

Q3 2023

Halifax

Office Market Report

Net Absorption

This Quarter	Q1 Absorption
-34K SF	-36K SF
12-Month Absorption	3-Year Quarterly Avg.
96K SF	61K SF

Vacancy

This Quarter	Year-over-Year
14.50%	▲ 35bps

Asking Gross Rent

This Quarter*	Year-over-Year
\$32.21 PSF	▲ 3.7%

Development

Under Construction	New Supply
80K SF	- K SF

*Weighted Average
Colliers International (Nova Scotia) Inc.

Market Outlook

In Q3, Colliers Nova Scotia surveyed over 230 buildings in the Greater Halifax area, totaling 13.4 million square feet. The net absorption for Q3 remained steady at a negative 34,000 square feet, only a slight improvement from the negative 36,000 square feet recorded in Q1. There has been a steady increase in rental rates this quarter.

Bedford and Dartmouth mirrored each other this quarter, in terms of net absorption, however they were opposites in every other category. Dartmouth continued its trend of positive absorption, resulting in another nearly flat market, with this quarter experienced a 12,500 square feet absorption, in comparison to 2,000 square feet in Q1. Dartmouth had the lowest rental rate growth, year-over-year, from \$28.09 to \$28.47 for only a 1.4% increase, while also having the only fall in vacancy rates year-over-year, with Q3 2022 having 14.2% vacancy, but 2023 only having 11.8%. Meanwhile, Bedford experienced an increase in year-over-year rental rate growth from \$27.25 per square foot to \$28.56. In addition, Bedford saw the smallest change in vacancy rates year-over-year with only a 50-basis point increase, from 4.8% to 5.3%.

For Q3, Downtown Halifax was the only submarket with a negative net absorption of nearly 100,000 square feet. This change is primarily due to tenants continuing to downsize (some by more than half

of their original square footage) to address evolving work models. Average asking rental rates continued to grow year-over-year. The rate at which they are growing is approximately 4.0%.

Suburban Halifax continues the trend of being a steady market, with a net absorption of 40,000 square feet, with 37,000 square feet coming from Class A buildings, as new tenants move into those spaces. With regards to rental rates, there was an increase from last year in both Class A and B asking rental rates (\$32.39 to \$33.16 and \$29.92 to \$30.32, respectively), while Class C saw a slight decrease from \$30.49 to \$27.77. All average rental rates are weighted, meaning they are based on data from vacant spaces at the time of surveying. Vacancy rates have leveled out, with Q1 seeing an increase of 170 basis points year-over-year, while Q3 had almost half of the year-over-year increase, at only 80 basis points, again, with the most movement coming from Class A.

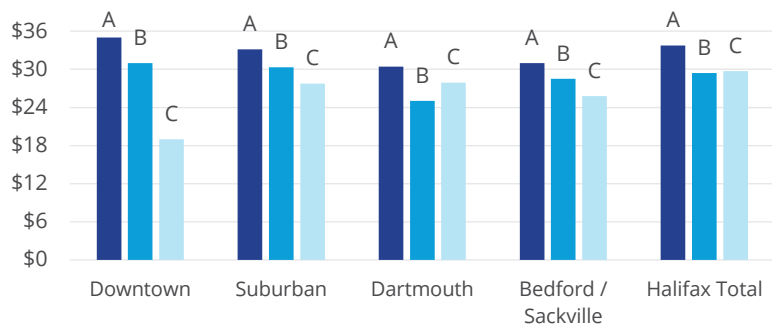
In the Bank of Montreal's Economic Outlook for the end of September, the GDP is expected to see a 1.4% year-over-year increase. BMO expects the growth to continue to slow down through 2024, at only a 1.0% increase. Looking forward into the next year, as things seemingly become more stable, tenants may be open to looking into longer-term lease commitments.

Accelerating success.

Market Overview

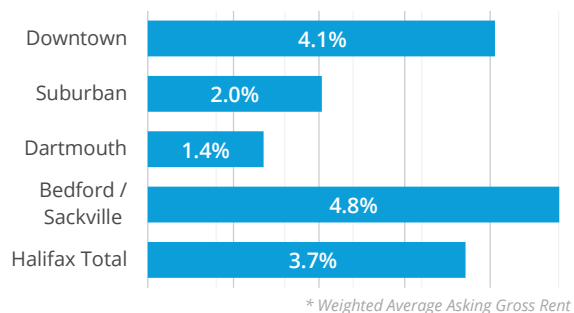
01 Rental Rates by Building Class

Weighted Average Asking Gross Rent (PSF)



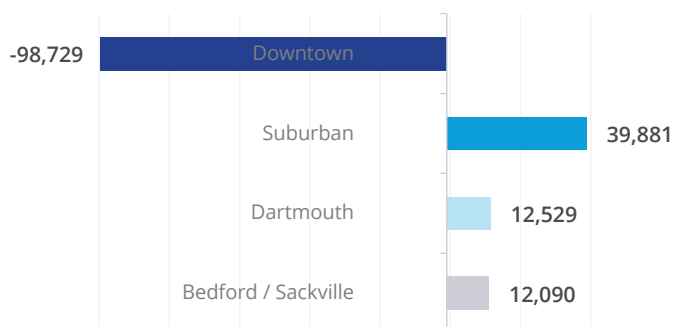
02 Rental Rate Growth*

By Market | Q3 2022 – Q3 2023



03 Net Absorption by Market

By Total Square Feet (SF)



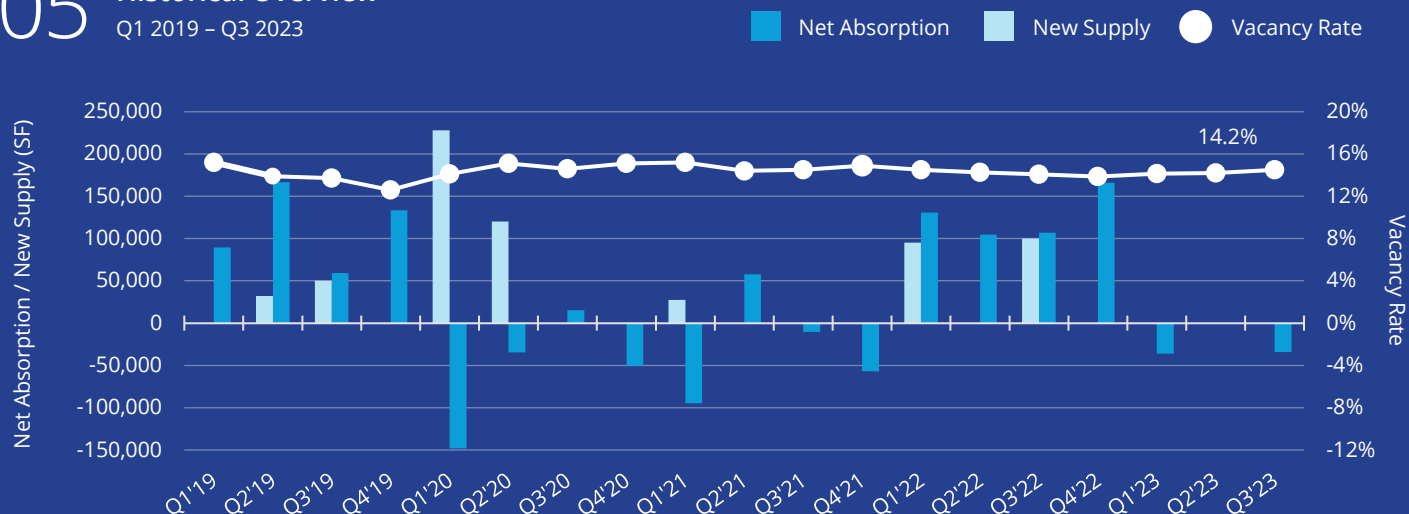
04 Vacancy Rate

By Market | Q3 2022 – Q3 2023

Downtown	18.7%	▲	from 17.5% Q3'22
Suburban	12.7%	▲	from 11.9% Q3'22
Dartmouth	12.8%	▼	from 14.2% Q3'22
Bedford / Sackville	5.3%	▲	from 4.8% Q3'22
Halifax Total	14.2%	▲	from 14.1% Q3'22

05 Historical Overview

Q1 2019 – Q3 2023



Market Statistics & Transaction Highlights

	Class	# of Buildings	Total Inventory (SF)	Direct Vacancy (SF)	Sublease Vacancy (SF)	Total Vacant Space (SF)	Vacancy Rate (Current Q)	Vacancy Rate (Q1)	Net Absorption (SF)	Net Absorption YTD (SF)	Under Construction (SF)
Downtown	A	14	2,720,022	603,535	28,307	631,842	23.2%	21.2%	-55,782	-70,688	-
	B	34	2,315,484	342,165	20,671	362,836	15.7%	14.1%	-35,740	-25,441	-
	C	10	343,378	12,378	-	12,378	3.6%	1.5%	-7,207	-7,207	-
	All	58	5,378,884	958,078	48,978	1,007,056	18.7%	16.9%	-98,729	-103,336	-
Suburban	A	27	1,894,791	200,572	20,298	220,870	11.7%	13.6%	37,025	19,487	80,000
	B	30	1,299,660	176,831	1,319	178,150	13.7%	13.9%	2,056	5,581	-
	C	12	251,671	38,128	-	38,128	15.1%	15.5%	800	-5,655	-
	All	69	3,446,122	415,531	21,617	437,148	12.7%	13.8%	39,881	19,413	80,000
Dartmouth	A	28	1,924,139	197,233	54,510	251,743	13.1%	14.1%	19,280	9,559	-
	B	27	1,140,603	107,599	9,457	117,056	10.3%	10.4%	11,557	21,614	-
	C	15	380,531	72,804	-	72,804	19.1%	14.3%	-18,308	-16,470	-
	All	70	3,445,273	377,636	63,967	441,603	12.8%	12.8%	12,529	14,703	-
Bedford / Sackville	A	9	714,512	23,263	1,618	24,881	3.5%	3.9%	2,632	7,076	-
	B	20	305,182	16,014	550	16,564	5.4%	6.0%	1,709	2,385	-
	C	6	147,807	20,704	-	20,704	14.0%	18.6%	7,749	-10,384	-
	All	35	1,167,501	59,981	2,168	62,149	5.3%	6.3%	12,090	-923	-
Halifax Total	A	78	7,253,464	1,024,603	104,733	1,129,336	15.1%	15.6%	3,155	-34,566	-
	B	111	5,060,929	642,609	31,997	674,606	13.3%	12.7%	-20,418	4,139	-
	C	43	1,123,387	144,014	-	144,014	12.8%	11.3%	-16,966	-39,716	-
	All	232	13,437,780	1,811,226	136,730	1,947,956	14.5%	14.1%	-34,229	-70,143	80,000

Notable Lease Transactions

Type	Tenant	Building Name / Address	Market	Size (SF)
Lease	Private Tenant	Parkway Place II / 250 Brownlow Avenue	Dartmouth	15,352
Lease	Private Tenant	St. Lawrence Place / 3480 Joseph Howe Drive	Peripheral	3,717

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