buildings with smaller bay sizes are still seeing high demand and little vacancy.

Absorption dropped significantly from the beginning of 2023, from 202,500 square feet in Q1, to 30,000 square feet for Q3. As for each market, both Burnside and Bedford/Sackville saw a positive absorption of 23,000 square feet 8,000 square feet, respectively, while Bayers Lake was in the negative, at about –1,800 square feet.

Average asking net rental rates have continued their steady climb throughout 2023, with an average Q3 rate of $14.40 per square foot, as opposed to $12.42 in Q1. This quarter also represents a 26% year-over-year increase, which is the largest in Canada. With a $3.01 year-over-year increase, Halifax is nearly double the national average of a $1.24 year-over-year increase. The new buildings in Burnside and Bayers Lake heavily affect the market asking net rent, averaging $16.50 per square foot, as opposed to $12.93 for already-built listings.

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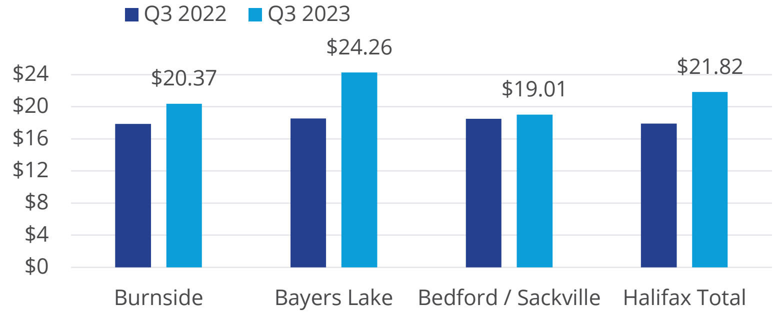
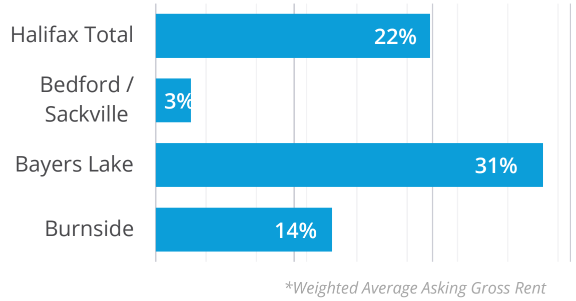
Market Overview

01 Rental Rates by Market
Weighted Average Asking Gross Rent (PSF)

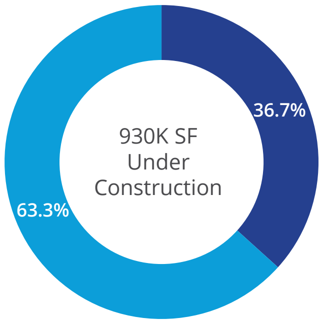


02 Rental Rate Growth*
By Market | Q3 2022 – Q3 2023



Weighted Average Asking Gross Rent

03 Under Construction by Market
By Building Area (SF)

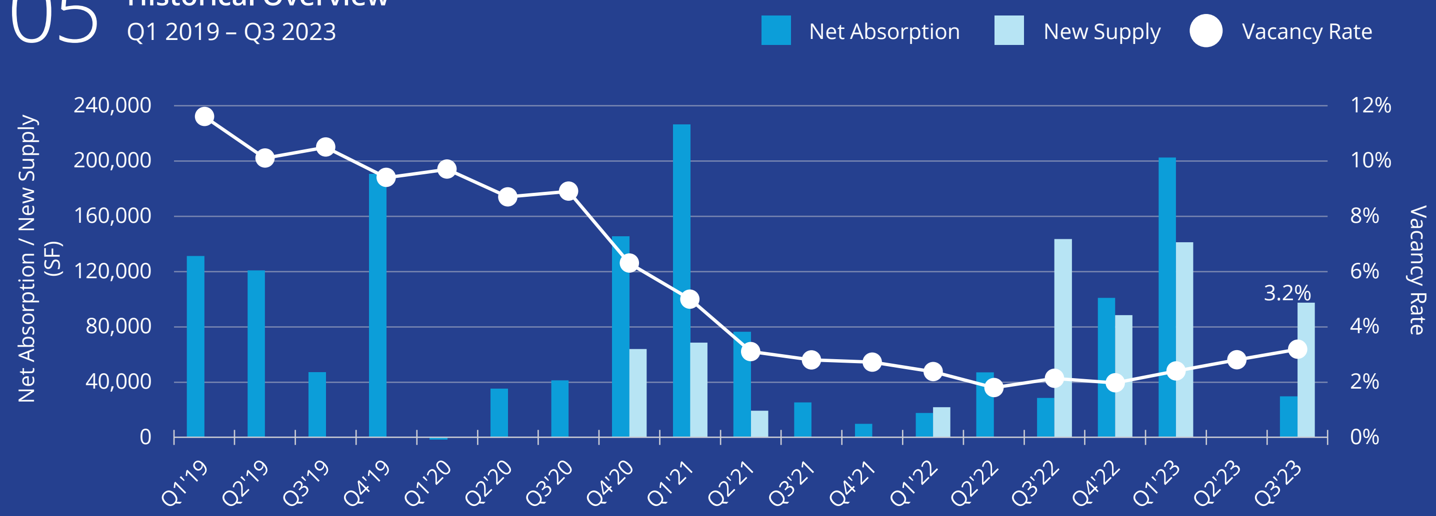


Burnside	341K SF
Bayers Lake	589K SF
Bedford / Sackville	0 K SF

04 Vacancy Rate
By Market | Q3 2022 – Q3 2023

Burnside	**3.6%**	*from 2.2% Q3'22*
Bayer's Lake	**2.2%**	*from 2.0% Q3'22*
Bedford / Sackville	**1.8%**	*from 1.2% Q3'22*
Halifax Total	**3.2%**	*from 2.1% Q3'22*

05 Historical Overview
Q1 2019 – Q3 2023



Market Statistics & Transaction Highlights

	Burnside	Bayers Lake	Bedford / Sackville	Halifax Total
Number of Buildings	180	17	25	**220**
Total Inventory (SF)	8,135,186	664,128	522,184	**9,321,498**
Direct Vacancy (SF)*	237,616 (86.9%)	14,884 (100.0%)	9,322 (100.0%)	**261,822 (88.0%)**
Sublease Vacancy (SF)*	35,712 (13.1%)	0	0	**35,712 (12.0%)**
Total Vacant Space (SF)	273,328	14,884	9,322	**297,534**
Vacancy Rate (Current Q)	3.4%	2.2%	1.8%	**3.2%**
Vacancy Rate (Q1)	2.4%	2.0%	3.4%	**2.4%**
Net Absorption (SF)	23,088	-1,802	8,434	**29,720**
New Supply (SF)	102,218	0	0	**102,218**
Under Construction (SF)	341,237	588,680	0	**929,917**

*% shown are of total vacant space

Notable Transactions

Type	Tenant	Building Name / Address	Market	Size (SF)
Lease	Private Tenant	54 Higney Avenue	Burnside	76,400
Lease	Private Tenant	31 Williams Avenue	Burnside	7,000
Lease	Private Tenant	102 Chain Lake Drive	Bayers Lake	4,173

Notable Developments

Building Name / Address	Market	Building Status	Size (SF)	Est. Completion	Owner / Developer
29 Dugger McNeil Drive	Bayers Lake	Under Construction	188,000	Q4 2023	HCI IV 29 Dugger Mcneil Drive Inc.
409 Wilkinson Avenue	Burnside	Under Construction	133,000	Q4 2023	East Port Properties Limited
320 Higney Avenue	Burnside	Under Construction	52,602	Q4 2023	3104439 Nova Scotia Limited
435 Higney Avenue	Burnside	Under Construction	30,000	Q4 2023	Jetco Holdings Inc.
349 Higney Avenue	Burnside	Under Construction	29,635	Q4 2023	Holy Water Holdings Limited
Bayers Lake Industrial Centre	Bayers Lake	Under Construction	400,680	Q3 2024	HPB BAYERS GP INC., Skyline

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